



gategroup™

gategroup Finance (Luxembourg) S.A.

€350,000,000 6.75% Senior Notes due 2019

gategroup Finance (Luxembourg) S.A., a *société anonyme* incorporated under the laws of Luxembourg (the "Issuer"), is offering (the "Offering") €350 million aggregate principal amount of its 6.75% senior notes due 2019 (the "Notes"). We will pay interest on the Notes semi-annually on each March 1 and September 1, commencing September 1, 2012. Prior to March 1, 2015 we will be entitled, at our option, to redeem all or a portion of the Notes by paying the relevant "make-whole" premium. At any time on or after March 1, 2015 we may redeem all or part of the Notes by paying a specified premium to you. In addition, prior to March 1, 2015, we may redeem at our option up to 35% of the Notes with the net proceeds from certain equity offerings. If we undergo a change of control or sell certain of our assets, we may be required to make an offer to purchase the Notes. In the event of certain developments affecting taxation, we may redeem all, but not less than all, of the Notes. The Notes will mature on March 1, 2019.

The Notes will be senior unsecured obligations and will rank equally in right of payment with all other existing and future senior debt of the Issuer and will be effectively subordinated to the Issuer's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. The Notes will be guaranteed (the "Guarantees"), jointly and severally, on a senior basis by the Issuer's direct parent company, gategroup Holding AG, a stock corporation organized under Swiss law (the "Company", and together with its subsidiaries, "we", "us", or "gategroup") and each of the Company's subsidiaries, other than the Issuer, that is a guarantor of the Company's new revolving credit facility (collectively, the "Guarantors"). Each Guarantee will rank equally in right of payment to all existing and future senior debt of such Guarantor and senior in right of payment to all existing and future debt of such Guarantor that is subordinated to its Guarantee and will be effectively subordinated to such Guarantor's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness.

This Offering Memorandum includes information on the terms of the Notes and Guarantees, including redemption and repurchase prices, covenants and transfer restrictions.

We applied for the Notes to be listed on the Official List and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.

This Offering Memorandum constitutes a prospectus for the purpose of the Luxembourg Act of July 10, 2005 on prospectuses for securities.

Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 16.

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"). The Notes may not be offered or sold within the United States or to U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A of the Securities Act ("Rule 144A") or to non-U.S. persons in offshore transactions in reliance on Regulation S of the Securities Act ("Regulation S"). You are hereby notified that sellers of the Notes may be relying on the exemption from Section 5 of the Securities Act provided by Rule 144A. See "Plan of Distribution" and "Notice to Investors" for additional information about eligible offerees and transfer restrictions.

Price for the Notes: 100.000% plus accrued interest, if any, from the Issue Date.

The Notes were delivered in book-entry form through a common depository of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"), on March 7, 2012 (the "Issue Date").

Bookrunning Manager and Global Coordinator

Credit Suisse

Joint Bookrunners

Citigroup

Deutsche Bank

**Goldman Sachs
International**

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IMPORTANT INFORMATION

You should rely only on the information contained in this Offering Memorandum. The Issuer and the Guarantors have not and none of Credit Suisse Securities (Europe) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch or Goldman Sachs International (collectively, the “Initial Purchasers”) have authorized anyone to provide prospective investors with different information, and you should not rely on any such information. The Issuer is not, and the Initial Purchasers are not, making an offer of the Notes in any jurisdiction where such an offer would not be permitted. The information in this Offering Memorandum is current only as of the date on the cover, and our business or financial condition and other information in this Offering Memorandum may change after that date.

In making an investment decision regarding the Notes offered by this Offering Memorandum, you must rely on your own examination of the Issuer and the Guarantors and the terms of this Offering, including the merits and risks involved. The Offering is being made on the basis of this Offering Memorandum only. Any decision to purchase Notes in the Offering must be based on the information contained in this Offering Memorandum.

We have prepared this Offering Memorandum solely for use in connection with this Offering and for application of the Notes for listing on the Official List and for admission to trading on the Euro MTF market of the Luxembourg Stock Exchange. Please note that the Offering Memorandum may only be used for the purpose for which it has been published.

You should consult your own legal, tax and business advisors regarding an investment in the Notes. Information in this Offering Memorandum is not legal, tax or business advice. You are responsible for making your own examination of the Issuer and the Guarantors and your own assessment of the merits and risks of investing in the Notes. None of the Issuer, the Guarantors or the Initial Purchasers is making any representation to you regarding the legality of an investment in the Notes by you under appropriate legal investment or similar laws.

The information contained in this Offering Memorandum has been furnished by the Issuer 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. You should contact the Issuer or the Initial Purchasers with any questions about this Offering or if you require additional information to verify the information contained in this Offering Memorandum. All summaries are qualified in their entirety by this reference. Copies of such documents and other information relating to the issuance of the Notes will be available at the specified offices of the listing agent in Luxembourg. See “Listing and General Information”.

The Initial Purchasers will provide prospective investors with a copy of this Offering Memorandum and any related amendments or supplements. By receiving this Offering Memorandum, you acknowledge that you have not relied on the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision whether or not to invest in the Notes.

The information set out in those sections of this Offering Memorandum describing clearing and settlement is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. None of the Issuer or the Guarantors will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.

No person is authorized in connection with any offering made by this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum and, if given or made, any other information or representation must not be relied upon as having been authorized by the Issuer, the Guarantors or the Initial Purchasers. The information contained in this Offering Memorandum is accurate as of the date hereof. Neither the delivery of this Offering Memorandum at any time nor any subsequent commitment to purchase the Notes shall, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Memorandum or in the business of the Issuer or the Guarantors since the date of this Offering Memorandum.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. The Issuer has made all reasonable inquiries and confirmed to the best of its knowledge, information and belief that the information contained in this Offering Memorandum with regard to itself and its affiliates and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this Offering

Memorandum are honestly held, and the Issuer is not aware of any facts the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

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

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See “Plan of Distribution” and “Notice to Investors”.

We applied for the Notes to be admitted to listing on the Official List and to trading on the Euro MTF market of the Luxembourg Stock Exchange.

The Issuer reserves the right to withdraw this Offering at any time. The Issuer is making this Offering subject to the terms described in this Offering Memorandum and the purchase agreement relating to the Notes. The Issuer and the Initial Purchasers each reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective investor less than the full amount of the Notes sought by such investor. The Initial Purchasers and certain of their related entities may acquire, for their own accounts, a portion of the Notes.

The information contained under the caption “Exchange Rate Information” includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing the information concerning exchange rate information, we accept no further responsibility in respect of such information.

For the convenience of the reader, we have included the address of our website and certain other websites elsewhere in this Offering Memorandum. The contents of these websites are not incorporated by reference or otherwise included in this Offering Memorandum.

The distribution of this Offering Memorandum and the offer and sale of the Notes are restricted by law in some jurisdictions. This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. Each prospective offeree or purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Memorandum, and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer nor the Initial Purchasers shall have any responsibility therefor. See “Notice to Prospective Investors”, “Notice to Certain Investors in the United Kingdom”, “Notice to Investors in Switzerland”, “Plan of Distribution” and “Notice to Investors”.

STABILIZATION

IN CONNECTION WITH THE ISSUANCE OF THE NOTES, CREDIT SUISSE SECURITIES (EUROPE) LIMITED (THE “STABILIZING MANAGER”) (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO PROSPECTIVE INVESTORS

This Offering is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See “Notice to Investors”.

This Offering Memorandum is being provided (1) to a limited number of United States investors that the Issuer reasonably believes to be “qualified institutional buyers” under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States who are not U.S. persons in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S. The Notes described in this Offering Memorandum have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the “SEC”), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence.

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 (“RSA 421-B”) OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY HAS BEEN EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE 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 IN THE UNITED KINGDOM

This Offering Memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in 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) 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 (the “FSMA”)) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

NOTICE TO INVESTORS IN 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, does not constitute an issue prospectus pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes will not be listed on the SIX Swiss Exchange Ltd., 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. The Notes are being offered in Switzerland by way of a private placement (i.e., to a 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, is personal and confidential and does not constitute an offer to any other person. This Offering Memorandum, as well as any other material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with the offering described herein and

may neither directly nor 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.

U.S. TREASURY DEPARTMENT CIRCULAR 230

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON INVESTORS UNDER THE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF U.S. TREASURY DEPARTMENT CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

MARKET AND INDUSTRY DATA

Unless otherwise expressly indicated or noted below, all information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Offering Memorandum are based on estimates prepared by us based on certain assumptions and our knowledge of the industry in which we operate as well as data from various market research, publicly available information and industry publications, including reports published by various third-party sources. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We have not independently verified such data.

In some cases there is no readily available external information (whether from trade and business organizations and associations, government bodies or other organizations) to validate market-related analyses and estimates, requiring us to rely on our own internally developed estimates regarding the industry in which we operate, our position in the industry, our market share and the market shares of various industry participants based on experience, our own investigation of market conditions and our review of industry publications, including information made available to the public by our competitors. While we have examined and relied upon certain market or other industry data from external sources as the basis of our estimates, neither we nor the Initial Purchasers have verified that data independently. We and the Initial Purchasers cannot assure you of the accuracy and completeness of, and take no responsibility for, such data. Although we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and we cannot assure you as to their accuracy or that a third party using different methods to assemble, analyze or compute market data would obtain the same result.

Unless otherwise indicated, references to an aggregate or percentage amount of our contracts or customers in this Offering Memorandum are references to such aggregate or percentage amount by revenue, and are based on 2011 revenue. References to IATA forecasts are to forecasts published by the International Air Transport Association ("IATA") in its publication "Airline Industry Forecast 2011-2015", except where expressly stated otherwise. We cannot assure you that these forecasts are accurate or correctly reflect the reasonable future performance of the airline industry.

We do not intend, and do not assume any obligation, to update industry or market data set forth in this Offering Memorandum, except as required by law. Finally, behavior, preferences and trends in the marketplace tend to change. As a result, investors and prospective investors should be aware that data in this Offering Memorandum and estimates based on that data may be unreliable indicators of future results.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements regarding future financial performance and results and other statements that are not historical facts. The words “believe”, “anticipate”, “plan”, “expect”, “project”, “estimate”, “predict”, “intend”, “target”, “assume”, “may”, “could”, “will” and similar expressions are intended to identify such forward-looking statements. Such statements are made on the basis of assumptions and expectations that we believe to be reasonable as of the date of this Offering Memorandum, but may prove to be erroneous. Such forward-looking statements involve known and unknown risks and uncertainties and other factors which may cause our actual results, financial condition, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, those more fully described in “Risk Factors” and elsewhere in this Offering Memorandum. The risks and uncertainties we face going forward which could affect the accuracy of these forward-looking statements include, but are not limited to:

- our future financial position;
- our ability to renew or expand existing customer contracts, win new customer contracts or recover our costs on a contract;
- our leverage and our resulting need to generate cash in order to service our debt;
- our ability to successfully identify, negotiate, implement and integrate acquisitions;
- general economic conditions as well as economic conditions affecting the health of the airline industry, our principal customer base;
- external, unpredictable events, such as those arising from natural disasters or terrorist events, which may cause the volume of our business to decline;
- changes to regulatory, fiscal and operating conditions in the markets in which we operate, including changes to food safety and aviation security regulations;
- our ability to hedge successfully against market risk, including fluctuations in foreign exchange rates and interest rates;
- adverse developments in our union and employee relationships or increased personnel expenses; and
- our dependence on key personnel.

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. We therefore caution investors and prospective investors against relying on any of these forward-looking statements. Except as required by law, we assume no obligation to update such forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in such forward-looking statements unless required to do so by any applicable regulatory regime.

CERTAIN DEFINITIONS

"Clearstream" means Clearstream Banking, *société anonyme*.

"Company" means gategroup Holding AG.

"Euroclear" means Euroclear Bank S.A./N.V.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"group", "group", "we", or "us" means the Company and its consolidated subsidiaries.

"Guarantors" means the entities in the following countries:

- Australia: Gate Gourmet Services Pty Limited, Pourshins Australia Pty Ltd, Inflight Logistic Services Pty Ltd, Gate Gourmet (Holdings) Pty Limited and Gate Gourmet Property Pty Ltd;
- Belgium: deSter BVBA and Gate Gourmet Belgium BVBA;
- Canada: Gate Gourmet Canada, Inc.;
- Germany: Gate Gourmet GmbH Deutschland, Gate Gourmet GmbH West, Gate Gourmet GmbH Holding Deutschland, Gate Gourmet GmbH Mitte and Gate Gourmet Services GmbH;
- Hong Kong: Gate Gourmet Hong Kong, Limited;
- Luxembourg: Gate Gourmet Luxembourg IV S.à r.l., Gate Gourmet Luxembourg IIIA S.à r.l., Gate Gourmet Luxembourg IIIB S.à r.l., Gate Gourmet Holding I S.à r.l., Gate Gourmet Luxembourg III S.à r.l. and gategroup Financial Services S.à r.l.;
- The Netherlands: Supplair B.V., Supplair Holding B.V. and deSter Holding B.V.;
- Singapore: gategroup Singapore Trading Pte. Ltd. and gategroup Investments Singapore Pte. Ltd.;
- Switzerland: the Company, Gate Gourmet Switzerland GmbH, Gate Retail Onboard GmbH and gategroup IP GmbH;
- United Kingdom: Gate Gourmet London Limited, Gate Gourmet Finance U.K. Limited, Kloten Branch, Pourshins Ltd, Fernley (Heathrow) Limited, Gate Total Solutions Limited and Gate Gourmet Holdings UK Limited; and
- United States: Gate Gourmet, Inc., Gate Serve, L.L.C., Pourshins Inc., Pourshins Procurement Inc., Gate Safe, Inc., gategroup U.S. Finance, Inc., gategroup U.S. Holding, Inc., Global Aviation Services, Inc. and deSter Corporation.

"Holding LLC" means Gate Gourmet Group Holding, LLC, a Delaware limited liability company, the previous holding company of LuxCo I.

"IATA" means the International Air Transport Association.

"Initial Purchasers" means Credit Suisse Securities (Europe) Limited of One Cabot Square, London E14 4QJ, Citigroup Global Markets Limited of 33 Canada Square London, Greater London E14 5LB, Deutsche Bank AG, London Branch of 1 Great Winchester Street London, Greater London and Goldman Sachs International of Peterborough Court 133 Fleet Street London EC4A 2BB.

"Issue Date" means March 7, 2012.

"Issuer" means gategroup Finance (Luxembourg) S.A.

"Listing" means the listing of the Company's shares on the SIX on May 12, 2009.

"Luxco I" means Gate Gourmet Holding I S.à r.l.

"New Unsecured Revolving Facility" means the senior unsecured multicurrency revolving credit facility in the amount of €100 million made available under the revolving credit facility agreement dated as of February 28, 2012 among, *inter alios*, the Company, as borrower and guarantor, and certain of its subsidiaries, as borrowers, and Credit Suisse AG as administrative agent and certain other financial institutions, as lenders.

"Notes" means the €350 million aggregate principal amount of the Issuer's 6.75% senior notes due 2019 being offered hereby.

"Offering" means the offering of the Notes by the Issuer.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"SIX" means the SIX Swiss Exchange.

"Trustee" means Citibank, N.A., London Branch.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This Offering Memorandum contains the consolidated financial information of the Company. The Company was incorporated on March 14, 2008. On April 30, 2009, as part of a corporate reorganization, the Company acquired control over Gate Gourmet Holding I S.à r.l. ("Luxco I") and its subsidiaries. This was achieved through a contribution in-kind to the Company of the investment in Luxco I by its previous holding company, Gate Gourmet Group Holding, LLC, a Delaware limited liability company ("Holding LLC"), and was in exchange for new shares in the Company. See "Business — Our History and Development". The audited combined and consolidated financial statements of the Company as of and for the years ended December 31, 2010, 2009 and 2008 (the "2008, 2009 and 2010 Financial Statements") and the audited consolidated financial statements of the Company as of and for the year ended December 31, 2011 (the "2011 Financial Statements"), have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), as included herein, and are included beginning on page F-1 of this Offering Memorandum.

The financial information of the Company as of and for the four months ended April 30, 2009 and for the year ended December 31, 2008 have been prepared on a combined basis in order to represent the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, and statement of cash flows of the Company as if it had operated as such since January 1, 2008. This combined approach reflects the fact that the business combination as of April 30, 2009 was a legal reorganization involving no change in economic substance. The income statement, statement of comprehensive income, balance sheet, statement of changes in equity, and statement of cash flows as of and for the eight months ended December 31, 2009 are consolidated. As a result, the Company's audited combined and consolidated financial statements as of and for the years ended December 31, 2008 and 2009 do not necessarily reflect the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, and statement of cash flows that would have been reflected had our legal reorganization been effective during the entirety of such periods.

For a further description of the Company's accounting policies, see Note 2 to the 2011 Financial Statements included elsewhere in this Offering Memorandum.

In our 2008, 2009 and 2010 Financial Statements, we have restated certain items from our income statement and balance sheet as of and for the years ended December 31, 2008 and 2009 due to an event of fraud at one of our subsidiaries that we uncovered in early 2011. These restatements are reflected in our results as of and for the years ended December 31, 2008 and 2009 as presented herein. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Fraud Incident". For further details, see Note 2.3 to our 2008, 2009 and 2010 Financial Statements included elsewhere in this Offering Memorandum.

As part of the 2011 Financial Statements, the Company included comparative financial information as of and for the year ended December 31, 2010, which reflects certain adjustments to the audited consolidated financial statements as of and for the year ended December 31, 2010 included within the 2008, 2009 and 2010 Financial Statements. These adjustments reflect the finalization, within the twelve month measurement period permitted by IFRS, of the provisionally determined purchase price allocation related to acquisitions completed in 2010. The changes reflect the finalization of the fair value of the net assets acquired. For further details, see Note 35.2 to our 2011 Financial Statements included elsewhere in this Offering Memorandum. The financial information for the year ended December 31, 2010 included in this Offering Memorandum reflects these adjustments.

The 2008, 2009 and 2010 Financial Statements and 2011 Financial Statements of the Company included in this Offering Memorandum have been audited by PricewaterhouseCoopers AG, Birchstrasse 160, CH-8050 Zurich, Switzerland, independent auditors of the Company, as stated in their reports appearing herein.

These financial statements and financial information are contained elsewhere in this Offering Memorandum and should be read in conjunction with the relevant report of the independent auditors. Our financial statements contained in this Offering Memorandum are reported in Swiss francs for all periods presented.

We also present in this Offering Memorandum certain unaudited financial information on an as adjusted basis to give pro forma effect to the Offering, including the application of the proceeds therefrom as described under "Use of Proceeds". The Company's pro forma condensed balance sheet financial data have been prepared as though the Offering and application of the proceeds therefrom had occurred as of December 31, 2011, and the pro forma income statement financial data have been prepared as though the Offering and application of the proceeds therefrom had occurred as of January 1, 2011. The historical results

of the Company and its subsidiaries may not be indicative of our future results following consummation of the Offering and application of the proceeds therefrom. The unaudited pro forma financial data has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

In this Offering Memorandum, unless otherwise indicated references to “\$”, “USD” or “U.S. dollars” are to United States dollars, references to “€”, “EUR” or “euro” are to the euro, the lawful currency of a member state of the European Union participating in the European Monetary Union, references to “CHF” are to Swiss francs, and references to “£”, “GBP” or “pounds sterling” are to pounds sterling, the lawful currency of the United Kingdom. Various financial and statistical information and other data set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Offering Memorandum has been rounded as they are calculated using the numerical data in the consolidated financial statements of the Company 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. As a result of rounding, the totals of the data presented herein may vary slightly from the actual arithmetic totals of such data.

Gate Gourmet™, Gate Aviation™, gategroup™, Gate Safe™, deSter™, Harmony™, People on the Move™, Performa™, Elan™, Pourshins™, Supplair™, skygourmet™ and Skygourmet™ are our registered trademarks.

We use the financial non-GAAP measures EBITDA, EBITDA margin, Adjusted EBITDA, capital expenditures, net working capital and operating profit margin in this Offering Memorandum. Our management uses EBITDA, EBITDA margin, Adjusted EBITDA and operating profit margin as part of its overall assessment of our consolidated and divisional performance and for certain assumptions relating to the fair value of our cash generating units in connection with our estimated impairment of goodwill. EBITDA, EBITDA margin, Adjusted EBITDA, capital expenditures, net working capital and operating profit margin are not recognized terms under IFRS. Accordingly, they should not be used as indicators of, or alternatives to, revenue, operating profit or other comparable IFRS metrics, as measures of operating performance or of cash flow from operating activities as measures of liquidity. Our presentations of EBITDA, EBITDA margin, Adjusted EBITDA, capital expenditures, net working capital and operating profit margin have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results reported under IFRS. In particular, you should not consider EBITDA, EBITDA margin, Adjusted EBITDA, capital expenditures, net working capital and operating profit margin as an alternative to (a) operating profit or profit 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. These limitations include: (i) they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments; (ii) they do not reflect changes in, or cash requirements for, our working capital needs; (iii) they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments, on our debts; (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and they do not reflect any cash requirements that would be required for such replacements; and (v) some of the exceptional items that we eliminate in calculating Adjusted EBITDA reflect cash payments that were made, or will in the future be made. Because our definitions of EBITDA, EBITDA margin, Adjusted EBITDA, capital expenditures, net working capital and operating profit margin may differ from those used by other companies and industries, our presentation of these metrics may not be comparable to other similarly-titled measures used by other companies. See footnotes (3) and (4) to “Selected Consolidated Financial Data” for a reconciliation of EBITDA to operating profit, and a reconciliation of Adjusted EBITDA to EBITDA for the periods presented therein.

Use of Constant Currency

Because currency exchange rates are an important factor in understanding period-to-period comparisons, we believe the presentation of results on a constant currency basis in addition to reported results helps improve investors’ ability to understand our results of operations and evaluate our performance in comparison to prior periods. Our constant currency information compares results between periods as if exchange rates had remained constant at 2009 exchange rates. We use results on a constant currency basis as one measure to evaluate our performance. In this Offering Memorandum, we have presented 2011 and 2010 revenue, EBITDA and operating profit at constant currency based on 2009 foreign currency exchange rates. These results should be considered in addition to, not as a substitute for, results reported in accordance with IFRS. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with IFRS.

EXCHANGE RATE INFORMATION

The following table sets forth for the periods indicated certain information regarding the noon buying rate for Swiss francs (CHF), as reported by the Federal Reserve Bank of New York expressed as CHF per \$1.00. This rate may differ from the actual rates used in the preparation of the financial statements and other financial information appearing in this Offering Memorandum. We make no representation that the CHF or U.S. dollar amounts referred to in this Offering Memorandum have been, could have been or could, in the future, be converted into U.S. dollars or CHF, as the case may be, at any particular rate, if at all. On April 27, 2012, the noon buying rate for cable transfers between the CHF and the U.S. dollar was CHF 0.907 per \$1.00.

	CHF per U.S. dollar			
	Period End	Average ⁽¹⁾	High	Low
Year				
2007	1.133	1.194	1.253	1.101
2008	1.067	1.079	1.224	0.986
2009	1.036	1.086	1.189	0.998
2010	0.937	1.037	1.161	0.937
2011	0.937	0.880	0.976	0.730

	CHF per U.S. dollar			
	Period End	Average ⁽¹⁾	High	Low
Month				
August 2011	0.804	0.780	0.819	0.730
September 2011	0.905	0.877	0.907	0.786
October 2011	0.871	0.896	0.923	0.861
November 2011	0.911	0.908	0.929	0.881
December 2011	0.937	0.933	0.953	0.914
January 2012	0.922	0.938	0.956	0.914
February 2012	0.902	0.912	0.922	0.895
March 2012	0.903	0.913	0.931	0.903
April 2012 (through April 27, 2012)	0.907	0.914	0.920	0.904

(1) With respect to each year, the average of the noon buying rates on the last day of each month during such year. With respect to each month, the average of the daily noon buying rates for each business day during the relevant month.

The following table sets forth for the periods indicated certain information regarding the reference rates for the euro and Swiss franc, as reported by the website of the European Central Bank expressed as Swiss francs per €1.00. This rate may differ from the actual rates used in the preparation of the financial statements and other financial information appearing in this Offering Memorandum. We make no representation that the euro or Swiss franc amounts referred to in this Offering Memorandum have been, could have been or could, in the future, be converted into Swiss francs or euro, as the case may be, at any particular rate, if at all. On April 27, 2012, the reference rate between the CHF and the euro was CHF 1.201 per €1.00.

	CHF per EUR			
	Period End	Average ⁽¹⁾	High	Low
Year				
2007	1.655	1.646	1.680	1.600
2008	1.485	1.579	1.653	1.444
2009	1.484	1.510	1.542	1.464
2010	1.250	1.370	1.487	1.248
2011	1.216	1.232	1.316	1.045

Month	CHF per EUR			
	Period End	Average ⁽¹⁾	High	Low
August 2011	1.167	1.120	1.184	1.045
September 2011	1.217	1.201	1.228	1.111
October 2011	1.219	1.230	1.243	1.214
November 2011	1.227	1.231	1.241	1.216
December 2011	1.216	1.228	1.241	1.216
January 2012	1.205	1.211	1.220	1.205
February 2012	1.205	1.207	1.211	1.205
March 2012	1.205	1.206	1.211	1.205
April 2012 (through April 27, 2012)	1.201	1.203	1.204	1.201

(1) With respect to each year, the average of the reference rate on the last day of each month during such year. With respect to each month, the average of the daily reference rate for each business day during the relevant month.

SUMMARY

This summary contains information about this Offering and about us. It does not contain all the information that may be important to you. Before making an investment decision, you should read this entire Offering Memorandum carefully, including the financial statements and the notes thereto and the other financial information contained in this Offering Memorandum, as well as the risks described under "Risk Factors". Certain defined terms used herein are defined elsewhere in this Offering Memorandum.

Overview

We are the leading independent global provider of products, services and solutions related to an airline passenger's onboard experience. These products and services encompass catering and hospitality; provisioning and logistics; and onboard solutions to companies that serve people on the move. We are predominantly a business-to-business enterprise, primarily serving the commercial aviation industry, including executive jets and commercial airlines. We have a global presence, operating at 132 locations in 35 countries on six continents, and we currently employ approximately 27,000 people. The majority of our revenue derived from Europe and North America, and we have experienced strong revenue growth in recent years in Asia. We benefit from a broad and well known customer base: we serve over 270 customers, including some of the world's largest airlines such as British Airways, Delta Air Lines and United Continental. We tailor our solutions to both traditional full-service and low-fare air carriers; in premium and economy cabins; for short-haul and long-haul flights; and for adjacent markets. gategroup is our umbrella brand, representing the products and services we provide through our family of brands.

We group our businesses generally into those products and services provided to airlines at-airport and those products and services delivered off-airport. Our at-airport solutions include food production, pre-departure loading and post-arrival unloading, a comprehensive onboard retail program, aircraft cabin appearance and cleaning services, airline lounge design, construction and management and security services for catering and cargo. Our off-airport solutions for airlines provide global procurement and supply chain solutions, onboard equipment inventory management, packaged and pre-assembled snacks and beverages, design and production of passenger service ware, and sourcing and provisioning of amenity kits and passenger comfort items.

In 2011, 2010 and 2009, we had Adjusted EBITDA of CHF 198.2 million, CHF 222.0 million and CHF 213.9 million, respectively, and revenue of CHF 2,688.1 million, CHF 2,700.0 million and CHF 2,712.3 million, respectively.

Strengths

We believe that we benefit from the following strengths:

- **Leading independent market position and global presence.** We are the world's leading independent global provider of products and services related to an airline passenger's onboard experience. We have operations in 35 countries and have 132 active operating facilities.

We believe that our global presence provides us with credibility as a service provider and helps us maintain consistency in the level and quality of our services in different locations. This is essential to our ability to compete successfully for the business of large, high-volume customers with multiple services or locations, who generally look for globally established service providers when tendering new business.

We believe our market position and size enable us to provide leading global capabilities for product and services execution while maintaining competitive cost structures. We are continually innovating and developing new solutions to meet the changing demands of our customers. These innovations are typically piloted and tested with select customers and/or locations before being deployed more broadly to our customers. We also leverage our scale and expertise to manage our cost structures through the enterprise-wide deployment of the following: continuous improvement and lean methods to improve the efficiency of our operations, procurement and sourcing strategies to leverage our global spend on raw materials, equipment and other purchases, and risk management programs to reduce and/or mitigate potential exposures. In addition we have a proven track record in managing our collective labor groups to maintain market wages, salaries and benefits. We believe that our leading position and global presence enable us to achieve more efficient management and administrative functions and to attract and retain qualified local managers and other key personnel.

We also believe our global scale and leading independent position, combined with our best practices allows us to more effectively develop new locations and or enter new markets. We have a record of moving expertise and know-how to new locations within the group to assist with the start-up of new locations by transferring experienced personnel. We believe we are well-positioned to serve new customers that are switching from other providers because of our market knowledge and our global network, which allows us to integrate our services into each new location and for each new customer.

- ***Diversified business model and “one-stop-shop” for our customers.*** In recent years, we have expanded our product, service and solutions offerings and now offer a comprehensive range of onboard solutions to our customers. Our wide range of products and services include, among others, on-airport food production, on airport assembly and last mile delivery to aircraft, off-airport assembly and central packing, procurement and supply chain management, fully integrated retail onboard services, airport lounge design and management, design and branding services, aircraft cabin appearance and cleaning services, de-icing, aircraft security and cargo security services. We are able to tailor the products and services we offer to suit the needs of traditional and full-service carriers; premium and economy cabins; short-haul or long-haul flights; and adjacent markets, such as executive aviation or rail.

We believe our comprehensive range of product and service offerings, together with our global presence, allows us to serve as a “one-stop-shop” for our customers, increasing our appeal when seeking to renew or win contracts and giving us the opportunity to cross-sell our products, services and solutions. We also believe that our comprehensive set of services, the specialized skills required to deliver these services, and our physical assets at key locations increase the switching costs and risks for our customers and therefore increase our ability to retain customers. Our comprehensive range of onboard products, services and solutions also provides us with diversification and cost benefits from the cross-utilization of resources and the leveraging of overhead costs and physical assets.

We also believe that this diversified business model, with its broad range of products and services, customers and geographical markets has reduced our exposure to specific market cyclical fluctuations and extraordinary events in the aviation industry, whether affecting one line of business, one type of carrier or one part of the world, and leaves us well-positioned to adapt quickly to our customers’ needs and to take advantage of changes in the aviation industry. Our business model has demonstrated resilience through the recent economic downturn and volcanic eruptions in Iceland, as well as the Japanese earthquake and ensuing events.

- ***“Last mile” access.*** We believe that the comprehensive range of onboard solutions we offer to our airline customers is particularly attractive due to our “last mile” access. “Last mile” access refers to our ability (i) to provide access to service aircraft from catering and logistics facilities on or adjacent to an airport, (ii) to provide customized vehicles and lifts to transport a comprehensive range of products to and from the aircraft, reducing the number of staff needed to service an aircraft and reducing or eliminating the need for multiple suppliers to approach the aircraft, and (iii) to obtain administrative and regulatory authorization to operate on the airside of the airport. We believe that our “last mile” access capability, which is a regulated activity requiring various licenses, strengthens our market position relative to those of our competitors who do not have such capability, and provides us with the opportunity to cross-sell our complete suite of products, services and solutions, through our “one-stop-shop”. This allows customers to simplify their supply chain by receiving their onboard solutions requirements from one supplier. We believe that our “last mile” access and “one-stop-shop” capabilities are particularly attractive to low-fare carriers which operate with tight turn-around times and tend to outsource a significant portion of their demand for onboard solutions.
- ***Long-term contracts and relationships with a broad range of well known customers and strong track record of contract renewals and new contract wins.***
 - ***Contracted revenue base.*** We have long-term customer contracts with typically a three to seven year term in place that expire on a staggered basis. We estimate that approximately 94% of our 2011 revenue was derived from contracts that are valid through 2012, 67% from contracts that are valid through 2013 and 54% from contracts that are valid through 2014.
 - ***Broad range of customers and leading global airlines.*** We benefit from a broad, well known customer base, ranging from traditional full-service carriers to low-fare carriers, with over 270 customers on six continents. Our leading traditional full-service carrier customers include American Airlines, British Airways, Delta Air Lines, Iberia Airlines, SAS Scandinavian Airlines, Swiss

International Air Lines and United Continental. Our leading low-fare carrier customers include airberlin, easyJet, Norwegian Airlines, Thomas Cook Airlines Scandinavia, Vueling and Wizzair. This broad base of customers means we are not overly reliant on any one customer in our business portfolio, and the mix of traditional versus low-fare customers allows us to participate in growth of both sectors.

- **Long-term customer relationships and strong track record of contract renewal and wins.**

We have long-term relationships with customers who represented a majority of our revenue in 2011, including several of the largest traditional full-service carriers in the world, such as American Airlines, British Airways, Delta Air Lines, Iberia Airlines, Swiss International Air Lines and United Continental. Some of our longest customer relationships have been in place for over 65 years. We believe our long-term customer relationships give us an intimate knowledge of our customers' specific requirements, which in turn provides a substantial benefit to our customers, particularly those we serve at their main hub airports.

We have a strong track record of renewing existing contracts and winning new contracts. In the period from 2009 through 2011, we renewed approximately 85% of our existing contracts that came up for renewal, and won approximately 32% of all new contracts that we tendered for which we were not the incumbent service provider, in each case by anticipated revenue. For example, in June 2011 we extended our existing contracts with SAS Scandinavian Airlines for its Scandinavian hubs, which we originally won in 2008, and also for over 15 other locations worldwide through 2016. In January 2011, we extended our agreement for catering and provisioning services (including retail onboard) for Iberia Airlines through 2015. In 2009 we completed contract renewals with Delta Air Lines, the world's largest airline by passengers carried, and United Airlines, and in January 2010, renewed our contract with Swiss International Air Lines. We believe that our track record of contract renewals and wins is primarily the result of the quality and reliability of our products and services, continuous innovation and our ability to price competitively due to our flexible and competitive cost structure.

We believe that our contracted revenue base, our long-term relationships with a broad range of well-known customers and strong track record in renewing and winning new contracts helps us maintain stable cash flows from our customer portfolio.

- **Disciplined management of contracting and pricing.** We believe that we have a robust and disciplined approach to contracting with our customers and also establishing price points and strategies. This is not only a competitive advantage in the market place but also reduces the risk to the business on a range of dimensions. For example, by managing key payment terms at shorter payment cycles when necessary, we have been able to reduce the exposure from an airline carrier failure. Consequently, our exposure to loss from the recent bankruptcy of American Airlines has not been material. In addition, we have deployed specific pricing strategies such that a portion of our revenue is not directly tied to only passenger volume but also to number of flights served. This approach is designed to reduce our exposure to rapid or dramatic fluctuations in airline passenger traffic.

- **Flexible and competitive cost structure.** We believe we have a flexible cost structure. Approximately two-thirds of our 2011 cost base was variable and consisted of material and direct labor costs (exclusive of restructuring and other related exceptional costs). Due to the use of temporary and seasonal workers and the relatively high employee turnover characteristic of the industries in which we operate, we are generally able to match our staffing levels to our needs when necessary by limiting the hiring of new employees, and our utilization of temporary employees provides us with further flexibility to reduce our work force.

Due to the nature of our raw material needs, which primarily are food products with high consumption rates, we are able to manage our inventory on a flexible basis to match volume demands. In addition, approximately ninety percent of our top twenty customers' contracts, in terms of revenue (excluding contracts with low-fare carriers), have cost-plus pricing elements, whereby we are able to pass through cost increases with a typical time lag of three to six months.

Our flexible cost structure has allowed us to expand and contract our business in response to fluctuations in customer demand and mitigates our exposure to the cyclicity of the airline industry. As a result of the successful restructuring of our business in 2008, we lowered our cost base while

maintaining or improving our quality of service, delivering enhanced customer value at improved operating margins and therefore increasing our competitiveness.

- **Caterer at a main hub airport for all of our ten largest customers.** We have catering operations in major global centers including Atlanta, Chicago O'Hare, Frankfurt, Hong Kong, London Heathrow, Los Angeles, Madrid, Miami, New York, São Paulo, Shanghai, Tokyo Haneda, Tokyo Narita and Zurich. This allows us to manage key hub locations for our leading customers airberlin, Air Canada, American Airlines, Delta Air Lines, easyJet, International Airlines Group (British Airways/Iberia Airlines), SAS Scandinavian Airlines, Swiss International Air Lines, United Continental and Virgin Australia. Serving airlines in their hub locations solidifies our market position at each of those airports and further strengthens our global presence and leading market position. In addition, we believe that our independence makes us more attractive to both our existing and potential customers when compared to those of our competitors that are captive subsidiaries of existing airlines, because it ensures that our airline customers are not reliant on an airline competitor for the supply of products and services.
- **Efficient management of complex logistics and processes.** We believe that we have specific know-how which enables us to manage highly complex, time critical processes and procedures efficiently and consistently. We use our logistical and supply chain planning and management expertise to optimize the utilization of labor resources, facilities and equipment across different services and product areas. Our integrated combination of logistical processes and procedures, supply chain planning and management expertise combined with our in-depth industry and customer knowledge allows us to create additional customer value. We believe that our high level of logistical expertise and our historical knowledge of our customers' specific requirements makes us more attractive than our competitors, particularly for those customers where we are the hub caterer, due to the size and logistical complexities involved with numerous flights, types of aircraft, menus and other customer specific requirements.
- **Strong management team with focused strategy and proven track record.** We have a highly experienced management team, with broad and deep experience from industries including airline operations management and airline catering, which we believe is key to our success. Since our current core management team joined us, we have successfully formulated and executed focused industry leading strategies to restructure and reorganize our business and to grow it organically. Our management team has also successfully implemented a targeted acquisition growth strategy to expand our range of services to a comprehensive onboard solutions concept and to expand our geographic presence, and has successfully managed labor relations and costs in a highly unionized environment, which has allowed us to reduce headcount and staff costs, increase productivity and maintain smooth running of operations. In addition, management has cultivated our customer relationships and negotiated profitable and long-term contracts.

Strategy

Our business model is designed to deliver balanced and sustainable growth with the ultimate goal of enhancing value for all stakeholders. It is based on a strong leading independent market position and global reach; a flexible and competitive cost structure; a large and diversified customer base with longstanding relationships; and a strong management team with a proven track record.

We aim to mainly fulfill the needs of the travel catering market through our brands by addressing three important dimensions: provide a complete product and service offering, foster a global presence and offer tailor made solutions for our customers.

Our main objective is to grow our business and further improve our operating margins through the following internal and external initiatives:

- **Growing organically through existing and potential new customers.** We intend to capture the organic growth in demand for our services, which is driven by the underlying consistent growth in passenger volumes. This organic growth is captured with existing customer growth and with new business among both traditional full-service carriers and low-fare carriers. We plan to regularly evaluate our market position with the aim of having sustainable leading market positions and attractive returns in strategically important markets.
- **Continuing to increase customer penetration by leveraging cross-selling opportunities.** We intend to continue to broaden our product and supply chain solutions in order to build a complete range of integrated onboard solutions and related airline services. We aim to expand our

“one-stop-shop” outsourcing function, which we believe strengthens and leverages our customer relationships and provides us with potential cross-selling opportunities and cost savings for us and our customers. For example, when we extended our catering contracts with SAS Scandinavian Airlines, we also extended an existing agreement covering the supply of products provided by our deSter brand. In addition, Virgin Atlantic chose Gate Gourmet, Pourshins and Supplair to serve all ten of its U.S. gateways, and in December 2011 it again chose the same three brands to serve its home base in the U.K. We also expanded our services to LAN Chile to include provisioning and asset management services, in addition to catering.

- **Continuing to expand our retail onboard offering.** We have positioned ourselves as a leading provider of retail onboard offerings, and we provide complete onboard retailing management and technology solutions to both low-fare and traditional full-service carriers. Our retail onboard customers include, among others, easyJet, Iberia Airlines, Norwegian Airlines, United Continental, Virgin Australia and Vueling. It is our objective to further expand our revenue base by leveraging our know-how and longstanding experience in retail onboard to provide such products and services in order to grow our market position and take advantage of new business opportunities. We recently won a contract to provide our retail onboard offerings to Gol Transportes Aéreos, a Brazilian Airline.
- **Growing through penetration of adjacent businesses.** We intend to capitalize on our global logistics and distribution network to provide our offering of services and products to other industries where there is an opportunity that leverages our existing business products and services. An example of an adjacent industry is the rail catering market in select locations. In addition, in February 2012, our subsidiary deSter Holding BV reached an agreement to acquire Helios Market, Product and Production Development BV (“Helios”), an innovative and respected global provider of onboard products and services for the airline and hospitality industries. We intend to also leverage our existing assets and management presence in centers to extend into additional business services. For example, such as airport lounges under which we can leverage our customer relationships, hospitality and design competencies, labor management, sourcing and logistics and catering operations to provide superior lounge services at airport terminals. For example, in May 2011, we expanded the existing catering and provisioning services that we provide to Iberia Airlines to include the supply of products to its VIP lounge in Madrid, and we also entered into an agreement with airberlin to provide lounge services at Berlin Brandenburg Airport.
- **Positioning ourselves to benefit from the outsourcing trend of non-core activities in the commercial aviation industry.** Increasing competition and an increased focus by the airline industry on reducing costs has put pressure on airlines to divest their non-core activities such as airline catering and in-flight services. In high-growth regions, such as the Middle East and the Asia-Pacific region, the airline catering market still comprises primarily airline-owned caterers and opportunities exist to acquire those caterers, or establish joint ventures with local airline partners where required, in the near term. Management believes that we have strategically positioned ourselves to benefit from these opportunities as the world’s leading independent provider of onboard solutions.
- **Selective acquisitions in mature markets.** We will carefully evaluate selective acquisitions in Europe, North America and other mature markets to enhance our service offerings and our presence at key hubs. This strategy builds on our existing experience in successfully integrating selective acquisitions, such as the purchases of United Airlines’ flight kitchen at Tokyo’s Narita airport. In November 2010, we completed our acquisition of substantially all of the business assets of Canada’s Cara Airline Solutions, giving us a significant presence in Canada, where previously we had none.
- **Expanding geographically into high-growth regions.** We intend to pursue selective acquisitions of captive caterers and to establish joint ventures or our own greenfield facilities in high growth areas, including the Asia-Pacific and Middle East regions, where IATA forecasts that international passenger traffic will grow by 6.9% and 7.9%, respectively, per year from 2011 to 2015. Moreover, long-haul flights in the Asia-Pacific region typically offer a greater number of complementary products and services than in Europe and North America, which we believe will allow us to increase revenue and enhance profitability. For example, in November 2010 we acquired a majority interest in Skygourmet, a caterer with a presence in five major cities in India, and in December 2010 we signed a letter of intent with Al Bateen Executive Airport in Abu Dhabi for a proposed long-term agreement under which we would provide catering and aircraft provisioning services to business aircraft, and establish an on-site kitchen at the airport. We expect our investments to provide us with access to new and

existing customers in new locations, where we can leverage our integrated service offering to win new business.

- **Further efficiency and quality improvements.** It is our objective to maintain and improve our operating margins by continuing to focus on operational efficiencies and by restructuring or exiting businesses or contracts with unattractive margins. Following an in-depth review of best practices across all our business units, we have implemented a number of further operational efficiency and cost control measures globally. These measures include leveraging our size to improve purchasing power with our suppliers, negotiating with our customers to obtain control over the selection of food material and outsourcing services where possible and appropriate. We intend to continue these measures and further focus on the quality and consistency of our services and products.

Recent Developments

Virgin Atlantic Contract

In January 2012, we extended our existing contract with airberlin for an additional five years and entered into an agreement with Virgin Atlantic Airways to provide a full end-to-end catering service for its long-haul operations from its U.K. gateways.

Helios Acquisition

On February 10, 2012, we announced that our subsidiary deSter Holding BV reached an agreement to acquire Helios Market, Product and Production Development BV, an innovative and respected global provider of onboard products and services for the airline, rail and hospitality industries, for approximately CHF 27 million.

Call Option Exercise in Skygourmet

On February 14, 2012, we exercised our call option with India Hospitality Corp. to acquire the remaining 26% of the Indian airline catering company Skygourmet. The exercising of the option will not impact our income statement as a liability has been previously recognized.

Corporate Realignment

We recently announced changes to realign our extensive global services and product lines into two major businesses: Airline Solutions and Product and Supply Chain Solutions. Our Gate Gourmet, Gate Aviation Services, Gate Safe, eGate Solutions and Performa brands will become part of our new Airline Solutions business. The business will also include a new platform, Gate Retail Onboard, which consolidates our extensive experience in onboard retail services to customers in both the traditional and low-fare carrier segments. Our brands focused on airline products and supply chain management, namely deSter, Harmony, Supplair, potmstudios and Pourshins will become part of the new global Product and Supply Chain Solutions business. We believe this corporate realignment will focus our regional teams and global leadership to more effectively develop and manage a coordinated delivery of business services to our customers. Our reporting structure for 2012 is expected to be in line with these changes.

To support these new lines of business, we are realigning our leadership team and adding two new members to our Executive Management Board. For more information on the Executive Management Board members, see "Management — The CEO and the Executive Management Board — Members of the Executive Management Board".

Dividends

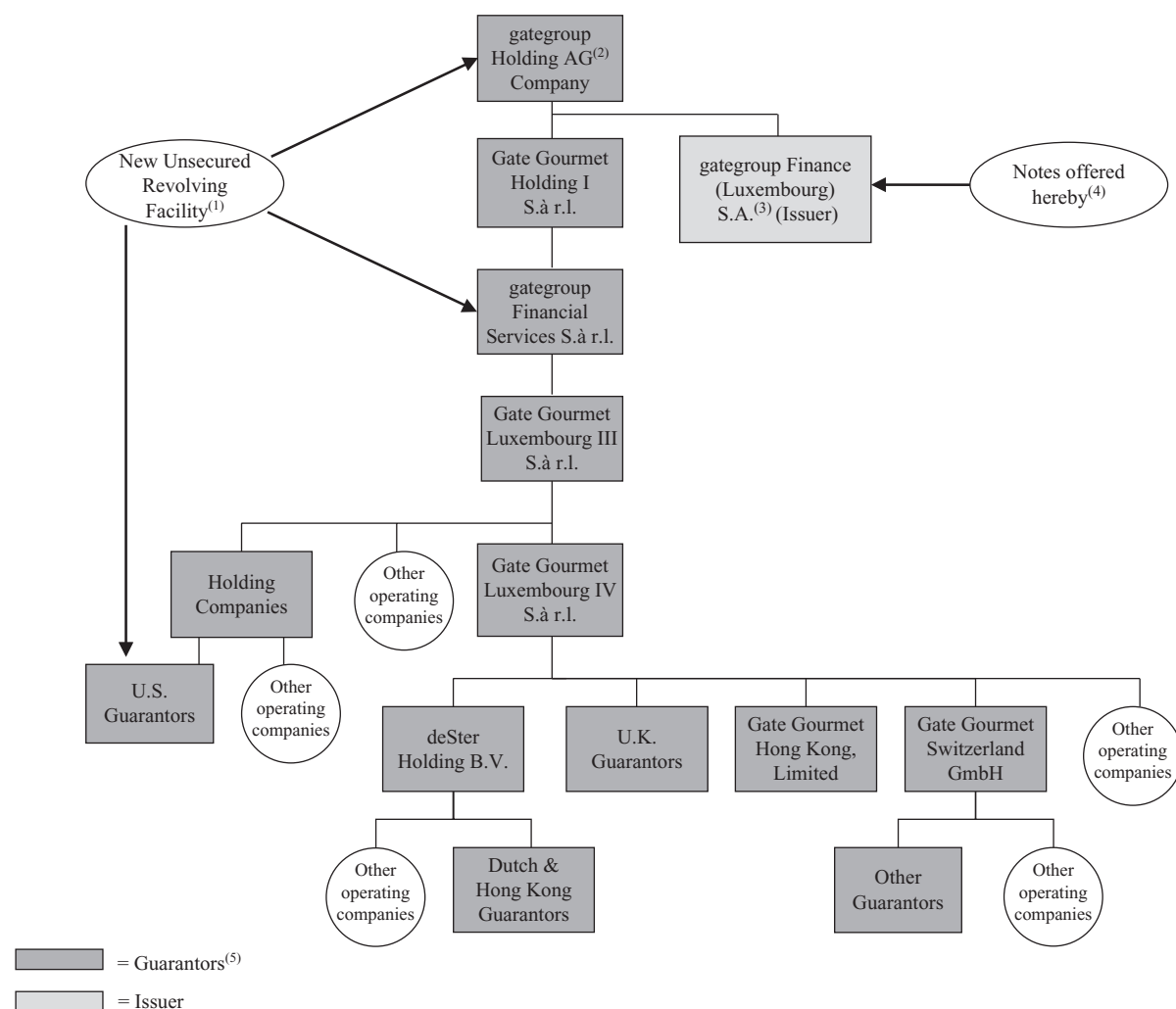
Our Board of Directors will consider a return to shareholders in line with our previously stated dividend policy as announced at the beginning of 2011, in the range of 20% to 40% of our profit for the year attributable to shareholders of the Company, and intends to include a proposal in the invitation to the Annual General Meeting. The 2012 Annual General Meeting invitation is expected to be distributed in March 2012.

New Unsecured Revolving Facility

We plan to enter into a €100 million senior unsecured multicurrency revolving credit facility conditioned on the closing of the Offering, which will be available to finance future acquisitions and for working capital and general corporate purposes. We do not expect to draw down on the New Unsecured Revolving Facility on or prior to the Issue Date. See "Use of Proceeds" and "Description of Certain Financing Arrangements".

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following chart shows a simplified summary of our corporate and financing structure, adjusted to give effect to the Offering and application of the proceeds therefrom. The chart does not include all of our subsidiaries, nor all of the debt obligations thereof. Unless otherwise indicated, the subsidiaries included in the simplified structure below are directly or indirectly wholly owned by the Company. For a summary of the debt obligations identified in this diagram, please refer to the sections entitled “Description of Notes”, “Description of Certain Financing Arrangements”, and “Capitalization”.



Notes:

- (1) The original borrowers under the €100 million New Unsecured Revolving Facility are the Company, gategroup Financial Services S.à r.l. and gategroup US Finance, Inc. The New Unsecured Revolving Facility will be guaranteed by the Issuer, the Company and each of its Subsidiaries that is a Guarantor of the Notes and will rank *pari passu* to the Notes. We expect to enter into the New Unsecured Revolving Facility on or prior to the Issue Date but we do not expect to draw down on the New Unsecured Revolving Facility on or prior to the Issue Date.
- (2) The Company will guarantee the Notes. The Company is a holding company with no significant assets other than shares in its direct subsidiaries. The Company's shares are listed on the SIX Swiss Exchange under the symbol "GATE".
- (3) The Issuer is a finance subsidiary with no significant obligations or assets other than the Notes, intercompany financing arrangements related to the onlending of the proceeds of the Offering and its guarantee of the New Unsecured Revolving Facility.
- (4) The Notes and Guarantees will be unsecured obligations of the Issuer and the Guarantors.
- (5) Includes Guarantors organized under the laws of Australia, Belgium, Canada, Germany, Hong Kong, Luxembourg, The Netherlands, Singapore, Switzerland, the United Kingdom and the United States. For the year ended December 31, 2011, the Guarantors accounted for 82.1% of our consolidated revenue, 76.8% of our consolidated EBITDA and 75.7% of our consolidated assets. As of December 31, 2011, after giving pro forma effect to the Offering and the application of proceeds therefrom, the Company and its subsidiaries would have had CHF 469.5 million of total indebtedness (including CHF 425.5 million of the Notes less capitalized fees and expenses), of which CHF 40.8 million was indebtedness of non-guarantor subsidiaries. All guarantor subsidiaries are either directly or indirectly 100% owned by the Company.

THE OFFERING

The summary below describes the principal terms of the indenture governing the Notes. Certain terms and conditions described below are subject to important limitations and exceptions. The “Description of Notes” section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes including the definitions of certain terms used in this summary.

Issuer	gategroup Finance (Luxembourg) S.A.
Notes Offered	€350 million aggregate principal amount of senior notes due 2019.
Issue Date	The Issuer issued the Notes on March 7, 2012.
Issue Price	100.000% (plus accrued and unpaid interest from the Issue Date).
Maturity Date	March 1, 2019.
Interest Rate	The Notes will bear interest at a rate of 6.75% per annum.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2012.
Form and Denomination	The Issuer issued the Notes on the Issue Date in global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.
Guarantees	The Notes will be guaranteed on a senior basis by the Company and each of the Company’s subsidiaries, other than the Issuer, that guarantees the New Unsecured Revolving Facility. See “Certain Definitions — Guarantors” for a complete list of the Guarantors. For the year ended December 31, 2011, the Guarantors accounted for CHF 2,207.8 million, or 82.1%, of our consolidated revenue and CHF 154.8 million, or 76.8%, of our consolidated EBITDA. In addition, as of December 31, 2011, the Guarantors would have accounted for CHF 1,335.1 million, or 75.7%, of our consolidated assets (excluding intercompany receivables).
Ranking	<p>The Notes will be general obligations of the Issuer and will:</p> <ul style="list-style-type: none"> • be senior obligations of the Issuer; • rank pari passu in right of payment with all existing and future indebtedness of the Issuer that is not subordinated to the Notes; • rank senior in right of payment to any and all future obligations of the Issuer that are subordinated to the Notes; • be effectively subordinated to the Issuer’s existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness; and • be structurally subordinated to all existing and future indebtedness of the Company’s non-guarantor subsidiaries. <p>The Guarantee of the Notes to be provided by each Guarantor will be the general obligation of such Guarantor and will:</p> <ul style="list-style-type: none"> • rank pari passu with all existing and future senior indebtedness of such Guarantor that is not subordinated in right of payment to its Guarantee of the Notes; • rank senior to all future indebtedness of such Guarantor that is subordinated in right of payment to its Guarantee of the Notes;

	<ul style="list-style-type: none"> • be effectively subordinated to such Guarantor's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness; and • be structurally subordinated to all existing and future indebtedness of any of such Guarantor's subsidiaries that do not guarantee the Notes.
Indebtedness	As at December 31, 2011, after giving pro forma effect to the Offering and the application of proceeds therefrom, the Company would have had on a consolidated basis CHF 469.5 million of total indebtedness (net of capitalized fees and expenses), including CHF 50.0 million of secured indebtedness, and our non-guarantor subsidiaries would have had CHF 40.8 million of total indebtedness.
Use of Proceeds	The gross proceeds from the sale of the Notes, together with cash on hand, were used to (i) repay certain existing debt and (ii) pay costs, administrative expenses and fees associated with the foregoing. None of the proceeds of the Offering were used in Switzerland. See "Use of Proceeds".
Optional Redemption	<p>The Issuer may redeem the Notes:</p> <ul style="list-style-type: none"> • in whole or in part at any time on or after March 1, 2015 at the redemption prices described in this Offering Memorandum under the caption "Description of Notes — Optional Redemption", plus accrued and unpaid interest to the date of redemption; • at any time and from time to time prior to March 1, 2015, in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Notes originally issued, with the proceeds of one or more qualifying equity offerings, at a redemption price equal to 106.75% of the principal amount redeemed, plus accrued and unpaid interest to the date of redemption; and • in whole or in part at any time prior to March 1, 2015 at a redemption price equal to 100% of the principal and the applicable "make-whole" premium, plus accrued and unpaid interest, if any, to the date of redemption. <p>See "Description of Notes — Optional Redemption".</p>
Additional Amounts	Any payments made by or on behalf of the Issuer or any Guarantor with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If withholding or deductions for such taxes is required by law with respect to a payment to the holders of Notes, subject to certain exceptions, we will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding or deductions is not less than the amount that they would have received in the absence of such withholding or deductions. See "Description of Notes — Additional Amounts".
Tax Redemption	In the event the Issuer would become obligated to pay certain additional amounts as a result of certain changes in tax laws, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "Description of Notes — Redemption for Changes in Taxes".

Change of Control	If the Company experiences specific kinds of changes of control, each holder of Notes will have the right to require the Issuer to repurchase all or part of its Notes at 101% of their principal amount, plus accrued and unpaid interest. See “Description of Notes — Repurchase at the Option of the Holders — Change of Control”.
Certain Covenants	<p>The indenture governing the Notes (the “Indenture”) will, among other things, restrict the ability of the Company and its restricted subsidiaries to:</p> <ul style="list-style-type: none"> • incur or guarantee additional indebtedness; • pay dividends on, redeem or repurchase our capital stock; • make certain restricted payments and investments; • create or incur certain liens; • impose restrictions on the ability of subsidiaries to pay dividends or other payments to the Issuer; • transfer or sell certain assets; • merge or consolidate with other entities; and • enter into certain transactions with affiliates. <p>Each of the covenants is subject to a number of important exceptions and qualifications. See “Description of Notes — Certain Covenants”.</p>
Listing	We applied for the Notes to be listed on the Official List and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.
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. The Notes are subject to restrictions on transferability and resale. See “Notice to Certain Investors in the United Kingdom”, “Notice to Investors in Switzerland” and “Plan of Distribution”. Holders of the Notes will not have the benefit of any exchange or registration rights.
No Prior Market	Although application has been made for the Notes to be admitted to listing on the Official List and to trading on the Euro MTF market of the Luxembourg Stock Exchange in accordance with its rules, the Notes will be a new class of securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, the Initial Purchasers are not obligated to do so, and may discontinue market-making activities at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Governing Law	The Notes, the Indenture and the Guarantees will be governed by New York law.
Trustee	Citibank, N.A., London Branch.
Principal Paying Agent and Transfer Agent	Citibank, N.A., London Branch.
Registrar	Citigroup Global Markets Deutschland AG.
Luxembourg Paying Agent	Dexia Banque Internationale à Luxembourg.
Listing Agent	Dexia Banque Internationale à Luxembourg.

Common Codes Regulation S: 075319029; Rule 144A: 075319118.

ISINs Regulation S: XS0753190296; Rule 144A: XS0753191187.

RISK FACTORS

Investing in the Notes involves substantial risks. Please see the section of this Offering Memorandum captioned “Risk Factors” for a discussion of certain risks you should carefully consider before investing in the Notes.

SUMMARY CONSOLIDATED FINANCIAL DATA

The tables below set forth certain financial data for the Company as of and for the years ended December 31, 2009, 2010 and 2011. This data has been derived from the 2008, 2009 and 2010 Financial Statements and 2011 Financial Statements as included elsewhere in the Offering Memorandum.

In our 2008, 2009 and 2010 Financial Statements, we have restated certain items from our income statement and balance sheet as of and for the years ended December 31, 2008 and 2009 due to an event of fraud at one of our subsidiaries that we uncovered in early 2011. These restatements are reflected in our results as of and for the year ended December 31, 2009 as presented in the tables below. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Fraud Incident”.

As part of the 2011 Financial Statements, the Company included comparative financial information as of and for the year ended December 31, 2010, which reflects certain adjustments to the audited consolidated financial statements as of and for the year ended December 31, 2010 included within the 2008, 2009 and 2010 Financial Statements. These adjustments reflect the finalization, within the twelve month measurement period permitted by IFRS, of the provisionally determined purchase price allocation related to acquisitions completed in 2010. The changes reflect the finalization of the fair value of the net assets acquired. For further details, see Note 35.2 to our 2011 Financial Statements included elsewhere in this Offering Memorandum. The financial information for the year ended December 31, 2010 included in this Offering Memorandum reflects these adjustments.

The unaudited pro forma financial information included in the tables below give effect to the Offering, including the application of the proceeds therefrom as described under “Use of Proceeds” as if it had occurred as of December 31, 2011 for the presentation of the pro forma balance sheet financial data, and as of January 1, 2011 for the presentation of the pro forma income statement financial data. The unaudited pro forma financial information is for information purposes only and does not purport to present what our results would have been had these transactions actually occurred and has not been prepared in accordance with Regulation S-X of the Securities Act, the Prospectus Directive or any generally accepted accounting standards.

The information in the tables below should be read together with the 2008, 2009 and 2010 Financial Statements and the 2011 Financial Statements and, including in each case, the notes thereto included herein and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, each appearing elsewhere in this Offering Memorandum.

Consolidated Income Statement Data⁽¹⁾:

	For the years ended December 31,		
	2009 ⁽²⁾	2010	2011
	(Swiss francs in millions, audited)		
Revenue	2,712.3	2,700.0	2,688.1
Operating Expenses			
Materials and service expenses	(1,121.4)	(1,129.9)	(1,126.8)
Personnel expenses	(994.8)	(1,017.0)	(1,007.2)
Other operating income and expenses, net	(438.7)	(371.9)	(364.9)
Impairment charges, net of reversals	0.3	4.4	1.3
Depreciation and amortization	(73.8)	(73.8)	(71.5)
Other gains and (losses), net	0.8	1.7	(4.2)
Total operating expenses, net	(2,627.6)	(2,586.5)	(2,573.3)
Operating profit	84.7	113.5	114.8
Financial income	5.2	3.4	5.2
Financial expenses	(56.2)	(44.6)	(42.6)
Foreign exchange gains/(losses), net	24.3	(9.1)	4.0
Finance (costs), net	(26.7)	(50.3)	(33.4)
Share of profit of associates and joint ventures	0.6	2.0	1.8
Profit before tax	58.6	65.2	83.2
Income tax (expense)	(21.2)	(15.3)	(24.5)
Profit for the year	37.4	49.9	58.7

Condensed Consolidated Balance Sheet Data⁽¹⁾:

	As of December 31,		
	2009 ⁽²⁾	2010	2011
	(Swiss francs in millions, audited)		
Assets			
Current assets	650.8	899.2	877.6
Non-current assets	860.9	915.8	886.6
Total assets	1,511.7	1,815.0	1,764.2
Liabilities			
Current liabilities	519.9	583.3	571.8
Non-current liabilities	892.4	797.5	717.0
Total liabilities	1,412.3	1,380.8	1,288.8
Equity			
Equity attributable to share-holders of the Company	72.6	409.9	471.6
Non-controlling interests	26.8	24.3	3.8
Total equity	99.4	434.2	475.4
Total equity and liabilities	1,511.7	1,815.0	1,764.2

Consolidated Cash Flow Statement⁽¹⁾:

	For the years ended December 31,		
	2009 ⁽²⁾	2010	2011
	(Swiss francs in millions, audited)		
Net cash flow from operating activities	129.6	124.4	60.9
Acquisition of subsidiaries, net of cash acquired	(19.5)	(66.9)	—
Purchase of property, plant and equipment	(52.2)	(42.6)	(46.6)
Purchase of intangible assets	(6.4)	(4.4)	(5.8)
Disposal of subsidiaries, net of cash disposed	—	—	(17.9)
Proceeds from sale of property, plant and equipment	6.2	6.3	0.1
Proceeds from sale of associates	—	—	3.5
Other investments	—	(5.0)	—
Dividends from associates	—	0.3	1.9
Net cash flow (used in) investing activities	(71.9)	(112.3)	(64.8)
Net cash flow from/(used in) financing activities	52.3	205.5	(22.6)
Increase in cash and cash equivalents	110.0	217.6	(26.5)

Constant Currency Information:

Presented immediately below, we calculate constant currency results for revenue, EBITDA and operating profit by applying the 2009 foreign currency exchange rates to our 2010 and 2011 actual results in local currencies. The constant currency information compares results between periods as if exchange rates had remained constant at 2009 exchange rates. We use results on a constant currency basis as one measure to evaluate our performance. These results should be considered in addition to, not as a substitute for, results reported in accordance with IFRS. See "Presentation of Financial and Other Information — Use of Constant Currency".

The following table sets out our revenue, EBITDA and operating profit for the periods shown, on an as reported basis and on a constant currency basis at 2009 exchange rates.

	For the years ended December 31,		
	2009 ^(A)	2010	2011
	(Swiss francs in millions)		
Reported (audited)			
Revenue	2,712.3	2,700.0	2,688.1
EBITDA	188.6	216.7	201.7
Operating profit	84.7	113.5	114.8
Constant Currency^(B) (unaudited)			
Revenue	2,712.3	2,804.1	3,136.2
EBITDA	188.6	223.7	241.5
Operating profit	84.7	116.9	129.9

(A) 2009 reported revenue, EBITDA and operating profit restated. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Fraud Incident" for a discussion of the events leading to the restatement.

(B) Represents revenue, EBITDA and operating profit translated at 2009 foreign currency exchange rates.

Other Data:

	For the years ended December 31,		
	2009 ⁽²⁾	2010	2011
	(Swiss francs in millions, unaudited)		
EBITDA⁽³⁾	188.6	216.7	201.7
Adjusted EBITDA⁽⁴⁾	213.9	222.0	198.2
Capital expenditures	(58.6)	(47.0)	(52.4)

	As of and for the year ended December 31, 2011
	(Swiss francs in millions, other than ratios, unaudited)

Pro Forma Financial Information

Cash and cash equivalents	319.6
Net debt ⁽⁵⁾	149.8
Net interest expense ⁽⁶⁾	40.9
Ratio of net debt to Adjusted EBITDA	0.8x
Ratio of Adjusted EBITDA to net interest expense	4.9x

(1) See "Presentation of Financial And Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Comparability of Results — Preparation of Financial Statements at the Company Level" for a discussion of factors relating to the preparation of the financial statements of the Company.

(2) Restated. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Fraud Incident" for a discussion of the events leading to the restatement.

- (3) EBITDA is defined as earnings before interest, depreciation, tax, amortization and management fees. EBITDA also excludes impairment charges or reversals, operating taxes (non-income taxes), restructuring costs, profit or loss from sale of assets or discontinued operations and share-based payments. EBITDA is presented because we believe it is frequently used by securities analysts, investors and other interested parties in evaluating companies. However, other companies may calculate EBITDA in a manner different from ours. EBITDA is not a measurement of financial performance under IFRS and should not be considered an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to profit/(loss) on ordinary activities as indicators of operating performance or any other measures of performance derived in accordance with IFRS. A reconciliation of EBITDA to operating profit on a consolidated basis is set out below:

	For the years ended December 31,		
	2009	2010	2011
	(Swiss francs in millions, unaudited)		
EBITDA	188.6	216.7	201.7
Share-based payments	(23.4)	(27.0)	(2.8)
Restructuring costs	(13.5)	(10.8)	(5.6)
Operating taxes (non-income taxes)	5.3	1.9	(4.6)
Depreciation	(53.1)	(51.7)	(48.6)
Amortization	(20.7)	(22.1)	(22.9)
Impairment charges, net of reversals ^(a)	0.3	4.4	1.3
Other gains and (losses), net ^(b)	0.8	1.7	(4.2)
Management fees, net	0.4	0.4	0.5
Operating Profit	84.7	113.5	114.8

(a) Impairment charges, net of reversals relate to property, plant and equipment, mainly in the United States.

(b) Other gains and (losses), net consist of gain on sale of assets, negative goodwill, loss on sale of subsidiary investments and loss on investments in associates.

- (4) Adjusted EBITDA is presented because we believe it is frequently used by securities analysts, investors and other interested parties in evaluating companies. However, other companies may calculate Adjusted EBITDA in a manner different from ours. Adjusted EBITDA is not a measurement of financial performance under IFRS and should not be considered an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to profit/(loss) on ordinary activities as indicators of operating performance or any other measures of performance derived in accordance with IFRS. Adjusted EBITDA represents EBITDA as adjusted to remove the effects of the items presented below.

	For the years ended December 31,		
	2009	2010	2011
	(Swiss francs in millions, unaudited)		
Adjusted EBITDA	213.9	222.0	198.2
Natural disasters ^(a)	—	8.0	3.1
Fraud incident ^(b)	18.7	5.4	(6.6)
Settlement ^(c)	—	(8.1)	—
Listing ^(d)	6.6	—	—
EBITDA	188.6	216.7	201.7

(a) Represents management's estimate of the impact of the Japanese natural disaster in 2011 and its aftermath and impact of the Icelandic volcano in 2010.

(b) For 2009 and 2010, represents loss to the Company by the misappropriation of assets through fraud. For 2011, represents recoveries net of misappropriation of assets through fraud and costs. See "Management's Discussion and Analysis of Financial Conditions and Results of Operation — Factors Affecting Results of Operations — Fraud Incident".

(c) Represents amounts received as settlement of a dispute with respect to an acquisition completed in a previous period.

(d) Costs of Listing on the SIX.

- (5) Net debt is current borrowings and non-current borrowings minus cash and cash equivalents.

- (6) Reflects historical interest expense of which CHF 5.6 million is non-cash interest expense related to present value adjustments of certain balances, adjusted to eliminate interest expense of the Group's existing debt being repaid with the net proceeds of the Offering, and to include interest expense on the Notes and for the purposes of this presentation, assuming no borrowings under the New Unsecured Revolving Facility, net of interest income. Net interest expense also includes the amortization of certain upfront fees in relation to the Notes and the New Unsecured Revolving Facility and interest expense on finance leases and mortgages. It does not include foreign exchange gains and other finance expenses, or the commitment fee on the undrawn New Unsecured Revolving Facility. See Note 11 to the 2011 Financial Statements.

RISK FACTORS

An investment in the Notes involves risks. Before investing in the Notes, you should consider carefully the following risk factors and all information contained in this Offering Memorandum. Additional risks and uncertainties of which we are not aware or that we believe are immaterial may also adversely affect our business, financial condition, liquidity, results of operations or prospects. If any of these events occurs, our business, financial condition, liquidity, results of operations or prospects could be materially and adversely affected, the Issuer may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.

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

Risks Related to Our Business

We depend on a small number of large customers.

We depend on a small number of large customers. In 2011, our top five customers accounted for 41% of our revenue while our top twenty customers accounted for 73% of our revenue. In 2011, our three largest customers, Delta Air Lines, International Airlines Group (British Airways/Iberia Airlines) and United Continental, represented 12%, 10% and 9%, respectively, of our revenue. The loss of a large customer or significant decline in volumes from a large customer may materially adversely affect our ability to develop new customer contracts and may also cause other existing customers to re-evaluate their contracts with us. Our material long-haul contract with one of our largest customers, British Airways, serving them at their home hub at London Heathrow Airport, expires in 2020, with British Airways holding a right to terminate late in 2015. In 2008, we lost the British Airways short-haul contract at Heathrow Airport, as well as five locations with United Airlines including the Los Angeles International Airport location. Additional losses or declines in volumes from large customers that are not offset by similar customer gains may materially adversely affect our revenue and business.

We may not be able to retain existing customers, renew existing customer contracts, attract new customers or expand existing customer contracts.

Our success depends on our ability to retain and renew existing customers and contracts, to maintain volumes under existing contracts and to obtain and successfully negotiate new or expanded customer contracts. Our current and prospective customers may turn to our competitors, cease operations, terminate contracts with us or increase pricing pressure on us as a result of a merger or acquisition, change in strategy or product offerings, financial or operational constraints, or for strategic reasons cease to outsource catering and other services. Our business could be particularly negatively affected by increased merger activity in the aviation industry, which may reduce the number of customers that purchase our products and services, as well as the prices we are able to charge for such products and services. For example, in January 2011 two of our customers, British Airways and Iberia Airlines, merged to form International Airlines Group, and in October 2010 our customers United Airlines and Continental Airlines also merged. If an airline that operates an in-house catering or hospitality catering unit were to consolidate with one or more of our current or prospective airline customers, we may be unable to retain or obtain the business of that customer. Further, movements in a number of key airline metrics, including the number of flights, the mix of short-haul and long-haul flights and the mix of premium and economy passengers could have an adverse effect on our business. For example, lower passenger volumes in the United States in 2008 and 2009 as a result of the continued economic downturn contributed to lower revenue from our business in North America. Our material customer contracts generally contain termination provisions that allow our customers to terminate their agreement with us for a number of reasons, including a change of control, force majeure that prevents us from providing services or our customers from requiring services; a failure to perform to benchmark service levels; material breach of contract not remedied within a certain period or that is incapable of remedy; our financial distress; or our loss of licenses necessary to provide the contracted services. In addition, from time to time, as we negotiate or renegotiate written contracts with our customers, our relationship and provision of services may be governed by an oral agreement or a non-binding letter of intent, pending the execution of a final written agreement. This could be the case even with certain of our larger customers. The provision of services pursuant to such arrangements may be terminable at will.

The fraud incident we uncovered in February 2011 has resulted in ongoing investigations or informal questionings by authorities in Denmark and Switzerland and these have diverted certain of our management's time and attention away from the management of the Company. These investigations and informal questionings may in the future also require a significant amount of certain of our corporate executive's attention. In addition, we cannot assure you that the fraud incident or any other similar investigation or informal questioning will not have a negative impact on the Company's public image.

In February 2011, we uncovered an event of fraud at one of our Danish subsidiaries, Gate Gourmet Northern Europe ApS. The fraud had been perpetuated from late 2008 to early 2011, and amounted to a loss to the Company of 138 million Danish kroner (DKK). We immediately commissioned an investigation into the fraud by independent external forensic accounting experts, who determined that the fraud was a case of misuse of position and authority by the then managing director of the relevant subsidiary. This and our own investigation confirmed that this fraud did not occur at any other subsidiary in the group and is no longer continuing. In addition, consideration by our independent auditors as part of their year end audit resulted in no indication that this fraud occurred at any other subsidiary in the group. As with any company of our size and scale of operations, we cannot assure you that we will not be exposed to other events of fraud or misconduct. The fraud incident caused a dislocation of our management team when our former CEO, Guy Dubois, resigned in April 2011. In addition, the fraud incident and the ensuing investigation has diverted a significant amount of certain of our management's time and attention from their day-to-day responsibilities and the management of the Company, and we cannot assure you that a proportion of management's time and attention will not be similarly diverted should any further investigations or other events relating to the fraud incident or other incidents of misconduct occur. We are aware of ongoing investigations or information questionings by several authorities, including investigations regarding Mr. Dubois. Although the Company has not been a target of, and we do not believe that it will be a target of, the proceedings and investigations relating to the fraud incident, we cannot assure you as to the outcome of any of these investigations and proceedings or that these will not require a significant amount of our management's time in the future. We can also not assure investors that authorities in Denmark and Switzerland will not expand the scope of their investigation or that such authorities or authorities in other jurisdictions will not commence new investigations into this matter or related matters. Furthermore, although publicity associated with the fraud event to date has been largely limited to Denmark and Switzerland, we cannot assure you that the fraud incident or any other investigation or similar events will not have a negative impact on the Company's public image in the future should the incident or any investigations or other related events attract wider adverse media attention. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Fraud Incident".

We may be exposed to adverse developments in union and employee relationships or increased personnel expenses.

As of December 31, 2011, we had approximately 27,000 full-time equivalent employees, of which we estimate that approximately 74% are represented by a labor union. We have in the past been and may in the future be subject to, with or without union involvement or endorsement, strikes and work stoppages, slowdowns, "work to rule" and unauthorized absences or other actions by our employees, despite our existing agreements. For example, a dispute with our staff at London Heathrow Airport in August and September 2005 led to strike action that was not endorsed by the union. The strike and related actions caused us to lose revenue and incur additional costs and had a negative effect on our public image in the United Kingdom. For further details of our relations with our unionized employees, please see "Business — Employees". Any industrial actions in the future may materially adversely affect our business and financial results or condition, or damage our brand and reputation or our relationship with our customers. In addition, we may not be able to renew existing collective bargaining agreements and other labor contracts without significant increases in wages and other employee benefits. We may also be subjected to class action litigation by our employees, particularly in the United States, for alleged breaches of employment law. Such litigation, even where unjustified, may divert management attention and resources, cause reputational damage and be costly to defend, even where the underlying claims do not have merit.

The pricing provisions of our customer contracts may limit our ability to recover costs or make a profit.

Certain of our customer contracts contain fixed price elements. For example, a small number of our customer contracts, in terms of revenue, are profit and loss contracts and some of the terms of our other contracts fix the price of our products and services. Under these types of contracts we assume the risk that

our corresponding costs will be greater than anticipated. This may expose us to losses if our estimates of contract operating costs, including labor and raw material costs, are too low. Approximately ninety percent of our top twenty customers' contracts, in terms of revenue (excluding contracts with low-fare carriers), have cost-plus pricing elements. For example, the terms of our contracts may provide for the customer to assume the cost of raw materials, labor and other costs while we apply a fixed handling charge on top of the price charged for these costs. However, even under the terms of these cost-plus contracts, we may experience delays or be unable to pass on all or some of the increased food, plastics, fuel and other raw material costs to our customers due to certain elements of the cost-plus pricing or price adjustment clauses in our contracts, and this could negatively affect our period-to-period or long term profit margins. Further, if a contract terminates before we are able to pass on the cost increase under the terms of the contract, we would assume the increased difference for these cost increases.

We and our customers rely on third parties to provide safe contracted products and services of high quality.

We purchase and resell catering and other supplies from various suppliers of products, services and raw materials. If a supplier fails to deliver supplies that meet the quality, quantity and other specifications we have agreed to supply to our customers, our relationship with our customers could be adversely affected and we could be subject to claims and other liabilities. For example, we are exposed to the risk that the products supplied do not meet either the appropriate regulatory health and safety standards or our customers' exacting health, safety and ethical standards. Furthermore, if a supplier for any reason is not able to or becomes unwilling to supply us with the products or services we require, we would need to locate a new supplier, which may be time consuming and costly. We cannot assure that we would be able to obtain alternative products and services from other suppliers of acceptable quality or on terms acceptable to us. This could cause disruptions in our business, harm our relationship with our customers and our reputation and have an adverse impact on our financial results and condition.

We may be exposed to food and product safety issues and other food security and product issues, which may subject us to liability claims, damage our reputation or affect our relationship with our customers.

The preparation of food is a sensitive process and exposes us to possible food safety liability claims and issues, such as the risk of food poisoning. Our existing food safety controls and procedures may prove inadequate or some other, perhaps external, event, such as a willful or accidental third-party contamination or tampering incident, including by one of our employees, suppliers, service providers or third-party contractors may occur. For example, one of these parties may tamper with or contaminate food, or fail to prepare food in accordance with special meal preparation requirements and standards, such as those for halal, kosher or other special meals for people with allergies or other dietary requirements. In addition, we are exposed to possible product liability claims and issues in connection with our other product offerings such as contact and comfort items. For example, plastic items may have sharp edges or may include toxic colors if they are not made to the appropriate standards and could cause harm to the end user or we may need to withdraw or recall a product batch. Any such events, or any negative press surrounding such events, may harm our relationship with our customers or our reputation, even if we are not responsible for the event or if our liability is limited. This may limit our ability to renew contracts on acceptable terms or at all and/or to obtain new business. Failures may also lead to a food safety or other liability claim or sanction order under federal, state, provincial and local food controls and regulations, which may include closure of our operations. In addition, such claims and issues may cause us to incur significant legal and other costs and may disrupt the attention of our management and personnel from our business.

We may be exposed to aviation security and other safety and security issues, which may subject us to liability claims, damage our reputation or affect our relationship with our customers.

We provide catering and cargo security services, including a service to monitor security procedures employed by airline caterers and our own food preparation and handling services, which are subject to a number of airline or airport security procedures. In addition, we provide aircraft de-icing services to airlines. Our existing controls and procedures may prove inadequate to properly provide these services or some other event may occur. For example, one of our employees, suppliers or other third party contractors may breach an aviation security procedure in connection with our inspection and validation services to airlines which, for example, may allow explosives, weapons or other dangerous substances or objects to be loaded onto an aircraft or a terrorist to board an aircraft. Our failure to de-ice an aircraft properly may cause a delay or grounding of an aircraft, or other safety incidents. Any of these events may lead to a liability claim, increased

levels of regulatory requirements and controls or loss or non renewal of a permit necessary to operate our business. Any loss or non-renewal of a permit necessary to operate our business would trigger termination provisions in a number of our material customer contracts, may result in us being liable for damages or harm our relationship with our customers and may create adverse publicity, which may affect our reputation even if we are not responsible for the failure or if our liability is limited. This may limit our ability to renew contracts on acceptable terms or at all and/or to obtain new business. In addition, such claims and issues may cause us to incur significant legal, insurance and other costs and may disrupt the attention of our management and personnel from our business.

We are exposed to fluctuations in foreign exchange rates.

We operate internationally and prepare our consolidated financial statements in Swiss francs. Fluctuations in exchange rates used to translate currencies to the Swiss franc, particularly the U.S. dollar, euro and the pound sterling, impact our reported financial results and conditions and/or cash flow. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosure about Market Risk — Foreign Exchange Risk” for further information. In addition, the Notes offered hereby will be denominated in euros. We expect the proportion of revenue and expenses in currencies other than the Swiss franc to increase in the future as we expand our international business. As a result, although our non-Swiss subsidiaries generally record revenue and expenses in the same currency, changes in exchange rates used to translate foreign currencies to Swiss francs may adversely affect our financial results. For example, in 2010 and 2011, the Swiss franc appreciated against the U.S. dollar, the euro and the pound sterling, which impacted our consolidated financial results when revenue and costs incurred in these currencies were translated into Swiss francs.

We incur currency transaction risk whenever one of our operating subsidiaries enters into either a purchase or sales transaction using a currency other than its functional home currency. Our currency risk arises from purchasing raw materials and paying employees in one currency while selling finished goods and services in another currency. We also incur currency risk due to our financing arrangements, including the Notes, which are denominated in euros, and our New Unsecured Revolving Facility, which will be available in U.S. dollars, euros, Swiss francs or, if certain conditions are met, any other currency, whereas our cash generating capacity may not necessarily reflect the same proportion of euros and U.S. dollars or other currency.

We rely on our information technology systems to operate our business and a failure of these systems or in our ability to upgrade them may affect our ability to run our business effectively.

Information technology systems provide key components of many of the services we offer and, therefore, play a key role in enabling the business to compete. We are dependent on our information technology systems; in particular those systems used to operate our supply handling and retail onboard services, including our electronic point-of-sale technology purchased from Abanco Investments, LLC and Abanco LLC, USA and eGate Solutions, our supply chain planning and management services. Furthermore, a number of our kitchens have established electronic interfaces with our customers to receive relevant passenger and flight information directly. We use external suppliers for the hosting, maintenance and monitoring of our information technology systems. The failure of any of our existing information technology systems will negatively affect our ability to carry out our business. In addition, we are currently in the process of implementing a firm-wide SAP system allowing the consolidation of our back office functions and the complete integration of our processes. The failure or delay to implement this system adequately, or its failure to meet our expectations may affect the ability of our business to function effectively and may cause us to incur additional costs.

We may be exposed to litigation.

We are and may from time to time in the future be subject to litigation. Our involvement in any litigation may involve significant effort and be costly and time-consuming and may divert the attention of our management and resources from our business to address the litigation. We may be unsuccessful in defending ourselves against any such claims. If a claim is resolved against us we may have to pay substantial damages, settlement costs or increased insurance premiums. Even if a claim is not resolved against us, we may incur significant related legal defense costs. Due to the nature of our business and the large number of individuals we employ around the world, we have in the past, are presently, and may in the future be, involved in employment-related litigation. For example, one of our recently acquired subsidiaries is in confidential arbitration with a customer regarding failure to provide certain services by the subsidiary and failure to pay invoiced amounts by the customer. See “Business — Legal Proceedings”.

We have defined benefit plans that are currently in deficit for which we may need to make significant extra provisions and such deficits could increase due to factors outside of our control.

The principal defined benefit schemes which we operate are: the Gate Gourmet London Pension Scheme (the “U.K. Main Plan”) and the Gate Gourmet London Management Pension Scheme (the “U.K. Management Plan”) (these schemes are collectively referred to as the “U.K. Defined Benefit Plans”); the Gate Gourmet, Inc., Defined Benefit Pension Plan and the Gate Gourmet Inc. Supplemental Executive Retirement Plan (these schemes are collectively referred to as the “U.S. Defined Benefit Plans”); and two defined benefit plans in Switzerland. Additionally, we operate defined benefit schemes in The Netherlands, Belgium, India, France and Spain and a number of defined contribution arrangements.

For accounting purposes, as of December 31, 2011, under IAS 19 and based on the assumptions used, the market value of our total pension assets was CHF 405.0 million and our total pension liabilities were assessed at CHF 524.0 million, representing a deficit of CHF 119.0 million. As a result, we are currently making cash contributions over and above the normal contributions required to meet the cost of future accrual under the U.K. Defined Benefit Plans and the U.S. Defined Benefit Plans to meet these funding deficits over three installments during the period to January 2013 with respect to the U.K. Defined Benefit Plans and annual installments during the period to July 2023 with respect to the U.S. Defined Benefit Plans. In addition, a further triennial valuation of U.K. Defined Benefit Plans occurred in April 2009. This valuation revealed a funding deficit of approximately CHF 11.1 million. Valuations of our defined benefit plans are dependent upon market conditions and the actuarial methods and assumptions used (including assumptions as to mortality). A significant adverse change in the market value of the defined benefit pension plan assets due to market conditions and other factors beyond our control as well as a revision of actuarial assumptions could adversely affect the funding of the defined benefit plans and consequently our funding obligations.

With respect to U.K. Main Plan, there is also uncertainty as to whether under the employers’ contribution rule in the definitive trust deed and rules, dated September 19, 1997 and under overriding law, the trustees only have to consult (rather than reach agreement with) the principal employer when setting the level of employers’ contributions. The trustees may at a future date successfully increase contributions without the principal employer’s agreement. Any increase in pension contributions could have an adverse impact on our financial condition and the results of our operations. We closed our U.K. Defined Benefit Plans for future accruals as of October 31, 2011. All benefits earned up to that date will be preserved in the U.K. Defined Benefit Plans and increased with inflation as required by law, prior to retirement with pension at retirement being based on pensionable salary and pensionable service. Starting November 1, 2011 the former U.K. Defined Benefit Plan members have the opportunity to join a defined contribution arrangement, which going forward will be the only pension scheme available to U.K. employees.

We may not be able to recover our capital investments in operating facilities.

If a customer contract is terminated or not renewed, a customer becomes insolvent or files for bankruptcy or we decide to exit a market or close a facility, we may not be able to recover fully our unamortized capital investment relating to that customer’s contract or facility. As a consequence, we may have to recognize an operating loss or reduction from operating profit equal to the unrecovered portion of our capitalized investment, in addition to any loss of revenue and profit. This amount may be substantial, depending on the remaining term of the contract and the size of the capital investment.

We may not be able to retain our senior management and key personnel and may not be able to hire or retain other qualified personnel.

Our success is significantly dependent on our ability to retain our existing senior management and other key personnel and to attract other qualified senior management and other key personnel, particularly at the level below senior management. The equity incentive plan and other compensation and benefits we provide to senior management and key personnel may be inadequate to ensure that these personnel remain with us for the long term.

We may suffer adverse tax consequences in connection with our pre-listing reorganization.

Immediately prior to our listing on the SIX on May 12, 2009 (the “Listing”), we underwent a conversion transaction (the “Reorganization”) that involved replacing our former ultimate holding company, Holding LLC, with the Company. The Reorganization was implemented in a series of steps that involved the transfer of various intercompany loans and notes within gategroup. We have been advised that the transaction should not cause the Company to be treated as a domestic corporation for U.S. federal income tax purposes pursuant to the anti-inversion rules of Section 7874 of the Code. However, we do not have

certainty regarding the applicability of the anti-inversion rules to the Reorganization. If our conclusion that the anti-inversion rules should not apply were to be successfully challenged by the U.S. Internal Revenue Service, the Company would be treated as a U.S. corporation for all U.S. federal income tax purposes, which would result in our worldwide profits becoming subject to U.S. federal corporate income taxes, either directly or as distributed up the chain of subsidiaries to the Company.

Our business requires VAT and sales tax registrations and payments in multiple jurisdictions.

We sell food and products to passengers on board some of our customers' flights in our name (retail onboard services). These flights will travel across multiple jurisdictions potentially requiring payment of VAT and/or sales tax, registration for VAT and/or sales tax purposes, VAT and/or sales tax filing and other tax and regulatory requirements in a large number of countries. Changing legislation, inconsistent legislation between jurisdictions or new reporting and filing requirements may result in our systems and processes not being in full compliance with all VAT and/or sales tax regulations potentially leading to unfavorable tax assessments and potential disputes and legal proceedings. While we take all measures (including third party tax advice) that are required, we cannot guarantee that we are in compliance at all times with the complexities of cross-border regulations in Europe or in other jurisdictions in which we operate.

We may not be able to expand through acquisitions or complete and manage acquisitions successfully.

As part of our growth strategy we are seeking to expand the range of products and services we provide in specific geographic locations or world-wide and pursue acquisitions of businesses with long-haul catering contracts. For example, in 2008 we acquired, among others, Inflight Logistics Services Pty Limited (an in-flight service provider) and SCK DUS GmbH & Co. KG (a catering services provider), in 2009, we acquired United Airlines' flight kitchen at Tokyo's Narita Airport and Abanco Investments, LLC and Abanco LLC, USA's software and wireless point-of-sales technology, in 2010 we acquired Cara Airline Solutions (an airline catering services and logistics provider), in February 2012 we announced an agreement to acquire Helios, an innovative and respected global provider of onboard products and services and also announced plans to take full ownership of Skygourmet (an Indian airline catering services provider). However, we may be unable to identify suitable targets, and competition for acquisitions or the unwillingness of airlines to spin-out their captive catering businesses may make it difficult for us to consummate acquisitions on acceptable terms or at all. Our ability to manage acquired businesses may also be limited if we enter into joint ventures or do not acquire full ownership or a controlling stake in the acquired business. Our ability to make successful acquisitions may also be limited by our financial resources, including available cash, borrowing capacity and our ability to issue new shares. In particular, our New Unsecured Revolving Facility may not be available to finance acquisitions if we have used it for other purposes, and we may be unable to obtain further financing on terms commercially acceptable to us or at all. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for further details on the impacts that acquisitions have on our results of operations.

We may not be able to integrate successfully the products, services and personnel of acquired businesses.

Our strategy includes making selective acquisitions to expand our existing range of products and services and to expand the geographic scope of our business. However, we may not be able to integrate successfully the products, services and personnel of any acquired businesses consistent with our business practice. In particular, we may face greater than expected costs, time, quality issues and effort involved in completing and integrating acquisitions and potential disruption of our ongoing business. Furthermore, we may realize fewer synergies than envisaged, if any. In addition, continued growth through acquisitions may significantly strain our existing management and operational resources. We may need to recruit additional personnel, particularly at the level below senior management, and we may not be able to recruit qualified management and other key personnel to manage our growth.

Given the significant international aspects of our business, governmental authorities may question our intra-group transfer pricing policies, assert conflicting claims over the taxation of our profits or change their laws in manner that could increase our effective tax rate or otherwise harm our business.

We conduct our business through legal entities in 35 countries. We seek to ensure that local tax filings are undertaken in compliance with all relevant local laws and treaties and that our transfer pricing methodology is accurate. Our transfer pricing methodology is set up in accordance with the Organisation for

Economic Cooperation and Development (“OECD”) transfer pricing guidelines. However, OECD transfer pricing guidelines should be considered only as guidance and can be interpreted differently by local tax authorities. Although we follow commonly known transfer pricing practice and consult with external professionals to assist us with our methodology, we cannot guarantee that tax authorities around the world will not have different interpretations of our methodology when looking at our business. From time to time local tax filings are investigated by local tax authorities. In the event that our interpretation of local laws or our transfer pricing remuneration is challenged during a tax audit, there is a risk that our effective tax rate could increase and could adversely affect our results of operations.

Further, local tax rules and interpretation of tax rules in different jurisdictions regularly change and from time to time these changes may be implemented with retroactive effect. We regularly evaluate our tax position and tax exposures, particularly where tax rules or interpretation of tax rules have changed. If a change in prior years’ tax filing or a change in tax provisions becomes more likely than not, we adjust the provisions made in order to reflect the expected outcome. Irrespective of these adjustments, a change in tax rules or interpretation of tax rules in one jurisdiction may also increase our effective tax rate and adversely affect our results of operations.

Risks Related to the Industry in Which We Operate

We are exposed to general economic conditions, increases in oil prices, industry cyclicality and other trends and economic factors that adversely affect the international aviation industry.

As a provider of products and services to the aviation industry, we are greatly affected by the overall economic condition of that industry, and any adverse conditions in the aviation industry or in its practices may have a negative effect on our business. Historically, the airline industry has been cyclical. Factors affecting the airline industry include general economic, political and other conditions associated with international sales and operations generally, increases in the price of fuel and increases in the use of alternative environmentally friendly forms of travel, such as trains. On December 30, 2011, IATA revised its 2012 airline industry profit forecast down from an original forecast of \$4.9 billion to \$3.5 billion, a decrease of 29%. Should this trend continue, it may significantly reduce our revenue and operating profits and may have a material adverse effect on our results of operations and our business in general.

An increase in the use of potentially more environmentally friendly forms of travel, such as trains or environmentally friendly cars, and development of new forms of transport or innovation in existing forms of transport, such as the development of high-speed trains like the Eurostar and high speed magnetic levitation transport trains, could lead to a decrease or limited growth in air travel and airline passenger numbers and a decrease in demand for our products and services and may negatively affect our business, in particular on the short-haul routes on which we operate.

We depend on our customers’ financial stability in ensuring that our revenue remains stable or increases.

Our inability to collect receivables from one or more customers, and in particular the bankruptcy, insolvency, restructuring or financial distress of any of our significant customers could have a material adverse effect on our business, financial results and condition. A number of our existing and prospective airline customers have recently suffered or continue to suffer from problems affecting the aviation industry. For example, our customer American Airlines filed for bankruptcy protection in November 2011, and others have filed for bankruptcy protection in the past, including two of our three largest customers, Delta Air Lines and United Airlines. As of December 31, 2011, the trade receivables balances for our five largest customers, by gross receivables outstanding, was CHF 75.1 million, representing 26.6% of the total amount of gross receivables. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosure about Market Risk — Credit Risk” for further details. In bankruptcy, reorganization and other insolvency proceedings, we may not be able to collect money owed to us for our services and contracts may be materially changed in a manner adversely affecting us, even where our customers continue their operations. In addition, a liquidation of one of our largest customers would have a material adverse impact on our business.

We are exposed to events out of our control that could adversely affect the international aviation industry, including acts of terrorism, natural disasters, infectious diseases and other factors out of our control.

We are a provider of products and services primarily to the airline industry. Any war, terrorist activity, significant natural disasters, pandemic diseases, political and social instability or military action or an

increased threat or perception of any of the foregoing that significantly disrupts ongoing flight operations or decreases passengers' willingness to fly may adversely affect our customers and reduce their demand for our products and services and generate additional costs.

In recent years concern of potentially pandemic diseases such as Severe Acute Respiratory Syndrome ("SARS") and Avian Flu (H5N1) have adversely affected passengers' willingness to travel. The outbreak of swine influenza in Mexico is the most recent example of a potential pandemic disease. On April 25, 2009, the World Health Organization determined that the swine influenza situation represented a "public health emergency of international concern". We cannot predict the development of swine influenza or other potentially pandemic diseases and fear of a widespread proliferation of any one disease may have a materially adverse effect on passenger airline traffic, materially impact our revenue and operating profits and have a material adverse effect on our results of operations and our business in general.

Furthermore, the terrorist attacks of September 11, 2001 adversely affected the aviation industry and its prospects. The effects included substantial flight disruption, significantly increased security levels and associated costs and passenger inconvenience, increased insurance costs, substantially higher ticket refunds and significantly decreased traffic and revenue per passenger mile. The resulting financial problems, airline bankruptcies and the pressure to cut costs in the airline industry led to a reduction or removal of in-flight meals and/or refreshments for passengers, especially on short-haul flights, in the United States and elsewhere. This trend may continue or accelerate, spread to the rest of the world, or replicate itself as far as long-haul flights are concerned, each of which could negatively affect our business. The effects of any terrorist attack could be long-lived, which could curtail recovery of previously routine business in any affected facility or in our business in general.

Significant natural disasters, such as volcanic eruptions, earthquakes, hurricanes, fires and floods, may cause our operations, or those of our customers, to cease operations, if they occur at or in proximity to any of our or our customers' worldwide operational sites or flight paths. In particular, if any such event were to occur at, or have a significant impact at, one of our hub airport locations where we have major operations, our business could be negatively impacted. For example, a volcanic eruption in Iceland, which began in March 2010 and continued until May 2010, led to several temporary closures of European airspace, causing significant disruption across the aviation industry, including at our customers, and a significant drop in traffic volume during and around the periods of closure, leading to an adverse impact of CHF 19.2 million on revenue according to management estimates, revised down from an initial estimate of CHF 21.0 million. Further volcanic eruptions in Iceland and elsewhere have also caused disruption to our customers and to the aviation industry in general, and we cannot predict whether such volcanoes will cause similar disruption in the future or whether similar events might occur in Europe or in other parts of the world. The earthquake and tsunami in Japan in March 2011, and ensuing nuclear disaster, earthquakes in New Zealand, flooding in Australia and the ongoing social unrest in the Middle East have also caused disruption across the aviation industry this year. Such events could have a material adverse effect on passenger airline traffic, materially impact our revenue and operating profits and have a material adverse effect on our results of operations and our business in general.

In addition, if one of our airline customers is involved in a major air traffic incident, including a crash, or is subject to a strike or other industrial action, that airline could lose sales, suffer significant disruption to its business and negatively impact its credit rating. This in turn could reduce demand for our products and services and have a material adverse effect on our results of operations and business in general.

We face significant competition from global, national and local independent and captive in-flight catering, supply handling and related businesses.

We face competition from both independent and captive (self-operating airline subsidiary) global, national and local service providers of in-flight catering, supply handling and other onboard solutions related airline services, third party suppliers of goods used for airline catering, and consortiums of service providers with complimentary services that compete, in the aggregate, for our contracts. We also face substantial international competition from LSG SkyChefs, a subsidiary of Deutsche Lufthansa AG, Servair, a subsidiary of Air France, and Alpha Group, as well as from regional and local service contractors, such as SATS Limited at Singapore Changi International Airport, Cathay Pacific Catering Services in Hong Kong and Qantas Catering Group Limited in Australia. Our largest competitors that are independent providers of in-flight catering and support services in North America, Europe and Asia Pacific are Flying Food Group, Newrest and SATS, respectively. Our existing or potential customers may seek to use third party suppliers of branded goods, such as Masterfoods, Nestlé, or Unilever, or third-party suppliers of pre-cooked meals, such as Fleury Michon or Frankenberg, to supplement or replace our existing product offers. We also face competition on individual

contract tenders, bids and renewals from consortiums of service providers with complimentary services, such as DHL and Northern Foods, who were successful in obtaining the British Airways short-haul contract at London Heathrow Airport in 2008 that we previously serviced. Our ability to compete successfully depends primarily on the following factors: quality and breadth of services, price, extent of services network, ability to make capital investments, operational integrity and service levels, service innovation and reputation within the industry. Certain of our competitors may have or develop substantially greater financial, technical and human resources than we do in various locations and may be willing to underbid us, accept a lower profit margin or expend more capital in order to obtain or retain business. Certain of our competitors may also be able, and for strategic reasons be willing, to support or subsidize their in-flight catering, supply handling and related businesses by shifting costs to other sectors of their business or accepting lower margins. Our existing or potential clients may also elect to self-operate their catering or other services, or to utilize other purchasing arrangements and reduce or eliminate the opportunity for us to serve them or even compete for their business. Increased variety and quality of food options at airports may decrease the demand for our services, both from airline customers and from their passengers, who pay a portion of the costs for our products.

We are exposed to increasing environmental regulation and associated cost.

An increase in sensitivity towards the protection of the environment, in particular through, for example, the inclusion of aviation in the European emissions trading scheme and progressively increasing duty imposed on air travel and fuel, could lead to a decrease or limited growth in air travel and airline passenger numbers, thereby decreasing demand for our products and services. We are also directly exposed to increasing environmental regulation. For example, since April 2007, in accordance with a European Union directive on the environment, we have been required to prevent pollution and may be required to remedy environmental damage. In the United Kingdom we are also subject to specific low emission zone and polluter taxes. In addition, we expect the frequency of external environmental audits and surveys to increase, which will be costly and time consuming.

We are subject to extensive government regulation, particularly relating to food safety and aviation security.

Due to the nature of our industry and the global presence of our operations, we are subject to complex, overlapping and rapidly evolving laws, regulations and licensing requirements, which are administered by a large number of regulatory and enforcement authorities. The laws and regulations governing our industry have become increasingly complex across a number of jurisdictions and a wide variety of areas, including, among others, food safety, labor, employment, immigration, security and safety, health and safety, competition and antitrust, consumer protection and the environment. We expect the level and complexities of regulations to which we are subject to increase, which could increase our costs of regulatory compliance, divert management attention and negatively impact our operating efficiency. We may not be in compliance with all applicable laws and regulations, and we may not be able to comply with all future laws and regulations. Even where we have proper controls and procedures in place, implementation of these controls and procedures, and proper reporting to accounting on a local or group wide basis may not be adequate and could cause us to fail to comply with such laws or regulations. Any failure or suspected failure to comply with any of these regulations may result in increased regulatory scrutiny through inquiries or investigations, increased costs of compliance for, among other things, employee screening, and increased insurance costs.

We could also be subject to governmental and private civil remedies, including fines, penalties, damages, injunctions, disciplinary actions, recalls or seizures and loss of licenses, as well as potential criminal sanctions. Any regulatory problems could also attract adverse media attention, adversely affect our reputation, require the attention of management to the detriment of our operations or otherwise limit our business operations.

Our operating results fluctuate due to seasonality.

Due to greater demand for air travel during the Easter season (March and April) and the summer months (the end of June to the beginning of September, but primarily July and August) our revenue in the second and particularly the third quarters of the year generally tend to be higher than in the first and fourth quarters. Our operating results generally reflect this seasonality. Our operating results may also fluctuate due to disruptions from strikes, outbreak of pan-epidemics, such as SARS, severe weather conditions and natural disasters. As a result, operating results for any quarter may not necessarily be indicative of our operating results for the entire year and historical operating results are not necessarily indicative of future results of operations.

We may not be able to obtain insurance on commercially acceptable terms or at all, and insurance coverage for some of our operations may be insufficient to cover losses.

We are required by our customers, airports and regulatory authorities to maintain high levels of insurance to cover liability and indemnity claims. In the future, we may be unable to obtain insurance on commercially acceptable terms or at all and we could become subject to significant liabilities not covered by insurance. For example, a major terrorist attack on an airline, airport or otherwise within the airline industry may cause insurers to raise premiums and deductibles to unacceptable levels, adopt additional exclusions or refuse to provide coverage to participants in the airline industry. The level of insurance coverage we currently maintain to cover general liability, product liability and third party war/terrorism and property claims may not be adequate to cover all claims made. If we fail to obtain or maintain adequate insurance we could be in default under a number of our bank covenants, customer contracts and supplier agreements, which could cause those contracts to be terminated. Our ability to renew existing contracts or win new contracts may be limited or eliminated if the insurance limits requested by our customers exceed the limits we are able or willing to obtain. Our inability to maintain adequate insurance may also prevent us from obtaining or maintaining licenses necessary to operate our business. Any of these negative impacts on our customer contracts or licenses may cause a significant decline in our net sales and our operating income.

Risks Related to Our Indebtedness

Our leverage could adversely affect our financial well-being and our ability to generate the cash needed to service our debt depends on certain factors beyond our control.

As at December 31, 2011, after giving pro forma effect to the Offering and application of the proceeds therefrom, we would have had total debt of CHF 469.5 million (net of capitalized fees and expenses). We anticipate that we will continue to maintain considerable debt for the foreseeable future. Our substantial leverage poses the risk that a significant portion of our cash flow from our operations will have to be dedicated to servicing our debt, we may have a higher level of debt than certain of our competitors, which may make it difficult for us to pursue our business strategy, and our debt level may limit our ability to react to changing market conditions, changes in our business and changes in the industry in which we operate.

The future success of our operations will in large part dictate our ability to make scheduled payments on, and satisfy, our debt obligations, including under our New Unsecured Revolving Facility and the Notes. Our future operating performance will be affected by general economic, social, competitive, market, business and other conditions, many of which are beyond our control. Our New Unsecured Revolving Facility will mature on June 30, 2016. If we are unable to raise cash through the issuance of additional debt or equity, or through asset sales, in order to refinance, extend or repay the principal amounts due at maturity of this credit facility, then our cash on hand may be insufficient to repay this maturing debt. Prevailing market conditions, including increased interest rates, in the future could require us to incur increased costs and expenses or require us to comply with more restrictive covenants in connection with any refinancing of our debt obligations or otherwise affect our ability to refinance or repay our debt on commercially reasonable terms or at all, which could have a material adverse effect on our business and results of operations.

Despite our current level of indebtedness, we may still be able to incur substantially more debt. This could further exacerbate the risks that we and our subsidiaries face.

Although the agreements governing the Notes and our New Unsecured Revolving Facility include prohibitions on incurring additional indebtedness, these prohibitions are subject to various exceptions and qualifications, and indebtedness incurred pursuant to such exceptions and qualifications may be substantial.

The agreements governing the Notes and our New Unsecured Revolving Facility also permit us to incur secured indebtedness, subject to various limitations. If we incur any secured indebtedness and are not otherwise required to secure the Notes with the same collateral, such indebtedness will be effectively senior to the Notes to the extent of the value of such collateral and the holders of that debt will be entitled to receive any proceeds distributed in connection with disposition of the assets comprising such collateral before such proceeds are used to pay holders of the Notes. If we incur any additional indebtedness that ranks equally with the Notes, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. This may have the effect of reducing the amount of proceeds paid to you. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

We are subject to restrictive debt covenants, which may limit our operating flexibility.

The Indenture governing the Notes offered hereby contains covenants that impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional indebtedness;
- pay dividends on, redeem or repurchase our capital stock;
- make certain restricted payments and investments;
- create or incur certain liens;
- impose restrictions on the ability of subsidiaries to pay dividends or other payments to the Issuer;
- transfer or sell certain assets;
- merge or consolidate with other entities; and
- enter into certain transactions with affiliates.

All of these limitations will be subject to significant exceptions and qualifications. See “Description of Notes — Certain Covenants”.

These covenants could limit our ability to finance our future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest. Our ability to meet these tests may be affected by events beyond our control and, as a result, we cannot assure you that we will be able to meet these tests.

We may not have enough cash available to service our debt and to sustain our operations.

Our ability to make scheduled payments on the Notes and to meet our other debt service obligations when due and to fund our ongoing operations or to refinance our debt, depends on our future operating and financial performance and our ability to generate cash, which will be affected by our ability to successfully implement our business strategy as well as general economic, financial, competitive, regulatory, legal, technical and other factors, including those discussed in these “Risk Factors”, beyond our control. If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt, including the Notes, obtain additional financing, delay planned capital expenditures or sell assets. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our obligations with respect to our debt, including the Notes. In that event, borrowings under other debt agreements or instruments that contain cross-default or cross-acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all of our debts, including the Notes. See “Description of Certain Financing Arrangements”.

Our failure to comply with the agreements relating to our outstanding indebtedness could result in an event of default that could materially and adversely affect our results of operations and our financial condition.

If there were an event of default under any of the agreements relating to our outstanding indebtedness, including the Indenture and our New Unsecured Revolving Facility, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our indebtedness under our secured debt, the holders of such debt could proceed against any collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments.

Risks Related to the Notes

The Issuer is a finance company and certain of the Guarantors are holding companies dependent upon cash flow from other members of the group to meet their obligations on the Notes and the Guarantees, respectively.

The Issuer is a special purpose finance company with no independent business operations and no significant third-party assets. The Issuer will be wholly dependent upon payments from the Company to meet its obligations, including its obligations under the Notes. The Company is a holding company with no

independent business operations or significant assets other than investments in its subsidiaries. The Company depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations. If our operating subsidiaries do not distribute cash to us to make scheduled payments on the Notes, we do not expect to have any other source of funds that would allow us to make payments to the holders of the Notes.

Various agreements governing our debt may restrict and, in some cases may actually prohibit, the ability of these subsidiaries to move cash within their restricted group. Applicable tax laws may also subject such payments to further taxation. Applicable law may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments.

The inability to transfer cash among entities within their respective 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.

The claims of the holders of the Notes will be effectively subordinated to the rights of our existing and future secured creditors to the extent of the value of the assets constituting collateral.

The Notes will be unsecured obligations of the Issuer. The Indenture will provide for a negative pledge but will allow us and our restricted subsidiaries to incur additional secured indebtedness that will be effectively senior to the Notes. As such, the Notes and each Guarantee thereof will be effectively subordinated to such existing and future secured indebtedness and other secured obligations of the relevant obligor to the extent of the value of the assets securing such indebtedness or other obligations. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, administration, reorganization, or other insolvency or bankruptcy proceeding, holders of secured indebtedness will have prior claim to those of our assets that constitute their collateral. The holders of the Notes will generally participate ratably with all creditors with respect to unsecured indebtedness of the relevant obligor, and potentially with all of their other general creditors, based upon the respective amounts owed to each creditor, in the remaining assets of the relevant obligor. In these circumstances, we cannot assure you that there will be sufficient assets to pay amounts due on the Notes. As a result, holders of Notes may receive less, ratably, than holders of secured indebtedness and other obligations.

As of December 31, 2011, after giving pro forma effect to the Offering and application of the proceeds therefrom, we would have had an aggregate principal amount of CHF 50.0 million of secured indebtedness, composed primarily of secured indebtedness of our subsidiary Skygourmet. We will be permitted to borrow substantial additional indebtedness, including secured debt, in the future under the terms of the Indenture and our New Unsecured Revolving Facility.

The Notes and each of the Guarantees will be structurally subordinated to present and future liabilities of our non-guarantor subsidiaries.

Not all of our subsidiaries will guarantee the Notes. 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, including claims by holders of Notes under the Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, administration, reorganization or other insolvency or bankruptcy 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 and each Guarantee will each be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of our non-Guarantor subsidiaries. The covenants in the Indenture permit us to incur additional indebtedness at subsidiaries that do not guarantee the Notes and in the future the revenue and EBITDA of such entities could increase, possibly substantially. As of December 31, 2011, our non-guarantor subsidiaries accounted for CHF 460.4 million, or 17.9%, of our consolidated revenue and CHF 46.9 million, or 23.2%, of our consolidated EBITDA. In addition, as of December 31, 2011, our non-guarantor subsidiaries would have accounted for CHF 429.2 million, or 24.3%, of our consolidated assets (excluding intercompany receivables).

The Guarantees of the Notes, along with any future guarantees of the Notes, will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability.

The Issuer's obligations under the Notes will be guaranteed by the Guarantors. The Notes and the Guarantees may be subject to claims that they should be limited or subordinated in favor of the Issuer's

existing and future creditors under the laws of Canada, Germany, Hong Kong, Luxembourg, the Netherlands, Switzerland, the United Kingdom, the United States and/or any other applicable jurisdiction.

The amounts and/or enforcement of each Guarantee will, where applicable, be limited to the extent of the amount which can be guaranteed by a particular Guarantor without rendering the Guarantee, as it relates to that Guarantor, voidable or otherwise ineffective under applicable law and without rendering the Guarantor insolvent or subject to any legal cause that would require it to be dissolved. These laws and defenses include those that relate to fraudulent conveyance or transfer, insolvency, voidable preference, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization and defenses affecting the rights of creditors generally. By virtue of these limitations, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may effectively have no obligations under its Note Guarantee.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and similar laws, a court could subordinate or void any Guarantee if it found that:

- the relevant Guarantee was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor other person or to prefer one creditor over another or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor or other person was insolvent when it issued the Guarantee;
- the Guarantor did not receive fair consideration or reasonably equivalent value for the Guarantee and the Guarantor;
- the Guarantor was insolvent, subsequently became insolvent or was rendered insolvent because of the Guarantee or security;
- the Guarantor was undercapitalized or became undercapitalized because of the Guarantee; or
- the Guarantor intended to incur, or believed that it would incur, debts beyond its ability to pay at maturity;
- the Guarantee was not in the best interests or for the benefit of the Guarantor; or
- the amount paid was in excess of the maximum amount permitted under applicable law.

The measure of insolvency for purposes of fraudulent conveyance and similar laws varies depending on the law applied. Generally, however, a Guarantor would be considered insolvent if it could not pay its obligations as they became due. In such circumstances, if a court voided such Guarantee, or held it unenforceable, noteholders would cease to have any claim in respect of the Guarantor and would be a creditor solely of the Issuer and the remaining Guarantors. If a court decides a Guarantee was a fraudulent conveyance and voids the Guarantee, or holds it unenforceable for any other reason, you may cease to have any claim in respect of the Guarantor and would be a creditor solely of the Issuer and any remaining Guarantors.

Enforcement of the Guarantees across multiple jurisdictions may be difficult.

The Notes will be guaranteed by the initial and any additional Guarantors, which are organized or incorporated under the laws of multiple jurisdictions. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in any of these jurisdictions. The rights of holders of the Notes under the Guarantees will thus be subject to the laws of a number of jurisdictions, and it may be difficult to enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi jurisdictional proceedings are typically complex and costly for creditors' rights. In addition, the bankruptcy, insolvency, administration and other laws of our jurisdiction of organization and the jurisdiction of organization of the Guarantors may be materially different from, or in conflict with, one another, including creditor's rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various law in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect the ability to realize any recovery under the Notes and the Guarantees.

Relevant insolvency and administrative laws may not be as favorable to creditors, including holders of Notes, as the case may be, as insolvency laws of the jurisdictions in which you are familiar and may limit your ability to enforce your rights under the Notes and the Guarantees.

The Issuer is incorporated in Luxembourg, the Company is organized in Switzerland and the Guarantors are incorporated or organized in Australia, Belgium, Canada, Germany, Hong Kong, Luxembourg, The

Netherlands, Singapore, Switzerland, Thailand, the United Kingdom and the United States. Some of our subsidiaries are incorporated or organized in jurisdictions other than those listed above and are subject to the insolvency laws of such jurisdictions. The insolvency laws of these jurisdictions may not be as favorable to your interests as creditors as the bankruptcy laws of the United States or certain other jurisdictions. In addition, there can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another. In the event that any one or more of the Issuer or the Guarantors or the Issuer's other subsidiaries experience 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. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer, the Guarantors and shareholders of them. Prospective investors in the Notes should consult their own legal advisors with respect to such considerations.

The Company and certain of its subsidiaries are organized under the laws of Switzerland. Consequently, in the event of a bankruptcy or insolvency event with respect to us or one of our subsidiaries, primary proceedings could be initiated in Switzerland. Swiss insolvency laws may make it difficult or impossible to effect a restructuring and 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 the Company or any of its Swiss subsidiaries 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. 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, with amendments effective as from January 1, 2012. 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 may only be enforceable 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 an individual debt enforcement proceeding is pending, the proceeding ceases and the creditor participates in the bankruptcy proceedings with the other creditors and an individual debt enforcement proceeding 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*).

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. 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, employee social plans and family law. 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.

Claims assigned for security purposes by a Swiss entity that come into existence prior to the opening of bankruptcy can be enforced by the assignee outside Swiss bankruptcy proceedings. Assigned claims that come into existence after the opening of bankruptcy over a Swiss entity may fall within the bankrupt estate, and the assignee may not be entitled to such claim proceeds.

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. 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 per se 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 Pensions Regulator in the United Kingdom has power in certain circumstances to issue contribution notices or financial support directions which, if issued, could result in significant liabilities arising for us and, if we were to become insolvent, in the Notes and the Guarantees becoming structurally subordinated to our U.K. pension liabilities.

Under the U.K. Pensions Act 2004, the U.K. Pensions Regulator (the "Pensions Regulator") may issue a contribution notice to us or any employer in the U.K. Defined Benefit Plans or any person who is connected with or is an associate of any employer in the U.K. Defined Benefit Plans where the Pensions Regulator is of the opinion that the relevant person has been a party to an act, or a deliberate failure to act, which had as its main purpose (or one of its main purposes) the avoidance of pension liabilities.

If the Pensions Regulator considers that any of the employers participating in the U.K. Defined Benefit Plans are "insufficiently resourced" or a "service company", and that it would be reasonable to do so, it may impose a financial support direction ("FSD") requiring us, or any person associated or connected with us, to put in place financial support in relation to one or more of the U.K. Defined Benefit Plans. Liabilities imposed under a contribution notice or FSD may be up to the difference between the value of the assets of the U.K. Defined Benefit Plans concerned and the cost of buying out the benefits of members and other beneficiaries of the relevant U.K. Defined Benefit Plans.

The Pensions Regulator may seek to issue an FSD to support liabilities of a defined benefit pension scheme, such as unpaid contributions that are due from an employer or other debts that may be owed to the scheme. Such debts could include statutory debts due from an employer arising under sections 75 and 75A of the U.K. Pensions Act 1995 and underlying regulations ("section 75 debt"). A section 75 debt arises when a pension scheme is wound up or an employer becomes insolvent or an employer withdraws from a pension scheme while other employers continue to participate ("a multi-employer scheme"). The amount of a section 75 debt is determined by reference to the pension scheme's funding level (i.e. its funding deficit).

There are various measures of determining a scheme's funding level. For example, for accounting purposes, funding levels are usually calculated on an "IAS19" basis (See "Risk Factors — Risks Related to Our Business — We have defined benefit plans that are currently in deficit for which we may need to make

significant extra provisions and such deficits could increase due to factors outside of our control.”). However, for the purposes of calculating a section 75 debt, funding levels are determined on a basis prescribed under the relevant legislation (commonly known as the “buy-out basis”).

The buy-out basis requires calculating a pension scheme’s funding deficit by assuming that the pension scheme pays an insurance company to assume its liabilities by issuing individual annuities and deferred annuities to all of the pension scheme’s beneficiaries, thereby discharging the pension scheme from its obligation to pay benefits to such beneficiaries. The deficit on a buy-out basis is the actual cost of the purchase of such annuities, plus the fees and expenses that are incurred during the buy-out process and subsequently in winding up the shell of the pension scheme, less the value of the pension scheme’s assets. In the case of a multi-employer scheme, a section 75 debt due from the withdrawing or insolvent employer would be calculated by reference to the relevant employer’s share of the scheme’s funding deficit on the buy-out basis.

While we have not performed an analysis of the funding deficit of either the U.K. Defined Benefit Plans on a buy-out basis, a deficit (and hence any related section 75 debt and any funding obligation arising as a result of an FSD) calculated on a buy-out basis would be expected to be substantially higher than if it were calculated on an accounting basis under IAS 19.

In a recent decision from the High Court of Justice of England and Wales, *Bloom and ors v The Pensions Regulator and ors* [2010] EWHC 3010 (Ch), the court held that the Pensions Regulator has the power to issue an FSD against a company after that company has entered into insolvency proceedings. The result of this case is that an FSD issued after insolvency proceedings have commenced is treated as an “expense” in the company’s administration. Since expenses in insolvency proceedings rank higher than claims of unsecured creditors, such a determination would result in the FSD being senior in priority to any unsecured claims, including the claims of holders of Notes. The case was appealed to the Court of Appeal of England and Wales and its decision is expected to be published in the autumn 2011.

As a result, in the event we were issued an FSD, we cannot assure the holders of the Notes of the amount of financial support that the FSD will require us to put in place and, as a result, whether there will be sufficient assets to pay any amounts due on the Notes.

In addition, the Pensions Regulator needs to be notified of certain events. Events may occur in the future which need to be notified to the Pensions Regulator. A notifiable event could result in the Pensions Regulator exercising its power to impose a contribution notice or FSD. In practice, the risk of a contribution notice or FSD being imposed may inhibit our freedom to restructure or undertake certain corporate activities without first seeking agreement of the trustees of the U.K. Defined Benefit Plans and, possibly, the approval of the Pensions Regulator. Additional security may need to be provided to the trustees of the U.K. Defined Benefit Plans before certain corporate activities can be undertaken (such as the payment of an unusual dividend) and any additional funding of the U.K. Defined Benefit Plans may have an adverse effect on our financial condition and the results of our operations.

An active trading market may not develop for the Notes, in which case your ability to transfer the Notes will be more limited.

The Notes are new securities for which there is currently no market. We cannot assure you as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell them or the price at which holders of the Notes may be able to sell them. Furthermore, the Notes and the Guarantees will not have the benefit of any exchange or registration rights under the Securities Act. Although application has been made for the Notes to be listed on the Official List and admitted for trading on the Euro MTF market of the Luxembourg Stock Exchange, 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 of the Notes, as applicable, 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. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any market for the Notes will likely be subject to similar disruptions.

The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as third party recommendations. Certain of the Initial Purchasers have informed us that they intend to make a market in the Notes. However, they are not obligated to do so and may discontinue such market-making at any time without notice. As a result, we

cannot assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If no active trading market develops, you may not be able to resell your Notes at fair value, if at all.

The liquidity of, and trading market for, the Notes may also be hurt by declines in the market for high yield securities generally. Such a decline may affect any liquidity and trading of the Notes independent of our financial performance and prospects.

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

The Notes have not been and will not be registered under the Securities Act or the securities laws of any 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. The Issuer has not undertaken to effect any exchange offer for the Notes or file a shelf registration statement with respect to the Notes. You should read the discussions in “Notice to Investors” for further information about these and other transfer restrictions. It is your obligation to ensure that your offers and sales of Notes comply with applicable law.

We may not have the ability to raise the funds necessary to finance a change of control offer if required by the Indenture.

Upon the occurrence of a change of control, as defined in the Indenture, the Issuer will be required to make an offer to purchase the Notes at a price in cash equal to 101% of their aggregate principal amount, plus any accrued and unpaid interest and certain other amounts, to the date of repurchase. Upon a change of control, we may be required to offer to repurchase or repay our outstanding indebtedness, including the Notes. We cannot assure you that we would have sufficient resources to repurchase the Notes or repay our other indebtedness, if such debt is required to be repurchased or repaid, upon the occurrence of a change of control. In any case, third-party financing most likely would be required in order to provide the funds necessary for the Issuer to make the change of control offer for the Notes and to refinance any other indebtedness that would become payable upon the occurrence of such events. We may not be able to obtain such additional financing on terms favorable to us or at all. See “Description of Notes — Repurchase at the Option of Holders — Change of Control”.

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

Furthermore, the occurrence of certain events that might otherwise constitute a change of control under the Indenture will be deemed not to be a change of control if our consolidated leverage ratio is less than 3.25 to 1.00. See “Description of Notes — Repurchase at the Option of Holders — Change of Control” and “— Certain Definitions — Specified Change of Control Event”.

The definition of “Change of Control” in the Indenture will include a disposition of all or substantially all of the properties or assets of the Company and its 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 assets of the Company and its subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Certain covenants may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of Baa3 or better by Moody’s and a rating of BBB- or better from S&P and no default or event of default has occurred and is continuing, then beginning that day and continuing at all times thereafter unless and until the Notes cease to have such investment grade rating, certain covenants will cease to be applicable to the

Notes. See “Description of Notes — Certain Covenants — Suspension of Covenants when Notes Rated Investment Grade”.

If these covenants were to cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

It may not be possible for investors to enforce civil claims against us that originate in the United States.

The Issuer is a Luxembourg *société anonyme*. The Company, certain of the other Guarantors and certain other subsidiaries of the Company are incorporated or organized under the laws of Switzerland, and the other Guarantors are incorporated or organized under the laws of Germany, Luxembourg, Switzerland, the United Kingdom and the United States. The majority of the members of our board of directors and of our senior management are citizens or residents of countries other than the United States. The majority of our assets and the assets of our non-U.S. resident directors and executive officers 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 us or those persons or to enforce outside the United States judgments obtained against the Issuer or those persons in courts in jurisdictions inside the United States, in each case, in any action including actions predicated upon the civil liability provisions of the securities laws of the United States or of any State or territory within the United States. In addition, there is doubt as to the enforceability, in original actions brought in courts in jurisdictions located outside the United States, of liabilities predicated upon securities laws of the United States or of any state within the United States. Awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Germany, Luxembourg, Switzerland or the United Kingdom.

USE OF PROCEEDS

The gross proceeds from the sale of the Notes offered hereby were CHF 421.9 million and the net proceeds were CHF 414,369,375. We used the gross proceeds of the Offering, together with cash on hand, (i) to repay certain existing indebtedness and (ii) to pay expenses and fees associated with the Offering. None of the proceeds from this Offering were in Switzerland. The table below sets forth a breakdown of the sources and uses of funds from the Offering of the Notes.

<u>Sources of Funds</u>	<u>Uses of Funds</u>	
	(CHF in millions) ⁽¹⁾	
Notes offered hereby	421.9	Repayment of existing facility ⁽²⁾⁽³⁾ 507.9
Cash on balance sheet	101.6	Fees and expenses of the Offering ⁽⁴⁾ 15.6
Total sources	<u>523.5</u>	Total uses <u>523.5</u>

(1) Amounts shown reflect the conversion of EUR into CHF at an exchange rate of €1.00 to CHF 1.205, the exchange rate in effect on February 24, 2012 and conversion of USD into CHF at an exchange rate of \$1.00 to CHF 0.895, the exchange rate in effect on February 24, 2012. See "Exchange Rate Information".

(2) On the Issue Date, we repaid in full and terminate our existing senior secured credit facility (including the existing revolving credit facility).

(3) Consists of a term loan of CHF 291.8 million denominated in EUR and USD and a delayed draw term loan facility of CHF 216.1 million denominated in EUR and USD.

(4) Estimated fees and expenses associated with the Offering, including underwriting fees and commissions, advisory and other transaction costs and professional fees.

CAPITALIZATION

The following table sets forth certain information on the consolidated capitalization of the Company as of December 31, 2011:

- on an actual basis, derived from the Company's 2011 Financial Statements, which were prepared in accordance with IFRS and are included elsewhere in this Offering Memorandum; and
- on an as adjusted basis to give effect to the Offering and application of the proceeds therefrom.

The following table should be read in conjunction with "The Offering", "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto included elsewhere in this Offering Memorandum. Except as set forth below, there have been no other material changes to our capitalization since December 31, 2011.

	As of December 31, 2011		
	Actual	Adjustments	As Adjusted
	(Swiss francs in millions)		
	(audited)	(unaudited)	
Cash and cash equivalents	430.4	(110.8)⁽¹⁾	319.6
Borrowings:			
New Unsecured Revolving Facility ⁽²⁾	—	—	—
Notes ⁽³⁾	—	409.9	409.9
Senior secured credit facilities ⁽⁴⁾	517.4	(517.4)	—
Obligations under finance leases — non-current	11.2	—	11.2
Other borrowings — non-current	24.7	—	24.7
Total borrowings — non-current	553.3	(107.5)	445.8
Obligations under finance leases — current	1.4	—	1.4
Other borrowings — current	22.3	—	22.3
Total borrowings — current	23.7	—	23.7
Total borrowings	577.0	(107.5)	469.5
Non-controlling interests	3.8	—	3.8
Equity attributable to the shareholders	471.6	—	471.6
Total equity	475.4	—	475.4
Total capitalization	1,482.8	(218.3)	1,264.5

(1) Reflects the reduction in cash in connection with the Offering and the use of proceeds thereof assuming the conversion of the Notes at an exchange rate of €1.00 to CHF 1.216, the exchange rate in effect on December 31, 2011. Based on an exchange rate of €1.00 to CHF 1.205, the exchange rate in effect on February 24, 2012, the reduction in cash would amount to CHF 101.6 million. See "Use of Proceeds".

(2) The New Unsecured Revolving Facility will provide for up to €100 million of borrowings. We expect to enter into the New Unsecured Revolving Facility on or prior to the Issue Date. We do not expect to draw down on the New Unsecured Revolving Facility on or prior to the Issue Date. See "Description of Certain Financing Arrangements — New Unsecured Revolving Facility".

(3) The Notes have been converted into Swiss francs at a rate of €1.00 to CHF 1.216, the exchange rate in effect on December 31, 2011. Based on the conversion of EUR into CHF at an exchange rate of €1.00 to CHF 1.205, the exchange rate in effect on February 24, 2012, the Notes would amount to CHF 421.9 million. See "Use of Proceeds". We intend to use the gross proceeds from the Offering to refinance certain of our existing indebtedness and the payment of fees and expenses related thereto. This amount is net of capitalized fees and expenses. See "Use of Proceeds".

(4) Net of capitalized fees and expenses.

SELECTED CONSOLIDATED FINANCIAL DATA

The tables below set forth certain financial data for the Company as of and for the years ended December 31, 2009, 2010 and 2011. The data has been derived from the 2008, 2009 and 2010 Financial Statements and 2011 Financial Statements, included elsewhere in the Offering Memorandum.

In our 2008, 2009 and 2010 Financial Statements we have restated certain items from our income statement and balance sheet as of and for the years ended December 31, 2008 and 2009 due to an event of fraud at one of our subsidiaries that we uncovered in early 2011. These restatements are reflected in our results as of and for the year ended December 31, 2009 as presented in the tables below. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Fraud Incident".

As part of the 2011 Financial Statements, the Company included comparative financial information as of and for the year ended December 31, 2010, which reflects certain adjustments to the audited consolidated financial statements as of and for the year ended December 31, 2010 included within the 2008, 2009 and 2010 Financial Statements. These adjustments reflect the finalization, within the twelve month measurement period permitted by IFRS, of the provisionally determined purchase price allocation related to acquisitions completed in 2010. The changes reflect the finalization of the fair value of the net assets acquired. For further details, see Note 35.2 to our 2011 Financial Statements included elsewhere in this Offering Memorandum. The financial information for the year ended December 31, 2010 included in this Offering Memorandum reflects those adjustments.

The information in the tables below should be read together with the 2008, 2009 and 2010 Financial Statements and 2011 Financial Statements and, including in each case, the notes thereto included herein and "Management's Discussion and Analysis of Financial Condition and Results of Operations", each appearing elsewhere in this Offering Memorandum.

Consolidated Income Statement Data⁽¹⁾:

	For the years ended December 31,		
	2009 ⁽²⁾	2010	2011
	(Swiss francs in millions, audited)		
Revenue	2,712.3	2,700.0	2,688.1
Operating Expenses			
Materials and service expenses	(1,121.4)	(1,129.9)	(1,126.8)
Personnel expenses	(994.8)	(1,017.0)	(1,007.2)
Other operating income and expenses, net	(438.7)	(371.9)	(364.9)
Impairment charges, net of reversals	0.3	4.4	1.3
Depreciation and amortization	(73.8)	(73.8)	(71.5)
Other gains and (losses), net	0.8	1.7	(4.2)
Total operating expenses, net	(2,627.6)	(2,586.5)	(2,573.3)
Operating profit	84.7	113.5	114.8
Financial income	5.2	3.4	5.2
Financial expenses	(56.2)	(44.6)	(42.6)
Foreign exchange gains/(losses), net	24.3	(9.1)	4.0
Finance (costs), net	(26.7)	(50.3)	(33.4)
Share of profit of associates and joint ventures	0.6	2.0	1.8
Profit before tax	58.6	65.2	83.2
Income tax (expense)	(21.2)	(15.3)	(24.5)
Profit for the year	37.4	49.9	58.7

Condensed Consolidated Balance Sheet Data⁽¹⁾:

	As of December 31,		
	2009 ⁽²⁾	2010	2011
	(Swiss francs in millions, audited)		
Assets			
Current assets	650.8	899.2	877.6
Non-current assets	860.9	915.8	886.6
Total assets	1,511.7	1,815.0	1,764.2
Liabilities			
Current liabilities	519.9	583.3	571.8
Non-current liabilities	892.4	797.5	717.0
Total liabilities	1,412.3	1,380.8	1,288.8
Equity			
Equity attributable to share-holders of the Company	72.6	409.9	471.6
Non-controlling interests	26.8	24.3	3.8
Total equity	99.4	434.2	475.4
Total equity and liabilities	1,511.7	1,815.0	1,764.2

Consolidated Cash Flow Statement⁽¹⁾:

	For the years ended December 31,		
	2009 ⁽²⁾	2010	2011
	(Swiss francs in millions, audited)		
Net cash flow from operating activities	129.6	124.4	60.9
Acquisition of subsidiaries, net of cash acquired	(19.5)	(66.9)	—
Purchase of property, plant and equipment	(52.2)	(42.6)	(46.6)
Purchase of intangible assets	(6.4)	(4.4)	(5.8)
Disposal of subsidiaries, net of cash disposed	—	—	(17.9)
Proceeds from sale of property, plant and equipment	6.2	6.3	0.1
Proceeds from sale of associates	—	—	3.5
Other investments	—	(5.0)	—
Dividends from associates	—	0.3	1.9
Net cash flow (used in) investing activities	(71.9)	(112.3)	(64.8)
Net cash flow from/(used in) financing activities	52.3	205.5	(22.6)
Increase in cash and cash equivalents	110.0	217.6	(26.5)

(1) See "Presentation of Financial And Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Comparability of Results — Preparation of Financial Statements at the Company Level" for a discussion of factors relating to the preparation of the financial statements of the Company.

(2) Restated. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Fraud Incident" for a discussion of the events leading to the restatement.

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

The following is a discussion of our financial condition and results of operations as of and for the years ended December 31, 2009, 2010 and 2011. This discussion is based on and should be read in conjunction with the 2008, 2009 and 2010 Financial Statements and 2011 Financial Statements included elsewhere in this Offering Memorandum.

Some of the information contained in this discussion, including information with respect to our plans and strategies for our business and our plans for future capital expenditures, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" for a discussion of the risks related to those statements. You should also read "Business" and "Risk Factors" for more information about us, including a discussion of certain factors that may affect our business, results of operations and financial condition.

Overview

We are the leading independent global provider of products, services and solutions related to an airline passenger's onboard experience. These products and services encompass catering and hospitality; provisioning and logistics; and onboard solutions to companies that serve people on the move. We are predominantly a business-to-business enterprise, primarily serving the commercial aviation industry, including executive jets and commercial airlines. We have a global presence, operating at 132 locations in 35 countries on six continents, and we currently employ approximately 27,000 people. The majority of our revenue derived from Europe and North America and we have experienced strong revenue growth in recent years in Asia. We benefit from a broad and well known customer base: we serve over 270 customers, including some of the world's largest airlines such as British Airways, Delta Air Lines and United Continental. We tailor our solutions to both traditional full-service and low-fare air carriers; in premium and economy cabins; for short-haul and long-haul flights; and for adjacent markets, such as rail and executive aviation. gategroup is our umbrella brand, representing the products and services we provide through our eleven brands. We aim to fulfill the needs of the travel catering and hospitality markets within the commercial aviation and train industries through these brands by offering a complete product and service offering, a global presence and solutions for all segments and customers within those markets.

We group our businesses generally into those products and services provided to airlines "at", as well as "off", the airport. Our at-airport solutions include food production, pre-departure loading and post-arrival unloading, a comprehensive onboard retail program, aircraft cabin appearance and cleaning services, airline lounge design, construction and management and security services for catering and cargo. Our off-airport solutions for airlines provide global procurement and supply chain solutions, onboard equipment inventory management, packaged and pre-assembled snacks and beverages, design and production of passenger service ware, and sourcing and provisioning of amenity kits and passenger comfort items.

In 2011, 80% of our revenue was derived from our catering and provisioning services and 20% from other services. In 2011, 2010 and 2009, we had Adjusted EBITDA of CHF 198.2 million, CHF 222.0 million and CHF 213.9 million, respectively. We generated revenue of CHF 2,688.1 million, CHF 2,700.0 million and CHF 2,712.3 million in 2011, 2010 and 2009, respectively.

We report our business through four geographical segments: Europe and Africa, North America, Asia-Pacific and Other Segments, the latter including our operations in Latin America, the Middle East and the

corporate headquarters. The table below presents our revenue and EBITDA by these geographical segments for each of the periods presented.

	For the years ended December 31,					
	2009		2010		2011	
	(Swiss francs in millions and as percentages of revenue and EBITDA)					
Revenue						
Europe and Africa	1,580.5	58.3%	1,481.8	54.9%	1,338.7	49.8%
North America	711.5	26.2%	749.4	27.8%	848.3	31.5%
Asia-Pacific	306.9	11.3%	351.7	13.0%	378.3	14.1%
Other Segments	156.0	5.8%	157.1	5.8%	160.7	6.0%
Eliminations ⁽¹⁾	(42.6)	(1.6)%	(40.0)	(1.5)%	(37.9)	(1.4)%
Total	2,712.3	100.0%	2,700.0	100.0%	2,688.1	100.0%
EBITDA						
Europe and Africa	127.7	67.7%	125.8	58.1%	137.2	68.0%
North America	45.3	24.0%	62.3	28.7%	52.3	25.9%
Asia-Pacific	32.8	17.4%	45.3	20.9%	35.2	17.5%
Other Segments	(17.2)	(9.1)%	(16.7)	(7.7)%	(23.0)	(11.4)%
Total	188.6	100.0%	216.7	100.0%	201.7	100.0%

(1) Eliminations for intra-group transactions.

We recently announced changes to realign our extensive global services and product lines into two major businesses: Airline Solutions and Product and Supply Chain Solutions. Our Gate Gourmet, Gate Aviation Services, Gate Safe, eGate Solutions and Performa brands will become part of our new Airline Solutions business. The business will also include a new platform, Gate Retail Onboard, which consolidates our extensive experience in onboard retail services to customers in both the traditional and low-fare carrier segments. Our brands focused on airline products and supply chain management, namely deSter, Harmony, Supplair, potmstudios and Pourshins will become part of the new global Product and Supply Chain Solutions business. We believe this corporate realignment will focus our regional teams and global leadership to more effectively develop and manage a coordinated delivery of business services to our customers. Our reporting structure for 2012 is expected to be in line with these changes.

The table below presents our revenue and EBITDA by these new businesses for each of the periods presented.

	For the years ended December 31,			
	2010		2011	
	(Swiss francs in millions and as percentages of revenue and EBITDA, unaudited)			
Revenue				
Airline Solutions	2,344.8	86.8%	2,349.7	87.4%
Product and Supply Chain Solutions	471.0	17.4%	475.7	17.7%
Eliminations ⁽¹⁾	(115.8)	(4.3)%	(137.3)	(5.1)%
Total	<u>2,700.0</u>	<u>100.0%</u>	<u>2,688.1</u>	<u>100.0%</u>
EBITDA				
Airline Solutions	185.8	85.7%	189.2	93.8%
Product and Supply Chain Solutions	43.7	20.2%	34.1	16.9%
Corporate	(12.8)	(5.9)%	(21.6)	(10.7)%
Total	<u>216.7</u>	<u>100.0%</u>	<u>201.7</u>	<u>100.0%</u>

(1) Eliminations for intra-group transactions.

Factors Affecting Results of Operations

The factors discussed below have affected our results of operations and financial condition in the periods under review. We expect that such factors and trends may continue to have a significant impact on our results of operations and financial condition in the future.

Currency Fluctuations

Our presentation currency is the Swiss franc while the bulk of our revenue and profits are generated in currencies other than the Swiss franc. As such, currency fluctuations affect our business on a translation basis when our revenue and expenses are translated back to the Swiss franc. The major currencies used by our subsidiaries are the U.S. dollar, the euro and the pound sterling and fluctuations between these currencies and the Swiss franc, therefore, have the most significant impact on our results of operations. For example, our revenue in 2009 were affected principally by the strengthening of the Swiss franc against the euro and the pound sterling, while in 2010 and 2011 we were affected by the strengthening of the Swiss franc against the euro, the U.S. dollar and the pound sterling. Conversely, currency fluctuations do not generally affect our results of operations on a transaction basis as we attempt, wherever possible, to match income and expenditure in the same currency and negotiate terms with suppliers that include invoicing our operating subsidiaries in their functional currencies. In addition, our borrowings under the Notes will be denominated in euros, and our borrowings under our New Unsecured Revolving Facility may be denominated in euros, Swiss francs, U.S. dollars, or, if certain conditions are met, any other currency. Currency fluctuations between the Swiss franc and the euro and the U.S. dollar therefore generally affect our total gross debt as reported in Swiss francs.

Contrary to, separate from and in addition to constant currency information presented in this Offering Memorandum, for the purposes of our discussion of the year ended December 31, 2011 compared to the year ended December 31, 2010 and our discussion of the year ended December 31, 2010 compared to the year ended December 31, 2009, we have quantified the impact of foreign exchange on certain financial statement line items assuming exchange rates had remained constant period-over-period. We quantify foreign exchange effects to help explain changes and provide greater transparency period-over-period in reported results.

Aviation Industry and Passenger Travel

As a provider of products and services to the aviation industry, our results of operations are affected by the general economic condition of this industry as well as by key airline metrics and trends, including passenger and flight volumes, the mix of short-haul, medium-haul and long-haul flights, the type of products and services provided to passengers on those flights, the mix of first, business and economy passengers and consolidation within the aviation industry.

Airline passenger and flight volumes are one of the key drivers of both our catering and non-catering revenue. For example, lower worldwide passenger volumes, most notably in 2008 and 2009, resulting from the global economic downturn, contributed to lower revenue across our business, particularly in North America. In its Airline Industry Forecast 2011-2015, IATA expects passenger growth to fall to 4.4% in 2012 compared with 5.7% in 2011, increasing slightly to 4.9% in the later years of that period. Although passenger and flight volumes are generally associated with revenue and therefore have a significant effect on our business, our basic contract structure, which generally includes a fixed overhead recovery charge, a handling charge and a per-meal charge, decreases our exposure to decreasing airline passenger and flight volumes in the short-term, as airlines tend to maintain flights for a certain period of time despite lower passenger volumes if such lower volumes are not perceived to be permanent. We expect the conditions that impact airline passenger and flight volumes, including global and regional economic conditions, war, terrorism, global or regional outbreaks of epidemics such as swine influenza, extreme weather or other natural disasters, such as the disruption caused by the eruptions of volcanoes in Iceland and elsewhere, the earthquakes in New Zealand and Japan (and the ensuing tsunami and nuclear disaster) and the flooding in Australia, the imposition of excise and similar taxes, the increase in input costs including oil, any perceived threat of the foregoing and the financial and economic conditions of our customers, will continue to have a significant effect on our results of operations.

The mix of short-haul, medium-haul and long-haul flights and the type of products and services provided to passengers on those flights also affect our results of operations. We generally provide fewer catering and hospitality products and services on short-haul flights as compared to medium-haul or long-haul flights. This is due to the decreased level of products and services, such as complimentary meals and premium class services, that are provided on short-haul flights. We also tend to provide a different and multiple suite of products and services to low-fare carriers as opposed to traditional full-service carriers. Low fare-carriers generate more revenue for us through our retail onboard services, which include food and other retail products, as opposed to complimentary meals and premium class services. Our focus on servicing low-fare carriers, including easyJet and Vueling, has increased during the periods under review, with low-fare carriers making significant contributions to our revenue in 2009, 2010 and 2011. There is also an increasing trend for

traditional full-service carriers to provide retail onboard services to their passengers on short-haul flights as a replacement for complimentary meals and in general as a way to increase their own ancillary revenue. In some cases, the replacement by traditional full-service carriers of complimentary meals and premium class services with retail onboard services on short-haul flights may generate less revenue and operating profit for us, however, retail onboard services generally require less capital expenditure and other associated costs. We therefore expect to see a continued increase of revenue from retail onboard services from low-fare carriers and full-service carriers that employ retail onboard services, and we expect this increase of retail onboard services to have an approximately neutral impact on our results of operations.

The ongoing trend towards consolidation in the airline industry is yet to have a discernable effect on our results of operations, but management believes that the losses and gains from this process may offset each other.

Major Customers

We rely on a few major customers for a majority of our revenue and we usually service these customers pursuant to long-term catering contracts with typical terms of three to seven years. In 2011, our top five customers accounted for 41% of our revenue while our top twenty customers accounted for 73% of our revenue. Our wins and losses of contracts with major customers and the operational success of those customers have a significant effect on our results of operations, although there is generally a time lag between these wins and losses and the actual commencement or termination of a contract. As such, several customer contract wins and losses in 2009, 2010 and 2011 have significantly affected our results of operations for the periods under review and are likely to have a significant impact on our results of operations in the current and future fiscal years. For example in 2009 and 2010 we saw increased revenue from SAS Scandinavian Airlines, for whom we began providing increased main hub services in the first half of 2009 and we have seen decreased revenue in connection with the loss of our short-haul contract with British Airways at London Heathrow Airport, which took effect in the first half of 2010, although we continue to serve their long-haul flights at their home hub at London Heathrow Airport. Moreover, our results of operations can be impacted by changes in the financial condition of our customers. For example, our results of operations in 2010 were negatively affected by the bankruptcy of Air Comet, an airline customer in Spain. However, the recent bankruptcy filing by American Airlines did not have a material effect on our results of operation and is not expected to have a material effect going forward.

Fraud Incident

In February 2011, we uncovered an isolated event of fraud at one of our Danish subsidiaries, Gate Gourmet Northern Europe ApS. This had been perpetuated over the period of 2008 to 2011, and is estimated to have amounted to a loss of the company of 138 million Danish kroner (DKK) in total, which is the equivalent (based on historic exchange rates as applicable at the time the fraud occurred) of CHF 27.0 million (CHF 1.7 million in 2011, CHF 5.4 million in 2010, CHF 18.7 million in 2009 and CHF 1.2 million in 2008). An investigation by independent external forensic accounting experts determined that the fraud was a case of misuse of position and authority by the former managing director of the subsidiary. Documents (internal and external) and amounts were falsified by this person to allow criminal, methodical and deliberate circumventing of internal controls. We reported the fraud and the results of the investigation through ad hoc press releases on February 23 and 24, 2011. The investigation by our independent external forensic accounting experts confirmed that this fraud did not occur at any other subsidiary in the group and is no longer continuing. In addition, consideration by our independent auditors as part of their year end audit resulted in no indications that this fraud occurred at any other subsidiary in the group.

We uncovered the fraud through an internal review and the ensuing external forensic independent investigation uncovered no credible evidence that any other person was involved, nor any indication of conspiracy. We gave the independent external forensic accounting experts a wide mandate to investigate the irregularities, which was not limited to any particular subsidiary or person. The independent external forensic accounting experts performed a preliminary analysis and based on the nature and region of the irregularities identified, undertook a detailed investigation into our Scandinavian operations. Our management, as well as our Board of Directors, found the investigation to be thorough in determining the scope and nature of the fraud and the individual involved.

We hold the view that despite this incident our internal control systems are suitable and appropriate. Nevertheless, we have incorporated learnings from the incident to further strengthen our internal control systems such as increased background checks, rotation of senior management and firm wide institution of dual signature requirements, which is currently progressing, even in locations where such practice is not

common. Guy Dubois, CEO at the time, took moral responsibility for the fraud incident and resigned in April 2011, and management does not believe that our underlying long-term business, including our business strategy, has been affected by the fraud or by the resignation of Mr. Dubois. Mr. Dubois was replaced by the then Group Senior Vice President and President, North America, Andrew Gibson, whose appointment as permanent CEO has since been confirmed.

We have restated our results for the years ended December 31, 2008 and 2009 in our 2008, 2009 and 2010 Financial Statements. These restatements affect certain items of our income statement and balance sheet. For further details, see Note 2.3 to our 2008, 2009 and 2010 Financial Statements. In addition, for the year ended December 31, 2011, we recovered certain of the assets from the misappropriation, which is reflected in our other operating income and expenses, net and Adjusted EBITDA.

The matter is a subject of ongoing investigation by the public prosecutors' office of economic crime units in Denmark and Switzerland. See "Risk Factors — Risks Related to Our Business — The fraud incident we uncovered in February 2011 has diverted, and may in the future divert, a significant amount of certain of our management's time and attention away from the management of the Company. In addition, we cannot assure you that the fraud incident will not have a negative impact on the Company's public image".

Acquisitions and Disposals

In the years ended December 31, 2009 and 2010 we undertook several strategic acquisitions that have had a significant impact on our operating results, either individually or collectively. These acquisitions have been aimed at expanding both our existing range of products and services and the geographic scope of our business. During the periods under review, we also closed down certain facilities in locations that in our judgment had a poor business outlook and disposed of operations in certain regions. We expect to continue our strategy of pursuing selective acquisitions in businesses and areas with opportunities for growth and exiting businesses with unattractive margins and/or poor business outlooks.

Acquisitions

We did not make any acquisitions during 2011.

The acquisitions we made in 2010 include:

- Purchase of certain assets and liabilities of Cara Airline Solutions, the airline solutions division of Cara Operations Limited. This business operates catering facilities in nine locations throughout Canada and serves 52 Canadian and international airline and rail customers in Canada.
- Purchase of Skygourmet Catering Private Ltd., a caterer based in India with a presence in seven major cities, through a joint venture with India Hospitality Corp.

The acquisitions we made in 2009 include:

- Purchase of assets and liabilities of Abanco Investments, LLC and Abanco LLC, USA, on November 5, 2009. This business provides in-transit retail technology services and operates in Europe, North America and the Asia-Pacific region.
- Purchase of assets and liabilities of United Airlines' kitchen service business at Narita International Airport, Japan on June 1, 2009. This business provides catering services and operates in Japan.

The businesses acquired in 2010 contributed revenue of CHF 28.5 million and net loss of CHF 7.8 million to our results for the year ended December 31, 2010. The businesses acquired in 2009 contributed revenue of CHF 14.1 million and net profit of CHF 1.2 million to our results of operations for the year ended December 31, 2009.

Disposals

On December 6, 2011, we sold our entire 56.25% shareholdings in Uçak Servisi Anonim Şirketi, an entity publicly traded on the Istanbul Stock Exchange, to Turkraft Holding A.S. of Istanbul for CHF 30.1 million.

During 2011, we also disposed of and deconsolidated other subsidiaries:

- 100% of the shares in Gate Gourmet Portugal-Serviços de Catering LDA, Portugal and 50% of the shares of its subsidiary Gate Gourmet Madeira-Sociedade de Catering LDA, Portugal on April 1, 2011.
- 51% of our subsidiary Air Cater S.A., Spain, on May 30, 2011.

- 70% of the shares of our subsidiary Regional Handling Ltd, Isle of Man, on September 30, 2011.

We recorded an aggregate loss of CHF 4.1 million from disposals of subsidiary investments in 2011.

Seasonality

Due to greater demand for air travel, augmented by tourism volumes, during the period from March to August, our revenue in the second and third quarters of the year generally tend to be higher than in the first and fourth quarters. Our operating results generally reflect this seasonality; but may also be affected by numerous other factors that are not necessarily seasonal, including, amongst others, the imposition of excise and similar taxes, extreme or severe weather, economic downturns or recessions and terrorism or war.

Costs of Materials and Services

Our results of operations are affected by fluctuations in the costs of materials and services, including raw materials, particularly food, oil and plastics. A sharp increase in the prices of certain raw materials in 2011 resulted in a corresponding increase in our costs. In 2011, the price of plastic drove an increase in costs for our deSter brand. We book such additional amounts as revenue where we are able to pass on such cost increases to our customers which we are generally able to do pursuant to the terms of cost-plus pricing elements or price adjustment clauses in certain of our customer contracts, however there is typically a time lag of three to six months before we are able to do so. Where our contracts do not contain such cost pass through mechanisms we have sought to negotiate where possible to decrease the impact of cost increases and delays in pass through to customers, and we have also sought to renegotiate supply contracts where possible.

Labor Cost

Personnel and labor costs were our second largest expense item, after materials and services expenses, in 2009, 2010 and 2011. Due to the use of temporary and seasonal workers and the relatively high employee turnover characteristic of the industries in which we operate, we are generally able to match our staffing levels to our needs when necessary by limiting the hiring of new employees and by reducing employee head count. To the extent such measures prove insufficient, our utilization of temporary employees provides us with further flexibility to reduce our work force. Also, in the U.K., under the U.K.'s Transfer of Undertakings (Protection of Employment) Regulations 2006, when a catering contract is lost to a competitor, the former provider may, in certain circumstances, be able to pass dedicated on-site staff to the new provider, an option that provides additional flexibility in matching labor costs to our needs.

Factors Affecting Comparability of Results

Preparation of Financial Statements at the Company Level

The discussion of the results of operations as of and for the year ended December 31, 2009 compared to the year ended December 31, 2010 has been prepared on the basis of the audited combined and consolidated financial statements of the Company for those periods while the discussion of the results of operations as of and for the year ended December 31, 2010 compared to the year ended December 31, 2011 has been prepared on the basis of the audited consolidated financial statements of the Company as of and for the year ended December 31, 2011. The Company was incorporated on March 14, 2008. On April 30, 2009, as part of a corporate reorganization, the Company acquired control over Luxco I and its subsidiaries. This was achieved through a contribution in-kind to the Company of the investment in Luxco I by its previous holding company, Holding LLC, and was in exchange for new shares in the Company. See "Business — Our History and Development".

The financial information of the Company as of and for the year ended December 31, 2008 and the four months ended April 30, 2009 have been prepared on a combined basis in order to represent the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, and statement of cash flows of the Company as if it had operated as such since January 1, 2008. This combined approach reflects the fact that the business combination as of April 30, 2009, was a legal reorganization involving no change in economic substance. The income statement, statement of comprehensive income, balance sheet, statement of changes in equity, and statement of cash flows as of and for the eight months ended December 31, 2009 are consolidated. As a result, the Company's audited combined and consolidated financial statements as of and for the years ended December 31, 2008 and 2009 do not necessarily reflect the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, and statement of cash flows that would have been reflected had our legal reorganization been effective during the entirety of such periods.

In our 2008, 2009 and 2010 Financial Statements we have restated certain items from our income statement and balance sheet as of and for the years ended December 31, 2008 and 2009 due to an event of fraud at one of our subsidiaries that we uncovered in early 2011. These restatements are reflected in our results as of and for the year ended December 31, 2009 as presented in the tables below. See “— Factors Affecting Results of Operations — Fraud Incident”.

As part of the 2011 Financial Statements, the Company included comparative financial information as of and for the year ended December 31, 2010, which reflects certain adjustments to the audited consolidated financial statements as of and for the year ended December 31, 2010 included within the 2008, 2009 and 2010 Financial Statements. These adjustments reflect the finalization, within the twelve month measurement period permitted by IFRS, of the provisionally determined purchase price allocation related to acquisitions completed in 2010. The changes mainly reflect the finalization of the fair value of the net assets acquired. For further details, see Note 35.2 to our 2011 Financial Statements included elsewhere in this Offering Memorandum. The financial information for the year ended December 31, 2010 presented below reflects these adjustments.

Acquisitions

Acquisitions carried out in 2009 and 2010 affect the comparability of our operating results for the periods under review. Businesses acquired in 2009 contributed to 0.5% of our 2009 revenue. Businesses acquired in 2010 contributed to 1.1% of our 2010 revenue. In addition, in connection with our acquisition of the India-based caterer Skygourmet, in 2010 we recorded a financial liability (contingent consideration of CHF 15.3 million) for the net present value of expected payments relating to option arrangements over the remaining 26% of the share capital. See “— Factors Affecting Results of Operations — Acquisitions and Disposals” above for a list of certain acquisitions we have made during the periods under review. We did not make any acquisitions during 2011.

Restructuring and Listing

We regularly evaluate our business in an effort to maintain and improve our operating margins and continue to focus on operational efficiencies and exiting businesses or contracts with unattractive margins. In connection with these efforts, we often incur restructuring charges relating to the reorganization or exit of certain of our businesses. These charges vary from year to year. In 2009, we incurred charges of CHF 13.5 million related to the restructuring of certain European and U.S. businesses and costs related to the listing process at the SIX, of CHF 6.6 million.

In 2010, we incurred charges principally related to the restructuring of certain European businesses of CHF 10.8 million.

In 2011, we incurred charges principally related to the restructuring of the Canadian, U.S. and certain European businesses of CHF 5.6 million.

Constant Currency

We calculate constant currency for revenue, EBITDA and operating profit by applying the 2009 foreign currency exchange rates to our 2010 and 2011 actual results in local currencies. The constant currency information compares results between periods as if exchange rates had remained constant at 2009 exchange rates. We use results on a constant currency basis as one measure to evaluate our performance. These results should be considered in addition to, not as a substitute for, results reported in accordance with IFRS. See “Presentation of Financial and Other Information — Use of Constant Currency”.

Results of Operations

The tables below set forth certain financial data for the Company as of and for the years ended December 31, 2009, 2010 and 2011. This data has been derived from the 2008, 2009 and 2010 Financial Statements and the 2011 Financial Statements included herein. In our 2008, 2009 and 2010 Financial Statements we have restated certain items from our income statement and balance sheet as of and for the years ended December 31, 2008 and 2009 due to an event of fraud at one of our subsidiaries that we uncovered in early 2011. These restatements are reflected in our results as of and for the year ended December 31, 2009 as presented in the tables below. See “— Factors Affecting Results of Operations — Fraud Incident”.

The information in the tables below should be read together with the 2008, 2009 and 2010 Financial Statements and 2011 Financial Statements, and, in each case, the notes thereto included elsewhere in this Offering Memorandum.

Consolidated Income Statement Data

Income Statement Data⁽¹⁾:

	For the years ended December 31,		
	2009 ⁽²⁾	2010	2011
	(Swiss francs in millions, audited)		
Revenue	2,712.3	2,700.0	2,688.1
Operating Expenses			
Materials and service expenses	(1,121.4)	(1,129.9)	(1,126.8)
Personnel expenses	(994.8)	(1,017.0)	(1,007.2)
Other operating income and expenses, net	(438.7)	(371.9)	(364.9)
Impairment charges, net of reversals	0.3	4.4	1.3
Depreciation and amortization	(73.8)	(73.8)	(71.5)
Other gains and (losses), net	0.8	1.7	(4.2)
Total operating expenses, net	(2,627.6)	(2,586.5)	(2,573.3)
Operating profit	84.7	113.5	114.8
Financial income	5.2	3.4	5.2
Financial expenses	(56.2)	(44.6)	(42.6)
Foreign exchange gains/(losses), net	24.3	(9.1)	4.0
Finance (costs), net	(26.7)	(50.3)	(33.4)
Share of profit of associates and joint ventures	0.6	2.0	1.8
Profit before tax	58.6	65.2	83.2
Income tax (expense)	(21.2)	(15.3)	(24.5)
Profit for the year	37.4	49.9	58.7

(1) See "Presentation of Financial And Other Information" and "— Factors Affecting Comparability of Results — Preparation of Financial Statements at the Company Level" for a discussion of factors relating to the preparation of the financial statements of the Company.

(2) Restated. See "— Factors Affecting Results of Operations — Fraud Incident" for a discussion of the events leading to the restatement.

Constant Currency Information:

Presented immediately below, we calculate constant currency results for revenue, EBITDA and operating profit by applying the 2009 foreign currency exchange rates to our 2010 and 2011 actual results in local currencies. The constant currency information compares results between periods as if exchange rates had remained constant at 2009 exchange rates. We use results on a constant currency basis as one measure to evaluate our performance. These results should be considered in addition to, not as a substitute for, results reported in accordance with IFRS. See "Presentation of Financial and Other Information — Use of Constant Currency".

The following table sets out our revenue, EBITDA and operating profit for the periods shown, on an as reported basis and on a constant currency basis at 2009 exchange rates.

	For the years ended December 31,		
	2009 ⁽¹⁾	2010	2011
	(Swiss francs in millions)		
Reported (audited)			
Revenue	2,712.3	2,700.0	2,688.1
Revenue growth	<i>n.a.</i>	(0.5)%	(0.4)%
EBITDA	188.6	216.7	201.7
EBITDA margin	7.0%	8.0%	7.5%
Operating profit	84.7	113.5	114.8
Operating profit margin	3.1%	4.2%	4.3%
Constant Currency⁽²⁾ (unaudited)			
Revenue	2,712.3	2,804.1	3,136.2
Revenue growth	<i>n.a.</i>	3.4%	11.8%
EBITDA	188.6	223.7	241.5
EBITDA margin	7.0%	8.0%	7.7%
Operating profit	84.7	116.9	129.9
Operating profit margin	3.1%	4.2%	4.1%

(1) 2009 reported revenue, EBITDA and operating profit restated. See “— Factors Affecting Results of Operations — Fraud Incident” for a discussion of the events leading to the restatement.

(2) Calculated using 2009 foreign currency exchange rates.

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

Income Statement Data⁽¹⁾:

	For the year ended December 31,		
	2010	2011	% change
	(Swiss francs in millions, audited)		(unaudited)
Total Revenue	2,700.0	2,688.1	(0.4)%
Operating Expenses			
Materials and service expenses	(1,129.9)	(1,126.8)	(0.3)%
Personnel expenses	(1,017.0)	(1,007.2)	(1.0)%
Other operating income and expenses, net	(371.9)	(364.9)	(1.9)%
Impairment charges, net of reversals	4.4	1.3	(70.5)%
Depreciation and amortization	(73.8)	(71.5)	(3.1)%
Other (gains) and losses, net	1.7	(4.2)	347.1%
Total operating expenses, net	(2,586.5)	(2,573.3)	(0.5)%
Operating profit	113.5	114.8	1.1%
Finance (costs), net	(50.3)	(33.4)	(33.6)%
Share of profit of associates and joint ventures	2.0	1.8	(10.0)%
Profit before tax	65.2	83.2	27.6%
Income tax expense	(15.3)	(24.5)	60.1%
Profit for the year	49.9	58.7	17.6%

(1) See “Presentation of Financial And Other Information” and “— Factors Affecting Comparability of Results — Preparation of Financial Statements at the Company Level” for a discussion of factors relating to the preparation of the financial statements of the Company.

The following is a discussion of our financial condition and results of operations as of and for the years ended December 31, 2011 and 2010.

Total Revenue

Our total revenue decreased by CHF 11.9 million, or 0.4%, from CHF 2,700.0 million in 2010 to CHF 2,688.1 million in 2011. The decrease was primarily driven by foreign exchange effects relating to the appreciation during 2011 of the Swiss franc against the euro, the U.S. dollar and the pound sterling, which

resulted in a revenue reduction of CHF 352.3 million. The foreign exchange impact more than offsets the full year effect of the acquisitions in Canada and India which increased revenue by CHF 159.9 million and CHF 22.6 million, respectively (at 2011 exchange rates) as well as increases in customer volume with major clients such as Delta Airlines, Virgin Australia and Virgin Atlantic for our traditional catering services, or easyJet and Norwegian Air Shuttle in the retail onboard space. A portion of the increased revenue also relates to an increase in costs of raw material prices that we were able to pass on to our customers through the cost plus pricing elements in certain of our contracts. We saw lower volumes or losses of some business with customers, most notably with United Continental, Jetstar International and Jet Airways, as well as decreases from the exit of certain smaller operations in Spain, Portugal and the United Kingdom.

Our catering and provisioning revenue decreased by CHF 9.0 million, or 0.4%, from CHF 2,147.5 million in 2010 to CHF 2,138.5 million in 2011. The decrease was also due to lower volumes or losses of some customers such as Jetstar International and Jet Airways as well as the effect of exiting certain smaller operations in Spain and Portugal. In addition, this decrease was driven by the foreign exchange effects described above, which resulted in a reduction in revenue of CHF 276.7 million for the existing business. This foreign exchange impact more than offset the full year effect of the acquisitions in Canada and India, which added CHF 159.9 million and CHF 22.6 million in revenue respectively (at 2011 exchange rates), as well as increases in customer volume with major clients such as Delta Airlines, Virgin Australia and Virgin Atlantic for catering services or easyJet and Norwegian Air Shuttle for onboard retail services.

Our other revenue decreased by CHF 2.9 million, or 0.5%, from CHF 552.5 million in 2010 to CHF 549.6 million in 2011. This decrease was primarily driven by foreign exchange effects of CHF 75.5 million in 2011, which offset the increase in volume in our deSter business (Delta Air Lines and Qatar Airlines) and in our Harmony business (Emirates) have offset the effect of exiting some smaller operations by our Gate Aviation Services business.

Operating Expenses

For the reasons described below, our total operating expenses, net, decreased by CHF 13.2 million, or 0.5%, from CHF 2,586.5 million in 2010 to CHF 2,573.3 million in 2011.

Materials and Service Expenses

Our materials and service expenses decreased by CHF 3.1 million, or 0.3%, from CHF 1,129.9 million in 2010 to CHF 1,126.8 million in 2011. This decrease was primarily the result of foreign exchange effects of CHF 147.3 million as a result of the strengthening of the Swiss franc mainly against the U.S. dollar, euro and pound sterling. This decrease was partially offset by the full year impact of the acquisitions in Canada and India, which led to increases in materials and service expenses of CHF 40.0 million and CHF 10.7 million, respectively (at 2011 exchange rates).

Personnel Expenses

Our personnel expenses decreased by CHF 9.8 million, or 1.0%, from CHF 1,017.0 million in 2010 to CHF 1,007.2 million in 2011. This decrease was primarily the result of foreign exchange effects of CHF 129.2 million, which offset the full year impact of the acquisitions in Canada and India, which accounted for increases of CHF 93.3 million and CHF 7.1 million, respectively (at 2011 exchange rates). In addition, the reduction in share-based payments by CHF 24.2 million, from CHF 27.0 million in 2010 to CHF 2.8 million in 2011, a pension curtailment gain in the United Kingdom of CHF 7.1 million (at 2011 exchange rates) and lower expenses for staff bonus programs helped to offset other increases in personnel expenses.

Other Operating Income and Expenses, Net

Our other operating income and expenses, net, decreased by CHF 7.0 million, or 1.9%, from expenses of CHF 371.9 million in 2010 to expenses of CHF 364.9 million in 2011. This decrease was primarily the result of an overall favorable foreign exchange impact of CHF 48.5 million on other operating income and expenses, net, partially offset by incremental expenses due to the acquisitions in Canada and India of CHF 12.6 million and 5.5 million, respectively (at 2011 exchange rates). Within other operating expenses, total restructuring costs decreased from CHF 3.4 million in 2010 to CHF 3.0 million in 2011 and total audit, consulting and legal fees increased from CHF 34.7 million in 2010 to CHF 39.0 million in 2011. In addition, total rental, utility and other property costs decreased from CHF 145.6 million in 2010 to CHF 139.1 million in 2011. Other operating income has decreased from CHF 17.7 million in 2010 to CHF 5.0 million in 2011 in part due to 2010 benefiting from a transaction dispute settlement of CHF 8.1 million. Other operating costs have decreased from CHF 81.8 million in 2010 to CHF 79.3 million in 2011. During 2011, we recorded a net

operating income of CHF 6.6 million in relation to the recoveries following the misappropriation of assets whereas we recorded net operating expense in 2010 of CHF 5.4 million in relation to this incident. See “— Factors Affecting Results of Operations — Fraud Incident”.

Impairment Charges, Net of Reversals

Our impairment charges, net of reversals, were a credit of CHF 4.4 million in 2010 and a credit of CHF 1.3 million in 2011. 2011 reflects an impairment in relation to certain customer relationship intangibles created at the time of the acquisition of Skygourmet India in the amount of CHF 1.7 million as well as a reversal in the amount of CHF 3.0 million of previous fixed asset impairments recognized in North America due to improved profitability outlook.

Depreciation and Amortization

Our depreciation and amortization charge decreased by CHF 2.3 million, or 3.1%, from CHF 73.8 million in 2010 to CHF 71.5 million in 2011.

Other (Gains) and Losses, Net

Other (gains) and losses, net, decreased from a gain of CHF 1.7 million in 2010 to a loss of CHF 4.2 million in 2011. The 2011 loss was primarily the result of losses on the disposal of our Turkish operation at the end of 2011 as well as losses on the disposal or liquidation of certain smaller operations in Spain, Portugal and the United Kingdom during 2011.

Operating Profit

For the reasons described above, our operating profit increased by CHF 1.3 million, or 1.1%, from a profit of CHF 113.5 million in 2010 to a profit of CHF 114.8 million in 2011. Our operating profit margin as a percentage of total revenue increased from 4.2% in 2010 to 4.3% in 2011.

Finance (Costs), Net

For the reasons described below, our finance (costs), net, decreased by CHF 16.9 million, or 33.6%, from an expense of CHF 50.3 million in 2010 to an expense of CHF 33.4 million in 2011.

Our financial income increased by CHF 1.8 million, or 52.9%, from CHF 3.4 million in 2010 to CHF 5.2 million in 2011. This increase was primarily due to higher returns on short-term cash deposits due to the higher cash balance available to us after our equity offering in November 2010.

Our financial expenses decreased by CHF 2.0 million, or 4.5%, from CHF 44.6 million in 2010 to CHF 42.6 million in 2011. This decrease was primarily due to foreign exchange effects relating to the appreciation of the Swiss franc against the euro and the U.S. dollar during 2011 as well as a decrease in interest expenses in relation to an interest swap agreement as compared to 2010. These positive effects were partially offset by a higher average borrowing rate on the euro denominated debt as a result of increased LIBOR rates in 2011 compared to 2010, as well as the full year impact of interest payments on debt assumed in connection with the acquisition of Skygourmet India in November 2010. In addition, there were expenses related to our refinancing efforts incurred in 2011, which were offset by the absence of revaluation losses on interest rate hedging instruments which negatively affected 2010.

Our foreign exchange gains/(losses), net, decreased by CHF 13.1 million from a loss of CHF 9.1 million in 2010 to a gain of CHF 4.0 million in 2011. This decrease was primarily due to the strengthening of the Swiss franc principally against the U.S. dollar and euro as well as a positive foreign exchange currency effects recognized in our Turkish operation until its disposal towards the end of 2011.

Share of Profit of Associates and Joint Ventures

Our share of profit of associates and joint ventures decreased by CHF 0.2 million, from CHF 2.0 million in 2010 to CHF 1.8 million in 2011. This decrease was primarily due to the divestment of some associates as well as slightly reduced profits in some of our participations.

Profit Before Tax

For the reasons described above, our profit before tax increased by CHF 18.0 million, or 27.6%, from CHF 65.2 million in 2010 to CHF 83.2 million in 2011.

Income Tax (Expense)

Our income tax expense increased from an expense of CHF 15.3 million in 2010 to CHF 24.5 million in 2011, the latter being 29.4% of profit before tax. This increase was primarily the result of higher income tax charges in the U.K., Spain, The Netherlands, the U.S. and Luxembourg. Overall, deferred tax credits decreased slightly compared to 2010 levels with a lower credit in the U.S. being offset by higher amounts elsewhere in the group.

Profit for the Year

For the reasons described above, our profit for the year increased by CHF 8.8 million, or 17.6%, from CHF 49.9 million in 2010 to CHF 58.7 million in 2011.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Income Statement Data ⁽¹⁾ :	For the year ended December 31,		
	2009 ⁽²⁾ (Swiss francs in millions, audited)	2010	% change (unaudited)
Total Revenue	2,712.3	2,700.0	(0.5)%
Operating Expenses			
Materials and service expenses	(1,121.4)	(1,129.9)	0.8%
Personnel expenses	(994.8)	(1,017.0)	2.2%
Other operating income and expenses, net	(438.7)	(371.9)	(15.2)%
Impairment charges, net of reversals	0.3	4.4	1,366.7%
Depreciation and amortization	(73.8)	(73.8)	0.0%
Other (gains) and losses, net	0.8	1.7	112.5%
Total operating expenses, net	(2,627.6)	(2,586.5)	(1.6)%
Operating profit	84.7	113.5	34.0%
Finance (costs), net	(26.7)	(50.3)	88.4%
Share of profit of associates and joint ventures	0.6	2.0	233.3%
Profit before tax	58.6	65.2	11.3%
Income tax (expense)	(21.2)	(15.3)	(27.8)%
Profit for the year	37.4	49.9	33.4%

(1) See "Presentation of Financial And Other Information" and "— Factors Affecting Comparability of Results — Preparation of Financial Statements at the Company Level" for a discussion of factors relating to the preparation of the financial statements of the Company.

(2) Restated. See "— Factors Affecting Results of Operations — Fraud Incident" for a discussion of the events leading to the restatement.

The following is a discussion of our financial condition and results of operations as of and for the years ended December 31, 2010 and 2009.

Total Revenue

Our total revenue decreased by CHF 12.3 million, or 0.5%, from CHF 2,712.3 million in 2009 to CHF 2,700.0 million in 2010. Our revenue was driven by our existing core customers in North America and increased customer volume relating to new business from airberlin, Delta Airlines, easyJet, SAS Scandinavian Airlines, Singapore Airlines, Swiss International Air Lines and Virgin Atlantic. However, these increases were more than offset by an impact from foreign exchange movements, primarily relating to the currency translation effect following appreciation of the Swiss franc against the euro, the U.S. dollar and the pound sterling, an estimated CHF 19.2 million impact from flight disruptions caused by the eruption of the Icelandic volcano, reduced services on British Airways' short-haul service prior to our full loss of this business in May 2010, flight disruptions due to 22 days of crew strikes at British Airways, our cessation of all business activities in Philadelphia (United States) and in Turkey and the bankruptcy of Air Comet, an airline customer in Spain.

Our catering and provisioning revenue increased by CHF 21.0 million, or 1.0%, from CHF 2,126.5 million in 2009 to CHF 2,147.5 million in 2010. This increase was primarily the result of the acquisition of the United Airlines flight kitchen at Tokyo Narita Airport, increased customer volume relating to new business from airberlin, Delta Airlines, easyJet, SAS Scandinavian Airlines, Swiss International Air Lines and Virgin Atlantic, partially offset by flight disruptions caused by the volcanic eruption in Iceland, our loss of British Airways'

short-haul service in May 2010, the cessation of our business activities in Philadelphia (United States) and the bankruptcy of Air Comet, an airline customer in Spain.

Our other revenue decreased by CHF 33.3 million, or 5.7%, from CHF 585.8 million in 2009 to CHF 552.5 million in 2010. This decrease was primarily the result of reduced volumes from our deSter business caused by decreased customer demand resulting from general economic conditions and the exit of Gate Aviation Services from the ground handling business in the U.K.

Operating Expenses

For the reasons described below, our total operating expenses, net, decreased by CHF 41.1 million or 1.6%, from CHF 2,627.6 million in 2009 to CHF 2,586.5 million in 2010.

Materials and Service Expenses

Our materials and service expenses increased by CHF 8.5 million, or 0.8%, from CHF 1,121.4 million in 2009 to CHF 1,129.9 million in 2010. This increase was primarily the result of an increase of expenses associated with increased customer volumes relating to new business, as described above partially offset by a CHF 48.3 million impact from foreign exchange movements, primarily relating to the appreciation of the Swiss franc against the euro, the U.S. dollar and the pound sterling.

Personnel Expenses

Our personnel expenses increased by CHF 22.2 million, or 2.2%, from CHF 994.8 million in 2009 to CHF 1,017.0 million in 2010. This increase was primarily the result of an increase in personnel costs such as wages, salaries and social security costs as an effect of acquisitions and net customer contract gains in 2010 and an increase in non-cash share-based payments of CHF 3.6 million, from CHF 23.4 million in 2009 to CHF 27.0 million in 2010, in accordance with our new share-based compensation plan set up in the second half of 2009.

Other Operating Income and Expenses, Net

Our other operating income and expenses, net, decreased by CHF 66.8 million, or 15.2%, from a cost of CHF 438.7 million in 2009 to a cost of CHF 371.9 million in 2010. This decrease was primarily the result of listing related expenses in 2009, which increased our operating expenses in the first half of that year, partially offset by a decrease in property operating lease costs as a result of our cessation of all business activity in Turkey. Within other operating expenses, restructuring costs decreased from CHF 6.8 million in 2009 to CHF 3.4 million in 2010, and audit, consulting and legal fees decreased from CHF 42.3 million in 2009 to CHF 34.7 million in 2010 associated primarily with the non-recurrence of listing related costs in 2009, partially offset by costs associated with our capital raising in November 2010. In addition, other operating costs decreased, from CHF 100.4 million in 2009 to CHF 81.8 million in 2010, and rental, utility and other property costs decreased from CHF 156.7 million in 2009 to CHF 145.6 million in 2010. These decreases were partially offset by an increase in information technology and communications costs from CHF 35.8 million in 2009 to CHF 37.5 million in 2010, and an increase in transport and travel costs from CHF 19.0 million in 2009 to CHF 20.1 million in 2010. We recorded an operating expense of CHF 5.4 million in 2010 and CHF 18.7 million in 2009, related to the misappropriation of assets. See “— Factors Affecting Results of Operations — Fraud Incident”.

Impairment Charges, Net of Reversals

Our impairment charges, net of reversals were a credit of CHF 0.3 million in 2009 and a credit of CHF 4.4 million in 2010. The 2010 amount reflects an impairment reversal in the United States due to a gain of business and a related strengthened profitability outlook of certain locations.

Depreciation and Amortization

Our depreciation and amortization charge remained steady at CHF 73.8 million in both 2009 and 2010.

Other (Gains) and Losses, Net

Other (gains) and losses, net, increased by CHF 0.9 million from a gain of CHF 0.8 million in 2009 to a gain of CHF 1.7 million in 2010. This increase was primarily the result of the difference between the price at which we acquired the assets of Cara Airline Solutions in 2010 and the fair value of the assets as assessed by us.

Operating Profit

For the reasons described above, our operating profit increased by CHF 28.8 million, or 34.0% from a profit of CHF 84.7 million in 2009 to a profit of CHF 113.5 million in 2010. Our operating profit margin as a percentage of total revenue increased from 3.1% in 2009 to 4.2% in 2010.

Finance (Costs), Net

For the reasons described below, our finance (costs), net, increased by CHF 23.6 million, or 88.4%, from an expense of CHF 26.7 million in 2009 to an expense of CHF 50.3 million in 2010.

Our financial income decreased by CHF 1.8 million, or 34.6%, from CHF 5.2 million in 2009 to CHF 3.4 million in 2010. This decrease was primarily due the lower level of interest rates applicable to our cash balances.

Our financial expenses decreased by CHF 11.6 million, or 20.6%, from CHF 56.2 million in 2009 to CHF 44.6 million in 2010. This decrease was primarily the result of the effect of lower interest rates on our variable rate debt.

Our foreign exchange gains/(losses), net, moved by CHF 33.4 million from a gain of CHF 24.3 million in 2009 to a loss of CHF 9.1 million in 2010. This decrease was primarily the result of foreign exchange movements, primarily related to the appreciation of the Swiss franc against the euro, the U.S. dollar and the pound sterling.

Share of Profit of Associates and Joint Ventures

Our share of profit of associates and joint ventures increased by CHF 1.4 million, from CHF 0.6 million in 2009 to CHF 2.0 million in 2010. This increase was primarily the result of an increase in the profitability of the unit in Mexico.

Profit Before Tax

For the reasons described above, our profit before tax increased by CHF 6.6 million, or 11.3%, from CHF 58.6 million in 2009 to CHF 65.2 million in 2010.

Income Tax (Expense)

Our income tax expense decreased from an expense of CHF 21.2 million in 2009 to an expense of CHF 15.3 million in 2010, or 23.5% of profit before tax. This decrease was primarily the result of a deferred income tax charge of CHF 4.5 million in 2009 compared to a deferred income tax credit of CHF 10.9 million in 2010, partially offset by an increase in current tax expense of CHF 9.5 million in 2010 mainly due to increased income in high tax countries such as Japan.

Profit for the Year

For the reasons described above, our profit for the year increased by CHF 12.5 million, or 33.4%, from CHF 37.4 million in 2009 to CHF 49.9 million in 2010.

Liquidity and Capital Resources

Capital Resources — Sources and Uses of Funds

Overview

Our principal sources of funds include cash from operations, cash and cash equivalents on hand and funds raised from time to time from bank and other borrowings. Our principal uses of funds include costs of materials and services, personnel costs including defined benefit schemes, taxes and other operating expenses and capital expenditures, interest expense on outstanding borrowings and the costs associated with financing and consummating acquisitions.

As of December 31, 2011, after giving pro forma effect to the Offering and application of the proceeds therefrom, we would have had total debt of CHF 469.5 million (net of capitalized fees and expenses), a decrease of CHF 107.5 million compared to our total actual debt as of December 31, 2011. Our net debt includes, among other things, finance lease obligations of CHF 12.6 million outstanding, which are on fixed interest rates ranging from 4.9% to 5.8%.

As of December 31, 2011, after giving pro forma effect to the Offering and application of the proceeds therefrom, our cash and cash equivalents would have been CHF 319.6 million. Of this, CHF 8.9 million is restricted cash, consisting of cash, cash collateral, bank and overdraft balances of certain subsidiaries which are not freely transferable to the rest of group due to regulatory or other restrictions.

We have financed our acquisitions through the use of a combination of cash from operations, proceeds from equity and drawings under our credit facilities. We expect to continue to use a combination of cash from operations, proceeds from equity and other debt financing to finance any future acquisitions.

New Unsecured Revolving Facility

The Company, as an original guarantor and original borrower, together with certain of its subsidiaries as original borrowers and guarantors, will enter into a credit facility agreement conditioned upon closing of the Offering arranged by Credit Suisse AG pursuant to which the lenders thereunder will extend a €100 million senior unsecured multicurrency revolving credit facility (the “New Unsecured Revolving Facility”). The New Unsecured Revolving Facility will be available to finance future acquisitions and for working capital and general corporate purposes. See “Description of Certain Financing Arrangements — New Unsecured Revolving Facility”.

Bilateral Credit Facility

We have a bilateral credit facility of CHF 27.5 million consisting of a CHF 2.5 million facility for foreign exchange transactions and a CHF 25.0 million facility for letters of credit. As of December 31, 2011, the letter of credit facility was utilized in the amount of CHF 15.2 million for bank guarantees and the foreign exchange facility was utilized in the amount of CHF 0.2 million.

Equity Financing

In November 2010, we completed an ordinary capital increase of 5,100,881 new shares, plus 765,132 new shares allotted pursuant to an over-allotment option granted to the banking syndicate in connection with the capital increase, pursuant to which we raised CHF 252,238,559 (before fees and expenses).

Dividends and Share Buybacks

Holding LLC paid no dividends in 2006, 2007 or 2008. Since its incorporation in March 2008, the Company has not paid any dividends. On March 17, 2011, the Company announced its intention to pay a dividend in 2012 for the full year 2011. Our Board of Directors will consider a return to shareholders in line with our previously stated dividend policy as announced at the beginning of 2011, in the range of 20% to 40% of our profit for the year attributable to shareholders of the Company, and intends to include a proposal in the invitation to the Annual General Meeting. The 2012 Annual General Meeting invitation is expected to be distributed in March 2012.

Capital Expenditures

Capital expenditures, which comprise purchases of property, plant and equipment, along with purchases of intangible assets, amounted to CHF 52.4 million in 2011, compared to CHF 47.0 million in 2010, and included investments in new highloaders mainly in Europe and North America, the set-up of a new flight kitchen in Boston, Massachusetts, purchase of software licenses as well as leasehold improvements for the new North American headquarters in Reston, Virginia. The remaining investments were mainly replacement of production equipment and small-scale expansion of the production units.

In 2010 capital expenditures amounted to CHF 47.0 million and included the investment in a new unit at Tokyo's Haneda Airport, a new flight kitchen in Guayaquil, Ecuador and, as its largest element, a new facility at London Heathrow Airport. In 2009 capital expenditures amounted to CHF 58.6 million principally to support the commencement of services to SAS Scandinavian Airlines, together with increases to our vehicle fleet.

Historical Cash Flow Data

Data of the Company (combined and consolidated):

	For the years ended December 31,		
	2009 ⁽¹⁾	2010	2011
	(Swiss francs in millions, audited)		
Net cash flow from operating activities	129.6	124.4	60.9
Net cash flow (used in) investing activities	(71.9)	(112.3)	(64.8)
Net cash from/(used in) financing activities	52.3	205.5	(22.6)
Net change in cash and cash equivalents	110.0	217.6	(26.5)
Movement in cash and cash equivalents:			
At start of the period	133.4	245.1	451.7
Increase/(decrease) in cash and cash equivalents	110.0	217.6	(26.5)
Effects of exchange rate change	1.7	(11.0)	(2.5)
At end of the period	245.1	451.7	422.7

(1) Restated. See “— Factors Affecting Results of Operations — Fraud Incident” for a discussion of the events leading to the restatement.

Net Cash Flow from Operating Activities

Net cash flow from operating activities decreased from a cash generation of CHF 124.4 million in 2010 to a cash generation of CHF 60.9 million in 2011. This decrease was primarily the result of lower EBITDA in 2011 compared to 2010, cash settlement of non-trade liabilities accumulated during 2010 (primarily consisting of professional fees, final installment on ILS Australia acquisition) as well as higher cash-funding for our U.S. based pension plans. Net cash flow from operations was also negatively impacted by higher income tax payments in 2011 compared to 2010 in Germany and Spain.

Net cash flow from operating activities decreased from CHF 129.6 million in 2009 to CHF 124.4 million in 2010. This decrease was primarily the result of an increase in working capital, principally affected by an increase in receivables, partially offset by lower interest rates reducing our interest payments.

Net Cash Flow (Used in) Investing Activities

Net cash flow used in investing activities decreased from CHF 112.3 million in 2010 to CHF 64.8 million in 2011. This was primarily the result of the acquisitions executed during 2010 which accounted for a use of CHF 66.9 million; we did not make any acquisitions during 2011. During 2011 investments in fixed assets and software increased by CHF 5.4 million compared to 2010. The sale of businesses, principally our Turkish business, led to a negative cash flow of CHF 17.9 million as a result of deconsolidating the minority shareholder's portion of the cash balance.

Net cash flow used in investing activities increased from CHF 71.9 million in the year ended December 31, 2009 to CHF 112.3 million in the year ended December 31, 2010. This increase was primarily the result of expenditure on acquisitions, for which we spent CHF 66.9 million in 2010 compared to CHF 19.5 million in 2009, partially offset by a reduction in fixed asset purchases to CHF 42.6 million in 2010 compared to CHF 52.2 million in 2009.

Net Cash from/(Used in) Financing Activities

Net cash from/(used in) financing activities decreased from CHF 205.5 million in the year ended December 31, 2010 to a utilization of CHF 22.6 million in the year ended December 31, 2011. This decrease was primarily the result of capital increase in 2010 which positively benefited the prior year cash flow statement by CHF 240.8 million.

Net cash from financing activities increased from CHF 52.3 million in the year ended December 31, 2009 to CHF 205.5 million in the year ended December 31, 2010. This increase was primarily the result of CHF 240.8 million of proceeds from our capital increase in November 2010, partially offset by a reduction in drawings of borrowings from CHF 182.8 million in 2009 to CHF 79.0 million in 2010.

Net Change in Cash and Cash Equivalents

Cash and cash equivalents decreased from CHF 451.7 million as of December 31, 2010 to CHF 422.7 million as of December 31, 2011.

Cash and cash equivalents increased from CHF 245.1 million as of December 31, 2009 to CHF 451.7 million as of December 31, 2010.

Effects of Exchange Rate Changes

The effects of exchange rate changes decreased the reported balance of cash and cash equivalents by CHF 2.5 million in the year ended December 31, 2011, decreased it by CHF 11.0 million in the year ended December 31, 2010 and increased it by CHF 1.7 million in the year ended December 31, 2009.

Contractual Obligations and Commercial Commitments

The following table summarizes the contractual obligations, commercial commitments and principal payments we would have been obligated to make as of December 31, 2011 under our debt instruments, leases and other agreements, after giving pro forma effect to the Offering, the use of proceeds therefrom and the entry into the New Unsecured Revolving Facility. The information presented in the table below reflects the contractual maturities of our obligations, which may differ significantly from the actual maturity of these obligations.

	Payments Due by Period			
	Total	Less than One Year	1-5 Years	After 5 Years
	(Swiss francs in millions, unaudited)			
Notes ⁽¹⁾	(425.5)	—	—	(425.5)
New Unsecured Revolving Facility ⁽¹⁾	—	—	—	—
Finance leases ⁽²⁾	(15.3)	(1.9)	(7.4)	(6.0)
Variable interest rate instruments ⁽³⁾	(562.0)	(29.2)	(530.2)	(2.6)
Fixed interest rate instruments ⁽⁴⁾	(35.7)	(12.9)	(19.0)	(3.8)
Non-interest bearing liabilities ⁽⁵⁾	(252.5)	(249.4)	(2.7)	(0.4)
Operating leases ⁽⁶⁾	(295.1)	(40.3)	(105.8)	(149.0)
Total contractual obligations	(1,586.1)	(333.7)	(665.1)	(587.3)

(1) Based on an exchange rate of CHF 1.216 per €1.00.

(2) Finance leases including finance leases for buildings, catering and other equipment and vehicles.

(3) Variable interest rate instruments: including bank overdrafts, short term bank loans and other loans payable.

(4) Fixed interest rate instruments: including bank overdrafts, short term bank loans, mortgages and other loans payable.

(5) Non-interest bearing liabilities: including trade payables and other current payables.

(6) For a description of our operating leases, see Note 34.2 to our 2011 Financial Statements included elsewhere in this Offering Memorandum.

Contingent Liabilities and Deferred Purchase Price Consideration

We have contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from these contingent liabilities, other than those liabilities for which provisions have been made in our financial statements.

The discounted deferred purchase price consideration arising from acquisitions amounted to CHF 16.3 million as of December 31, 2011.

Pension Obligations

We operate material defined benefit pension plans in Switzerland, the United Kingdom and the United States. Additionally, we operate defined benefit schemes in Belgium, France, The Netherlands, Spain and India together with a number of defined contribution arrangements.

The valuations of our defined benefit pension plans are dependent on market conditions and actuarial assumptions, and these valuations may require us to pay increased pension contributions in the future. In addition, the actuarial methodology and assumptions used for the periodic actuarial valuations for funding purposes may be different from those used for accounting purposes.

We operate two main pension plans for our employees in Switzerland. The Main Swiss Pension Plan is a funded defined contribution scheme with defined benefit elements (with a guaranteed minimum return on the compulsory part of the savings capital and guaranteed factors to convert accumulated funds at retirement into annuities). It covers all employees over the age of 24. The Swiss Management Pension Plan is a funded defined contribution scheme without a guaranteed minimum return, but otherwise defined benefit

elements similar to the Main Swiss Pension Plan. Only employees with a salary exceeding CHF 97,500 are eligible for this plan. At December 31, 2011, the two main Swiss pension plans had assets of CHF 185.4 million and liabilities of CHF 210.8 million, resulting in a funding deficit of CHF 25.4 million, which compares to a balance sheet asset of CHF 22.9 million.

In the United States, we operate two stand-alone defined benefit pension plans for our employees. The first is the Gate Gourmet, Inc. Defined Benefit Pension Plan, a funded defined benefit plan. As of June 30, 2004, we froze accrual of future benefits for salaried employees (including breaking the link to future salary growth) and this was extended to all employees at June 30, 2006. The second is the Gate Gourmet, Inc. Supplemental Executive Retirement Plan, an unfunded defined benefit plan. The accrual of benefits under this plan also ceased on June 30, 2004. The cessation of future benefit accrual in the defined benefit plans was part of a package of other benefit cuts, and no replacement benefit plan was put in place to compensate employees for this loss. At December 31, 2011, the U.S. pension plans had assets of CHF 74.8 million and liabilities of CHF 178.3 million, resulting in a funding deficit of CHF 103.5 million, which compares to a balance sheet liability of CHF 39.2 million.

In the United Kingdom, we operate two stand-alone defined benefit pension plans for our employees. The first is the Gate Gourmet London Pension Scheme (the "U.K. Main Plan"), a funded defined benefit plan with two separate ring fenced sections, the "Main Section" and the "BA Section". The Main Section was closed to new members on February 1, 2006 and the BA Section was closed prior to 2003. The second is the Gate Gourmet London Management Pension Scheme (the "U.K. Management Plan", and together with the U.K. Main Plan, the "U.K. Defined Benefit Plans"), also a funded defined benefit plan. The U.K. Management Plan was also closed to new members on February 1, 2006. For accounting purposes, as at December 31, 2011, the aggregate fair value of the assets in the U.K. Main Plan and the U.K. Management Plan were CHF 126.8 million and the pension liabilities were assessed at CHF 114.1 million, resulting in a combined funding surplus of CHF 12.7 million, which compares to a balance sheet asset of CHF 0.4 million. We closed our U.K. Defined Benefit Plans for future accruals as of October 31, 2011. All benefits earned up to that date will be preserved in the U.K. Defined Benefit Plans and increased with inflation as required by law, prior to retirement with pension at retirement being based on pensionable salary and pensionable service. Starting November 1, 2011 the former U.K. Defined Benefit Plan members have the opportunity to join a defined contribution arrangement, which going forward will be the only pension scheme available to U.K. employees. During 2011 as a result of receiving agreement to the closure of our U.K. Defined Benefit Plans we recorded a curtailment gain of CHF 7.1 million.

As of December 31, 2011, the market value of our total pension assets was CHF 405.0 million and our total pension liabilities were assessed at CHF 524.0 million, resulting in a deficit of CHF 119.0 million, which compares to a net balance sheet liability of CHF 30.4 million. If there is a significant adverse change in the market value of our pension assets, we may need to increase pension contributions.

Acquisitions

On February 10, 2012, we announced the acquisition of Helios. The transaction, for a purchase price of approximately CHF 27 million, is subject to customary closing conditions and approvals, including clearance by competition authorities, if required.

Although we do not currently have any other agreements in relation to any material acquisitions other than as described in this Offering Memorandum, we may from time to time consider selective strategic acquisition opportunities. If we were to undertake any material acquisitions in the future, we anticipate that we would fund them with proceeds from equity issuances, debt financing or cash on hand, or a combination thereof. Any debt financing could make us more leveraged and increase our debt service obligations.

Quantitative and Qualitative Disclosure About Market Risk

Market risk represents the potential for loss due to adverse changes in the fair value of financial instruments. We are exposed to market risks related to foreign currency exchange rates and interest rates, credit risk, liquidity risk and risks related to raw material commodity prices. These exposures may change over time as business practices evolve and could have a material adverse impact on our financial results.

Foreign Exchange Risk

As we operate internationally, we are exposed to foreign exchange risk arising from currency exposures, primarily with respect to the euro, the U.S. dollar and the pound sterling. Foreign exchange risk is the risk that we will incur economic losses due to adverse changes in foreign exchange rates. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Foreign Exchange Translation Risk

Our presentation currency is the Swiss franc although the majority of our revenue and profits are generated in other currencies. Consequently, the business has a currency exposure on translation of operating results back into the Swiss franc.

As currency exchange rates change, translation of the financial statements of our international businesses, which use a functional currency based on the primary economic environment in which they operate, into Swiss francs affects period-to-period comparability of our results of operations.

Appreciation of the Swiss franc against other currencies, including the euro, U.S. dollar and the pound sterling, decreases the reported revenue and costs of those operations that do not have the Swiss franc as their functional currency. Conversely, depreciation of the Swiss franc against other currencies, including the euro, U.S. dollar and the pound sterling, increases the reported revenue and costs of those operations that have other currencies as their functional currency. The appreciation or depreciation of the Swiss franc against other currencies, including the euro, U.S. dollar and the pound sterling, therefore, impacts our reported net income or net loss.

The financial statements of entities which do not have the Swiss franc as their functional currency are translated into Swiss francs using the period-end exchange rate for balance sheet items and the monthly average exchange rate for income statement items. Foreign currency gains and losses arising from translation are reported as foreign currency translation differences in shareholders' equity.

Our foreign currency translation risk is principally managed through borrowings denominated in the relevant currencies. As of December 31, 2011, after giving pro forma effect to the Offering and application of the proceeds therefrom, the carrying amounts of our borrowings denominated in euro was CHF 303.3 million.

Based on sensitivity analysis, we believe that fluctuations in the major currencies in which we generate profits and revenue would have affected our results as follows:

<u>In CHF m</u>	<u>CHF/USD</u>	<u>CHF/EUR</u>	<u>CHF/GBP</u>	<u>EUR/USD</u>
Currency risks 2009 in CCY1/CCY2⁽¹⁾				
Percentage Shift	10%	5%	10%	10%
Impact on profit or loss if CCY1 strengthens against CCY2 . . .	(2.9)	1.9	(2.6)	5.6
Impact on profit or loss if CCY1 weakens against CCY2	2.9	(1.9)	2.6	(5.6)
Currency risks 2010 in CCY1/CCY2⁽²⁾				
Percentage Shift	10%	10%	10%	10%
Impact on profit or loss if CCY1 strengthens against CCY2 . . .	(3.2)	(1.2)	(3.2)	1.2
Impact on profit or loss if CCY1 weakens against CCY2	3.2	1.2	3.2	(1.2)
Currency risks in 2011 in CCY1/CCY2⁽³⁾				
Percentage Shift	15%	15%	15%	10%
Impact on profit or loss if CCY1 strengthens against CCY2 . . .	(9.3)	(8.7)	(0.4)	1.1
Impact on profit or loss if CCY1 weakens against CCY2	9.3	8.7	0.4	(1.1)

(1) Calculated based on exchange rates of CHF 1.03 to \$1.00, CHF 1.49 to €1.00, CHF 1.66 to £1.00 and €1.45 to \$1.00, respectively.

(2) Calculated based on exchange rates of CHF 0.93 to \$1.00, CHF 1.25 to €1.00, CHF 1.45 to £1.00 and €1.34 to \$1.00, respectively.

(3) Calculated based on exchange rates of CHF 0.94 to \$1.00, CHF 1.22 to €1.00, CHF 1.46 to £1.00 and €1.29 to \$1.00, respectively.

Foreign Exchange Transaction Risk

We incur currency transaction risk whenever one of our operating subsidiaries enters into either a purchase or sale transaction using a currency other than its functional currency. Our currency risk arises from foreign currency receivables as well as from firm commitments to purchase services and supplies in the future in currencies other than the subsidiary's functional currency. We attempt to reduce foreign currency transaction risk by matching income and expenditure wherever possible in the same currency and negotiating terms with suppliers that include invoicing our operating subsidiaries in their functional currencies.

For individual subsidiaries, transactions in foreign currencies are recorded using the exchange rate prevailing on the date of the transaction. Foreign exchange gains and losses as a result of the settlement of these transactions and from the translation into Swiss francs are recognized in our consolidated income statement.

In general, we experience minimal transaction risk in relation to foreign exchange. Our main exposure to such risk is in Latin America, where certain costs are incurred in the local currencies and revenue is invoiced in U.S. dollars, together with some of our Asian operations, where costs are incurred in the local currencies and revenue is generally invoiced in euros or U.S. dollars.

Interest Rate Risk

We are exposed to interest rate risk, primarily related to borrowings under our senior secured credit facilities, which we intend to repay in full with the proceeds of the Offering. See "Use of Proceeds". The variable rate component of these borrowings exposes us to cash flow interest rate risk, primarily in U.S. dollars and euros. We will continue to be exposed to interest rate risk related to borrowings under our New Revolving Credit Facility. See "Description of Certain Financing Arrangements — New Unsecured Revolving Facility".

We manage our cash flow interest rate risk by using floating-to-fixed interest rate swaps or interest rate caps. Generally, we raise long-term borrowings at floating rates and swap them into fixed rates. Interest rate caps have the economic effect of limiting our exposure to increasing interest rates to an agreed maximum cap. Our policy is to secure at least 50% of our variable interest rate risk with derivative instruments. We use interest rate swaps and interest rate caps to achieve this when necessary. The majority of the debt under our existing senior secured credit facilities is covered by interest rate caps until June 2012.

Our derivative financial instruments expose us to fair value interest rate risk. Changes in the fair value of derivative financial instruments that qualify for hedge accounting impact our equity while those that do not qualify impact our profit. Recognized in equity in connection with our cash flow hedges was CHF 3.6 million in the year ended December 31, 2010 and CHF 5.3 million in the year ended December 31, 2009. In the year ended December 31, 2011, no derivative financial instrument qualified for hedge accounting.

Using a sensitivity analysis, if, as of December 31, 2011 interest rates had been 50 basis points higher, with all other variables held constant, our profit for the year would have been approximately CHF 2.1 million lower than our actual profit, primarily as a result of higher interest expense on floating rate borrowings. If, as of December 31, 2011 interest rates had been 50 basis points lower, with all other variables held constant, our profit for the year would have been approximately CHF 2.1 million higher than our actual profit, primarily as a result of lower interest expense on floating rate borrowings.

Using the same sensitivity analysis, after giving pro forma effect to the Offering and the application of proceeds therefrom, if, as of December 31, 2011 interest rates had been 50 basis points higher, with all other variables held constant, our profit for the year would have been approximately CHF 1.7 million lower than our actual profit, primarily as a result of higher interest expense on floating rate borrowings, partially offset by increases in the fair value of derivatives designated as cash flow hedges. If, as of December 31, 2011 interest rates had been 50 basis points lower, with all other variables held constant, our profit for the year would have been approximately CHF 1.7 million higher than our actual profit, primarily as a result of lower interest expense on floating rate borrowings, partially offset by decreases in the fair value of derivatives designated as cash flow hedges.

Credit Risk

We provide certain of our customers with customary credit and financing for sales of our products and services to them. We face a number of general risks in providing this financing, including delayed payments from customers or difficulties in the collection of receivables. We have procedures in place to manage these credit risks using defined processes for assessing the credit quality of our customers taking into account a number of factors including their financial position, past experience, ownership structure, specific market conditions and other factors. These assessments are updated at regular intervals or if circumstances change. In addition, we monitor receivable balances per customer on at least a monthly basis. In cases where management assesses the trend of our credit exposure to any customer to be unsatisfactory, or in cases where the credit quality of a customer decreases, we enforce measures to reduce exposure and might revise our payment and credit terms with the customer. We also place emphasis on collecting receivables fully and in a timely manner. As of December 31, 2011, the total trade receivable balances of our five largest customers, by gross receivables outstanding, constituted 26.6% of the total amount of gross receivables compared to 25.5% as of December 31, 2010. On an individual basis, our biggest customer accounted for 7.2% and our fifth biggest customer accounted for 3.8% of our total trade receivables as of December 31, 2011, compared to 7.5% and 2.7%, respectively, in 2010. We do not expect any losses from non-performance by these customers. Our net bad debt expense from trade receivables in 2011 was CHF 9.3 million compared to CHF 9.6 million in 2010.

Raw Material Commodity Price Risk

We are subject to market risk with respect to fluctuating prices in raw materials, in particular food, oil and plastic. While the majority of our contracts have an element of consumer price index pass through to our clients, there is typically a lag of three to six months, during which we face the effect of these fluctuating prices and in certain cases a *de minimis* threshold that needs to be reached before price increases can be enacted. An increase in food, fuel or other raw material prices will increase our materials and service expenses resulting in decreased profitability where there is no corresponding increase in the prices we charge our customers.

The deSter brand is the only operation that acquires commodity raw materials and it has a number of raw material suppliers with no reliance on any one supplier. deSter hedges some of its foreign exchange exposure on its raw material requirements, and engages in speculative bulk purchases from time to time at spot rates.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying our accounting policies. We base our estimates on historical experience and various other assumptions and factors, based upon expectations of future events which we believe are reasonable under the circumstances, consultation with third parties and other methods we consider reasonable in the particular circumstances, as well as our forecasts as to how these might change in the future. We evaluate these policies on an ongoing basis. Actual results will, by definition, rarely equal the related estimates.

We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations. These accounting policies are focused on the areas that tend to be difficult, subjective and complex, often resulting in the need to make estimates about the effect of matters that are inherently uncertain.

For a description of our accounting policies, see the notes to our 2011 Financial Statements included elsewhere in this Offering Memorandum.

Estimated Impairment of Goodwill

Goodwill is recorded at cost less any accumulated impairment losses. We test at least annually whether goodwill has suffered any impairment. Any impairment losses on goodwill are not reversed. We determine the recoverable amounts of our cash generating units based on fair value less cost to sell calculations. These calculations require the use of estimates with respect to, among other things, future operating profit margins and post-tax discount rates.

We calculate the fair value of cash generating units using the discounted cash flow method, using projections based on financial budgets approved by management that are extended into a five-year business plan. For 2011, the key assumptions, depending on the individual activities, were: EBITDA margin of 5.1% to 13.9%; revenue growth of 1.1% to 12.0%; and discount rate of 7.6% to 15.5%.

Estimated Impairment of Intellectual Property

We annually test whether intellectual property has suffered any impairment. The recoverable amounts of intellectual property in each subsidiary are determined based on value-in-use calculations. These calculations require the use of estimates with respect to, among other things, future sales and pre-tax discount rates.

Income Taxes and Deferred Tax Assets

We are liable to taxation in various jurisdictions. Provisions for income taxes incurred worldwide are based on estimates and hence the tax charge may be uncertain. If actual tax charges deviate from estimates, the corresponding adjustment is booked in the financial year in which the definitive assessment is made.

Deferred tax assets are formed primarily from temporary differences, and in individual instances from tax loss carry forwards, but only if realization is deemed probable. The carrying amount is therefore based on future forecasts for the relevant taxable entity over a period of several years. Should these future forecasts prove incorrect, changes in value might result.

Legal and Tax Provisions

We have recorded certain legal and tax provisions for liabilities of uncertain timing or amount. The ultimate outflow of resources embodying economic benefits are subject to legal proceedings or assessments from the relevant tax authorities. After taking appropriate legal and/or tax advice, management updates the estimates of the provisions at least annually. The provisions are adjusted accordingly through the consolidated income statement.

Defined Benefit Plan Obligations

We account for retirement benefit obligations in accordance with the accounting policy stated in Note 2.17 to the 2011 Financial Statements, included elsewhere in this Offering Memorandum. The cost and obligations resulting from the sponsoring of defined benefit plans are determined using actuarial valuations. These actuarial valuations are made for the purpose of estimating future developments, including estimates and assumptions relating to discount rates, the expected return on plan assets in individual countries and future wage trends. Actuaries also use statistical data such as mortality tables and staff turnover rates with a view to determining employee benefit obligations. If these factors change due to a change in economic or market conditions, the subsequent results could deviate considerably from the actuarial estimates. Over the medium term such deviations could have an impact on the income statement. The principal actuarial assumptions used at December 31, 2011 were, on a weighted average basis, a discount rate of 3.9%, an expected long term rate of return on assets of 5.5%, a rate of compensation increase of 2.8% and an inflation rate of 2.1%.

Allowance for Doubtful Accounts

Provision is made against accounts receivable that in the estimate of management may be impaired. Assessment is made of the recoverability of accounts receivable based on a range of factors including the age of the receivable, the creditworthiness of the customer and current economic trends. Determining recoverability involves estimation as to the likely financial condition of the customer and their ability to subsequently make payment.

Basis of Preparation

The financial information for the Company and its subsidiaries have been prepared on a combined basis up to April 30, 2009 and subsequent to that date have been prepared on a consolidated basis. This decision reflects the fact that the business combination as of April 30, 2009, was a legal reorganization involving no change in economic substance. See Note 2.1 to the 2008, 2009 and 2010 Financial Statements, included elsewhere in this Offering Memorandum.

Off-Balance Sheet Arrangements

We have a bilateral credit facility of CHF 27.5 million consisting of a CHF 2.5 million facility for foreign exchange transactions and a CHF 25.0 million facility for letters of credit. As of December 31, 2011, the letter of credit facility was utilized in the amount of CHF 15.2 million for bank guarantees and the foreign exchange facility was utilized in the amount of CHF 0.2 million.

Recent Developments/Post-Balance Sheet Events

On February 10, 2012, we announced the acquisition of Helios. The transaction, for a purchase price of approximately CHF 27 million, is subject to customary closing conditions and approvals, including clearance by competition authorities, if required.

On February 14, 2012, we announced the exercise of our call option with India Hospitality Corp. to purchase the remaining 26% of Skygourmet. The liability in the accounts as at December 31, 2011 already reflected the amount subsequently paid.

Other than as described above, there has been no material change in our business or financial situation since December 31, 2011.

BUSINESS

Overview

We are the leading independent global provider of products, services and solutions related to an airline passenger's onboard experience. These products and services encompass catering and hospitality; provisioning and logistics; and onboard solutions to companies that serve people on the move. We are predominantly a business-to-business enterprise, primarily serving the commercial aviation industry, including executive jets and commercial airlines. We have a global presence, operating at 132 locations in 35 countries on six continents, and we currently employ approximately 27,000 people. The majority of our revenue derived from Europe and North America and we have experienced strong revenue growth in recent years in Asia. We benefit from a broad and well known customer base: we serve over 270 customers, including some of the world's largest airlines such as British Airways, Delta Air Lines and United Continental. We tailor our solutions to both traditional full-service and low-fare air carriers; in premium and economy cabins; for short-haul and long-haul flights; and for adjacent markets. gategroup is our umbrella brand, representing the products and services we provide through our family of brands.

We group our businesses generally into those products and services provided to airlines at-airport and those products and services delivered off-airport. Our at-airport solutions include food production, pre-departure loading and post-arrival unloading, a comprehensive onboard retail program, aircraft cabin appearance and cleaning services, airline lounge design, construction and management and security services for catering and cargo. Our off-airport solutions to airlines provide global procurement and supply chain solutions, onboard equipment inventory management, packaged and pre-assembled snacks and beverages, design and production of passenger service ware and sourcing and provisioning of amenity kits and passenger comfort items.

In 2011, 80% of our revenue was derived from our catering and provisioning services and 20% from other services. In 2011, 2010 and 2009, we had Adjusted EBITDA of CHF 198.2, CHF 222.0 million and CHF 213.9 million, respectively, and revenue of CHF 2,688.1 million, CHF 2,700.0 million and CHF 2,712.3 million, respectively.

Strengths

We believe that we benefit from the following strengths:

- ***Leading independent market position and global presence.*** We are the world's leading independent global provider of products and services related to an airline passenger's onboard experience. We have operations in 35 countries and have 132 active operating facilities.

We believe that our global presence provides us with credibility as a service provider and helps us maintain consistency in the level and quality of our services in different locations. This is essential to our ability to compete successfully for the business of large, high-volume customers with multiple services or locations, who generally look for globally established service providers when tendering new business.

We believe our market position and size enable us to provide leading global capabilities for product and services execution while maintaining competitive cost structures. We are continually innovating and developing new solutions to meet the changing demands of our customers. These innovations are typically piloted and tested with select customers and/or locations before being deployed more broadly to our customers. We also leverage our scale and expertise to manage our cost structures through the enterprise-wide deployment of the following: continuous improvement and lean methods to improve the efficiency of our operations, procurement and sourcing strategies to leverage our global spend on raw materials, equipment and other purchases, and risk management programs to reduce and/or mitigate potential exposures. In addition we have a proven track record in managing our collective labor groups to maintain market wages, salaries and benefits. We believe that our leading position and global presence enable us to achieve more efficient management and administrative functions and to attract and retain qualified local managers and other key personnel.

We also believe our global scale and leading independent position, combined with our best practices allows us to more effectively develop new locations and or enter new markets. We have a record of moving expertise and know-how to new locations within the group to assist with the start-up of new locations by transferring experienced personnel. We believe we are well-positioned to serve new customers that are switching from other providers because of our market knowledge and our global network, which allows us to integrate our services into each new location and for each new customer.

- **Diversified business model and “one-stop-shop” for our customers.** In recent years, we have expanded our product, service and solutions offerings and now offer a comprehensive range of onboard solutions to our customers. Our wide range of products and services include, among others, on-airport food production, on airport assembly and last mile delivery to aircraft, off-airport assembly and central packing, procurement and supply chain management, fully integrated retail onboard services, airport lounge design and management, design and branding services, aircraft cabin appearance and cleaning services, de-icing, aircraft security and cargo security services. We are able to tailor the products and services we offer to suit the needs of traditional and full-service carriers; premium and economy cabins; short-haul or long-haul flights; and adjacent markets, such as executive aviation or rail.

We believe our comprehensive range of product and service offerings, together with our global presence, allows us to serve as a “one-stop-shop” for our customers, increasing our appeal when seeking to renew or win contracts and giving us the opportunity to cross-sell our products, services and solutions. We also believe that our comprehensive set of services, the specialized skills required to deliver these services, and our physical assets at key locations increase the switching costs and risks for our customers and therefore increase our ability to retain customers. Our comprehensive range of onboard products, services and solutions also provides us with diversification and cost benefits from the cross-utilization of resources and the leveraging of overhead costs and physical assets.

We also believe that this diversified business model, with its broad range of products and services, customers and geographical markets has reduced our exposure to specific market cyclical fluctuations and extraordinary events in the aviation industry, whether affecting one line of business, one type of carrier or one part of the world, and leaves us well-positioned to adapt quickly to our customers’ needs and to take advantage of changes in the aviation industry. Our business model has demonstrated resilience through the recent economic downturn and volcanic eruptions in Iceland, as well as the Japanese earthquake and ensuing events.

- **“Last mile” access.** We believe that the comprehensive range of onboard solutions we offer to our airline customers is particularly attractive due to our “last mile” access. “Last mile” access refers to our ability (i) to provide access to service aircraft from catering and logistics facilities on or adjacent to an airport, (ii) to provide customized vehicles and lifts to transport a comprehensive range of products to and from the aircraft, reducing the number of staff needed to service an aircraft and reducing or eliminating the need for multiple suppliers to approach the aircraft, and (iii) to obtain administrative and regulatory authorization to operate on the airside of the airport. We believe that our “last mile” access capability, which is a regulated activity requiring various licenses, strengthens our market position relative to those of our competitors who do not have such capability, and provides us with the opportunity to cross-sell our complete suite of products, services and solutions, through our “one-stop-shop”. This allows customers to simplify their supply chain by receiving their onboard solutions requirements from one supplier. We believe that our “last mile” access and “one-stop-shop” capabilities are particularly attractive to low-fare carriers which operate with tight turn-around times and tend to outsource a significant portion of their demand for onboard solutions.
- **Long-term contracts and relationships with a broad range of well known customers and strong track record of contract renewals and new contract wins.**
 - **Contracted revenue base.** We have long-term customer contracts with typically a three to seven year term in place that expire on a staggered basis. We estimate that approximately 94% of our 2011 revenue was derived from contracts that are valid through 2012, 67% from contracts that are valid through 2013 and 54% from contracts that are valid through 2014.
 - **Broad range of customers and leading global airlines.** We benefit from a broad, well known customer base, ranging from traditional full-service carriers to low-fare carriers, with over 270 customers on six continents. Our leading traditional full-service carrier customers include American Airlines, British Airways, Delta Air Lines, Iberia Airlines, SAS Scandinavian Airlines, Swiss International Air Lines and United Continental. Our leading low-fare carrier customers include airberlin, easyJet, Norwegian Airlines, Thomas Cook Airlines Scandinavia, Vueling and Wizzair. This broad base of customers means we are not overly reliant on any one customer in our business portfolio, and the mix of traditional versus low-fare customers allows us to participate in growth of both sectors.
 - **Long-term customer relationships and strong track record of contract renewal and wins.** We have long-term relationships with customers who represented a majority of our revenue in

2011, including several of the largest traditional full-service carriers in the world, such as American Airlines, British Airways, Delta Air Lines, Iberia Airlines, Swiss International Air Lines and United Continental. Some of our longest customer relationships have been in place for over 65 years. We believe our long-term customer relationships give us an intimate knowledge of our customers' specific requirements, which in turn provides a substantial benefit to our customers, particularly those we serve at their main hub airports.

We have a strong track record of renewing existing contracts and winning new contracts. In the period from 2009 through 2011, we renewed approximately 85% of our existing contracts that came up for renewal, and won approximately 32% of all new contracts that we tendered for which we were not the incumbent service provider, in each case by anticipated revenue. For example, in June 2011 we extended our existing contracts with SAS Scandinavian Airlines for its Scandinavian hubs, which we originally won in 2008, and also for over 15 other locations worldwide through 2016. In January 2011, we extended our agreement for catering and provisioning services (including retail onboard) for Iberia Airlines through 2015. In 2009 we completed contract renewals with Delta Air Lines, the world's largest airline by passengers carried, and United Airlines, and in, renewed our contract with Swiss International Air Lines. We believe that our track record of contract renewals and wins is primarily the result of the quality and reliability of our products and services, continuous innovation and our ability to price competitively due to our flexible and competitive cost structure.

We believe that our contracted revenue base, our long-term relationships with a broad range of well-known customers and strong track record in renewing and winning new contracts helps us maintain stable cash flows from our customer portfolio.

- **Disciplined management of contracting and pricing.** We believe that we have a robust and disciplined approach to contracting with our customers and also establishing price points and strategies. This is not only a competitive advantage in the market place but also reduces the risk to the business on a range of dimensions. For example, by managing key payment terms at shorter payment cycles when necessary, we have been able to reduce the exposure from an airline carrier failure. Consequently, our exposure to loss from the recent bankruptcy of American Airlines has not been material. In addition, we have deployed specific pricing strategies such that a portion of our revenue is not directly tied to only passenger volume but also to number of flights served. This approach is designed to reduce our exposure to rapid or dramatic fluctuations in airline passenger traffic.
- **Flexible and competitive cost structure.** We believe we have a flexible cost structure. Approximately two-thirds of our 2011 cost base was variable and consisted of material and direct labor costs (exclusive of restructuring and other related exceptional costs). Due to the use of temporary and seasonal workers and the relatively high employee turnover characteristic of the industries in which we operate, we are generally able to match our staffing levels to our needs when necessary by limiting the hiring of new employees, and our utilization of temporary employees provides us with further flexibility to reduce our work force.

Due to the nature of our raw material needs, which primarily are food products with high consumption rates, we are able to manage our inventory on a flexible basis to match volume demands. In addition, approximately ninety percent of our top twenty customers' contracts, in terms of revenue (excluding contracts with low-fare carriers), have cost-plus pricing elements, whereby we are able to pass through cost increases with a typical time lag of three to six months.

Our flexible cost structure has allowed us to expand and contract our business in response to fluctuations in customer demand and mitigates our exposure to the cyclicity of the airline industry. As a result of the successful restructuring of our business in 2008, we lowered our cost base while maintaining or improving our quality of service, delivering enhanced customer value at improved operating margins and therefore increasing our competitiveness.

- **Caterer at a main hub airport for all of our ten largest customers.** We have catering operations in major global centers including Atlanta, Chicago O'Hare, Frankfurt, Hong Kong, London Heathrow, Los Angeles, Madrid, Miami, New York, São Paulo, Shanghai, Tokyo Haneda, Tokyo Narita and Zurich. This allows us to manage key hub locations for our leading customers airberlin, Air Canada, American Airlines, Delta Air Lines, easyJet, International Airlines Group (British Airways/Iberia Airlines), Norwegian Airlines, SAS Scandinavian Airlines, Swiss International Air Lines, United Continental and Virgin Australia. Serving airlines in their hub locations solidifies our market position at each of those

airports and further strengthens our global presence and leading market position. In addition, we believe that our independence makes us more attractive to both our existing and potential customers when compared to those of our competitors that are captive subsidiaries of existing airlines, because it ensures that our airline customers are not reliant on an airline competitor for the supply of products and services.

- ***Efficient management of complex logistics and processes.*** We believe that we have specific know-how which enables us to manage highly complex, time critical processes and procedures efficiently and consistently. We use our logistical and supply chain planning and management expertise to optimize the utilization of labor resources, facilities and equipment across different services and product areas. Our integrated combination of logistical processes and procedures, supply chain planning and management expertise combined with our in-depth industry and customer knowledge allows us to create additional customer value. We believe that our high level of logistical expertise and our historical knowledge of our customers' specific requirements makes us more attractive than our competitors, particularly for those customers where we are the hub caterer, due to the size and logistical complexities involved with numerous flights, types of aircraft, menus and other customer specific requirements.
- ***Strong management team with focused strategy and proven track record.*** We have a highly experienced management team, with broad and deep experience from industries including airline operations management and airline catering, which we believe is key to our success. Since our current core management team joined us, we have successfully formulated and executed focused industry leading strategies to restructure and reorganize our business and to grow it organically. Our management team has also successfully implemented a targeted acquisition growth strategy to expand our range of services to a comprehensive onboard solutions concept and to expand our geographic presence, and has successfully managed labor relations and costs in a highly unionized environment, which has allowed us to reduce headcount and staff costs, increase productivity and maintain smooth running of operations. In addition, management has cultivated our customer relationships and negotiated profitable and long-term contracts.

Strategy

Our business model is designed to deliver balanced and sustainable growth with the ultimate goal of enhancing value for all stakeholders. It is based on a strong leading independent market position and global reach; a flexible and competitive cost structure; a large and diversified customer base with longstanding relationships; and a strong management team with a proven track record.

We aim to mainly fulfill the needs of the travel catering market through our brands by addressing three important dimensions: provide a complete product and service offering, foster a global presence and offer tailor made solutions for our customers.

Our main objective is to grow our business and further improve our operating margins through the following internal and external initiatives:

- ***Growing organically through existing and potential new customers.*** We intend to capture the organic growth in demand for our services, which is driven by the underlying consistent growth in passenger volumes. This organic growth is captured with existing customer growth and with new business among both traditional full-service carriers and low-fare carriers. We plan to regularly evaluate our market position with the aim of having sustainable leading market positions and attractive returns in strategically important markets.
- ***Continuing to increase customer penetration by leveraging cross-selling opportunities.*** We intend to continue to broaden our product and supply chain solutions in order to build a complete range of integrated onboard solutions and related airline services. We aim to expand our "one-stop-shop" outsourcing function, which we believe strengthens and leverages our customer relationships and provides us with potential cross-selling opportunities and cost savings for us and our customers. For example, when we extended our catering contracts with SAS Scandinavian Airlines, we also extended an existing agreement covering the supply of products provided by our deSter brand. In addition, Virgin Atlantic chose Gate Gourmet, Pourshins and Supplair to serve all ten of its U.S. gateways, and in December 2011 it again chose the same three brands to serve its home base in the U.K. We also expanded our services to LAN Chile to include provisioning and asset management services, in addition to catering.

- **Continuing to expand our retail-onboard offering.** We have positioned ourselves as a leading provider of retail onboard offerings, and we provide complete onboard retailing management and technology solutions to both low-fare and traditional full-service carriers. Our retail-onboard customers include, among others, easyJet, Iberia Airlines, Norwegian Airlines, United Continental, Virgin Australia and Vueling. It is our objective to further expand our revenue base by leveraging our know-how and longstanding experience in retail onboard to provide such products and services in order to grow our market position and take advantage of new business opportunities. We recently won a contract to provide our retail-onboard offerings to Gol Transportes Aéreos, a Brazilian Airline.
- **Growing through penetration of adjacent businesses.** We intend to capitalize on our global logistics and distribution network to provide our offering of services and products to other industries where there is an opportunity that leverages our existing business products and services. An example of an adjacent industry is the rail catering market in select locations. In addition, in February 2012, our subsidiary deSter Holding BV reached an agreement to acquire Helios Market, Product and Production Development BV ("Helios"), an innovative and respected global provider of onboard products and services for the airline and hospitality industries. We intend to also leverage our existing assets and management presence in centers to extend into additional business services. For example, such as airport lounges under which we can leverage our customer relationships, hospitality and design competencies, labor management, sourcing and logistics and catering operations to provide superior lounge services at airport terminals. For example, in May 2011, we expanded the existing catering and provisioning services that we provide to Iberia Airlines to include the supply of products to its VIP lounge in Madrid, and we also entered into an agreement with airberlin to provide lounge services at Berlin Brandenburg Airport.
- **Positioning ourselves to benefit from the outsourcing trend of non-core activities in the commercial aviation industry.** Increasing competition and an increased focus by the airline industry on reducing costs has put pressure on airlines to divest their non-core activities such as airline catering and in-flight services. In high-growth regions, such as the Middle East and the Asia-Pacific region, the airline catering market still comprises primarily airline-owned caterers and opportunities exist to acquire those caterers, or establish joint ventures with local airline partners where required, in the near term. Management believes that we have strategically positioned ourselves to benefit from these opportunities as the world's leading independent provider of onboard solutions.
- **Selective acquisitions in mature markets.** We will carefully evaluate selective acquisitions in Europe, North America and other mature markets to enhance our service offerings and our presence at key hubs. This strategy builds on our existing experience in successfully integrating selective acquisitions, such as the purchases of United Airlines' flight kitchen at Tokyo's Narita airport. In November 2010, we completed our acquisition of substantially all of the business assets of Canada's Cara Airline Solutions, giving us a significant presence in Canada, where previously we had none.
- **Expanding geographically into high-growth regions.** We intend to pursue selective acquisitions of captive caterers and to establish joint ventures or our own greenfield facilities in high growth areas, including the Asia-Pacific and Middle East regions, where IATA forecasts that international passenger traffic will grow by 6.9% and 7.9%, respectively, per year from 2011 to 2015. Moreover, long-haul flights in the Asia-Pacific region typically offer a greater number of complementary products and services than in Europe and North America, which we believe will allow us to increase revenue and enhance profitability. For example, in November 2010 we acquired a majority interest in Skygourmet, a caterer with a presence in five major cities in India, and in December 2010 we signed a letter of intent with Al Bateen Executive Airport in Abu Dhabi for a proposed long-term agreement under which we would provide catering and aircraft provisioning services to business aircraft, and establish an on-site kitchen at the airport. We expect our investments to provide us with access to new and existing customers in new locations, where we can leverage our integrated service offering to win new business.
- **Further efficiency and quality improvements.** It is our objective to maintain and improve our operating margins by continuing to focus on operational efficiencies and by restructuring or exiting businesses or contracts with unattractive margins. Following an in-depth review of best practices across all our business units, we have implemented a number of further operational efficiency and cost control measures globally. These measures include leveraging our size to improve purchasing power with our suppliers, negotiating with our customers to obtain control over the selection of food material and outsourcing services where possible and appropriate. We intend to continue these measures and further focus on the quality and consistency of our services and products.

Our History and Development

We were founded in 1992 through the reorganization and restructuring of the catering operations of Swissair and became independent in 2002 when Texas Pacific Group bought us out of the insolvency proceedings of the SAir Group. However, we are comprised of companies and kitchens which have a significantly longer history. Our business in Europe started as the in-house catering business of Swissair which was founded in 1931. Our business in the United States originates from Dobbs which was founded in 1941 as Delta Air Lines' catering operations. We acquired Dobbs in 1999, which at the time was the second largest airline caterer in the United States. Since we were founded, we have grown our European business organically and through a series of strategic acquisitions, including of SAS Service Partners from SAS Scandinavian Airlines in 1994, the Heathrow airport kitchen and catering business from British Airways in 1997 and Iberia Airlines' Swiss catering business, Iber-Swiss, from Iberia Airlines in 2004. Since the acquisition of Dobbs, we have grown our North American business organically and through a series of small acquisitions. In recent years we have expanded our service and product offerings to include a broad range of onboard solutions services and our geographic presence through a series of acquisitions. We currently operate out of 132 locations in 35 countries on six continents.

The Company was incorporated on March 14, 2008 (date of registration) as a Swiss stock corporation (*Aktiengesellschaft*). Immediately prior to the Listing, we underwent a conversion transaction (the "Reorganization") that involved our ultimate holding company, Holding LLC being replaced with the Company. The purpose of the Reorganization was to simplify our legal structure and to position ourselves for a listing on the SIX.

Segments

We report our business through four major geographical segments: Europe and Africa, North America, Asia-Pacific and Other Segments, which includes our operations in Latin America, the Middle East and the corporate headquarters. The table below presents our revenue and EBITDA by these geographical segments for each of the periods presented.

	For the years ended December 31,					
	2009		2010		2011	
	(Swiss francs in millions and as percentages of revenue and EBITDA)					
Revenue						
Europe and Africa	1,580.5	58.3%	1,481.8	54.9%	1,338.7	49.8%
North America	711.5	26.2%	749.4	27.8%	848.3	31.5%
Asia-Pacific	306.9	11.3%	351.7	13.0%	378.3	14.1%
Other Segments	156.0	5.8%	157.1	5.8%	160.7	6.0%
Eliminations ⁽¹⁾	(42.6)	(1.6)%	(40.0)	(1.5)%	(37.9)	(1.4)%
Total	2,712.3	100.0%	2,700.0	100.0%	2,688.1	100.0%
EBITDA						
Europe and Africa	127.7	67.7%	125.8	58.1%	137.2	68.0%
North America	45.3	24.0%	62.3	28.7%	52.3	25.9%
Asia-Pacific	32.8	17.4%	45.3	20.9%	35.2	17.5%
Other Segments	(17.2)	(9.1)%	(16.7)	(7.7)%	(23.0)	(11.4)%
Total	188.6	100.0%	216.7	100.0%	201.7	100.0%

(1) Eliminations for intra-group transactions.

We operate out of 132 locations in 35 countries on six continents. The majority of our kitchens and other facilities are located in Europe and the United States. We also operate out of several locations where we do not have any kitchens on an "asset light" model, which means that we are able to provide our services with no

or limited capital expenditure. The table below presents the number of kitchens or facilities; locations; and countries we operated out of in each geographical segment as of December 31, 2011.

	Kitchens & Other Facilities	Locations	Countries
Europe and Africa	97	45	13
North America	97	43	2
Asia-Pacific	56	29	11
Other Segments	38	15	9
Total	<u>288</u>	<u>132</u>	<u>35</u>

Products and Services

We group our businesses generally into those products and services provided to airlines “at” the airport and those products and services delivered off-airport. Our at-airport solutions include food production, pre-departure loading and post-arrival unloading, a comprehensive onboard retail program, aircraft cabin appearance and cleaning services, airline lounge design, construction and management and security services for catering and cargo. Our off-airport solutions for airlines provide global procurement and supply chain solutions, onboard equipment inventory management, packaged and pre-assembled snacks and beverages, design and production of passenger service ware and sourcing and provisioning of amenity kits and passenger comfort items.

Catering and Hospitality

In 2011, our catering and hospitality services (reported as catering and provisioning), which include provisioning and logistics, generated CHF 2,138.5 million, or 80%, of our revenue.

On-airport food production & assembly. Our in-flight catering services consist principally of menu planning and meal design, and meal preparation and assembly. Within this category, we also provide tray setup, asset management (rotables) and dish washing services.

We cater for a complete range of in-flight meals, including high volume economy meals and high quality first class meals. We provide special meals including halal and kosher meals, refreshments, light meals and snacks based on the specific requirements of our airline customers. We also provide gourmet menus and other premium meals for our customers’ first, business class and other premium passengers. In addition, we provide executive aviation catering services for charters and private jets.

The nature and level of our in-flight catering services to our airline customers are determined by a number of factors, including the level of meal service provided by the airline customer to the particular class of passengers on a given flight, the number of passengers on the flight and whether the flight is long-haul or short-haul.

- *Menu planning and meal design.* We work closely with our customers to develop menus suited for their particular needs, providing an appropriate solution in terms of cost, quality and suitability for airline service. In doing so, we take into account a number of factors, including the identity and nationality of the airline, the value of the menu, the trolley and dish specifications for the airline, cost and the overall balance of the menu, including nutritional balance, ingredient balance, color, flavor and texture. Most of our catering units have dedicated test kitchens in which we test and engineer meals and menus and we also have a worldwide team of accomplished executive chefs with various expertise and diverse backgrounds and specialties.
- *Meal preparation and assembly.* Based on the flight and passenger data we receive from our airline customers, we prepare a meal schedule for each of the preparation areas in our kitchens. We prepare food in kitchens on or close to airports. In addition, at the request of airlines, we often purchase pre-made frozen meals and baked goods for use in meal service by airlines. Generally, our kitchens contain areas dedicated to the preparation or cooking of different menu items and also areas for tray assembly, where cutlery, crockery and various other components are placed onto the tray according to exact customer specifications. After the meals have been prepared on a large volume scale, trays and meals are assembled and loaded on trolleys, which are then labeled and kept in refrigerated storage until they are loaded onto trucks. Our on-airport food production service is provided through the Gate Gourmet brand.

Off-airport assembly and packing. Central packing units located off-airport handle all processes required to produce a meal and, in some cases, already include assembly on a tray. These processes include the purchasing of raw materials or semi-finished and finished goods, the assembly of the meal and, in most cases, the packing of the meals into disposable boxes. These meals are served primarily in economy cabins and by low-fare carriers in particular. Our central production unit enhances handling efficiency and ensures service consistency across flights. In addition, the work undertaken by a central production unit may also be totally outsourced, thereby limiting our fixed cost investments and increasing the flexibility of our cost base. Our off-airport airline catering service is provided by our Supplair brand.

Provisioning. Our provisioning and logistics services include pre-departure and post-arrival loading and unloading of meals, trolleys and other onboard items, such as duty-free items and passenger accessories, including blankets, pillows and headsets, as well as equipment packing and dishwashing. We provide provisioning and logistics services to all of our onboard catering customers and to a limited number of customers to which we do not provide onboard catering services. We offer supply chain management solutions for our airline customers by combining processes, people and technology in order to optimize logistics. We provide these services through the Gate Gourmet and Pourshins brands.

We charge our provisioning and logistics services customers based on the number of trips our trucks make to the customer's aircraft or train to load and unload food and other on board supply items and to unload waste and other items. The amount of revenue from our provisioning and logistics business is primarily determined by the number of journeys, the type and size of the aircraft or train and the length of the journey serviced. Unlike our catering revenue, our provisioning and logistics revenue is generally not affected by the number of passengers on a journey. Our provisioning and logistics expertise is a key component of our "last mile" access, which enables us to reduce cost, complexities and turnaround times for aircraft by reducing the number of staff needed to service an aircraft. This presents us with the opportunity to cross-sell our complete suite of products and services, providing customers with a "one-stop-shop" for their needs, which means that they can simplify their supply chain by consolidating all their onboard solutions service requirements into one single supplier, providing potential cost savings and reducing or eliminating the need for multiple parties to approach the aircraft with a truck. The following is a short summary of the various stages of our onboard supply handling process.

- *Pre-departure loading.* We load assembled trays, hot meals, beverages, ice and other food and drink related products, duty-free items and, in some cases, other on board accessories, such as linens, blankets, pillows and headsets, usually onto trolleys designed and provided by the airline. These trolleys are then subject to security checks and loaded onto high-lift trucks, transported from the kitchen and loaded onto the aircraft.
- *Post-arrival unloading.* Virtually all of the food waste, used utensils and crockery and other materials on an arriving aircraft are unloaded and returned to the kitchens in the same trolleys used to load the aircraft. These trolleys are wheeled off the aircraft onto staffed trucks, which deliver the trolleys to the kitchen where the trolleys are unloaded, fully washed and sterilized (in the case of trolleys used to serve meals) or simply replenished (in the case of trolleys used to sell duty-free items or serve beverages). We dispose of all waste and wash all re-useable utensils and crockery.
- *Provision of inventory management and storage.* We manage the inventory of our customers and communicate any shortfalls to them so that they can replenish existing equipment and supplies. We also manage and store the airline-owned in-flight service equipment that we handle and deliver to the aircraft, including trolleys, crockery, utensils, trays, carts, glasses and various other items.

Retail onboard services. Our retail onboard services include brand selection, service concepts, analysis of sales data and category management, front- and back-office integration, supply and sale of food and duty free products and retail solutions, including transaction settlement and cash handling. Our retail onboard customers include, amongst others, easyJet, Iberia Airlines, Norwegian Airlines, United Airlines, Virgin Australia and Vueling. As part of our retail onboard services our goods are typically sold by cabin crew staff employed by the airline, earning a commission for the airline and the staff. We believe that retail onboard is a potential area of expansion for us, particularly with low-fare carriers in regional airports.

Airport lounges. In addition to our in-flight catering services, we provide catering to airport lounges to extend our meal offering to pre-flight services, which allows us to benefit from synergies through the cross-utilization of labor and facilities. Our Performa brand currently provides such services in the SkyTeam Lounge at London Heathrow Airport, and we also manage the Emirates Lounge and the Air France Lounge at Hong Kong International Airport and the Etihad Airways Lounge at Frankfurt Airport, and we won the contract to manage the airberlin Lounge at Berlin Brandenburg Airport, which is scheduled to open in June 2012.

Other services. In addition, we have expanded our provisioning service offering to include washing and de-icing of the exterior of aircraft, and passenger assistance such as wheelchair handling. We offer these services through our Gate Aviation Services brand.

Train services. We offer catering and other services to train operators through our Gate Gourmet brand.

Other Services

In 2011, our other services (reported as other), primarily consisting of onboard solutions, generated CHF 549.6 million, or 20%, of our revenue.

Aircraft cabin appearance and cleaning services. We offer aircraft cabin appearance services including cabin cleaning and aircraft laundry. This allows us to reduce the number of approaches an airline requires to service the aircraft by combining our cleaning and catering services, thereby reducing turnaround time for our customers. We offer these services primarily through our Gate Aviation Services brand.

Procurement and supply chain management. We source and purchase the supplies necessary to assemble our in-flight meals and other products. In the United States, our U.S. customers generally nominate the supplier and negotiate the price and contract for a substantial portion of the supply products and other items we use, but we purchase the products in our name. Outside the United States, most of our customers rely on us to identify the supply products, negotiate the price and contract, and purchase the products.

Catering and cargo security services. Our catering and cargo security services include catering security, inspection and validation services, cargo screening, aircraft monitoring and access control and hold baggage screening. We offer these services mainly through our subsidiaries Gate Safe in the United States and, to a lesser extent, Gate Aviation Services in Europe. Gate Safe was created to provide catering security services required by the U.S. Federal Aviation Authority Security Directives in response to increased security requirements following the terrorist attacks of September 11, 2001 in the United States. These directives mandate the searching, sealing and monitoring of catered items to be placed on board commercial aircraft by a direct airline employee or an authorized airline representative who is not employed by a caterer. Pursuant to U.S. regulations, Gate Safe stations its employees inside catering facilities and on airport ramps outside aircraft to act as third party representatives of the airlines to ensure that all security procedures are adhered to in the delivery of in-flight items. Gate Safe provides catering inspection, aircraft security and cargo screening services at 37 airports in the United States to over ninety domestic and international carriers.

Design and branding services. Our design capabilities enable us to develop products with complete disposable solutions, weight savings, branding possibilities and easy handling for caterer and crew. We work closely with major branded food producers off-airport as well as many specialty food and beverage producers. We offer branding and design services through our subsidiaries deSter and Harmony and operate a design center in Europe with satellite offices in the United States and Singapore. We are involved in creating distinctive packaging solutions and industrial design and also the sourcing of equipment in order to enhance our customers' branding. In addition, we provide product and branding design services. These services include designing and improving service concepts and delivery and product strategies in order to enhance brand value and encourage customer loyalty. Similar services, with a focus on the airport lounge segment, are provided by our Performa brand.

Contact items and onboard products. We design and supply food service items, such as plastic items, chinaware, glassware, cutlery packs and linen, through our brands deSter (in the case of non-branded plastic items, glassware and cutlery) and Harmony (in the case of amenity kits). We aim to act as the sole vendor used by our customers for these items, providing optionality to the customer, including environmentally friendly, or "green", alternatives, such as lightweight items or products made from recycled materials, where possible or required. For example, in 2010 the deSter brand began using a new plastic extrusion machine capable of using recycled plastic to create food contact items.

Passenger comfort items. We provide generic and branded comfort items. Our branded comfort items include Bvlgari, Aigner and Salvatore Ferragamo. In particular, our subsidiary Harmony provides branded onboard comfort and utility items, including amenity kits, sophisticated headsets, pillows and blankets, to airlines and trains. Harmony manages the entire supply chain process for in-flight comfort and utility items, including design services, production, quality control, customs clearance and delivery to the customer. Harmony is based in Singapore.

Business technology applications. We offer logistics management business applications and solutions. These services offer in-flight planning, management and product development applications for the entire supply chain, from order to delivery. Through access to proprietary software and information technology, they allow customers to use a web-based infrastructure to combine process, people and technology to handle supply purchases, track orders and communicate with suppliers. We provide these services through our eGate Solutions brand. We continue to invest in such software and systems, both leveraging them internally and externally selling them to customers. For example, in November 2009, we acquired Abanco Investments, LLC and Abanco LLC, USA's software and wireless point-of-sale technology, thereby significantly enhancing our retail solution, which airlines are increasingly adopting as a way to generate additional revenue.

Asset management. We offer asset management services, catering network management and galley planning. Although we generally purchase supplies and assemble meals for customers, virtually all of the in-flight supply equipment, including trolleys, trays, cutlery, crockery, blankets and headsets, is owned by the customer airline. Through our asset management service offering, we ensure that these items are transported to and from the correct locations, on time and in the correct quantities. We offer these services through our Pourshins brand.

Customers and Contracts

Customers

We supply over 270 airline customers worldwide. In 2011, our top five customers accounted for 41% of our revenue, while our top twenty customers accounted for 73% of our revenue. Our three largest customers in 2011 were Delta Air Lines, International Airlines Group (British Airways/Iberia Airlines) and United Continental. These three customers represented 12%, 10% and 9%, respectively, of our revenue. We benefit from long-term relationships with a majority of our customers, with some of our long-term relationships in place for over 65 years. Due to the nature of our business, which focuses on serving our customers at their most important locations, our relationships with our customers are led at regional level, but our practice is to maintain relationships with our primary customers at all levels of our business, from senior management down. We do not believe that the resignation of our then CEO in April 2011 has had an effect on our relationship with any of our customers, and, for example, in June 2011 we extended our existing contracts with SAS Scandinavian Airlines, a top ten customer, for locations in Scandinavia and over 15 other locations worldwide.

We service a broad, well known and geographically diverse customer base, across all segment and carrier types. Our customers include low-fare carriers, such as airberlin, easyJet and Vueling and traditional full-service carriers, such as Iberia Airlines, Swiss International Air Lines and United Continental, who require economy and premium services for both long-haul and short-haul flights.

In Europe and Africa, we serve airberlin at Düsseldorf Airport, British Airways at London Heathrow Airport, easyJet at Luton Airport, Iberia Airlines at Madrid Barajas, SAS Scandinavian Airlines at its hubs in Scandinavia and Swiss International Air Lines at Zurich Airport.

In North America, we serve United Continental at Chicago O'Hare Airport, San Francisco International Airport and Washington Dulles International Airport, Delta Air Lines at Hartsfield-Jackson Airport in Atlanta, American Airlines at Chicago O'Hare Airport and Los Angeles International Airport and Air Canada at Toronto, Montreal, Vancouver and Calgary.

In Asia-Pacific, we serve Air Canada, Delta Air Lines, Jetstar, United Airlines and Virgin Australia in Australia, Thai Airways and United Airlines at Tokyo Narita Airport, and Hawaiian Airlines, Singapore Airlines, Thai Airways and Delta Air Lines at Tokyo Haneda Airport.

In the segment defined as Other Segments, we serve Avianca S.A. at Bogota Airport, LAN at Santiago Airport and TAM Airlines in Brazil.

In 2011, we were the primary caterer at a main hub airport for all of our ten largest customers: airberlin, Air Canada, American Airlines, Delta Air Lines, easyJet, International Airlines Group (British Airways/Iberia Airlines), SAS Scandinavian Airlines, Swiss International Air Lines, United Continental, Virgin Australia. We believe that our high level of logistical expertise and our historical knowledge of our customers' specific requirements built up over time provides us with an advantage that is tangible to our customers, particularly for those customers where we are the home-base caterer, due to the size and logistical complexities involved with numerous flights, types of aircraft, menus and other customer specific requirements.

Contracts

Our catering customer contracts are typically long-term catering contracts with three to seven year terms. However, they are not fixed volume contracts. In general, the terms of our contracts with our customers are structured such that revenue is related to number of flights as well as passenger volume. Larger contracts covering several airports for one customer typically expire on a staggered basis, which means that the terms for different locations expire at different points in time over the life of the contract. We seek to renew customer contracts prior to their termination where possible. From time to time, as we negotiate or renegotiate customer contracts, including with some of our larger customers, our relationship and provision of services are governed by an oral agreement or a non-binding letter of intent, pending the negotiation and execution of a final written agreement. The provision of services pursuant to such arrangements may be terminable at will.

In the period from 2009 through 2011, we amended or renewed our business with four of our six largest customers by revenue; we renewed our business with Iberia Airlines (reported as one customer together with British Airways under International Airlines Group) and Swiss International Air Lines and amended our business with American Airlines, Delta Air Lines and United Airlines (now reported as United Continental following its merger with Continental Airlines). In January 2012, we extended our existing contract with airberlin for an additional five years and in June 2011, we extended our existing contracts with SAS Scandinavian Airlines for hub locations in Scandinavia, which we won in 2008, and over 15 other locations worldwide through 2016. In January 2011, we extended our contract with Iberia Airlines through 2015, and we expanded the services that we provide to Iberia to include, effective May 2011, the supply of products to Iberia's VIP lounge in Madrid, as well as existing catering and provisioning services at Iberia's main hubs. In 2010, we opened a new flight kitchen and distribution center at Haneda Airport, Tokyo, which was timed to coincide with the start-up of international flights there; Hawaiian Airlines, Singapore Airlines and Thai Airways became customers there in 2010 and Delta Air Lines followed in early 2011. In 2009 we completed contract renewals with Delta Air Lines, the world's largest airline, and United Airlines. We also expanded the products and services we provide to Delta Air Lines in certain locations, including Amsterdam Schiphol, Los Angeles International Airport and Newark Liberty International Airport, as part of its post-merger integration of supply contracts with Northwest Airlines. Also in 2009, we renewed our contract with Swiss International Air Lines through 2015 (effective January 2010) after the airline was acquired by Deutsche Lufthansa AG in 2005. Deutsche Lufthansa AG is the owner of one of our major competitors, LSG SkyChefs.

In general, before a customer contract expires, the airline will set out the renewal and tender process for the new contract. This process is typically started well in advance of the expiration date of the contract and the airline will set out a formal process for caterers to submit bids. We believe that as an independent service provider we are more likely to be considered for tenders with major airlines than service providers affiliated with competing major airlines.

Approximately ninety percent of our top twenty customers' contracts, in terms of revenue (excluding contracts with low-fare carriers), have cost-plus pricing elements, whereby we are able to pass through cost increases with a typical time lag of three to six months. For example, the terms of our contracts may provide for the customer to assume the cost of raw materials, labor and other costs while we apply a fixed handling charge on top of the price charged for these costs. In both cases we are able to pass through cost increases to our customers with a typical time lag of three to six months. A small number of our customer contracts, in terms of revenue, are profit and loss contracts. Under these contracts we generally receive all revenue derived from, and bear all expenses incurred in, providing our services. In Europe and Africa, approximately 70% of our raw material costs in connection with food spend in 2011 were controlled by us through our "best-in-class" supply chain management system, which leverages our size to improve purchasing power with our suppliers and minimizes waste. Approximately 80% of our raw material costs in connection with all corporate spend in North America contained addressable spend provisions.

With low-fare carriers we have contracts to provide retail onboard services. Retail onboard services include the provision of products such as food, snack and beverages sold for consumption onboard, duty-free products which include both duty-free and duty-paid goods offered to passengers either onboard or by pre-order, and catering services, including meals, handling and other services as required by the airline. Certain of our retail onboard service contracts require airline crew to sell products to passengers on our behalf during the flight. For these contracts, we retain ownership of all goods sold on board of an aircraft until they are sold to passengers or destroyed, and we maintain responsibility in the contracts to decide the quantities of products to be supplied. All proceeds generated by the sale of retail onboard products under these contracts belong to us, and we are responsible for all VAT, tax and duties. In exchange for the proceeds we receive from the sale, we typically grant the airline a commission based on a percentage of sales. In some cases, we are also

required to pay an upfront flat fee at the start of a contract in addition to the commission agreed with the airline.

Our retail onboard service contracts typically contain ratchet mechanisms that allow the mutual revision and agreement of commission schemes in the event that passenger volumes for sales on board are lowered, new laws or regulations are implemented that decrease our net revenue, or if a service change by the customer airline means that our commissions decrease. Our retail onboard service contracts also provide for other mutual rights between us and our customer, such as for product selection and elimination, pricing, branding, and marketing. Our contracts contain caps on liability and we are typically required to maintain insurance in connection with our provision of retail onboard services.

Our material customer contracts generally contain termination provisions that allow our customers to terminate their agreement with us for a number of reasons including a change of control; force majeure that prevents us from providing services for a certain period; a failure to perform to benchmark service levels; material breach of contract that is incapable of remedy; our financial distress or execution on assets not remedied within a certain period; and our loss of licenses necessary to provide the contracted services.

In addition, some customers have the right to terminate their contracts with us should they cease to operate out of locations that we service, though such termination rights usually carry a notice period and often require the payment of liquidated damages to compensate us for the loss of the contract.

We often have termination rights in our material customer contracts in the event of material breach or regulatory or legal changes that affect our ability to provide services, and we often have the right to suspend, restrict or terminate our services if a material sum remains unpaid.

Many of our material contracts require us to provide post-termination transition services in the event a contract is terminated.

Most of our material customer contracts contain confidentiality and indemnity clauses, while a small minority of our material customer contracts contain clauses that terminate the agreement upon a change of control of gategroup, and a similar minority contains non-compete provisions where allowed, which restrict both parties to the agreement from soliciting employees of the other for the term of the agreement.

The indemnity clauses in our material customer contracts require us to indemnify our customers against losses that arise from any breach of our obligations under the agreements, and these often survive termination of the agreement. A minority of our material customer contracts also require us to indemnify our customers and any new contractor replacing our services should a termination event arise that involves costs being incurred relating to transferring employees.

A number of our existing and prospective airline customers in the United States have suffered or continue to suffer from the problems affecting the aviation industry. Some of these airlines have filed for bankruptcy protection or have emerged from bankruptcy in the past few years, including two of our three largest customers. In addition, our customer American Airlines filed for bankruptcy protection in November 2011. We have a track record of aligning our business model to changing economic conditions, and in providing strategic support to airline customers in difficult times. For example, in the aftermath of September 11th, including the bankruptcy filings of certain large domestic air carriers in the United States, we negotiated favorable resolutions of certain pre-petition claims with major customers, while also ensuring that our contracts were maintained or renegotiated as part of the reorganization process. While the current economic environment poses several challenges to our business, management believes that our experience in dealing with customers facing bankruptcy proceedings has led to a seasoned, experienced team, well positioned to meet our customers' needs, while ensuring that our interests are protected through active management of account receivables, monitoring and enforcing contractual payment terms, securing letters of credit and related protections from at-risk customers and working to ensure that there is sufficient leverage to protect our position as a continuing supplier to the reorganized entity following a bankruptcy. Management believes that these collective efforts should reduce the risk of harm associated with any expanded or future global economic downturn and any reorganization proceedings of our major customers.

Sales and Marketing

We promote our products and services to existing and prospective airline customers through a variety of methods and channels, including a global sales function that works closely with our customers, participation in trade fairs and the use of promotional materials, trade magazines, personal contacts and the Internet. Our staff sell across our entire range of services and products to all customers in all geographic regions in which we operate, including where we have acquired new businesses. Our "gategroup™" brand name plus the

multiple brand names of our subsidiaries have excellent brand recognition among airlines and their catering operations representatives. We have a set of specific tender procedures and authorization guidelines in place in order to ensure that contracts we enter into meet profitability, strategic and/or other requirements, and that customer contracts and other transactions are approved at the appropriate level.

Our marketing, sales and customer service efforts are organized and implemented on a divisional and/or country/local level depending on the conditions in the specific market. These are carried out by dedicated account management teams, with support and direction from our central marketing department. In the United States, we typically manage customer relationships centrally for all geographic locations and all products and services due to the centralized structure of the U.S. market. Historically, customer relationships in Europe were managed on a country/local level, which reflected the structure of our airline customers in the region. Each of our top 50 airline customers has a dedicated account manager who is responsible for coordinating our global relationships with these customers, in addition to maintaining a system of country-by-country managers. In order to strengthen our customer relationships, these global account managers are located as close to the headquarters of their customers as possible. For example, our Delta Air Lines account manager is located at Atlanta's Hartsfield-Jackson airport, our British Airways account manager is located at London Heathrow, our Iberia Airlines account manager is located at Madrid Barajas and certain of our Asian airline account managers are located in the Asia-Pacific region. For the smaller European airlines, we manage relationships on a country/local level. The primary aims of the account management teams are customer retention, new customer acquisition and increased customer penetration, together with submitting bids and establishing, retaining and developing relationships with existing customers, including all forms of customer service.

Product Development and Innovation

We are actively developing new products and services. For example, in the catering segment, we employ accomplished executive chefs to design and develop menus for our customers, promoting culinary excellence to help position our airline customers effectively in the premium segment. We take into account a number of considerations, including the nationality of the airline, the value of the menu, the trolley, tray and dish specifications for the airline, the capabilities of the applicable kitchen and the overall balance of the menu, including nutritional balance, ingredient balance, color, flavor and texture. In particular, when we design a menu we are conscious of storage requirements and methods of delivery and we believe we are good at combining this knowledge with the ability to cook good quality food. We also endeavor to find ways to engineer cheaper products without compromising on quality, for example, by designing products that have a long shelf life and can be more easily distributed by the flight attendants, thereby reducing waste and minimizing the service time on aircraft. Furthermore, we continually develop and improve our packaging solutions to reduce weight, thus saving fuel for our airline customers.

In addition, we also offer environmentally friendly, or "green" solutions to our customers. For example, deSter has developed the "Lean-on-Me Tray™" tray concept, in which the loaded back section of a tray "leans" on the empty front section of the tray behind, saving approximately 35% of space in a trolley. In addition, our deSter brand has invested in plastic extrusion technology, which allows it to use recycled plastic to create food contact items. Furthermore, Harmony has developed a line of amenity kit bags that are made from recycled plastic. This design was the recipient of a Mercury Award in 2009, which is given to innovative products, designs and services within the travel catering industry.

In 2009, our acquisition of the business of Abanco Investments, LLC and Abanco LLC, USA allowed us to offer under the eGate brand a point-of-sale technology, commonly referred to as TS4, that serves as an onboard cash register and gives airlines the ability to manage and track sales transactions inventory and revenue. The TS4 technology offers cross-selling opportunities in conjunction with our retail onboard business.

Suppliers and Raw Materials

We purchase raw materials essential to the operation of our business principally through regional and national food distributors in each of the geographical regions in which we operate. In North America, our customers generally nominate the supplier and negotiate the price of a substantial portion of the food products and other supply items that we use, which is characteristic for this market. In these cases, although the airline has nominated the products, we purchase the products in our own name at our own risk. In other parts of the world, most of our customers rely on us to identify supply needs and negotiate prices. In Europe and Africa, approximately 30% of our raw materials and other supply purchases in connection with food spend were for customer-nominated products. In North America, approximately 20% of our raw materials

and other supply purchases in connection with all corporate spend were for customer nominated products. For certain key product categories, we negotiate prices centrally in order to benefit from volume discounts and secure a level of standardization throughout our organization.

Because of the relatively short storage life of food inventories, especially perishables, and our customers' requirements for freshness, we maintain a minimum amount of inventory at any given time. We manage our supply chain using the same systems that we provide to our customers, giving us the opportunity to exploit our strengths. In particular, Pourshins specializes in logistics solutions including "just in time" supply chain management. Our flexible and dynamic supply chain enables us to quickly respond to changes in customer demand and requirements. We do not believe that we are substantially dependent on any one supplier and we believe we could obtain comparably-priced alternative products or services from other suppliers should a supply contract be terminated or not be renewed. However, at some local airports we depend on one or a few key suppliers.

The deSter brand is the only operation that acquires commodity raw materials and it has a number of non-food raw materials suppliers with no reliance on any one supplier.

Logistics

We have established integrated internal operational and logistical systems and procedures, which we believe create synergies and help us to reduce costs and increase the quality and levels of service to our customers. We continue to develop these internal processes, making use of technology and streamlined supply chain management activities in order to improve overall productivity and key operational metrics such as complete service levels and on-time performance.

For example, we have established relationships with our customers and in some kitchens have installed electronic interfaces with our customers to receive relevant passenger and flight information, including load factors and the timings of flight departures and arrivals. We are in the process of utilizing the information provided by these interfaces to introduce a system that further integrates airline catering functions by calculating production schedules and improving inventory management. We also make use of our eGate Solutions software, which is a suite of technology and onboard catering and hospitality asset management services that assists in design, delivery and monitoring.

Employees

The table below presents the average number of our full-time employees in each region in which we operate for each of the financial years ended December 31, 2009, 2010 and 2011:

Region	Number of Employees Financial Year		
	2009⁽¹⁾	2010⁽²⁾	2011
Europe and Africa	9,289	8,861	8,603
North America	7,286	8,017	10,065
Asia-Pacific	2,083	2,517	5,390
Other Segments	2,988	3,221	2,797
Total	<u>21,646</u>	<u>22,616</u>	<u>26,855</u>

(1) 2009 figures not restated following later changes in Group reorganization.

(2) 2010 figures do not include employees of Cara Airline Solutions (now known as Gate Gourmet Canada) or Skygourmet, both acquired in November 2010.

We also employ seasonal and other temporary employees, mostly in our kitchens, as required, especially during peak season, which offers flexibility in matching our workforce to changing business volume. We have ongoing relationships with agencies that provide for the supply of temporary workers, and for the most part we do not employ temporary workers directly.

Labor Relations

We believe our current relations with our employees, and the unions of which our employees are members, to be good.

United States

Our U.S. labor relations are governed by the Railway Labor Act, which prohibits industrial action during the term of our labor agreements. We estimate that approximately 6,265, or 80%, of our U.S.-based employees are covered by national master collective bargaining agreements and local agreements, primarily with the IBT-HERE Employee Representatives' Council (comprised of a national representative from the International Brotherhood of Teamsters and a national representative of the Hotel Employees and Restaurant Employees International Union) at 38 U.S. locations. The national master collective bargaining agreements are binding until December 31, 2013 (in the case of Gate Safe), December 31, 2012 (in the case of Gate Serve) and December 31, 2012 (in the case of Gate Gourmet, Inc.).

Individual employment agreements in the United States are limited to a small number of senior-level employees only.

Canada

We estimate that 2,376, or 84%, of our Canada based employees are covered by local labor agreements. Labor agreements in respect of our Ottawa unit expired in 2011 and is still under renegotiation. Our Regina and Winnipeg units entered into new three year agreements in February 2012 and October 2011, respectively. The remainder of our collective agreements expire after January 1, 2012. On June 4, 2011, we signed a new labor agreement in respect of our Montreal operations which is valid for three years, and on June 13, 2011, a new three-year collective agreement was ratified by the union-represented workers at our Calgary facility. The collective agreement in respect of our Edmonton unit expired on July 25, 2010 and on July 1, 2011 we entered into a new collective agreement expiring in July 2013.

United Kingdom and Ireland

We estimate that approximately 1,700, or 85%, of our U.K. and Ireland employees are covered by five collective bargaining agreements, four of which are with Unite the Union (formerly the Transport and General Workers' Union), at four U.K. locations and one with the Services, Industrial, Professional and Technical Union in Dublin. We use standard employment contracts for various grades and locations and all employees are legally entitled to contract upon commencement of employment.

Rest of Europe

Almost all of our employees in the European Union are members of a union.

Interruptions in Business

In the current fiscal year and in the fiscal year ended December 31, 2011, we did not experience any strike actions or work stoppages that resulted in interruptions to our business. In 2010, we were affected by a one day strike by 150 employees on July 16, 2010 at our operations in Belgium following the loss of Jet Airways as a key customer there and a national strike in Spain on September 29, 2010.

We have from time to time, had longer disputes with our employees and unions that have resulted in strike actions and work stoppages. We do not consider any of these strike actions to be material except as described below.

A dispute with our employees at London Heathrow Airport in August and September 2005 led to illegal strike action by our employees.

On October 3, 2005, 76 employees from our Düsseldorf operations commenced industrial action in connection with our dispute with the union over a wage increase. The strike lasted six months and ended on March 31, 2006 when we reached an agreement with the union. Our current agreement with the union expires on February 29, 2012, but will remain in force until a new agreement is finalized. We are currently in the process of negotiating a new agreement with the union. The industrial action did not lead to any interruption to our business as we had contingency plans in place.

We have experienced work slowdowns with respect to our Argentinean operations arising from disputes with employees over wage increases. We have experienced such slow downs in 2006 (between December 8 and December 31), 2007 (between August 10 and 18) and 2008 (between June 27 and July 7) with a strike taking place on July 8. In 2010 (between September 14 and 17), our Argentinean operations at Ezeiza International Airport were subject to a blockade by a third-party union seeking approval for approximately 130 of our employees to become affiliated to them, preventing access by suppliers and employees and

causing disruption to our business there. Negotiations are ongoing in this respect and there have been no further disruptions.

On April 16, 2011, we instituted a lock-out at our operations in Edmonton, Canada, when the employees and union went on strike following the failure to agree a new collective agreement. On July 1, 2011 we entered into a new collective agreement, and the employees returned to work on July 3, 2011. During this action we instituted a business continuity plan with respect to the Edmonton operations, and we did not therefore experience any material business disruption.

We maintain contingency or business continuity policies across our group, which are led at regional level. These commonly include deployment of "self help" teams (teams composed of staff from other locations and local agency personnel covering key positions such as drivers and chef), use of casual staff, management team members and non-unionized staff during strikes, support from other units for meal production, cleaning and transport and the implementation of double provisioning — a flight being catered by the catering station from the flight's previous location. We are in the process of developing a new Standard Operating Procedure for the group, which will include guidance on our negotiation strategy and contingency plans.

Competition

We compete as a full-service airline services provider and caterer based on the extent of our services network and its proximity to airline hubs, the quality and consistency of our services among different locations, our ability to make capital investments, our competitive pricing, our service innovation and our reputation within the industry. We face competition from both independent and self-operating (or "captive") global, national and local service providers of in-flight catering, supply handling and other onboard solutions related airline services, third party suppliers of goods used for airline catering, and consortiums of service providers with complimentary services that compete, in the aggregate, for our contracts. We face significant competition in the airline catering business from local, regional, national and international caterers and providers of supply handling services, operating as stand-alone entities or as captive subsidiaries of airlines (although some such airline-owned operations are limited to a few locations relevant to the specific airline). We also face competition from "asset light" caterers who apply a flexible operating model and on-airport caterers located in the terminals.

International competition catering and handling. We face substantial international competition from LSG SkyChefs, a subsidiary of Deutsche Lufthansa AG, Servair, a subsidiary of Air France, and Alpha Group, owned by dnata. LSG SkyChefs has a strong presence in the United States, Latin America and Europe where we compete directly at many airports. LSG SkyChefs' footprint in Asia is larger than ours. Servair operates mainly out of France with its major hub in Paris and subsidiaries in Africa and the French overseas departments and territories, and also partners with Flying Food Group in the U.S. to serve its customers there. Other airline-owned competitors include Chelsea, owned by Continental Airlines and operating in the United States, Cathay Pacific Catering Services ("CPCS") owned by Cathay Pacific and operating in Hong Kong, Qantas Catering Group Limited owned by Qantas and operating in Australia and Tokyo Flight Kitchen formerly owned by Japan Airlines and now majority-owned by SATS Limited and ANA Flight Kitchen owned by All Nippon Airways, both operating in Japan. We also face competition from SATS Limited, which is based in Singapore. Our largest competitor that is an independent provider of in-flight catering and support services is Newrest.

In the premium catering segment we face significant competition from Do & Co. To a certain extent we also face competition on an international scale in the premium catering segment from Alpha Group. Alpha Group has a strong presence in the United Kingdom, Australia and Italy, as well as niche operations in Eastern Europe and The Netherlands.

We also face competition at the international level from third party suppliers from global branded food groups such as Nestlé, Unilever and Masterfoods, who supply shelf stable foodstuffs, confectionery products, sandwiches and beverages for inclusion in cold meal boxes or trays, and with frozen food suppliers, such as Fleury Michon and Frankenberg, who supply pre-cooked meals. Such third party suppliers may supply a significant portion of the overall product delivered to the aircraft by an airline caterer such as ourselves.

We also face competition on individual contract tenders, bids and renewals from consortiums of service providers with complimentary services, such as DHL and Northern Foods, who were successful in obtaining the British Airways short-haul contract at London Heathrow Airport commencing in 2010 that we previously serviced.

National competition catering and handling. At the national level, we primarily compete with third party suppliers providing a broad range of catering services, such as Do & Co, which primarily caters for high profile VIP events but has expanded its catering capabilities to the airline industry. We also increasingly face competition from providers of simple assembly box meals, branded food groups, and frozen pre-cooked meal providers who compete with us with respect to the contents of the catering packs delivered. While many of these suppliers do not have the complete service capability that we have, they often negotiate directly with airlines who then order products directly from them, or include them in the overall packs that we provide.

We also face competition from local or regional natural monopolies, such as SATS Limited at Singapore airport, who supply most, if not all of the catering needs to airlines operating from the hub itself, and CPCS in Hong Kong. SATS Limited operates two kitchens, one of which is dedicated to Singapore Airlines. SATS Limited has also entered into a number of joint ventures in majority held subsidiaries in Taiwan, Vietnam, Pakistan and the Maldives and minority positions in China, the Philippines and India, and acquired a majority interest in Tokyo Flight Kitchen. CPCS is owned by Cathay Pacific and operates a large flight kitchen for Cathay Pacific in Hong Kong. CPCS also has majority owned joint ventures in Taiwan and Vietnam. Other regional competitors include Goddard in South America and the Caribbean and Newrest in Europe (particularly Spain and France) and Northern Africa.

“Asset light” catering competition. We also face competition from “asset light” caterers, such as Air Fayre, who apply a flexible operating model. Air Fayre is active in the United States, outsourcing most of its processes to third party suppliers and only assembling the components and transporting the meals to the airline itself. Our Supplair brand employs a similar model, providing highly standardized disposable meal solutions to airlines and has been successful in its geographic expansion, including into the United States.

On-terminal and retail onboard suppliers. We also face competition from on-terminal suppliers of food, particularly in the retail onboard segment where passengers have the choice to either buy food in the airport before a flight or to buy food on board during a flight. Increased variety and quality of food options at airports may decrease the demand for our services and products, both from airline customers and from their passengers who pay a portion of the costs for our products.

Expansion of products and services. As we expand our product and services offerings beyond in-flight catering and supply handling to supply airlines with other products and services such as pillows, covers, headphones and duty-free shopping, we expect to face increased competition from a wider group of competitors who operate in these ancillary market segments.

Information Technology

Information systems are an important element of our business processes and support systems. In particular, information technology and know-how is a key component of our logistical expertise. Whenever possible we prefer to acquire technology or software from established software companies rather than develop it ourselves, except for the eGate Solutions applications which we develop internally. Currently, we mainly use standard applications from SAP, SACS, Microsoft and Scala that have been adapted to support our operations and have outsourced the hosting, maintenance and monitoring of our global systems. We are currently in the process of implementing a company-wide SAP rollout, allowing the consolidation of our back office functions and processes. The core financial and controlling modules of SAP are in place across our core catering business with some relatively minor exceptions in Asia Pacific and Latin America. The logistics modules are being implemented over a timescale that extends to 2013. We operate a company-wide intranet and communications platform that provides employees with global access to publications and manuals in electronic format and is accessible to our recently acquired companies. A number of our kitchens have established electronic interfaces with our customers to receive relevant passenger and flight information directly. These interfaces help us to plan our production and enhance our responsiveness and flexibility to meet customer needs, for example to last minute changes in flight schedules or customer numbers, and to streamline our back-office processes. We have expanded the scope of these electronic customer interfaces to include SAS Scandinavian Airlines, and are in the process of expanding them further to include airberlin, Thomas Cook and Norwegian Airlines. Based on the information provided by these interfaces, we have also developed a system that further integrates airline catering functions by calculating production schedules and improving inventory management.

Our eGate Solutions software is a suite of technology and onboard catering and hospitality asset management services which assists in the management of airlines' supply chains. eGate Solutions allows airline customers to use a web-based infrastructure to purchase supplies, track their orders and communicate

with suppliers. See “— Products and Services — Other Services — Business technology applications” for further details.

Intellectual and Industrial Property

We have the trademarks, trade names and other intellectual property rights we believe are necessary for the operation of our business as we currently conduct it. We consider our existing trademarks and trade names to be material in the operation of our business.

Trademarks

The “Gate Gourmet” blank logo is the most significant intellectual property owned by us. The trademark is registered in various countries throughout the world, including Switzerland, the United Kingdom, Germany, the United States, Australia, China, Hong-Kong and Brazil, for use in connection with the sale and marketing of our products and services. In addition, we have acquired trademarks through acquisitions, including amongst others the word marks for “deSter”, “Supplair”, “Pourshins” and “People on the Move”.

This expanded service portfolio is reflected in the new gategroupTM umbrella brand to be used by the Company. In 2008, Gate Gourmet Switzerland GmbH successfully registered this new trademark as a logo in Switzerland followed in 2009 and 2010 by the registrations in Argentina, Hong Kong, Mexico, New Zealand, Taiwan, Thailand and the international trademark registration. The respective trademark applications in Canada, South Africa and United Arab Emirates are pending. Further, the word mark “gategroup” has been successfully registered in Singapore and Switzerland, and in part in Brazil, and the trademark application in China, Japan and the remainder of the application in Brazil are still pending.

In addition, Gate Gourmet Switzerland GmbH has successfully registered the trademark “Gate Aviation” (combined mark and logo) in Benelux, Denmark, France, Germany, Ireland, Italy, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. The “Elan” and “Performa” trademarks have been successfully registered in Switzerland and Thailand. “Gate Safe” has been successfully registered in the United States.

Patents

We hold a number of patents and pending patent applications, including an international patent application in relation to the deSter Lean-on-Me TrayTM designating all members to the Patent Cooperation Treaty, which was filed in March 2009, and certain patents that we acquired in connection with our acquisition of the business of Abanco Investments, LLC and Abanco LLC, USA. We have filed a patent application in the United States in relation to our TS4 software which was acquired as part of that acquisition.

Domain Names

We have also registered a range of domain names including www.gategroup.com, www.gategroupmember.com, www.gategourmet.com, www.gate-aviation.com and www.dester.com. The content of these websites are not incorporated by reference or otherwise included in this Offering Memorandum.

Food Safety, Quality Control, Environment and Health and Safety

Food safety, hygiene and quality are of paramount importance to us. In addition to fulfilling legal and regulatory requirements in the various jurisdictions in which we operate, we have implemented our own internal food safety control function and system. All our operating units are subject to periodic internal and external food safety audits at unit, country, regional and corporate levels and all of our food handlers undergo specific food safety training. The specific food safety requirements vary country-by-country and may take into account specific customer requirements. Our internal food safety control system is primarily based on the Hazard Analysis and Critical Control Points (“HACCPs”). HACCPs has been developed and applied pursuant to the June 3, 2010 version of the World Food Safety Guidelines for the airline catering industry adopted by the International In-flight Food Service Association. As a management tool, the HACCPs system provides for a structured approach to control identifiable hazards that directly affect food safety and means of their control. We have implemented the HACCPs system globally as part of our overarching quality management system, and continue to refine it to include specific customer requirements. We analyze and revise the system on an annual basis, taking into account regulatory and industry development. The system focuses on prevention during the airline catering supply chain process rather than detection of unsafe food products at the end of production. We believe that the HACCPs provide an efficient and cost effective “right-first-time” approach to

food processing, thereby reducing the need for end product monitoring, including microbiological testing, which we believe is appropriate considering the relatively brief shelf life of our products. The HACCPs system is built around six main critical control points (“CCPs”) and 14 standard operating procedures (“SOPs”), regulating the process from menu design to flight dispatch. The CCPs primarily control food temperatures and exposure time and are checked for each batch of high-risk foods, such as meat, fish and dairy products, throughout the food flow, from receipt of supplies to delivery to customer aircraft. The SOPs include a variety of preventive food safety procedures which are controlled at set frequencies or occasions. Furthermore, we regularly conduct food safety audits of our supplier base and outsourcing and subcontracting partners.

We also carefully monitor developments in the sensitivity towards the protection of the environment, including any regulatory changes, with a view to protecting the environment as much as possible. In order to achieve this goal, we have issued an Environment, Health & Safety Statement, which outlines our vision for continually improving the performance of our systems and complying with applicable legislation, regulations and other internal and external standards of performance. We have also measured our carbon footprint. We also require our supplier base to be sensitive towards the protection of the environment and wider corporate sustainability topics.

Aviation Security

Security is of paramount importance to us and we are subject to continually changing and increasingly strict security measures at airports around the world. For example, we are subject to Regulation (EC) No 300/2008 of the European Parliament and of the Council of March 11, 2008 and Regulation (EC) No 185/2010, which set out on common rules in the field of civil aviation security and the stringent U.S. Federal regulations set forth by the U.S. Transportation Security Administration and the Department of Homeland Security, which includes the U.S. Customs and Border Protection. In addition to fulfilling legal and regulatory requirements in the various jurisdictions in which we operate, we have implemented internal and external security functions and systems, which we or our outsourcing partners operate. These activities can be subdivided into screening, access control and general surveillance, and include the following:

- visual screening of items carried onboard aircrafts (e.g. duty free, catering, cleaning and, in some jurisdictions, food) and, based on airline requirements, food trolleys and high-loaders are sealed;
- pre-employee screening (criminal records) of all our employees before employment with us;
- access control of staff to our units/production areas, warehouses and other facilities, including screening; and
- general surveillance by patrolling, monitoring, guarding, catering escorting and special high loader handling after loading at docks.

Each of our operating units are subject to periodic security audits from national authorities, airport authorities, airlines, insurers and other third parties. We also conduct internal risk management surveys on a regular basis. In addition, we have specific aviation security training programs in place at each of our units. Internal and external expertise in security matters is secured by resources available in certain markets as well as our own Gate Safe security brand. Furthermore, we regularly conduct security survey of our supplier base and outsourcing and subcontracting partners.

Regulation

The following description of the material regulations to which we are subject is only a summary of some of the most important relevant provisions of applicable law in the jurisdictions in which we operate.

We are subject to various governmental regulations throughout the world in the course of its operations. These regulations govern such matters as food safety, aviation security, labor, employment, including wages, immigration, environmental protection, human health and safety, hygiene, safety and security, corporate governance, insurance, codes of conduct, financial reporting, consumer protection, and the bidding for and performance of contracts with governmental entities. To ensure compliance with these regulations, our facilities, products and services are subject to periodic inspection by authorities at a local and national level in many jurisdictions in which we operate. For example, as part of our operations being the first airline caterer in the United Kingdom to be awarded the European Commission's (EC) “Health Mark” for food hygiene standards, our premises in the United Kingdom and Ireland are inspected by the regulator every three months. In the United States, our kitchens are subject to biannual U.S. Food and Drug Administration (“FDA”) inspections and, in most instances, state and local regulatory inspections.

The most significant of the regulations which apply to our business relate to the handling, preparation and serving of food and aviation security. The food safety regulations impose standards on both our food preparation and handling services for, among other things, food temperature, kitchen cleanliness and employee hygiene.

The FDA regulates our kitchens in the United States. Every U.S. commercial kitchen must meet the FDA's standards relating to the handling, preparation and delivery of food, including requirements relating to the temperature of food, the cleanliness of the kitchen and the hygiene of its personnel. On January 4, 2011, the Food Safety Modernization Act was signed into law. It amends the Federal Food, Drug, and Cosmetic Act to improve the safety of food in the global market and for other purposes (H.R.2749). The Food Safety Modernization Act gives the FDA greater regulatory powers over the national food supply and food providers with the goal of preventing food-borne illnesses and ensuring food safety. It increases the frequency of FDA inspections of food processing plants, expands the FDA's traceback capabilities for when outbreaks do occur, gives the FDA mandatory recall authority, and requires food facilities to have safety plans in place in order to mitigate hazards. We are also subject to regulation by the U.S. Department of Agriculture's Food Safety and Inspection Service and the U.K. Food Standards Agency. We are also subject to various state, provincial, local and federal laws regarding the disposition of property and leftover foodstuffs. For example, leftover and discarded food arriving into a country on incoming international flights is required to be disposed of in accordance with the country's quarantine laws and requirements. In addition, we follow the World Food Safety Guidelines. The cost of compliance with FDA and other equivalent regulation is subject to additions to or changes in such regulations.

The Food Safety regulations for the United Kingdom are as follows: the Food Safety Act 1990 and all relevant regulations under this act, including the Temperature Control Regulations, the Food Hygiene (General) regulations and the Irish equivalents of these regulations; E.U. Directive: EC853/2004; the Animal By-product Regulations of the control of international airline catering waste; and the Health and Safety at Work Act 1974 and all relevant regulations made under this Act.

We are also subject to rigorous security procedures. In particular, we are subject to laws and regulations which are designed to prevent certain criminal activities such as smuggling and terrorism. For example, in an effort to prevent such activities, we may be required to conduct background investigations of all employees who have access to airport ramps and loading docks from which meals are delivered and loaded onto aircraft. The relevant security legislation is the National Aviation Security Program and the Directives made under this which apply to the airline industry, which are Directives 8 and 12.

Laws and regulations concerning the discharge of pollutants on to land and into the air and water, the handling and disposal of hazardous materials, the investigation and remediation of property contamination and other aspects of environmental protection are in effect in all locations in which we operate. Under various environmental laws and regulations, a current or previous owner or operator, manager or developer of real estate may be liable for the costs of removing and remediating certain hazardous or toxic substances on the property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of the hazardous or toxic substances. The costs of removing or remediating these substances may be substantial and the presence of these substances, or the failure to remediate conditions affected by the substances promptly, may adversely affect our ability to sell or lease the real estate or to borrow using the real estate as collateral. We will closely monitor the implementation of the Environmental Liability Directive provisions 2004/35/EC of 2004 as required by member states of the European Union in 2007, which aims to further the "polluter pays" principle and ensure that operators that cause environmental damage should be held to be financially liable for that damage.

Many of our subsidiaries, especially those in countries which are members of the European Union and in the United States, must comply with employment regulations designed to protect hourly, part-time and full-time employees. These regulations govern working hours, wages, unfair dismissal and discrimination.

We have installed various internal controls, monitoring (early warning) and procedures designed to maintain a high level of compliance with the aforementioned regulations. These measures building part of our efforts to enhance Corporate Social Responsibility (CSR) initiatives. The cost of compliance programs is not material, but it is subject to additions to or changes in legislation, changes in regulatory implementation, changes in the interpretation of applicable regulations and sometimes subject to changes in the facilities of our customers.

We are not aware of any material regulatory complaints or proceedings against us.

Property, Plant and Equipment

The following table sets forth our material property, plant and equipment as of December 31, 2011.

<u>Principal Properties</u>	<u>Description</u>	<u>Nature of Title</u>	<u>Size</u>
Chicago, 4347 North United Parkway, Schiller Park, IL, USA	Flight kitchen	Lease	9,104 m ²
Chicago, United Airlines Hangar Area, O'Hare International Airport, Chicago, IL, USA	Flight kitchen	Lease	14,325 m ²
Heathrow West, Catering Centre West, Heathrow Airport, London, United Kingdom	Flight catering service	Lease	17,117 m ²
Heathrow North, Catering Centre North, Heathrow Airport, London, United Kingdom	Flight kitchen	Lease	6,389 m ²
Zurich, Catering Building KLO-127, Zurich-Airport, Switzerland	Flight kitchen	Lease	35,384 m ²
Madrid, Nueva Zona Industrial IBERIA, Ctra. La Muñoza, s/n, Barajas Airport, Madrid, Spain	Flight kitchen	Lease	16,489 m ²
Toronto, 2498 Britannia Road East Mississauga, Ontario Canada	Flight Kitchen	Lease	25,047 m ²
Los Angeles, 6701 West Imperial Hwy Los Angeles, California, USA	Flight Kitchen	Lease	9,755 m ²
Atlanta, 2200 Aviation Blvd. Atlanta, Georgia, USA	Flight Kitchen	Lease	7,883 m ²

<u>Principal Properties</u>	<u>Description</u>	<u>Nature of Title</u>	<u>Size</u>
Atlanta, 1500 Aviation Blvd. Atlanta, Georgia, USA	Flight Kitchen	Lease	11,321 m ²
Atlanta, 1555 Sullivan Blvd. Atlanta, Georgia, USA	Flight Kitchen	Lease	3,211 m ²
Narita, Gate Gourmet Japan Ltd, I-720, Sanrizuka, Narita-shi, Chiba-ken	Flight Kitchen	Lease	15,494 m ²
Denmark, A.P. Møllers Alle 65, 2791, Dragør, Denmark	Flight Kitchen	Owned	13,823 m ²

Where possible, management attempts to time lease terminations with the termination of corresponding contracts with customers served from such leased property.

No facility houses activity that represented more than 10% of our revenue in 2011. We also have significant facilities in Atlanta and Los Angeles in the United States.

In addition to the material properties listed above, we also own the following material properties:

<u>Property</u>	<u>Description</u>	<u>Nature of Title</u>	<u>Size</u>
Cancun, Mexico	Flight Kitchen	Owned	3,800 m ² (building)
Darwin, Australia	Flight Kitchen	Owned	1,600 m ² (building) 6,650 m ² (land)
Romulus, USA	Flight Kitchen	Owned	2,646 m ² (building) 33,142 m ² (land)
Fort Lauderdale,⁽¹⁾ USA	Flight Kitchen	Owned	1,114 m ² (building) 1,740 m ² (land)
Geneva, Switzerland	Flight Kitchen	Owned	16,093 m ² (building)
Hiroshima, Japan	Flight Kitchen	Owned	1,097 m ² (building)
Santiago, Chile	Flight Kitchen	Owned	4,380 m ² (building) 13,000 m ² (land)
São Paulo, Brazil	Flight Kitchen	Owned	10,000 m ² (building) 30,000 m ² (land)
São Paulo, Brazil	Professional Laundry Facility	Owned	N/A
Sydney, Australia	Flight Kitchen	Owned	5,800 m ² (building) 12,300 m ² (land)

(1) Divestment discussions are currently ongoing with a potential purchaser.

Insurance

Group Insurance Programs (Global Protection)

We hold group insurance policies in respect of aviation and non-aviation third party liability (including acts of war and terrorism, etc.), property damage and business interruption (including machinery breakdown and all risk cover), directors' and officers' liability and other special policies such as employment practice liability, professional indemnity and group travel. Our group insurance programs are based on a master umbrella policy with basic terms and conditions (but including differences in conditions/differences in limits), limits and deductibles, which is mandatory for all our units and brands, except in cases where insurance coverage is subscribed for locally due to legal requirements. All group policies are centrally managed by insurance professionals and placed with insurance companies with a minimum A rating, including local policies to ensure compliance. Furthermore, we have received third party advice through global insurance brokers. We believe that the group purchase insurance coverage and limits are in accordance with the industry standard and in-line with customer and regulatory requirements and to adequately protect parts of the balance sheet.

Local Insurance

We also hold insurance policies at a local level in respect of other types of risks, such as personnel (employee benefit, accident, medical and health/life/pension cover) or other country specific insurances, such as motor vehicle cover, which are often mandatory. We believe that the types, limits and terms and conditions of the insurance we hold are in accordance with regulatory requirements, customer requirements and industry standards. The purchase of local insurance policies is the responsibility of the relevant operations, but is coordinated with the central group insurance department at Head Office.

Legal Proceedings

We are a party to various legal proceedings arising in the ordinary course of our business. We are not involved in any material pending legal proceedings and we are not aware of any threatened material claims against us, except as described below. Since legal proceedings are subject to numerous uncertainties, their outcome cannot be predicted with any certainty. We have recorded a provision of CHF 10.4 million in aggregate in relation to these claims as of December 31, 2011.

Customer Litigation

One of our recently acquired subsidiaries is involved in arbitration proceedings with a customer. Our subsidiary is seeking CAD\$ 1.9 million in unpaid invoices from the customer and the customer is claiming damages of CAD\$ 11.6 million for alleged failure by our subsidiary to provide certain services. We believe the damages sought by the customer are speculative and an inaccurate reflection of our potential liability, if any, arising from this matter. Our subsidiary is vigorously defending the allegations brought by the customer.

Due to confidentiality obligations under the arbitration agreement, we are unable to disclose the identity of the customer. Discovery in the matter is expected to take place in March 2012 and the arbitration panel is expected to begin the hearing in late 2012.

VAT Assessment — ICMS Taxes in Brazil

The Company has recorded a tax provision in relation to an assessment by Brazilian tax authorities regarding the application of ICMS tax, or "*Imposto sobre a Circulação de Mercadorias e Serviços*" (*Tax over Goods and Services Negotiations*) on food sales on international flights of a Brazilian customer. The provision includes the potential tax contingency for food sales provided and/or rendered in the period between 1993 to 2007 which have been assessed by Brazilian tax authorities and potential contingency for the un-assessed period from 2007 to 2011. We are currently contesting all assessed cases and have, to date, not received any adverse judgments in any of the assessed cases.

Others

In addition to the litigation proceedings described above, we are subject to several employment related proceedings particularly in the United States. We do not consider any of these proceedings to be material.

MANAGEMENT

Board of Directors

The following table sets forth the name, age, position and committee membership of the Company's directors, all of whom are non-executive directors, followed by a short description of each director's business experience, education and activities.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Committee Membership</u>	<u>Director Since*</u>	<u>Term Expires</u>
Andreas Schmid	54	Chairman of the Board	Member of the Nomination and Compensation Committee, Member of the Audit Committee	October 2007	2012
Neil Brown . . .	53	Member of the Board	Chairman of the Audit Committee	September 2008	2012
Brian Larcombe	58	Member of the Board	Chairman of the Nomination and Compensation Committee, Member of the Audit Committee	September 2008	2012
David Siegel . . .	50	Member of the Board	Member of the Nomination and Compensation Committee	June 2004	2012
Anthonie Stal . .	58	Member of the Board	Member of the Nomination and Compensation Committee	April 2009	2012

* Since the Company was only incorporated in 2008 and became the new group holding company only after the dissolution of Holding LLC in April 2009, dates refer to the taking of office on the Board of Managers in Holding LLC where applicable. The current members of the Board of Directors were elected on April 27, 2009. All terms of office end and must be renewed as of the date of the next Annual General Meeting of shareholders in 2012.

The members of the Board of Directors may be contacted at the business address of the Company.

Andreas Schmid has been Chairman of the Board of Directors since April 2009. He was a lead independent member of the Board of Managers of Holding LLC from December 2007 and became Vice Chairman in 2008. He is also a member of the Nomination and Compensation Committee and the Audit Committee. Mr. Schmid has been Chairman of the Board of Oettinger Imex AG (Oettinger Davidoff Group) since December 2007 and Chairman of the Board of Flughafen Zurich AG since April 2000. He has been Vice Chairman of the board of directors of Barry Callebaut AG since 2006. There, he previously held the position of Chairman from 1999 to 2005 and was Chief Executive Officer from 1999 to 2002. He has also been serving as a board member of Karl Steiner AG since 2008. Mr. Schmid began his career in 1984 at the Union Bank of Switzerland. Following a position as assistant to a Swiss industrialist, he was Chief Executive Officer and Managing Director of Kopp Plastics (Pty) Limited in South Africa from 1989 to 1992. He then worked for the Jacobs Group in various positions until 1993, when he became President of the Mövenpick Consumer Goods Division and a member of the worldwide Group Executive Board of Management from 1993 to 1997. Between 1998 and 2000, he served as Chief Executive Officer of Jacobs Holding AG (Adecco SA; Barry Callebaut AG; C. J. Van Houten & Zoon AG; and Brach's Confections Inc.). He was a member of the board of Adecco SA from 1999 to 2004 and Sun International Hotels Limited from 1999 to 2003. Mr. Schmid was a member of the Advisory Board of the Credit Suisse Group in the period from 2001 to 2007, before the Advisory Board was dissolved. Between 2002 and 2006 he chaired the board of Kuoni Travel Holding AG and between 2007 and 2011 he chaired the Supervisory Board of Symrise AG. In 2010, Mr. Schmid was appointed a member of the board of directors of Wirz Partner Holding AG and the Advisory Board of Allianz Global Corporate Specialty AG. In September 2011 he was appointed member of the board of directors of Infront Ringier Sports & Entertainment Switzerland AG. He holds a Masters degree in Law from the University of Zurich, where he also studied Economics. Mr. Schmid is a Swiss citizen.

Neil Brown served as a member of the Board of Managers of Holding LLC since September 2008. He chairs the Audit Committee and has until this year served as a member of the Nomination and Compensation Committee. Mr. Brown started his career at Deloitte (previously Deloitte Haskins & Sells) from 1983 to 1990. He was a corporate finance partner at PwC (previously Coopers & Lybrand) from 1990 to 1996 and thereafter, a member of the operating committee of Apax Partners, one of the world's leading private equity businesses where he was responsible for building its financial services practice. His other current non-executive positions include Magma Leasing, one of India's leading non-banking financial corporations, Touch Briefings, Trigold Crystal Software, Distribution Technology and Euro Car Parts. He is also a Director and Chairman of the audit committee of Islandsbanki. Mr. Brown is a founding partner of Subito Partners, a London based board advisory business whose partners invest in growth companies and provide board-level support to the private equity, hedge fund and bank restructuring markets. An expert in U.S. and European merger and acquisition markets, Mr. Brown has been involved in over \$40 billion worth of completed transactions over the last

20 years. Mr. Brown is an ACA in the Institute of Chartered Accountants in England and Wales and holds an MA in Classics from Emmanuel College, Cambridge. Mr. Brown is a British citizen.

Brian Larcombe served as a member of the Board of Managers of Holding LLC since September 2008. He chairs the Nomination and Compensation Committee and is a member of the Audit Committee. Mr. Larcombe spent most of his working life at 3i where he served as Chief Executive Officer from 1997 to 2004 and Chief Financial Officer from 1992 to 1997. 3i is a London-based world leader in private equity, where Mr. Larcombe retired from the position as Chief Executive in 2004. Mr. Larcombe is a non-executive Director of Smith&Nephew, a global maker of medical devices. He is also a Director in a private equity business in India, India 2020 Limited, which invests in fast-growing private companies tied generally to the growth in consumer spending and Incisive Media Holdings Ltd., a London based publishing business with a broad portfolio of titles and conferences serving the asset management, insurance, legal and corporate IT markets. Mr. Larcombe also served as Director of F&C Asset Management. Mr. Larcombe holds a degree in Commerce from the University of Birmingham and has completed the Advanced Management Programme at the Harvard Business School. Mr. Larcombe is a British citizen.

David Siegel served as a member of the Board of Managers of Holding LLC since June 2004, and was Chairman of the Board of Managers of Holding LLC from June 2004 to April 2009. Mr. Siegel also served as Chief Executive Officer of Holding LLC from June 2004 to May 2008. Mr. Siegel has been a Director of the Company since April 2009 and has been a member of the Nomination and Compensation Committee since 2010. Prior to joining Holding LLC in 2004, Mr. Siegel held positions as President and Chief Executive Officer of US Airways from March 2002 to April 2004, Chairman and Chief Executive Officer of Avis Budget Group from 1999 to 2002, executive positions in eVolution Global Partners and served as President and Chief Executive Officer of Continental Express, a subsidiary of Continental Airlines, from 1994 to 1999. Earlier in his career, Mr. Siegel was a Director of Corporate Planning at Northwest Airlines and a consultant at Bain & Co. From October 2008 to January 2010, he held the position of the Chief Executive Officer, and from January 2010 to June 2010, he served as Non-Executive Chairman, of XOJET, a California-based private jet transportation provider of which he is still a Director. From July 2010 to January 2012, he was the Managing Director of Hyannis Port Capital. In January 2012, Mr. Siegel was appointed President and Chief Executive Officer of Frontier Airlines. Mr. Siegel is also the lead independent Director of Republic Airlines and a Director of Angelica Corporation. He holds an MBA from Harvard Business School and a BS in Applied Mathematics and Economics from Brown University. Mr. Siegel is an American citizen.

Anthonie Stal has been a Director of the Company since April 2009. He is a member of the Nomination and Compensation Committee. Prior to joining the Company, Mr. Stal has held various senior management positions at Unilever, including Group Vice President of Unilever NV from 2006 to 2008, President Marketing Foods of Unilever from January 2005 to July 2006, Chairman of Unilever Bestfoods The Netherlands from January 2001 to January 2005, President of Unilever de Venezuela from 1993 to 1996 and Marketing Sales Director of Unilever NL from 1991 to 1993. Mr. Stal started his career at Langnese-Iglo, Germany from 1981 to 1991. Mr. Stal is also a non-executive Director at Gallo Olive Oil Worldwide, Neumann Kaffee Gruppe, Unilever Jeronimo Martins, Franz Wiltmann GmbH, GlobalGreen Company, Organic Beverages Group bv, Koninklijke Verkade bv, non-executive Chairman at Bakkersland bv, Chairman of the supervisory board of the KroellerMueller Museum and Advisory Member of the Vereniging Rembrandt. He is the founder and owner of ALS-Consulting and a Managing Partner at thefoodstrategists, a strategy consulting firm specializing in foods. He has a degree in Mathematics and Business Administration from the University of Freiburg, Germany. He attended Agribusiness Seminars and the Executive Innovation Class at Harvard University Business School and the Advanced Management Program at The Wharton School, University of Pennsylvania. Mr. Stal is a Dutch citizen.

Board Committees

The Board of Directors has established an Audit Committee and a Nomination and Compensation Committee to strengthen our corporate governance structure.

Audit Committee

The Audit Committee currently consists of Neil Brown (chairman), Andreas Schmid and Brian Larcombe.

The Audit Committee assists the Board of Directors in fulfilling its duties of supervision of management. It is responsible for assessing the Company's risk management, approving the internal audit concept, reviewing compliance with applicable laws, rules and internal regulations, reviewing auditors' audit plans, reviewing annual and interim financial statements, monitoring the performance and independence of external auditors, reviewing audit results and monitoring the implementation of findings by management.

Nomination and Compensation Committee

The Nomination and Compensation Committee currently consists of the following non-executive members: Brian Larcombe (chairman), David Siegel, Andreas Schmid and Anthonie Stal.

The Nomination and Compensation Committee assists the Board of Directors in nomination and compensation related matters. It provides the Board of Directors with recommendations on the nomination and compensation of members of the Board of Directors and the executive management board, policies for the nomination and compensation of the executive management board and our other employees and the basic principles for the establishment, amendment and implementation of incentive plans.

The CEO and the Executive Management Board

In accordance with Swiss law, the Company's articles of association (the "Articles") (last amended on April 19, 2011) and organizational rules (*Organisationsreglement*) (the "Organizational Rules") enacted by the Board of Directors on May 4, 2009 (and last amended on October 25, 2010), the Board of Directors has delegated the executive management of the Company to the CEO who is supported by the other members of the executive management board.

The CEO, together with the other members of the executive management board and under the control of the Board of Directors, conducts the operational management of the Company pursuant to the Organizational Rules and reports to the Board of Directors on a regular basis.

Members of the Executive Management Board

The following table sets forth the name, age and principal position of the current seven members of the executive management board followed by a short description of each member's business experience, education and activities. On April 5, 2011, then executive management board member and CEO Guy Dubois resigned. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Fraud Incident". He was replaced by then Group Senior Vice President and President, North America, Andrew Gibson, whose appointment as permanent CEO has since been confirmed. We intend to find a permanent replacement for the position of President, North America.

Name	Age	Date of Appointment*	Position
Andrew Gibson . . .	50	September 14, 2004	Chief Executive Officer
Thomas Bucher . . .	45	May 1, 2008	Chief Financial Officer
Doug Goeke	46	January 1, 2012	Group Senior Vice President and President, North America
Peter van Niekerk . .	51	January 1, 2011	Group Senior Vice President and President, Europe and Africa
Herman Anbeek . . .	46	June 1, 2007	Group Senior Vice President and President, Emerging Markets
Jaap Roukens	46	September 26, 2009	Chief Marketing Officer, Product and Supply Chain Solutions
Mike Hargett	50	September 20, 2004	Group Vice President, Finance and Deputy Chief Financial Officer
Kristin Brown	43	November 30, 2011	Group General Counsel
Drew Niemeyer** .	42	February 28, 2012	gategroup Chief Commercial Officer
Andrew Langdale**	47	February 28, 2012	Group Senior Vice President and President, Product and Supply Chain Solutions

* Since the Company was incorporated in 2008 as a new group holding company in April 2009, dates refer to the taking of office in the corresponding function in Holding LLC where applicable.

** Appointment effective March 1, 2012.

The members of the executive management board may be contacted at the business address of the Company.

Andrew Gibson was appointed our interim Chief Executive Officer on April 5, 2011 and was confirmed as permanent Chief Executive Officer on July 28, 2011. He previously held the positions of Senior Vice President and President, North America, Senior Vice President Operations Europe and Vice President Continuous Improvement-Europe, and has provided global oversight of our Pourshins and Supplair businesses. Prior to joining us in September 2004, Mr. Gibson worked as an Associate Principal at McKinsey &

Company. He has extensive operations and strategic consulting experience in multiple companies across a range of industries. Mr. Gibson holds a Doctorate in Civil Engineering and Masters of Science from the California Institute of Technology, California, USA and a Bachelor of Engineering (Hons) from the University of Canterbury, New Zealand. Mr. Gibson is a citizen of New Zealand and is an American citizen.

Thomas Bucher joined us in May 2008 as Chief Financial Officer. He oversees our global financial activity, encompassing financial strategy and planning, accounting and control, treasury and financial management, tax and risk management and M&A and investor relations. Mr. Bucher previously worked for Ciba Specialty Chemicals, a company with a turnover of more than CHF 6 billion. Mr. Bucher's key responsibilities at Ciba included financial accounting, control, treasury and tax, and Mr. Bucher also held the role of controller to the Chief Executive Officer and Chairman of the Board. In his 16 years with Ciba, Mr. Bucher held a succession of leadership positions with increasing responsibility in finance, control and treasury, in both group-level and country-level functions. Since June 2011, Mr. Bucher has been a director of Tareno AG. Mr. Bucher holds a Master of Arts in Economics from the University of St. Gallen in Switzerland and also completed the INSEAD (Fontainebleau-Singapore) International Executive Program. Mr. Bucher is a Swiss citizen.

Doug Goeke has been Group Senior Vice President and President of the North America division since January 1, 2012. Mr. Goeke previously served as President and Managing Director of Gate Gourmet Canada, where he was instrumental in leading the Canadian team in the integration of Cara Airline Solutions, which was acquired late in 2010. Mr. Goeke joined gategroup as the Chief Financial Officer for Gate Gourmet's North America region in 2003. Previously, he held progressively responsible positions with The Lincoln Electric Company in various financial roles while gaining international experience in Europe. He also spent nearly four years working for the international accounting firm Arthur Andersen LLP. He holds a Bachelor of Science in Business Administration from Bowling Green State University and a Masters in Finance from the London Business School. Mr. Goeke is an American citizen.

Peter van Niekerk has been Group Senior Vice President and President of the Europe and Africa region since January 1, 2011. He previously held the positions of Group Senior Vice President and Chief of Staff, Managing Director of U.K. and Ireland and Chief Operating Officer, Asia-Pacific. Prior to joining us in 2006, Mr. van Niekerk worked as a Director at AlixPartners LLC, a U.S. turnaround and restructuring advisory group. Mr. van Niekerk also previously held senior-level positions with a mutual fund company and a U.K.-based financial service group, starting his career in the strategy practice of Booz Allen & Hamilton in New York. Mr. van Niekerk holds an LLM in Corporate and Commercial Law from the London School of Economics and a Masters degree in Economics from the University of Stellenbosch, South Africa. Mr. van Niekerk is an American citizen.

Herman Anbeek was appointed Group Senior Vice President and President, Emerging Markets effective March 1, 2012. He has been Group Senior Vice President and Chief Commercial Officer since June 2007. Prior to joining us in 2007, Mr. Anbeek was Chief Commercial Officer of LSG Sky Chefs, which he joined in 2001, having previously worked for KLM Royal Dutch Airlines for seven years in various capacities, including in management level positions in in-flight services and catering services. Mr. Anbeek holds a Master of Science in Business Engineering from the University of Technology, Enschede, The Netherlands. Mr. Anbeek is a Dutch citizen.

Jaap Roukens was appointed Chief Marketing Officer, Product and Supply Chain Solutions effective March 1, 2012. He was appointed to our senior management team in May 2008, to help drive research and development for our products and services. He was a founder and Chief Executive Officer of Supplair Holding B.V. Under Mr. Roukens' leadership, Supplair Holding B.V. has grown from three employees in Amsterdam in 2001, to 120 employees in its Amsterdam and Atlanta locations. He now serves as Chief Executive Officer of member company Performa. Mr. Roukens' background includes extensive experience in service and product development in hotels, restaurants and retail services, including three years with Netherlands-based supermarket group Ahold in product and concept development for its restaurant unit. Mr. Roukens graduated from the Hotel Management School in Limburg, The Netherlands. Mr. Roukens is a Dutch citizen.

Mike Hargett has been Group Vice President, Finance since September 2004 and Deputy Chief Financial Officer since December 2005. Prior to joining us in September 2004, Mr. Hargett held a number of financial management positions, most recently at US Airways and Northwest Airlines and its subsidiaries. He also served in the United States Navy from 1984 to 1993 as a weapons system operational test director and F-14 radar intercept officer. Mr. Hargett holds an MBA, with honors, from the University of Chicago Graduate School of Business and a BS in Aeronautical Engineering from the University of Illinois at Champaign, Illinois, USA. Mr. Hargett is an American citizen.

Kristin Brown joined us in September 2006 as General Counsel for the Americas and was named Deputy General Counsel in July 2011. In December 2011, she became the Group General Counsel. Ms. Brown came to gategroup from the Washington, D.C. office of Weil, Gotshal & Manges, LLP, where she established a proven background in complex commercial and bankruptcy litigation as well as corporate and commercial law. Previously, Ms. Brown had completed a federal judicial clerkship in the Western District of Virginia. Prior to obtaining her law degree from George Mason Law School in Virginia, Ms. Brown worked for a member of the U.S. House of Representatives for seven years. Ms. Brown is an American citizen.

Drew Niemeyer was appointed Chief Commercial Officer effective March 1, 2012. Mr. Niemeyer is responsible for providing global leadership for sales and marketing as well as business development strategy, including mergers, acquisitions and alliances. Since joining us in 2003, he has served in functions with increasing responsibility, including Chief Commercial Officer for the North America division and, most recently, was named interim President for Gate Gourmet in the United States in April 2011 when Andrew Gibson was appointed interim CEO of the Group. Mr. Niemeyer has been instrumental in integrating our expanded brand portfolio and delivering outsourced management services, including onboard retail services. Prior to joining us, Mr. Niemeyer was with Oliver Wyman (formerly Mercer Management Consulting), where he advised senior leadership on critical strategic and operational issues across multiple functions and industries including aviation, manufacturing, financial services, and consumer goods. He holds a Master of Business Administration from the Kellogg School of Management at Northwestern University, where he was distinguished as an F.C. Austin Scholar. He also holds a Bachelor of Science degree from the University of Washington. Mr. Niemeyer is an American citizen.

Andrew Langdale was appointed Group Senior Vice President and President, Product and Supply Chain Solutions effective March 1, 2012. In this function, he has oversight of the deSter, Harmony, Supplair, Pourshins and potmstudios brands on a global basis. Prior to this appointment, Mr. Langdale was named Chief Executive Officer of Pourshins Supplair in August 2009 when the management of the two gategroup companies were consolidated to leverage the synergies that existed between the two brands. He previously held the position of Managing Director for Pourshins from September 2007. Mr. Langdale began his career with PricewaterhouseCoopers. He subsequently moved to St. Ives PLC, initially in their Web division before moving to their Finance division where he held the position of Finance Director and subsequently Managing Director. He attended Durham University and holds a BA (with honors) in History. He is also a member of the Association of Chartered Accountants. Mr. Langdale is a citizen of the United Kingdom.

Equity Incentive Plan 2007

In 2007, 2008 and in the first quarter of 2009, members of the Board and certain of our key employees and consultants were granted membership interests and/or options to purchase membership interests in Holding LLC, under the Equity Incentive Plan 2007 (the "EIP 2007"). As part of our legal reorganization in April 2009, grants of membership interests and options to buy membership interests were replaced by grants of shares in the Company and grants of options to buy shares in the Company. There were no modifications to the terms and conditions on which the equity instruments were originally granted. The EIP 2007 is accounted for as equity-settled share-based payment compensation. The EIP 2007 covers grants for the years 2007, 2008 and the first quarter of 2009. It does not serve as a basis for future grants and there are no unvested shares remaining under the EIP 2007.

For options granted under the EIP 2007 a vesting schedule was established. In general, in the event of a participant's termination of active service with us, all unvested options are forfeited, while vested options remain outstanding and must be exercised within 30 days after such participant's termination (unless such termination is for cause, in which case all options, whether or not vested, shall terminate).

No more awards may be made under the EIP 2007, but it will continue to govern the remaining outstanding options.

Outstanding Options under EIP 2007

The following table summarizes the number of share options outstanding and terms of options granted by the Company under the EIP 2007 as of December 31, 2011.

<u>Date of Grant</u>	<u>Number of Options Outstanding⁽¹⁾</u>	<u>Exercise Price in CHF</u>	<u>Date of Expiry⁽²⁾</u>	<u>Options Vested</u>	<u>Options Exercised</u>
December 31, 2007	1,821	69.04	December 31, 2017	1,821	0

(1) All fully vested. Each option, if exercised, allows the purchase of one share in the Company at the exercise price and is exercisable for a period of ten years.

(2) Vested options may be exercised at any time up to their contractual expiry date, provided that the option holder's employment has not been terminated.

Key Employee Retention Plan

In 2009, we established and implemented the 2009 Key Employee Retention Plan (the "2009 Retention Plan"), part of which is comprised of awards of shares to senior management. For this purpose, an expense of CHF 10,700,000 was approved by the Board of Managers of Holding LLC on January 12, 2009 and was reconfirmed by the Board of Directors in its resolution dated April 27, 2009. Up to half of this amount was earmarked to grant cash awards, while the other half was earmarked for the purchase of shares on the open market to be distributed to senior management as equity awards.

The cash awards were paid to participants who remained employed by us through April 2010. The equity awards were granted in the form of restricted shares and were subject to the condition that the participant remains employed by us through the end of 2010. We issued grants under the 2009 Retention Plan between May 20, 2009 and October 15, 2009.

Prior to the Listing, Holding LLC spent CHF 2,600,005 to purchase a total of 300,001 membership units in Holding LLC in the open market, which were subsequently converted into shares. Subsequent to the Listing, we purchased 187,000 additional shares in the open market. The shares purchased prior to and following Listing were used for grants under the 2009 Retention Plan.

No more awards may be made under the 2009 Retention Plan, and no awards remain outstanding under this plan.

Equity Incentive Plan 2009-2013

Under the Equity Incentive Plan 2009-2013 (the "EIP 2009-2013"), members of the Board of Directors and our senior management were granted share awards in the Company. The EIP 2009-2013 is accounted for as equity-settled share-based payment compensation. The share awards vest in installments, as set out in the table below, if the volume-weighted average share price of all trades of shares on the SIX in a 360-day period is met at any time on or after the earliest possible vesting date. The table below shows the number of share awards originally granted, the volume-weighted average share price required for vesting, and the earliest possible vesting date of such share awards if the relevant share price target is met on or after the earliest possible vesting date, but in no case later than December 30, 2013.

<u>Number of share awards originally granted</u>	<u>Share price target in CHF</u>	<u>Earliest possible vesting date</u>
151,750	15.00	Installment vested
151,750	15.00	Installment vested
151,750	20.00	12/18/2012
151,750	25.00	12/17/2013
153,250	15.00	Installment vested
153,250	20.00	Installment vested
153,250	25.00	Installment vested
153,250	30.00	Installment vested
153,250	35.00	Installment vested
153,250	40.00	Installment vested

A grant of 80,000 performance share awards was made to the Chief Executive Officer effective July 28, 2011. These will vest on November 15, 2014 subject to the volume-weighted average share price measured over a 90-day period between May 15, 2014 and November 15, 2014. 25% of the total award will vest if a

minimum volume-weighted average share price of CHF 40 is achieved, rising on a straight-line basis to 100% of the award for attainment of a volume-weighted average share price of CHF 52.

A further grant of performance share awards was made on November 16, 2011. The table below shows the number of share awards granted, the volume-weighted average share price required for vesting, and the earliest possible vesting date of such awards if the relevant share price target is met on or after the earliest possible vesting date, but in no case later than December 30, 2014.

Number of share awards originally granted	Share price target in CHF	Earliest possible vesting date
63,500	48.50	02/14/2012

Shares are made available through conditional capital. As of December 31, 2011, in total 1,123,920 share awards have vested and a corresponding number of shares have been issued.

The number of share awards which have vested as of December 31, 2011 is equal to the number of share awards originally granted in the respective installments, minus forfeited share awards, plus additional grants.

Shares and Options held by Members of the Board of Directors and the Executive Management Board

As of December 31, 2011, the members of our Board of Directors held in aggregate 479,567 shares, representing 1.80% of the share capital of the Company as recorded in the commercial register as of December 31, 2011. As of December 31, 2011, they held no share awards under the EIP 2009-2013.

Members of the executive management board hold in aggregate 281,465 shares and 236,333 EIP 2009-2013 share awards, representing 1.06% and 0.89%, respectively, of the share capital of the Company as recorded in the commercial register as of December 31, 2011.

As of December 31, 2011, current members of our Board of Directors hold 1,821 options and members of the executive management board hold no options. Each option entitles the holder to purchase one share in the Company. Each option was granted under the EIP 2007 as described above under "— Equity Incentive Plan 2007".

PRINCIPAL SHAREHOLDERS

Principal Shareholders

As of December 31, 2011, we had an issued and outstanding share capital of CHF 133,340,790 (all of which was recorded with the commercial register), comprised of 26,668,158 fully paid-in registered shares (all of which were recorded with the commercial register) with a nominal value of CHF 5.00 each. The following table sets forth certain information concerning our significant shareholders as of December 31, 2011⁽¹⁾.

Shareholder ⁽²⁾	Number of registered shares held	% of share capital	% of purchase positions ⁽³⁾	% of sale positions ⁽³⁾	Total number of registered shares held and purchase positions	% Total share capital and purchase positions
Rainer-Marc Frey	1,422,043	5.36%	—	—	1,422,043	5.36%
Janus Capital Group	1,418,672	5.34%	—	—	1,418,672	5.34%
Harris Associates L.P.	1,409,400	5.31%	—	—	1,409,400	5.31%
Kempen Capital Management N.V.	985,900	5.01%	—	—	985,900	5.01%
Apollo Global Management LLC	1,318,334	4.96%	—	—	1,318,334	4.96%
Invesco Ltd	1,280,281	4.87%	—	—	1,280,281	4.87%
Deutsche Bank AG	788,369	3.09%	—	—	788,369	3.09%
UBS Fund Management (Switzerland)	605,412	3.08%	—	—	605,412	3.08%
Fortress Investment Group LLC	806,531	3.04%	—	—	806,531	3.04%

(1) The following information is based on (i) the notification we received from the relevant shareholder (the "Notification") through December 31, 2011 and (ii) with regard to gategroup Holding AG our own records. The number of shares held by the relevant shareholder may have changed since the date of Notification. Percentages (with the exception of the % of share capital, % of purchase position, % of sale position and % of total share capital and purchase position of gategroup Holding AG, which are calculated based on number of shares known by the Company as of December 31, 2011 and the issued share capital of CHF 133,340,790) have been calculated on the basis of the number of shares recorded in the commercial register as of the date of the relevant Notification (which may be different from the number of shares recorded in the commercial register as of December 31, 2011).

(2) For specific information on the notifications that we received, we refer to the SIX website: www.six-exchange-regulation.com, under the section "Obligations — Disclosure of Shareholdings — Significant Shareholders". To the best of our knowledge, no other shareholder holds 3% or more of gategroup Holding AG voting and potential voting rights as of December 31, 2011. Additionally, we are not aware of any shareholder agreements.

(3) Purchase and sale positions are held through financial instruments other than registered shares of gategroup Holding AG and calculated based on the requirements set out in art. 15 of the Ordinance of the Financial Market Supervisory Authority on the Stock Exchange.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We have entered into related party transactions with our associates and joint ventures for the purchase of goods and services, our subsidiaries and with our directors and management in the form of remuneration. All agreements with related parties are conducted on an arm's length basis.

Sales and Purchases of Goods and Services to/from Related Parties

We did not make any long-term loans to associates in 2010, nor 2011. We made long-term loans to associates of CHF 0.8 million in 2009.

In 2009, our subsidiaries obtained consulting services from Mauritius International N.V., Netherlands Antilles, a company owned by Jaap Roukens, a member of our executive management board. As consideration for these consulting services we made payments to Mauritius International N.V. in 2009 of CHF 0.2 million.

In 2010 and 2011, we performed certain administrative services for related party companies. The charges amounting to CHF 0.8 million in 2010 and CHF 0.7 million in 2011 reflected an appropriate allocation of costs incurred.

Long Term Advances to Associates and Joint Ventures

In 2009, Gate Gourmet MAASA (Mexico) and Miascor Catering Services (Philippines) made repayments under long term advances granted to them by the Company.

There were no repayments made in 2010 or 2011 of long term advances to associates or joint ventures.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of the material terms of certain financing arrangements to which we and certain of our subsidiaries are a party does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. For further information regarding our existing indebtedness, see "Use of Proceeds", "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

We and certain of our subsidiaries have entered into financing arrangements which are summarized below.

New Unsecured Revolving Facility

The Company, as an original guarantor and original borrower, together with certain of its subsidiaries as original borrowers and guarantors, will enter into a credit facility agreement conditioned upon closing of the Offering arranged by Credit Suisse AG pursuant to which the lenders thereunder will extend a €100 million senior unsecured multicurrency revolving credit facility (the "New Unsecured Revolving Facility"). The New Unsecured Revolving Facility will be available to finance future acquisitions and for working capital and general corporate purposes.

Loans under the New Unsecured Revolving Facility can be drawn in U.S. dollars, euros, Swiss francs or, if certain conditions are met, any other currency. Interest is payable on the New Unsecured Revolving Facility at the margin specified therein plus EURIBOR, or, in relation to a loan not in euro, LIBOR. The applicable margin is calculated on a semi-annual basis based on the Company's most recent annual or semi-annual consolidated financial statements, and ranges from 1.50% to 3.90% depending on the ratio of net senior debt to EBITDA. The initial margin is 3.00%.

The New Unsecured Revolving Facility will contain various conditions upon which mandatory prepayments must be made. These include: illegality, change of control, refinancing and exchange rate fluctuation. The New Unsecured Revolving Facility also will contain customary representations and warranties as well as affirmative covenants, negative covenants, financial covenants and events of default. The negative covenants concern, among other things, ability to incur additional indebtedness, granting of loans and security, acquisitions, disposals, distributions to shareholders of the Company and hedging. The financial covenants require the group to maintain its leverage, interest coverage and economic equity ratios at certain levels, which will be tested semi-annually.

Under the New Unsecured Revolving Facility, any subsidiary of the Company that guarantees the Notes must also become a guarantor under the New Unsecured Revolving Facility. The New Unsecured Revolving Facility will mature on June 30, 2016.

Bilateral Credit Facility

We have a bilateral credit facility of CHF 27.5 million consisting of a CHF 2.5 million facility for foreign exchange transactions and a CHF 25.0 million facility for letters of credit. As of December 31, 2011, the letter of credit facility was utilized in the amount of CHF 15.2 million for bank guarantees and the foreign exchange facility was utilized in the amount of CHF 0.2 million.

Hedging Arrangements

We have in place a number of interest rate swaps and caps; the interest rate caps in place at December 31, 2011 were for USD 150 million, fixed at an interest rate of 3.50%, and EUR 200 million, fixed at an interest rate of 3.00%. In both cases these run until June 30, 2012.

Refinancing

As described elsewhere in this Offering Memorandum, we intend to use the proceeds from this Offering to repay our senior secured credit facilities. See "Use of Proceeds" and "Capitalization".

DESCRIPTION OF NOTES

gategroup Finance (Luxembourg) S.A., a *société anonyme* incorporated under the laws of Luxembourg (the “*Issuer*”), issued euro-denominated senior notes (the “*Notes*”) under an indenture (the “*Indenture*”) dated March 7, 2012 between, among others, itself and Citibank, N.A., London Branch, as the trustee (the “*Trustee*”), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the “*U.S. Securities Act*”). Unless the context requires otherwise, references in this Description of Notes to the Notes include the Notes and any additional Notes that are issued. The terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

Although the Indenture, the Notes and the Guarantees were unsecured on the Issue Date, if the Indenture, the Notes and/or the Guarantees benefit from any future collateral or security interests, they will be subject to the terms of an intercreditor agreement. Please see the section entitled “— Certain Covenants — Intercreditor Agreements” for a summary of certain of the material terms of such intercreditor agreements.

The following is a description of the material provisions of the Indenture and the Notes. It does not restate those agreements in their entirety. We urge you to read the Indenture and the Notes for a more complete description. Copies of the Indenture and the form of Note are available as set forth below under “— Additional Information.”

You can find the definitions of certain terms used in this description under the subheading “— Certain Definitions.” In this description, the term “*Issuer*” refers only to gategroup Finance (Luxembourg) S.A. and the term “*Company*” refers only to gategroup Holding AG and not to any of its subsidiaries. The words “*we*,” “*us*,” “*our*” and “*group*” each refer to the Company and its consolidated subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes and the Note Guarantees

The Notes:

- will be senior obligations of the Issuer;
- will rank *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated to the Notes;
- will rank senior in right of payment to any and all future obligations of the Issuer that are subordinated to the Notes;
- will be fully and unconditionally guaranteed by the Guarantors, subject to limitations under applicable law;
- will be effectively subordinated to any existing and future secured Indebtedness of the Issuer to the extent of the value of the assets securing such Indebtedness unless such assets also secure the Notes on an equal and ratable or prior basis; and
- will be effectively subordinated to all obligations of the Company’s subsidiaries that are not Guarantors.

The Note Guarantees

The Notes will be initially guaranteed by the Initial Guarantors (as defined below). In addition, if required by the covenant described under “Certain Covenants — Limitation on Guarantees by Restricted Subsidiaries,” certain other Restricted Subsidiaries may provide a Note Guarantee in the future.

Each Note Guarantee:

- will be a general obligation of the Guarantor;
- will rank *pari passu* in right of payment with all existing and future senior Indebtedness of that Guarantor;
- will rank senior in right of payment to any future subordinated Indebtedness of that Guarantor; and
- will be effectively subordinated to any existing and future secured Indebtedness of that Guarantor to the extent of the value of the assets securing such Indebtedness.

Not all of the Company's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company. For the twelve months ended December 31, 2011, the Guarantors represented 82.1% of our consolidated revenue, 76.8% of our consolidated EBITDA and 75.7% of our consolidated total assets (excluding intercompany receivables).

A significant portion of the operations of the Company are conducted through its Subsidiaries and, therefore, the Issuer depends on the cash flow of the Company's Subsidiaries to meet its obligations, including its obligations under the Notes. The Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Company's non-guarantor Subsidiaries. Any right of the Issuer or any Guarantor to receive assets of any of the Company's non-guarantor Subsidiaries upon that non-guarantor Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-guarantor Subsidiary's creditors.

Principal, Maturity and Interest

The Issuer issued €350 million in aggregate principal amount of Notes in this Offering. The Issuer may issue additional Notes under the Indenture from time to time after this Offering. The Notes may be issued in one or more series under the Indenture. Any issuance of additional Notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock." The Notes and any additional Notes subsequently issued under the Indenture, will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture. The Issuer will issue Notes in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will mature on March 1, 2019.

Interest on the Notes will accrue at the rate of 6.75% per annum. Interest on the Notes will be payable semi-annually in arrears on March 1 and September 1, commencing on September 1, 2012. Interest on overdue principal and interest, including Additional Amounts (as defined herein), if any, will accrue at a rate that is 1% higher than the interest rate on the Notes. The Issuer will make each interest payment to the holders of record on the immediately preceding February 15 and August 15.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The redemption price of the Notes at the maturity date will be 100.000% of the principal.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes in each of (i) the City of London (the "*Principal Paying Agent*") and (ii) Luxembourg, 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. The Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. The initial Paying Agents will be Citibank, N.A., London Branch in London and Banque Internationale à Luxembourg S.A. in Luxembourg.

The Issuer will also maintain one or more registrars (each, a "*Registrar*") with offices in Frankfurt, Germany, 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. The Issuer will also maintain one or more transfer agents. The initial Registrar will be Citigroup Global Markets Deutschland AG. The initial transfer agents will be Citibank, N.A., London Branch in London. The Registrar and the transfer agents will maintain a register reflecting ownership of Definitive Registered Notes (as defined herein) outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on the behalf of the Issuer.

The Issuer may change the Paying Agents, the Registrars or the transfer agents without prior notice to the holders. 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, 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 or on the official website of the Luxembourg Stock Exchange.

Transfer and Exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the “144A Global Notes”), and Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the “Reg S Global Notes” and together with the 144A Global Notes, the “Global Notes”).

During the 40-day distribution compliance period, book-entry interests in the Regulation S Global Notes may be transferred only to non-U.S. Persons under Regulation S under the U.S. Securities Act or to persons whom the transferor reasonably believes are “qualified institutional buyers” within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction.

Ownership of interests in the Global Notes (the “Book-Entry Interests”) will be limited to persons that have accounts with Euroclear or Clearstream, as applicable, 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 Clearstream, as applicable, will be effected by Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Note, or the “Restricted Book-Entry Interest,” may be transferred to a person who takes delivery in the form of Book-Entry Interests in the 144A Global Note, as applicable, or the “Reg S Book-Entry Interests,” only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If definitive registered Notes in certificated form (“Definitive Registered Notes”) are issued, they will be issued only in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof upon receipt by the applicable Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under “Notice to Investors.”

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

- (1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

- (2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;
- (3) for a period of 15 days prior to the record date with respect to any interest payment date; or
- (4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Additional Amounts

All payments made by the Issuer under or with respect to the Notes or any of the Guarantors under or with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is incorporated or organized, engaged in business for tax purposes or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "*Tax Jurisdiction*") will at any time be required to be made by any applicable withholding agent from any payments made by the Issuer under or with respect to the Notes or any of the Guarantors under or with respect to any Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by each beneficial owner after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

- (1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the relevant holder or Beneficial Owner of the Notes and the relevant Tax Jurisdiction (including being a resident of such jurisdiction for Tax purposes), other than any connection arising solely from the acquisition, holding or disposition of such Note, the enforcement of rights under such Note or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;
- (2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);
- (3) any estate, inheritance, gift, sales, transfer or similar Taxes;
- (4) any Taxes withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;
- (5) Taxes imposed on or with respect to a payment made to a holder or Beneficial Owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another available Paying Agent in a member state of the European Union;
- (6) any Taxes payable other than by deduction or withholding from payments to a holder or Beneficial Owner under, or with respect to, the Notes or with respect to any Note Guarantee;
- (7) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the holder or Beneficial Owner of Notes, following the Issuer's written request addressed to the holder or Beneficial Owner (and made at a time that would enable the holder or Beneficial Owner acting reasonably to comply with that request, and in all events, at least 45 days before any such withholding or deduction would be required on payments to the holder or Beneficial Owner), to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or

Beneficial Owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or Beneficial Owner is legally eligible to provide such certification or documentation; or

(8) any combination of items (1) through (7) above.

In addition, no Additional Amounts shall be paid with respect to a holder who is a fiduciary or a partnership or, other than to the Beneficial Owners of the Notes, to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the Beneficial Owner would not have been entitled to Additional Amounts had such beneficiary, settlor, member or Beneficial Owner held such Notes directly.

For a description of the formalities which holders and Beneficial Owners must follow in order to claim an exemption from withholding tax and certain disclosure requirements imposed on the Issuer relating to the identity and residence of Beneficial Owners, see "Certain Tax Considerations" and "Risk Factors."

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary Taxes, or any other excise or property Taxes, which are levied by any Tax Jurisdiction on the execution, delivery, issuance, or registration of any of the Notes, the Indenture, any Note Guarantee or any other document referred to therein, or the receipt of any payments with respect thereto, or by any jurisdiction on the enforcement of any of the Notes or any Note Guarantee (limited, in the case of taxes attributable to payments with respect to the Notes or any Note Guarantee, to any such taxes imposed in a Tax Jurisdiction that are not excluded under clauses (1) through (5), (7) or (8) or the paragraph immediately following clause (8) above).

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, each of the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificates must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor (if it is the applicable withholding agent) will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee (or to a holder upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not available, other evidence of payments (reasonably satisfactory to the Trustee) by such entity.

Whenever in the Indenture or in this "Description of Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or Beneficial Owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which such Person makes any payment on the Notes (or any Note Guarantee) and, in each case, any political subdivision thereof or therein.

Note Guarantees

The Note Guarantees will be joint and several obligations of the Guarantors.

The obligations of the Guarantors will be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see "Risk

Factors — Risks Relating to the Notes — The Guarantees of the Notes, along with any future guarantees of the Notes, will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability.” By virtue of this limitation, a Guarantor’s obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee.

On the Issue Date, the Notes will be fully and unconditionally guaranteed on a senior basis by the Company and certain of the Company’s Restricted Subsidiaries organized under the laws of Australia, Belgium, Canada, Germany, Hong Kong, Luxembourg, the Netherlands, Singapore, Switzerland, the United Kingdom and the United States (together, the “*Initial Guarantors*”), each of which is a guarantor of the Revolving Credit Facility.

Substantially all the operations of the Company are conducted through its Subsidiaries. Not all of the Company’s Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company. For the year ended December 31, 2011, the Guarantors represented 82.1% of our consolidated revenue, 76.8% of our consolidated Reported EBITDA and 75.7% of our consolidated total assets (excluding intercompany receivables). 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. See “Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock.”

Note Guarantees Release

The Note Guarantee of a Guarantor will be released:

- (1) in the case of a Note Guarantee by a Subsidiary Guarantor only, in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Issuer, the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the “Asset Sale” provisions of the Indenture;
- (2) in the case of a Note Guarantee by a Subsidiary Guarantor only, in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Issuer, the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the “Asset Sale” provisions of the Indenture and the Subsidiary Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;
- (3) in the case of a Note Guarantee by a Subsidiary Guarantor only, where, at the time of such release, the value of such Subsidiary Guarantor’s assets is less than CHF 1.0 million (excluding the value of any shares of any Subsidiaries of the Company); *provided, however*, that, in the case such release is of the Guarantee of a Subsidiary Guarantor that is the legal owner of any Capital Stock of one or more Subsidiary Guarantors (the “*Designated Capital Stock*”), (i) such release is in connection with or in contemplation of the orderly voluntary liquidation, winding up or similar procedure of such Subsidiary Guarantor whose Note Guarantee is being released and (ii) immediately following such release of such Note Guarantee, the Designated Capital Stock is owned by one or more Guarantors;
- (4) if the Company designates any Restricted Subsidiary that is a Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;
- (5) upon repayment in full of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; or
- (6) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions “— Legal Defeasance and Covenant Defeasance” and “— Satisfaction and Discharge.”

Optional Redemption

At any time prior to March 1, 2015, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture, upon not less than 30 nor more than 60 days’ notice, at a redemption price equal to 106.75% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights

of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering; *provided* that:

- (1) at least 65% of the aggregate principal amount of the each of the Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and
- (2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

At any time prior to March 1, 2015 the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding two paragraphs and except pursuant to "— Redemption for Changes in Taxes," the Notes will not be redeemable at the Issuer's option prior to March 1, 2015.

On or after March 1, 2015 the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on March 1 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

<u>Year</u>	<u>Note Redemption Price</u>
2015	105.063%
2016	103.375%
2017	101.688%
2018 and thereafter	100.000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "— Selection and Notice"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes, the Issuer is or would be required to pay Additional Amounts, and the Issuer cannot avoid any such payment obligation by taking reasonable measures available, and the requirement arises as a result of:

- (1) any amendment to, or change in, the laws (or any regulations or rulings promulgated thereunder) of a relevant Tax Jurisdiction which change or amendment is announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or
- (2) any amendment to, or change in, an official written interpretation or application of such laws, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change is announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date).

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes were then due, and the law imposing the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee an opinion of independent tax counsel of recognized expertise in the laws of the relevant jurisdiction and satisfactory to the Trustee to the effect that there has been such amendment or change which would entitle the Issuer to redeem the Notes hereunder. In addition, before the Issuer publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that the Issuer cannot avoid its obligation to pay Additional Amounts by the Issuer taking reasonable measures available to it.

The Trustee will accept and shall be entitled to conclusively rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

Mandatory Redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of that holder's Notes pursuant to an offer (the "*Change of Control Offer*") on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "*Change of Control Payment*"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will mail a notice to each holder of the Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under "— Selection and Notice," stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and
- (3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Principal Paying Agent will promptly mail (or cause to be delivered in accordance with the customary procedures of Euroclear and Clearstream, as applicable) to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described above under the caption “— Optional Redemption,” unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under 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 consent of the holders of a majority in principal amount of the Notes prior to the occurrence of a Change of Control.

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, the Issuer will publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Luxembourg or on the official website of the Luxembourg Stock Exchange.

Asset Sales

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

- (1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of (including, for the avoidance of doubt, if such Asset Sale is a Permitted Asset Swap); and
- (2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents (except to the extent that such Asset Sale is a Permitted Asset Swap). For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as recorded on the balance sheet of the Company or any Restricted Subsidiary (other than contingent liabilities), that are assumed by the transferee of any such assets and as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;
 - (b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 60 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;
 - (c) any assets or Capital Stock of the kind referred to in clauses (3) and (4) of the next paragraph of this covenant;
 - (d) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of such Indebtedness in connection with such Asset Sale; and
 - (e) consideration consisting of Indebtedness of the Company or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) shall apply such Net Proceeds as follows:

- (1) to purchase the Notes pursuant to an offer to all holders of Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to (but not including) the date of purchase (a “Notes Offer”);
- (2) (a) to repurchase, prepay, redeem or repay (a) Indebtedness and other Obligations under any Credit Facility, (b) Indebtedness and other Obligations of any Subsidiaries of the Company that are not Guarantors or (c) Indebtedness secured by a Lien on the asset which is the subject of the relevant Asset Sale; *provided, however*, that, in connection with any such repurchase, prepayment, redemption or repayment of Indebtedness or other Obligations pursuant to this clause (2), the Company or such Restricted Subsidiary will retire such Indebtedness or other Obligations and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so repurchased, prepaid, redeemed or repaid;
- (3) to acquire any Capital Stock of, or all or substantially all of the assets of, another Permitted Business;
- (4) to invest in other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in a Permitted Business;
- (5) to enter into a binding commitment to apply the Net Proceeds pursuant to clause (3), (4) or (6) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period;
- (6) to make capital expenditures in assets that are used or useful in a Permitted Business; or
- (7) any combination of the foregoing.

Pending the final application of any Net Proceeds, the Company (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute “Excess Proceeds.” When the aggregate amount of Excess Proceeds exceeds CHF 40.0 million, within ten Business Days thereof, the Issuer will make an offer (an “Asset Sale Offer”) to all holders of Notes and may make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantees (*provided* that such other Indebtedness contains provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets) to purchase, prepay or redeem with the proceeds of sales of assets the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered pursuant to (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased, prepaid or redeemed on a pro rata basis (or in the manner described under “— Selection and Notice”), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer or the Company (as the case may be) will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer, an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control or Asset Sale provisions of the Indenture, the Issuer or the Company (as the case may be) will comply with the applicable securities laws and regulations and will not be

deemed to have breached its obligations under the Change of Control or Asset Sale provisions of the Indenture by virtue of such compliance.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a pro rata basis (or, in the case of Notes issued in global form as discussed under “Book-Entry, Delivery and Form,” based on the applicable procedures of Euroclear and Clearstream, as applicable), unless otherwise required by law or applicable stock exchange or depository requirements. The Trustee shall not be liable for selections made by it in accordance with this paragraph.

No Notes of €100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. 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 Notes called for redemption.

For Notes which are represented by global certificates held on behalf of Euroclear, notices may be given by delivery of the relevant notices to Euroclear for communication to entitled account holders in substitution for the aforesaid mailing. 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, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange and, in connection with any redemption, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or any of its Restricted Subsidiaries and other than dividends or distributions payable to the Company or a Restricted Subsidiary);
- (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent entity of the Company;
- (3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except (i) a payment of principal at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition; or
- (4) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as “*Restricted Payments*”), unless, at the time of any such Restricted Payment:

- (a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;
- (b) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least CHF 1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption “— Incurrence of Indebtedness and Issuance of Preferred Stock”; and
- (c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (including Restricted Payments permitted by clauses (1) (without duplication of amounts paid pursuant to any other clause of the next paragraph), (8), (10) and (11) of the next paragraph, but excluding all other Restricted Payments permitted by the next paragraph) is less than the sum, without duplication, of:
 - (i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from January 1, 2012 to the end of the Company’s most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*
 - (ii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities, assets and other property received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Company or convertible or exchangeable debt securities of the Company, in each case that have been converted into or exchanged for Equity Interests of the Company (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company) or from the issuance or sale of Subordinated Shareholder Debt (other than an issuance or sale to a Restricted Subsidiary of the Company); *plus*
 - (iii) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property and marketable securities received by the Company or any Restricted Subsidiary, or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Company and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*
 - (iv) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Company or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the Fair Market Value of the property received by the Company or Restricted Subsidiary or the Company’s Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such investments reduced the restricted payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*
 - (v) 100% of any dividends or distributions received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period;

provided that upon a Specified Change of Control Event, all amounts calculated pursuant to this clause (c) shall be reset to zero and all references to January 1, 2012 or the Issue Date in this clause (c) shall thereafter refer to the date of such Specified Change of Control Event.

The preceding provisions will not prohibit the following:

- (1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date

of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

- (2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital to the Company; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;
- (3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Restricted Subsidiary that is contractually subordinated to the Notes or to any Note Guarantee (other than Subordinated Shareholder Debt) (i) with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness or (ii) consisting of Acquired Debt (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; *provided* that any such repurchase, redemption, defeasance or other acquisition or retirement pursuant to this clause is at a purchase price not greater than 100% of the principal amount of such Indebtedness plus accrued and unpaid interest and any premium required by the terms of such Indebtedness;
- (4) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock option;
- (5) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed CHF 1.0 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years); and *provided, further*, that such amount in any calendar year may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of the Company or a Restricted Subsidiary received by the Company or a Restricted Subsidiary during such calendar year, in each case to members of management, directors or consultants of the Company, any of its Restricted Subsidiaries or any of its direct or indirect parent companies to the extent the cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph;
- (6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described below under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock";
- (7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person;
- (8) so long as no Default or Event of Default has occurred and is continuing, advances or loans to (a) any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted

Payments under this clause (8) does not exceed, when taken together with the outstanding amount of Management Advances, CHF 10.0 million in the aggregate outstanding at any time;

- (9) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the Company or any Restricted Subsidiary) on no more than a pro rata basis;
- (10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Company of dividends or distributions on, or repurchases, redemptions, acquisitions or retirements of, the common stock or common equity interests of the Company in an amount not to exceed in any fiscal year 6% of the Market Capitalization of the Company; *provided* that after giving *pro forma* effect to such dividends, distributions, repurchases, redemptions, acquisitions or retirements the Consolidated Leverage Ratio of the Company shall be equal to or less than 3.00 to 1.00; and
- (11) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed CHF 30.0 million since the Issue Date.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

Incurrence of Indebtedness and Issuance of Preferred Stock

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Company will not and will not permit any Restricted Subsidiary to, issue any Disqualified Stock and the Company will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*, that the Company may incur Indebtedness (including Acquired Debt), or issue Disqualified Stock, and the Restricted Subsidiaries may incur Indebtedness (including Acquired Debt), issue Disqualified Stock or issue preferred stock, in each case, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.00 to 1.00, in each case, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

- (1) the incurrence by the Issuer and any Guarantor of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed €150.0 million, *plus* in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing, *less* the aggregate amount of all Net Proceeds from Asset Sales since the Issue Date applied to repay Indebtedness incurred pursuant to this clause (1) (and to permanently reduce the related commitments (if any) pursuant to the covenant described under "Repurchase at the Option of Holders— Asset Sales"; *provided, however*, that in no event shall such reduction reduce the availability under this clause (1) to less than €100.0 million at any one time outstanding;
- (2) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Issue Date after giving effect to the use of proceeds of the Notes (other than any Indebtedness incurred under the Revolving Credit Facility, which shall be deemed to have been incurred in reliance on the exception provided by clause (1) of this paragraph);
- (3) Indebtedness of the Issuer and the Guarantors represented by the Notes issued on the Issue Date and the related Note Guarantees;

- (4) Indebtedness of the Company or any Restricted Subsidiary, in each case, representing Capital Lease Obligations, mortgage financings or Purchase Money Obligations incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed CHF 45.0 million at any time outstanding;
- (5) Permitted Refinancing Indebtedness or Disqualified Stock of the Issuer or any Guarantor and Permitted Refinancing Indebtedness or preferred stock of any Restricted Subsidiary in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness, Disqualified Stock and preferred stock (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (5) or (13) of this paragraph;
- (6) the incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company or any Restricted Subsidiary; *provided* that:
 - (a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Company and its Restricted Subsidiaries and (ii) only to the extent legally permitted (the Company and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and
 - (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);
- (7) the issuance by any Restricted Subsidiary to the Issuer or to any Guarantor of preferred stock; *provided* that:
 - (a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Issuer or a Guarantor; and
 - (b) any sale or other transfer of any such preferred stock to a Person that is not either the Issuer or a Guarantor,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);
- (8) the incurrence by the Issuer or any Guarantor of Hedging Obligations not for speculative purposes (as determined in good faith by a responsible accounting or financial officer of the Company);
- (9) the Guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being Guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, then the Guarantee must be expressly subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness being Guaranteed;
- (10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, captive insurance companies, bankers' acceptances, performance and surety bonds in the ordinary course of business;
- (11) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days;

- (12) Indebtedness represented by Guarantees of any Management Advances;
- (13) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary 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 (other than Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary); *provided, however*, with respect to this clause (13), 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 (13) or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction including the incurrence of such Indebtedness pursuant to this clause (13);
- (14) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary; *provided* that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;
- (15) Indebtedness of the Company and its Restricted Subsidiaries in respect of (A) letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, and (B) any customary cash management, cash pooling or netting or setting off arrangements; *provided, however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;
- (16) Guarantees by the Company or any Restricted Subsidiary granted to any trustee of any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust scheme approved by the Board of Directors of the Company, so long as the proceeds of the Indebtedness so Guaranteed is used to purchase Equity Interests of the Company (other than Disqualified Stock); *provided* that the amount of any net cash proceeds from the sale of such Equity Interests of the Company will be excluded from clause (c)(ii) of the first paragraph of the covenant described above under the caption “— Certain Covenants — Restricted Payments” and will not be considered to be net cash proceeds from an Equity Offering for purposes of the “Optional Redemption” provisions of the Indenture;
- (17) Indebtedness represented by guarantees of pension fund obligations of the Company or any Restricted Subsidiary required by law or regulation;
- (18) Indebtedness represented by guarantees of obligations of Associates not exceeding CHF 10.0 million in aggregate principal amount at any time outstanding; and
- (19) Indebtedness or Disqualified Stock of the Issuer, Disqualified Stock of any Guarantor and Indebtedness or preferred stock of the Company or any Restricted Subsidiary in an aggregate principal amount at any time outstanding, including all Indebtedness, Disqualified Stock and preferred stock incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness, Disqualified Stock and preferred stock incurred pursuant to this clause (19), at any time outstanding not to exceed the greater of (x) CHF 60.0 million and (y) 3.3% of Consolidated Total Assets.

For purposes of determining compliance with this “Incurrence of Indebtedness and Issuance of Preferred Stock” covenant:

- (1) in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (19) above, and/or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company, in its sole discretion, will be

permitted to classify such item of Indebtedness on the date of its incurrence and will only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, and from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant;

- (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 for purposes of determining compliance with, and outstanding principal amount of any particular Indebtedness incurred pursuant to and in compliance with this covenant;
- (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 (1), (4) or (19) of the second paragraph, or the first paragraph, of this covenant, 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; and
- (5) 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.

Notwithstanding the foregoing, the aggregate principal amount of Priority Indebtedness at any time outstanding will not exceed the greater of (i) CHF 120.0 million and (ii) 6.5% of Consolidated Total Assets.

The accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of commitments or obligations (including preferred stock) due to a change in accounting principles, and the payment of dividends in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other 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 (and, if such Indebtedness is not permitted to be incurred as of such date under this covenant, the Company shall be in default of this covenant).

For purposes of determining compliance with any CHF-denominated restriction on the incurrence of Indebtedness, the CHF Equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided, however*, that (i) if such Indebtedness denominated in non-CHF currency is subject to a Currency Exchange Protection Agreement with respect to CHF, the amount of such Indebtedness expressed in CHF will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the CHF Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the CHF Equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

- (1) such CHF Equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence; and
- (2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the CHF Equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

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 Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

- (1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;
- (2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
- (3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (i) the Fair Market Value of such assets at the date of determination; and
 - (ii) the amount of the Indebtedness of the other Person.

Liens

The Company will not and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except Permitted Liens, unless all payments due under the Indenture and the Notes are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any Restricted Subsidiary;
- (2) make loans or advances to the Company or any Restricted Subsidiary; or
- (3) sell, lease or transfer any of its properties or assets to the Company or any Restricted Subsidiary;

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements governing Indebtedness and Credit Facilities as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date (as determined in good faith by a responsible accounting or financial officer of the Company);
- (2) the Indenture, the Notes and the Note Guarantees;
- (3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under the caption “— Incurrence of Indebtedness and Issuance of Preferred Stock” and any amendments, restatements, modifications, renewals, supplements,

refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein are not materially less favorable to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Company);

- (4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;
- (5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;
- (6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;
- (7) Purchase Money Obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;
- (8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition; *provided* that such sale or disposition is made in accordance with the covenant described under the caption "Repurchase at the Option of Holders— Asset Sales";
- (9) agreements governing Permitted Refinancing Indebtedness; *provided* that such restrictions contained in such agreements are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced (as determined in good faith by a responsible accounting or financial officer of the Company);
- (10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "— Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;
- (11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;
- (12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business; and
- (13) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (12), or in this clause (13); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced (as determined in good faith by a responsible accounting or financial officer of the Company).

Merger, Consolidation or Sale of Assets

The Company will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving entity), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

- (1) either: (a) the Company is the surviving entity; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the European Union as in effect on December 31, 2003, Switzerland, Canada, any state of the United States or the District of Columbia;

- (2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Notes, the Indenture and any intercreditor agreement;
- (3) immediately after such transaction, no Default or Event of Default exists;
- (4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto and to any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, (i) be permitted to incur at least CHF 1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption “—Incurrence of Indebtedness and Issuance of Preferred Stock” or (ii) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and
- (5) the Company delivers to the Trustee an Officer’s Certificate and Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and, if the Company is not the surviving entity, that the accession agreement executed in connection therewith is the legally valid and binding obligation of the successor Person enforceable (subject to customary exceptions and exclusions) in accordance with their terms; *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact.

A Subsidiary Guarantor (other than a Subsidiary Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under “—Note Guarantees”) will not, directly or indirectly: (x) consolidate or merge with or into another Person (whether or not such Subsidiary Guarantor is the surviving entity), or (y) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Subsidiary Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

- (1) either:
 - (a) such Subsidiary Guarantor is the surviving entity; or
 - (b) the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of such Subsidiary Guarantor under its Note Guarantee;
- (2) immediately after giving pro forma effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving entity as a result of such transaction as having been incurred by the surviving entity at the time of such transaction or transactions), no Default or Event of Default exists; and
- (3) the Company delivers to the Trustee an Officer’s Certificate and Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with the second paragraph of this covenant and, if the Subsidiary Guarantor is not the surviving entity, that the accession agreement executed in connection therewith is the legally valid and binding obligation of the successor Person enforceable (subject to customary exceptions and exclusions) in accordance with their terms; *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact.

This “Merger, Consolidation or Sale of Assets” covenant will not apply to (a) any consolidation or merger of any Restricted Subsidiary that is not a Guarantor into the Issuer or a Guarantor (including the Company), (b) any consolidation or merger among Guarantors (other than the Company merging into another Guarantor where the Company is not the surviving entity), (c) any consolidation or merger among the Issuer and any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor is an entity organized or existing under the laws of any member state of the European Union as in effect on December 31, 2003, Switzerland, Canada, any state of the United States or the District of Columbia and will assume the obligations of the Issuer under the Indenture, the Notes and any intercreditor agreement; (d) any consolidation or merger by a Subsidiary Guarantor into any other Person or sale by a Subsidiary Guarantor where the provision of a Note Guarantee by the surviving entity could

reasonably be expected to (as determined in good faith by a responsible accounting or financial officer of the Company) give rise to or result in (i) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (ii) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available (as determined in good faith by a responsible accounting or financial officer of the Company) to the Company or such Restricted Subsidiary, including, for the avoidance of doubt, "white-wash" or similar procedures or (iii) any significant cost, expense, liability or obligation (including with respect of any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (ii) undertaken in connection with, such Note Guarantee, which cannot be avoided through measures reasonably available to (as determined in good faith by a responsible accounting or financial officer of the Company) the Company or the Restricted Subsidiary; *provided* that immediately after giving pro forma effect to such consolidation, merger or sale (and treating any Indebtedness which becomes an obligation of the surviving entity as a result of such consolidation, merger or sale as having been incurred by the surviving entity at the time of such consolidation, merger or sale), no Default or Event of Default exists; or (e) any sale, assignment, transfer, conveyance, lease or other disposition of assets among the Restricted Subsidiaries that are not Guarantors. Clauses (3) and (4) of the first paragraph and clause (2) of the second paragraph of this covenant will not apply to any merger or consolidation of the Issuer or any Guarantor with or into an Affiliate solely for the purpose of reincorporating the Issuer or such Guarantor in another jurisdiction; *provided* that the Person formed by or surviving such merger or consolidation (if other than the Issuer or such Guarantor assumes all the obligations of the Issuer or such Guarantor under the Indenture, the Notes and the Note Guarantees, as applicable.

Transactions with Affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an "*Affiliate Transaction*") involving aggregate consideration in excess of CHF 5.0 million, unless:

- (1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person (as determined in good faith by a responsible accounting or financial officer of the Company); and
- (2) the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of CHF 20.0 million, a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company; and, in addition,
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of CHF 50.0 million, an opinion of an accounting, appraisal or investment banking firm of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is fair to the Company or such Restricted Subsidiary from a financial point of view taking into account all relevant circumstances.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

- (1) any employment agreement, collective bargaining agreement, consultant, employee benefit arrangements with any employee, consultant, officer or director of the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business (as determined in good faith by a responsible accounting or financial officer of the Company);
- (2) transactions between or among the Company and/or its Restricted Subsidiaries;

- (3) transactions between or among the Company or any Restricted Subsidiary and a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company or a Restricted Subsidiary or any Affiliate of the Company or a Restricted Subsidiary owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;
- (4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of Officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;
- (5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company (as determined in good faith by a responsible accounting or financial officer of the Company);
- (6) any Restricted Payment (other than a Permitted Investment) that does not violate the provisions of the Indenture described above under the caption “— Restricted Payments”;
- (7) transactions pursuant to, or contemplated by, any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not materially more disadvantageous to the holders of the Notes than the original agreement as in effect on the Issue Date;
- (8) the issuance of any Subordinated Shareholder Debt;
- (9) any Permitted Investment described in clause (5), (6), (7), (9) or (10) of the definition thereof;
- (10) transactions with customers, clients, suppliers, Associates (including joint venture partners) or purchasers or sellers of goods or services or lessors or lessees of property in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture which are, in the aggregate (taking into account all the costs and benefits associated with such transactions),
 - (x) materially no less favorable to the Company or its Restricted Subsidiaries than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person or
 - (y) at least as favorable to the Company or its Restricted Subsidiaries as might reasonably have been obtained at such time from an unaffiliated party, and, in each case, as determined in good faith by a responsible financial or accounting officer of the Company;
- (11) Management Advances; and
- (12) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture that are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person.

Intercreditor Agreements

At the request of the Company, at the time of, or prior to, any time that the Company or any of the Company's Restricted Subsidiaries incurs or guarantees any Indebtedness to be secured by a Lien on assets of the Company or any of its Restricted Subsidiaries permitted to be incurred under the covenant described above under “— Liens” (*“Pari Passu Indebtedness”*), which Lien (the *“Shared Collateral”*) will also secure Indebtedness under any Credit Facility, the Notes and/or a Note Guarantee, the Company or the relevant Restricted Subsidiary, the Trustee and the relevant collateral agent will enter into an intercreditor agreement (each a *“Pari Passu Intercreditor Agreement”*) in respect of the Shared Collateral with the other creditors sharing the benefit of such Lien (the *“Pari Passu Creditors”*) (or their agent, representative or trustee), containing provisions which reflect the following (together, the *“Fundamental Intercreditor Rights”*):

- (a) the Holders of the Notes and the holders of Pari Passu Indebtedness will rank equally in terms of priority and share the net proceeds arising by virtue of the enforcement of the Shared Collateral pro rata;
- (b) nothing therein contained will impair the right of any holder of Notes to:
 - (i) receive payment of principal of and interest on such holder's Notes on or after the due dates therefor;
 - (ii) institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Guarantee in respect thereof; or

- (iii) rank equally in terms of priority with the Pari Passu Creditors, and share the net proceeds arising by virtue of the enforcement of the Shared Collateral with the Pari Passu Creditors pro rata; and
- (c) the Shared Collateral will only be substituted or released, and Liens will only be granted on the assets the subject of the Shared Collateral, to the extent permitted under (or not prohibited by) both the Indenture and the documents governing the terms of the Pari Passu Indebtedness, and the terms for substitution or release of the Shared Collateral will be substantially similar to the terms of the release of the Note Guarantees in the Indenture.

Each Pari Passu Intercreditor Agreement will have an intercreditor agent or security agent who acts on behalf of all of the holders of the Pari Passu Indebtedness and the Notes, the Trustee and any of their agents.

Any Pari Passu Intercreditor Agreement may contain provisions in addition to those described above to the extent necessary or desirable to enable the Company or any of its Subsidiaries to enter into and consummate corporate, financing and other transactions. Provided such provisions do not conflict with the Fundamental Intercreditor Rights described above, and *provided* that such Pari Passu Intercreditor Agreement contains such provisions as are customarily requested by note trustees when entering into intercreditor agreements on behalf of noteholders, the Trustee shall enter into such Pari Passu Intercreditor Agreements on behalf of the holders of Notes.

The Indenture will provide that, at the written direction of the Company and without the consent of the holders of the Notes, the Trustee may from time to time enter into one or more amendments to any Pari Passu Intercreditor Agreement or deed to: (i) cure any ambiguity, defect or inconsistency therein; (ii) increase the amount of Indebtedness of the types covered by the Pari Passu Intercreditor Agreement in a manner not prohibited by the Indenture and in a manner substantially consistent with the ranking and terms of such Pari Passu Intercreditor Agreement; (iii) add Guarantors or other parties (such as representatives of new issuances of Indebtedness) thereto; (iv) make any change necessary or desirable, in the good faith determination of the Board of Directors of the Company, in order to implement any transactions permitted under the second paragraph under the caption “Merger, Consolidation, or Sale of Assets”; *provided* that such change does not adversely affect the Fundamental Intercreditor Rights of any holder of the Notes in any material respect; or (v) make any other such change thereto that does not in any material respect adversely affect the Fundamental Intercreditor Rights of any holder of the Notes. The Company shall not otherwise direct the Trustee to enter into any amendment to any Pari Passu 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 “— Amendment, Supplement and Waiver” and shall not direct the Trustee to enter into any amendment to any Pari Passu Intercreditor Agreement which adversely affects the rights or immunities of the Trustee.

Any Pari Passu Intercreditor Agreement may be terminated at the option of the Company if at the date of such termination the Pari Passu Indebtedness covered thereby has been repaid or refinanced or otherwise discharged. The Trustee shall take all necessary actions to effectuate the termination of any Pari Passu Intercreditor Agreement in accordance with these provisions, subject to customary protections and indemnifications.

Each holder of a Note, by accepting such Note, will be deemed to have:

- (1) appointed and authorized the Trustee to give effect to such provisions;
- (2) authorized the Trustee to become a party to any future intercreditor arrangements described above;
- (3) agreed to be bound by such provisions and the provisions of any future intercreditor arrangements described above; and
- (4) irrevocably appointed the Trustee to act on its behalf to enter into and comply with such provisions and the provisions of any future intercreditor arrangements described above.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption “— Restricted Payments” or

under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Company's Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "— Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock," the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to maintain the listing of the Notes on the Euro MTF Market for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Euro MTF Market, and thereafter use its commercially reasonable efforts to maintain, a listing of such Notes on another recognized stock exchange or exchange regulated market in western Europe.

Reports

So long as any Notes are outstanding, the Company will furnish to the Trustee:

- (1) within 120 days after the end of the Company's fiscal year (commencing with the fiscal year ending December 31, 2011) (A) the Company's annual report and accounts (including audited year end financial statements prepared in accordance with IFRS and an explanatory statement) prepared in accordance with the rules of the SIX Swiss Exchange and (B) to the extent not already provided under clause (A), (i) 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, and a discussion of material commitments and contingencies and critical accounting policies; (ii) a 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 (unless such contractual arrangements were described in a previous annual or quarterly report, in which case the Company need describe only any material changes), (iii) material risk factors relating to the business of the Company and material recent developments; (iv) pro forma income statement and balance sheet information, together with explanatory footnotes, for any material acquisitions, disposition or recapitalizations that have occurred since the beginning of the most recently completed fiscal year unless pro forma information has been provided in a previous report pursuant to paragraph (2)(B)(ii) below (*provided* that such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case the Company will provide, in the case of a material acquisition, acquired company financials), and (v) audited consolidated statements of income, statements of cash flow and balance sheets of the Company as of and for the most recent two fiscal years (including appropriate footnotes and the report of the independent auditors on such financial statements);
- (2) within 60 days following the end of the first semi-annual period of the Company's financial year (commencing with the semi-annual period ending June 30, 2012) (A) an interim report (including a condensed set of semi-annual interim financial statements prepared in accordance with IFRS and an explanatory statement) prepared in accordance with requirements of the rules of the SIX Swiss Exchange or a half-yearly report and (B) to the extent not already provided under clause (A), (i) an

unaudited condensed consolidated balance sheet as of the end of such semi-annual period and an unaudited condensed statement of income and statement of cash flow for the period from the beginning of the then-current fiscal year until the end of such semi-annual period, and the comparable prior year periods (together with condensed footnote disclosure), (ii) pro forma income statement and balance sheet information, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter (*provided* that such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case the Company will provide, in the case of a material acquisition, acquired company financials), (iii) an operating and financial review of the unaudited financial statements, in a level of detail comparable in all material respects to the operating and financial review of the Company contained in its semi-annual report as of and for the six month period ended June 30, 2011 and (iv) material recent developments;

- (3) within 60 days following the end of the first and third quarterly period of the Company's financial year (commencing with the quarterly period ending March 31, 2012) (i) an unaudited condensed consolidated balance sheet as of the end of such quarter and an unaudited condensed statement of income and statement of cash flow for the period from the beginning of the then-current fiscal year until the end of such quarter, and the comparable prior year periods (together with condensed footnote disclosure), (ii) pro forma income statement and balance sheet information, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter (*provided* that such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case the Company will provide, in the case of a material acquisition, acquired company financials), (iii) a financial review of the unaudited financial statements, in a level of detail comparable in all material respects to the financial review of the Company contained in its semi-annual report as of and for the six month period ended June 30, 2011 and (iv) material recent developments; and
- (4) concurrently with its issuance, all information that is required to be provided to the holders of the shares of the Company under the rules of the SIX Swiss Exchange or otherwise by applicable law;

provided, however, that the reports set forth in clauses (1), (2), (3) and (4) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Subsidiary Guarantors of the Company or non-guarantor Subsidiaries of the Company; *provided, further, however*, that any reports set out in this paragraph delivered to the Trustee via email or other electronic means shall be deemed to have been "furnished" to the Trustee in accordance with the terms of this paragraph.

In addition, if the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a presentation of the Company and its Restricted Subsidiaries as a percentage of the Company's consolidated revenue, consolidated EBITDA and consolidated total assets (excluding intercompany receivables among the Company and its Restricted Subsidiaries).

All financial statements shall be prepared in accordance with IFRS. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum.

In addition, for so long as any Notes remain outstanding, the Issuer has agreed that it will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Company will also (a) file a press release with the appropriate internationally recognized wire services in connection with such report and (b) post such report on the Company's website. The Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, at the offices of the Paying Agent in Luxembourg.

Delivery of such reports, information and documents to the Trustee shall be for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance

with any of its covenants under the Indenture or the Notes (as to which the Trustee shall be entitled to rely exclusively on Officer's Certificates).

Limitation on Guarantees by Restricted Subsidiaries

The Company will not cause or permit any of its Restricted Subsidiaries that is not a Guarantor, directly or indirectly, to guarantee any Indebtedness of the Issuer or any Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a Note Guarantee which Note Guarantee will be *pari passu* with or senior to such Restricted Subsidiary's guarantee of such other Indebtedness.

Each additional Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing:

- (1) no Note Guarantee shall be required as a result of any guarantee of Indebtedness that existed at the time such Person became a Restricted Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;
- (2) such Note Guarantee need not be secured unless required pursuant to the "— Liens" covenant;
- (3) if such Indebtedness is by its terms expressly subordinated to the Notes or any Note Guarantee, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated to such Restricted Subsidiary's Note Guarantee of the Notes at least to the same extent as such Indebtedness is subordinated to the Notes or any other senior guarantee;
- (4) no Note Guarantee shall be required as a result of any guarantee given to a bank or trust company incorporated in any member state of the European Union as of the date of the Indenture or any commercial banking institution that is a member of the U.S. Federal Reserve System (or any branch, Subsidiary or Affiliate thereof), in each case having combined capital and surplus and undivided profits of not less than €500.0 million, whose debt has a rating, at the time such guarantee was given, of at least A — or the equivalent thereof by S&P and at least A3 or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Company's benefit or that of any Restricted Subsidiary;
- (5) no Note Guarantee shall be required if such Note Guarantee could reasonably be expected to give rise to or result in (as determined in good faith by a responsible accounting or financial officer of the Company) (A) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available (as determined in good faith by a responsible accounting or financial officer of the Company) to the Company or such Restricted Subsidiary, including, for the avoidance of doubt, "white-wash" or similar procedures or (C) any significant cost, expense, liability or obligation (including with respect of any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with, such Note Guarantee, which cannot be avoided through measures reasonably available (as determined in good faith by a responsible accounting or financial officer of the Company) to the Company or the Restricted Subsidiary; and
- (6) each such Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Limitation on Permitted Activities

The Company will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Permitted Business, except to the extent as would not be material to the Company and the Restricted Subsidiaries taken as a whole.

Successor Corporation Substituted

Upon any consolidation or merger or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Issuer, any Guarantor or their respective Restricted Subsidiaries, in a transaction that is subject to, and that complies with the provisions of the covenant described above under “— Merger, Consolidation or Sale of Assets,” the successor Person formed by such consolidation or into or with which the Issuer or any Guarantor, as applicable, is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this “Description of Notes” referring to the “Issuer” or the “Guarantor,” as applicable, shall refer instead to the successor Person and not to the Issuer or the Guarantor, as applicable), and may exercise every right and power of the predecessor Issuer or Guarantor, as applicable, under the Indenture with the same effect as if such successor Person had been named as the Issuer or Guarantor, as applicable, therein and the predecessor Issuer or Guarantor, as applicable, shall be discharged from all obligations under the Indenture and any Guarantee, as applicable; *provided, however*, that the predecessor Issuer shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale, conveyance, transfer or lease of all of the assets of or a consolidation or merger of the Issuer in a transaction that is subject to, and that complies with the provisions of, the covenant described above under “— Merger, Consolidation or Sale of Assets.”

Suspension of Covenants when Notes Rated Investment Grade

If on any date following the Issue Date:

- (1) the Notes have achieved Investment Grade Status; and
- (2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the “*Suspension Period*”), the covenants specifically listed under the following captions in this Offering Memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

- (1) “— Repurchase at the Option of Holders — Asset Sales”;
- (2) “— Restricted Payments”;
- (3) “— Incurrence of Indebtedness and Issuance of Preferred Stock”;
- (4) “— Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (5) “— Designation of Restricted and Unrestricted Subsidiaries”;
- (6) “— Limitation on Guarantees by Restricted Subsidiaries”;
- (7) “— Transactions with Affiliates”; and
- (8) clause (4) of the first paragraph of the covenant described under “— Merger, Consolidation or Sale of Assets.”

Such covenants will not, however, be of any effect with regard to actions of the Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period, and the “— Restricted Payments” covenant will be interpreted as if it has been in effect since the Issue Date except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. All Indebtedness (including under the Revolving Credit Facility) incurred during the continuance of the Suspension Period will be deemed to have been incurred pursuant to clause (2) of the second paragraph of the caption “— Incurrence of Indebtedness and Issuance of Preferred Stock.” Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Events of Default and Remedies

Each of the following is an “*Event of Default*”:

- (1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

- (2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;
- (3) failure by the Issuer or relevant Guarantor to comply with the provisions described under the caption “— Certain Covenants — Merger, Consolidation or Sale of Assets”;
- (4) failure by the Company or any of its Restricted Subsidiaries for 30 days (after receiving written notice) to comply with any of the provisions described above under the caption “— Repurchase at the Option of Holders — Change of Control” above;
- (5) failure by the Issuer or the relevant Guarantor for 60 days (after written notice to the Company by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class) to comply with any of the agreements in the Indenture (other than a default in performance, or breach, of a covenant or agreement which is specifically dealt with in clauses (1), (2), (3) or (4) above) or any intercreditor agreement;
- (6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:
 - (a) is caused by a failure to pay principal of such Indebtedness, at its stated final maturity (after giving effect to any applicable grace periods) provided in such Indebtedness (a “*Payment Default*”); or
 - (b) results in the acceleration of such Indebtedness prior to its final stated maturity,
 and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates CHF 30.0 million or more;
- (7) failure by the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together (determined as of the most recent consolidated financial statements of the Company for a fiscal period end provided as required under “— Certain Covenants — Reports”), would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating CHF 30.0 million or more, other than any judgments covered by indemnities provided by, or insurance policies issued by, reputable and creditworthy companies under, which final judgments shall not have been paid, discharged or stayed for a period of more than 60 consecutive days after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;
- (8) except as permitted by the Indenture (including with respect to any limitations), any Note Guarantee of the Company or a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together (determined as of the most recent consolidated financial statements of the Company for a fiscal period end provided as required under “— Certain Covenants — Reports”), would constitute a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or the Issuer or any Guarantor which is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together (determined as of the most recent consolidated financial statements of the Company for a fiscal period end provided as required under “— Certain Covenants — Reports”), would constitute a Significant Subsidiary, or any Person acting on behalf of any such Guarantor, denies or disaffirms its obligations under its Note Guarantee; and
- (9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer, the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary.

In the case of an Event of Default arising under clause (9) above, all outstanding Notes will become due and payable immediately without further action or notice. A default arising under clauses (4), (5), (6), or (7) above will not constitute an Event of Default until the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes notify the Company of the default and, with respect to

clauses (4), (5), (6) and (7) above the Company does not cure such default within the time specified in clauses (4), (5), (6) or (7), as applicable, above after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (9) above) occurs and is continuing, the Trustee by notice to the Company or the holders of at least 25% in aggregate principal amount of the then outstanding Notes by notice to the Company and the Trustee, may, and the Trustee at the request of such holders of Notes shall, declare all the Notes to be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under "Events of Default" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if (i) the event of default or Payment Default triggering such Event of Default pursuant to clause (6) 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, in each case, within 30 days after the declaration of acceleration with respect thereto, (ii) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (iii) 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.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any, in respect of the Notes.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except (subject to the provisions described under "— Amendment, Supplement and Waiver") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such holder has previously given the Trustee notice that an Event of Default is continuing;
- (2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;
- (3) such holders have offered the Trustee security and/or indemnity against any loss, liability or expense in a manner reasonably satisfactory to the Trustee;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and
- (5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past or existing Default or Event of Default (other than a continuing Default in the payment of the principal of, premium, if any, any Additional Amounts or interest on any Note under the Indenture and its consequences, and may rescind any acceleration with respect to the Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Company is required to deliver to the Trustee annually an Officer's Certificate regarding compliance with the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of the Company's Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("*Legal Defeasance*") except for:

- (1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;
- (2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration 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;
- (3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and
- (4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "— Events of Default and Remedies" (except those relating to payments on the Notes or, solely with respect to the Issuer, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in euro, non-callable European Government Obligations or a combination of cash in euro and non-callable European Government Obligations in an amount as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;
- (2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer or the Guarantors, with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or the Guarantors or others; and
- (5) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes or the Note Guarantees may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes or the Note Guarantees may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided* that, if any amendment, waiver or other modification will only affect a series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required.

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

- (1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption “— Repurchase at the Option of Holders”);
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (4) impair the right of any holder of Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Guarantee in respect thereof;
- (5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);
- (6) make any Note payable in money other than that stated in the Notes;
- (7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;
- (8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption “— Repurchase at the Option of Holders”);
- (9) release all or substantially all of the Guarantors from any of their obligations under their respective Note Guarantees or the Indenture, except in accordance with the terms of the Indenture; or
- (10) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Guarantors and the Trustee may amend or supplement the Indenture, the Notes or the Note Guarantees:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (3) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;
- (4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;
- (5) to conform the text of the Indenture, the Note Guarantees or the Notes to any provision of this “Description of Notes” to the extent that such provision in this “Description of Notes” was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees or the Notes;

- (6) to release any Note Guarantee in accordance with the terms of the Indenture;
- (7) to provide for the issuance of additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;
- (8) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes; or
- (9) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

- (1) either:
 - (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment in euro has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or
 - (b) all Notes that have not been delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable 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 Company;
- (2) the Issuer or any Guarantor has deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in euro, non-callable European Government Obligations or a combination of cash in euro and non-callable European Government Obligations in an amount as will be sufficient in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued 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 or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and
- (4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (4)).

Judgment Currency

Euro is the sole currency of account and payment for all sums payable by the Issuer or any Guarantor under the Notes, any Guarantee thereof and the Indenture. Any payment on account of an amount that is payable in euro, in respect of the Notes which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer or the Guarantor's obligation under the Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of euro, with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt

of the payment in the Judgment Currency. If the amount of euro that could be so purchased is less than the amount of euro originally due to such holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Issuer shall deliver written notice to the Trustee within thirty (30) days of becoming aware of the occurrence of a Default or an Event of Default. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of such person's own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with its duties. Except during the continuance of an Event of Default, the Trustee has only its express duties under the Indenture and no implied duties shall be assumed.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market.

Additional Information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture without charge by writing to the Company at Balsberg, P.O. Box QV, CH-8058, Zurich Airport, Switzerland.

Copies, current and future, of all of the Company's annual audited consolidated financial statements and the Company's unaudited consolidated interim financial statements may be obtained, free of charge, during normal business hours at the offices of the Paying Agent in Luxembourg.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Issuer and each Guarantor will appoint CT Corporation as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any federal or state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since a substantial portion of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor may not be collectable within the United States.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"Acquired Debt" means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary;
- (2) Indebtedness of any Person assumed by the specified Person in connection with the acquisition of assets and assumption of related liabilities from such other Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such acquisition of assets and assumption of related liabilities; or
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Applicable Premium" means with respect to any Note on any redemption date, the greater of:

- (a) 1.0% of the principal amount of the Note; or
- (b) the excess of:
 - (i) the present value at such redemption date of (x) the redemption price of the Note at March 1, 2015 (such redemption price being set forth in the table appearing above under the caption "— Optional Redemption") plus (y) all required interest payments due on the Note through March 1, 2015 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; over
 - (ii) the principal amount of the Note.

For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

"Asset Sale" means:

- (1) the sale, lease, conveyance or other disposition of any assets by the Company or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "— Repurchase at the Option of Holders — Change of Control" and/or the provisions described above under the caption "— Certain Covenants — Merger, Consolidation or Sale of Assets" and not by the provisions described under the caption "— Repurchase at the Option of Holders — Asset Sales"; and
- (2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Company or any of its Restricted Subsidiaries of Equity Interests in any of the Restricted Subsidiaries (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than CHF 10.0 million;
- (2) a transfer of assets or Equity Interests between or among the Company and any Restricted Subsidiary;
- (3) an issuance of Equity Interests by a Restricted Subsidiary to the Issuer or to a Guarantor;

- (4) the sale, lease or other transfer of accounts receivable, inventory or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets or assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;
- (5) licenses and sublicenses by the Company or any of its Restricted Subsidiaries in the ordinary course of business;
- (6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;
- (7) the granting of Liens not prohibited by the covenant described above under the caption “— Liens”;
- (8) the sale or other disposition of cash or Cash Equivalents;
- (9) a Restricted Payment that does not violate the covenant described above under the caption “— Certain Covenants — Restricted Payments,” a Permitted Investment (other than a Permitted Asset Swap) or any transaction specifically excluded from the definition of Restricted Payment;
- (10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person) related to such assets; *provided* that the consideration for such disposition is at least equal to the Fair Market Value of the assets being disposed of; and
- (12) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind.

“Associate” means:

- (1) any Person engaged in a Permitted Business of which the Company or any Restricted Subsidiaries are the beneficial owners of between 20% and 50% of (a) the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity or (b) the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, whether in the form of membership, general, special or limited partnership interests or otherwise; and
- (2) any joint venture entered into by the Company or any Restricted Subsidiary.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“Board of Directors” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the board of directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

“Bund Rate” means, as of any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the

Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

- (1) *"Comparable German Bund Issue"* means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to March 1, 2015 and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to March 1, 2015; *provided, however*, that, if the period from such redemption date to March 1, 2015 is less than one year, a fixed maturity of one year shall be used;
- (2) *"Comparable German Bund Price"* means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;
- (3) *"Reference German Bund Dealer"* means any dealer of German Bundesanleihe securities appointed by the Company in good faith; and
- (4) *"Reference German Bund Dealer Quotations"* means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Company of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third Business Day preceding the relevant date.

"Business Days" means a day other than a Saturday, Sunday or other day on which banking institutions in London, Luxembourg, Zurich or New York or a place of payment under the Indenture are authorized or required by law to close.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a financial lease that is at that time capitalized on a balance sheet prepared in accordance with IFRS.

"Capital Stock" means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Cash Equivalents" means:

- (1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the European Union, the United States of America, Switzerland or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America, Switzerland or Canada, as the case may be, in each case, whose long-term debt is rated "A" or higher by Moody's or A or higher by S&P or the equivalent rating category of another internationally recognized rating agency, and which are not callable or redeemable at the option of the Company or any of its Restricted Subsidiaries;
- (2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the European Union or of the United States of America or any state thereof, Switzerland or Canada; *provided* that such bank or

trust company has capital, surplus and undivided profits aggregating in excess of £250.0 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A" or higher by Moody's or A or higher by S&P or the equivalent rating category of another internationally recognized rating agency;

- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;
- (4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition; and
- (5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"*Change of Control*" means the occurrence of any of the following:

- (1) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" as defined above) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the issued and outstanding Voting Stock of the Company measured by voting power rather than number of shares;
- (2) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Company, as the case may be, was approved by a vote of at least a majority of the directors of the Company 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) cease for any reason to constitute a majority of the Board of Directors of the Company then in office;
- (3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Sections 13(d) and 14(d) of the U.S. Exchange Act);
- (4) the adoption of a plan relating to the liquidation or dissolution of the Company; or
- (5) the Company ceasing to own, directly or indirectly, 100% of the Capital Stock of the Issuer;

provided that in the case of clauses (1), (2) and (3) 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*" means Swiss francs, the lawful currency of Switzerland.

"*CHF Equivalent*" means, with respect to any monetary amount in a currency other than pound, at any time of determination thereof, 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. Except as expressly provided otherwise, whenever it is necessary to determine whether the Company or any of its Restricted Subsidiaries have complied with any covenant or other provision in this Indenture denominated in CHF and an amount is expressed in a currency other than CHF, such amount will be treated as the CHF Equivalent determined as of the date such amount is initially determined in such non-CHF currency.

"*Clearstream*" means Clearstream Banking, *société anonyme*.

"*Code*" means the U.S. Internal Revenue Code of 1986, as amended.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person and its Subsidiaries which are Restricted Subsidiaries for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

- (1) provision for taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*
- (2) the Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

- (3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Company and its Restricted Subsidiaries for such period) of the Company and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*
- (4) any expenses, charges or other costs related to the issuance of any Capital Stock, or any Permitted Investment, acquisition, disposition, recapitalization or listing or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption “— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock” (including refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Indebtedness issuance and (ii) any amendment or other modification of any incurrence; *plus*
- (5) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of the Company and its Restricted Subsidiaries; *minus*
- (6) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (12) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business; *plus*
- (7) the amount of any minority interest expense deducted in such period in calculating Consolidated Net Income,

in each case, on a consolidated basis and determined in accordance with IFRS.

“*Consolidated Leverage*” means, with respect to any Person, the sum of the aggregate outstanding Indebtedness of such Person and its Restricted Subsidiaries (excluding Hedging Obligations).

“*Consolidated Leverage Ratio*” means, with respect to any Person as of any date of determination (the “*Calculation Date*”), the ratio of (x) Consolidated Leverage of such Person at such date to (y) the aggregate amount of Consolidated EBITDA of such Person 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.

For purposes of making the computation referred to above, any Investment, acquisitions, dispositions, mergers, consolidations and disposed operations that have been made by the Company or any of its Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Calculation Date, shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Company (including cost savings and synergies). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capital Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capital Lease Obligation in accordance with IFRS. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed with a pro forma basis shall be computed based upon the average daily balance of such

Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Company may designate.

For purposes of calculating the Consolidated Leverage Ratio:

- (1) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;
- (2) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;
- (3) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and
- (4) in the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Consolidated Leverage Ratio is being calculated and on or prior to the Calculation Date, then the Consolidated Leverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

- (1) any goodwill or other intangible asset impairment charges will be excluded;
- (2) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;
- (3) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "*— Certain Covenants — Restricted Payments*", any net income (loss) of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture and (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the Holders of the Notes than such restrictions in effect on the Issue Date) except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);
- (4) any net 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 and Leaseback Transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by a responsible accounting or financial officer of the Company) or in connection with the sale or disposition of securities will be excluded;

- (5) any non-cash compensation charge or expense arising from share-based payment transactions determined on a consolidated basis in accordance with IFRS will be excluded;
- (6) any one time non-cash charges or any increases in amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries will be excluded;
- (7) the cumulative effect of a change in accounting principles will be excluded;
- (8) (a) any extraordinary, exceptional or unusual gain, loss or charge, (b) any asset impairments charges, or the financial impacts of natural disasters (including fire, flood and storm and related events), (c) any non-cash charges or reserves in respect of any restructuring, redundancy, integration or severance or (d) any expenses, charges, reserves or other costs related to the Transactions (in each case, as determined in good faith by a responsible accounting or financial officer of the Company), in each case, will be excluded;
- (9) all deferred financing costs written off and premium 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 will be excluded;
- (10) all fees, expenses and other costs incurred in connection with (a) any refinancing of any Indebtedness of the Company or any of its Restricted Subsidiaries and (b) an Equity Offering or offering of other securities of the Company or any of its Restricted Subsidiaries, or any direct or indirect parent entity of the Company, will in each case be excluded;
- (11) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded; and
- (12) 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 and (b) Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary will be excluded.

"Consolidated Total Assets" means, with respect to any specified Person at any time, the total assets of such Person and its Subsidiaries which are Restricted Subsidiaries, in each case as shown on the most recent balance sheet of such Person, determined on a consolidated basis in accordance with IFRS.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness (*"primary obligations"*) of any other Person (the *"primary obligor"*), including any obligation of such Person, whether or not contingent:

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (2) to advance or supply funds:
 - (a) for the purchase or payment of any such primary obligation; or
 - (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or
- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"continuing" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"Credit Facilities" means, one or more debt facilities, instruments or arrangements incurred by any Restricted Subsidiary (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, other institutions or investors, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, notes or other

Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Default*" means any event that is, or with the expiry of a grace period, the giving of notice or the making of any determination or any combination of the foregoing would be, an Event of Default.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "— Certain Covenants — Restricted Payments." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means an offering of Capital Stock (other than Disqualified Stock) of the Company pursuant to (x) a registration statement that has been declared effective by the SEC pursuant to the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of the Company) or a public offering outside of the United States, or (y) Rule 144A and/or Regulation S or other exemption under, or transactions not subject to, the U.S. Securities Act.

"*Euroclear*" means Euroclear Bank S.A./N.V.

"*European Government Obligations*" means direct obligations of, or obligations guaranteed by, a member state of the European Union, and the payment for which such member state of the European Union pledges its full faith and credit.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Company's Chief Executive Officer, Chief Financial Officer or responsible accounting or financial officer of the Company.

"*Fixed Charge Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the

Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that the pro forma calculation shall not give effect to (i) any Indebtedness incurred on such determination date pursuant to the provisions described in the second paragraph under "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) the discharge on the date of determination of any Indebtedness to the extent that such discharge could result from the proceeds incurred pursuant to the provisions described in the second paragraph under "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock".

For purposes of making the computation referred to above, any Investment, acquisitions, dispositions, mergers, consolidations and disposed operations that have been made by the Company or any of its Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Calculation Date, shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Company (including cost savings and synergies). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capital Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capital Lease Obligation in accordance with IFRS. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed with a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Company may designate.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

- (1) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;
- (2) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries which are Restricted Subsidiaries following the Calculation Date;
- (3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;
- (4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and
- (5) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the

entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

"Fixed Charges" means, with respect to any specified Person for any period, the sum, without duplication, of:

- (1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest that was capitalized during such period (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; *plus*
- (2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Debt) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*
- (3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*
- (4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*
- (5) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Company or a Restricted Subsidiary, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Company.

"Guarantee" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"Guarantors" means each of the Initial Guarantors and any Restricted Subsidiary that executes a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"IFRS" means International Financial Reporting Standards as in effect from time to time.

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;
- (3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

- (4) representing Capital Lease Obligations;
- (5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed; and
- (6) representing any Hedging Obligations;

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The term "Indebtedness" shall not include:

- (1) any lease of assets or other property which would be considered an operating lease under IFRS;
- (2) Contingent Obligations in the ordinary course of business;
- (3) 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; or
- (4) for the avoidance of doubt, any contingent obligations in respect of worker's compensation claims, early retirement or termination obligations, pension fund obligations or contribution or similar claims, obligations or contributions or social security or wage Taxes.

"*Investment Grade Status*" shall occur when the Notes are rated Baa3 or better by Moody's and BBB — or better by S&P (or, if either such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of the U.S. Exchange Act selected by the Company as a replacement agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "— Certain Covenants — Restricted Payments." The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "— Certain Covenants — Restricted Payments." Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"*Issue Date*" means March 7, 2012.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers or employees of any Company or any Restricted Subsidiary, not exceeding, when taken together with the aggregate amount of advance or loans outstanding under

clause (8) of the second paragraph of the covenant described above under the caption “— Certain Covenants — Restricted Payments”, CHF 10.0 million in the aggregate outstanding at any time:

- (1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;
- (2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or
- (3) in the ordinary course of business.

“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 Company on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Proceeds” means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents substantially concurrently received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expense incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, any amounts required to be applied to the repayment of principal, premium (if any) and interest on Indebtedness required to be paid as a result of such transaction and all distributions and other payments required to be made to minority interest holders (other than the Company or any Subsidiary) in Subsidiaries or joint ventures as a result of such Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS.

“Non-Recourse Debt” means Indebtedness as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise.

“Note Guarantee” means the Guarantee by each Guarantor of the Issuer’s obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

“Obligations” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“Officer” means, with respect to any Person, the Chief Executive Officer and the Chief Financial Officer of such Person or a responsible accounting or financial officer of such Person.

“Officer’s Certificate” means a certificate signed by an Officer; *provided* that each certificate with respect to compliance with a condition or covenant provided for in the Indenture shall include:

- (1) a statement that the Person making such certificate has read such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based;
- (3) a statement that, in the opinion of such Person, such Person has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and
- (4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

“Opinion of Counsel” means an opinion in writing from and signed by legal counsel (including in-house counsel of the Company) that is reasonably acceptable to the Trustee; *provided* that each opinion with respect to compliance with a condition or covenant provided for in the Indenture shall include:

- (1) a statement that the Person making such opinion has read such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such opinion are based;

- (3) a statement that, in the opinion of such Person, such Person has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and
- (4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

"Permitted Asset Swap" means the concurrent purchase and sale or exchange of assets used or useful in a Permitted Business, securities and other Investments in a Permitted Business or a combination of such assets, securities and Investments and cash or Cash Equivalents between the Company or any of its Restricted Subsidiaries and another Person; *provided* that (i) 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 *"— Repurchase at the Option of Holders — Asset Sales"*, (ii) with respect to any Permitted Asset Swap or series of related Permitted Asset Swaps involving aggregate consideration in excess of CHF 20.0 million the Company delivers to the Trustee, a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such Permitted Asset Swap complies with this definition and that such Permitted Asset Swap has been approved by a majority of the disinterested members of the Board of Directors of the Company; and (iii) in addition, with respect to any Permitted Asset Swap or series of related Permitted Asset Swaps involving aggregate consideration in excess of CHF 50.0 million, the Company delivers to the Trustee an opinion of an accounting, appraisal or investment banking firm of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is fair to the Company or such Restricted Subsidiary from a financial point of view taking into account all relevant circumstances.

"Permitted Business" means (a) any businesses, services or activities engaged in by the Company or any of the Restricted Subsidiaries or any Associates of the Company on the Issue Date and (b) any businesses, services and activities engaged in by the Company or any of the Restricted Subsidiaries or such Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"Permitted Investments" means:

- (1) any Investment in a Restricted Subsidiary;
- (2) any Investment in cash and Cash Equivalents;
- (3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:
 - (a) such Person becomes a Restricted Subsidiary; or
 - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary;
- (4) any Investment made as a result of the receipt of non-cash consideration from a disposition of property or assets, including an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption *"— Repurchase at the Option of Holders — Asset Sales"* (other than pursuant to clause (3) of the second paragraph of the covenant described under *"— Repurchase at the Option of Holders — Asset Sales"*);
- (5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company or Subordinated Shareholder Debt;
- (6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes;
- (7) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;
- (8) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described under the caption *"— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock"*;

- (9) Investments in the Notes and any other Indebtedness of the Company or any Restricted Subsidiary;
- (10) any Guarantee of Indebtedness permitted to be incurred by the covenant described above under the caption “— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock”;
- (11) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;
- (12) Investments acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption “— Merger, Consolidation or Sale of Assets” after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (13) Investments in Associates and other minority-owned or unconsolidated Persons engaged in a Permitted Business; *provided* that after giving pro forma effect to any such Investment, the Consolidated Leverage Ratio for the Company would not exceed 3.25 to 1.00;
- (14) Investments in any securities or other financial instruments purchased as part of an Investment in or acquisition of a Permitted Business or the assets of a Permitted Business;
- (15) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed the greater of (A) CHF 50.0 million and (B) 2.8% of Consolidated 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 above under the caption “— Certain Covenants — Restricted Payments,” such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of “Permitted Investments” and not this clause; and
- (16) Management Advances.

“Permitted Liens” means:

- (1) Liens in favor of the Issuer or any of the Guarantors;
- (2) Liens on property or other assets (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary, or at the time the Company or a Restricted Subsidiary acquires such property or other assets (including Capital Stock); *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation or such acquisition of property or assets (including Capital Stock), were not incurred in contemplation thereof and are limited to all or part of the same property or other assets (including Capital Stock) (plus improvements, accession, proceeds or dividends or distributions in connection with the original property or other assets (including Capital Stock)) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;
- (3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers compensation obligations, leases, performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);
- (4) Liens existing on the Issue Date;
- (5) Liens for Taxes that (x) are not yet due and payable or (y) are being contested in good faith by appropriate proceedings; *provided* that any reserve or other appropriate provision, if any, required by IFRS shall have been made therefor;

- (6) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;
- (7) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
- (8) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);
- (9) Liens to secure any Permitted Refinancing Indebtedness (excluding Liens to secure Permitted Refinancing Indebtedness initially secured pursuant to clause (28) of this definition) permitted to be incurred under the Indenture; *provided, however*, that:
 - (a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and
 - (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;
- (10) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;
- (11) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under applicable jurisdiction) in connection with operating leases in the ordinary course of business;
- (12) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;
- (13) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;
- (14) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (15) Leases, licenses, subleases and sublicenses of assets in the ordinary course of business;
- (16) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;
- (17) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;
- (18) 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;
- (19) Liens securing or arising by reason of any netting or setoff arrangement entered into in the ordinary course of banking or other trading activities;
- (20) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

- (21) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Company or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;
- (22) Liens to secure Indebtedness permitted under clause (4) of the second paragraph under the covenant described above at "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock";
- (23) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Company or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net proceeds of such disposal;
- (24) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company;
- (25) Liens created on any asset of the Company or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;
- (26) Liens over treasury stock of the Company or a Restricted Subsidiary purchased or otherwise acquired for value by the Company or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;
- (27) limited recourse Liens in respect of the ownership interests in, or assets owned by, any Associates which are not Restricted Subsidiaries securing obligations of such Associates;
- (28) Liens incurred by the Company or any Restricted Subsidiary to secure Indebtedness in an aggregate amount not to exceed CHF 50.0 million at any one time outstanding;
- (29) Liens to secure Indebtedness under Hedging Obligations incurred in accordance with clause (8) of the second paragraph of the covenant described above under the caption "—Certain Covenants— Incurrence of Indebtedness and Preferred Stock"; *provided* that any such Hedging Obligation relates to the interest rate or currency exchange rates applicable to the Indebtedness secured by Liens described in the foregoing clauses (2), (4), (8), (20), (22), (27), (28) and, only to the extent that any of the foregoing Liens has been so extended, renewed, refinanced or replaced, (9) and (30), and such Liens to secure such Hedging Obligation are limited to all or part of the same property or assets subject to the Liens securing the underlying Indebtedness to which such Hedging Obligation relates; and
- (30) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (29) (but excluding clauses (9), (18), (22) and (28)); *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.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

- (1) the aggregate principal amount (or accreted value, if applicable), or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith at the time of such renewal, refund, refinancing, replacement, exchange, defeasance or discharge);
- (2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to

Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

- (3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually, subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and
- (4) if the Issuer or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Issuer or a Guarantor.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Priority Indebtedness" means Indebtedness (without double counting) (a) directly issued by or that has the benefit of a Guarantee of any Restricted Subsidiary of the Company that is not the Issuer or a Guarantor outstanding at any time under the first paragraph and clauses (1) and (19) of the second paragraph of the covenant described above under the caption *"— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock"* or (b) incurred by the Company or any Restricted Subsidiary and secured by any Lien permitted in accordance with clause (28) of the definition of *"Permitted Liens"*.

"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 priority or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"Reported EBITDA" means, with respect to any specified Person for any period, operating profit for the period, before deducting interest, depreciation, tax, amortization, management fees, impairment charges or reversals, operating taxes (non-income taxes), restructuring costs, profit or loss from sale of assets or discontinued operations and share-based payments.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" means any Subsidiary of the Company that is not an Unrestricted Subsidiary (including, for the avoidance of doubt, the Issuer).

"Revolving Credit Facility" means the revolving credit agreement for an amount of up to €100 million dated as of February 28, 2012 among, *inter alios*, the Company and certain of the its Subsidiaries (as borrowers and guarantors), and Credit Suisse AG, as facility agent, as the same may be refinanced, restated, renewed or amended from time to time.

"S&P" means Standard & Poor's Ratings Group.

"Sale and Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired whereby the Company or a Restricted Subsidiary transfers such property to a Person and the Company or a Restricted Subsidiary leases it from such person.

"SEC" means the United States Securities and Exchange Commission.

"Significant Subsidiary" means, at any time, a Subsidiary of the Company which has:

- (1) Reported EBITDA representing 5.0% or more of the consolidated Reported EBITDA of the Company (excluding any Reported EBITDA generated by joint ventures); or
- (2) turnover representing 5.0% or more of the consolidated turnover of the Company; or
- (3) total assets (on a consolidated basis but excluding intra-group items) representing 5.0% or more of the consolidated total assets of the Company.

"Specified Change of Control Event" means the occurrence of any event that would constitute a Change of Control pursuant to clause (1), (2) or (3) of the definition thereof; *provided* that immediately prior to the occurrence of such event and immediately thereafter and giving pro forma effect thereto, the Consolidated Leverage Ratio of the Company would have been less than 3.25 to 1.00.

Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Issue Date.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as in effect on the date of its issuance, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subordinated Shareholder Debt" means Indebtedness of the Company held by one or more of its shareholders; *provided* that such Indebtedness (and any security into which such Indebtedness is convertible or for which it is exchangeable at the option of the holder) (i) 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, (ii) does not pay cash interest, (iii) contains no change of control provisions and has no right to declare a default or event of default or take any enforcement action prior to the first anniversary of the Stated Maturity of the Notes, (iv) is unsecured and (v) is fully subordinated and junior in right of payment to the Notes.

"Subsidiary" means, with respect to any specified Person:

- (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
- (2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"Subsidiary Guarantor" means a Subsidiary of the Company that is a Guarantor.

"Tax" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). *"Taxes"* and *"Taxation"* shall be construed to have corresponding meanings.

"Transactions" means the entry by the Company and certain of its Subsidiaries into the Revolving Credit Facility, the issuance of the Notes under the Indenture, the repayment of certain Indebtedness of the Company with the proceeds thereof and the payment of fees and expenses in connection therewith.

"Unrestricted Subsidiary" means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary in accordance with the provisions summarized under "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

- (1) has no Indebtedness other than Non-Recourse Debt; and
- (2) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

"U.S. Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"U.S. Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Voting Stock" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amounts of such Indebtedness.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the “Rule 144A Global Note”). Notes sold outside the United States in reliance on Regulation S will initially be represented by a global note in registered form without interest coupons attached (the “Regulation S Global Note” and, together with the Rule 144A Global Note, the “Global Notes”). The Global Notes will be deposited, on the Issue Date, with, or on behalf of, a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note (the “Rule 144A Book-Entry Interests”) and ownership of interests in the Regulation S Global Note (the “Regulation S Book-Entry Interests” and, together with the Rule 144A Book-Entry Interests, the “Book-Entry Interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the 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 Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture. None of the Issuer, any paying agent, transfer agent, the registrar or the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive definitive registered Notes in certificated form (“Definitive Registered Notes”) only:

- (1) if either Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days; or
- (2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, any paying agent, transfer agent and the registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; *however*, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream.

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 or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; *provided, however*, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium and interest) will be made by the Issuer to the principal paying agent. The principal paying agent will, in turn, make such payments to Euroclear and Clearstream which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (e.g., the common depository for Euroclear and Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Trustee or any of their respective agents has or will have any responsibility or liability for:

- (1) 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, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any 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
- (2) Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name".

In order to tender Book-Entry Interests in a change of control offer or asset sale offer, the holder of the applicable Global Note must, within the time period specified in such offer, give notice of such tender to the principal paying agent or the U.S. paying agent and specify the principal amount of Book-Entry Interests to be tendered.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through Euroclear or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (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 to 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, each of Euroclear and Clearstream reserve the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to its participants.

Transfers

Euroclear participants and Clearstream participants may not deliver instructions directly to the common depository. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

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, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any Guarantor, the Trustee or the principal paying agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

The Global Notes will bear a legend to the effect set forth under “Notice to Investors”. Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under “Notice to Investors”.

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions. Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act or any other exemption (if available under the Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “Notice to Investors” 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 Notes — Transfer and Exchange” and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See “Notice to Investors”.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We have provided the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we nor the Initial Purchasers are responsible for those operations or procedures and none have any duty to update these summaries.

We understand 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 only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream 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 Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-Entry System

The Notes represented by the Global Notes are listed on the Official List and admitted for trading on the Euro MTF market of the Luxembourg Stock Exchange.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any Guarantor, the Initial Purchasers, the Trustee, any paying agent, transfer agent or the registrar will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes was made in euros for the Notes Book-Entry Interests owned through Euroclear or Clearstream accounts and followed the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests were credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the Issue Date against payment for value on the Issue 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.

CERTAIN TAX CONSIDERATIONS

European Union Directive on the Taxation of Savings Interest

On June 3, 2003 the European Union Council of Economic and Finance Ministers adopted the Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the "E.U. Savings Directive"). The E.U. Savings Directive has been applied by Member States of the European Union since July 1, 2005. Under the E.U. Savings Directive each Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income (including certain distributions and redemption payments referable to a UCITS according to the Directive 2009/65/EC or entities who opt to be treated as such) paid by a paying agent within the meaning of the EU Savings Directive ("Paying Agent") to an individual resident or certain types of entities called "residual entities", within the meaning of the EU Savings Directive (the "Residual Entities"), established in that other Member State. However, for a transitional period, Austria and Luxembourg may instead apply (unless during that period they elect otherwise) an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of the procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. This rate is currently 35% (since 1 July 2011) and will apply until the end of the Transitional Period. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) have agreed to adopt similar measures (either provision of information or transitional withholding) in relating to payments made by a Paying Agent within its jurisdiction to, or collected by such a Paying Agent for, an individual resident or a Residual Entity established in a Member State. In addition, Luxembourg has entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories (Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Turks and Caicos Islands, Anguilla, Cayman Islands, Aruba and the former Netherlands Antilles, i.e. Bonaire, Curaçao, Saba, Sint Eustatius and Sint Maarten) in relation to payments made by a Paying Agent in a Member State to, or collected by such a paying agent for, an individual resident or a Residual Entity established in one of those territories.

The European Commission has published proposals for amendments to the E.U. Savings Directive (draft amended EU Savings Directive dated 22 July 2009, modified on 25 November 2009), which, if implemented, would amend and broaden the scope of the requirements above.

Responsibility for the withholding of the tax (if any) will be assumed by the respective paying agent. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts to the holder of the Notes or to otherwise compensate the holder of Notes for the reduction in the amounts that they will receive as a result of the imposition of such withholding tax.

Luxembourg Tax Considerations

The following information is of a general nature only and is based on the Issuer's understanding of certain aspects of the laws and practice in force in Luxembourg as of the date of this Offering Memorandum. It does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the Notes and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to the investors. This summary is based on the laws in force in Luxembourg on the date of this Offering Memorandum and is subject to any change in law that may take effect after such date. Prospective investors should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), personal income tax (*impôt sur le revenu*), as well as a temporary crisis

contribution (*contribution de crise*) generally. Corporate taxpayers may further be subject to net worth 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, the solidarity surcharge and the temporary crisis contribution. 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.

Withholding tax

Resident investors

Under the Luxembourg law dated December 23, 2005 (the “Law”), a 10% Luxembourg withholding tax is levied as of January 1, 2006 on interest payments (or similar income) made by a Luxembourg paying agent to or for the immediate benefit of a Luxembourg resident individual (including payments to residual entities for the benefit of Luxembourg resident individuals, except if the residual entity elects to exchange information or elects to be treated or is treated as an undertaking for collective investment in transferable securities authorized under the European Council Directive 2009/65/EC) (“UCITS”). This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Notes. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth.

Further, a Luxembourg resident individual who acts in the course of the management of his/her private wealth and who is the beneficial owner of an interest payment made by a paying agent established outside Luxembourg in a Member State of the European Union or of the European Economic Area in a dependent and associated territories (the Territories) in the sense of the European Council Directive 2003/48/EC on taxation of savings income (the “EU Savings Directive”), may also opt for a final 10% levy. In such case, the 10% levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 10% levy must cover all interest payments made by the paying agent to the Luxembourg resident beneficial owner during the entire civil year.

Non-resident investors

Under current Luxembourg domestic law, all payments under the Notes to non-resident Noteholders will be exempt from any Luxembourg withholding taxation or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, to the extent that:

- The interest rate is set at arm’s length and is not profit participating; and
- The interest payments do not fall within the scope of the Directive (as defined below).

Under the Luxembourg laws dated June 21, 2005 implementing the E.U. Savings Directive (the “Laws”), and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the “Territories”), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity (a “Residual Entity”) in the sense of article 4.2. of the E.U. Savings Directive (i.e. an entity without legal personality except for (i) a Finnish *avoin yhtiö* and *kommandiittiyhtiö* / *öppet bolag* and *kommanditbolag* and (ii) a Swedish *handelsbolag* and *kommanditbolag*, and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognised in accordance with Council Directive 2009/65/EC), as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 35 per cent as of 1 July, 2011.

Taxation of the investors

Taxation of Luxembourg residents

Luxembourg resident individuals

A Luxembourg resident individual, acting in the course of the management of his/her private wealth, is subject to Luxembourg progressive income tax in respect of interest received, redemption premiums or issue

discounts under the Notes, except if a withholding tax has been levied by the Luxembourg paying agent on such payments or, in case of a non-resident paying agent, if such individual has opted for the 10% levy, in accordance with the Law.

Under Luxembourg domestic tax law, gains realized upon the sale, disposal or redemption of the Notes by a Luxembourg resident individual investor, who acts in the course of the management of his/her private wealth, on the sale or disposal, in any form whatsoever, of Notes are not subject to Luxembourg income tax, provided (i) this sale or disposal took place at least six months after the acquisition of the Notes and (ii) the Notes do not constitute zero coupon notes. A Luxembourg resident individual who acts in the course of the management of his/her private wealth has further to include the portion of the gain corresponding to accrued but unpaid income in respect of the Notes in his/her taxable income, insofar as the accrued but unpaid interest is indicated separately in the agreement.

A gain realized by a Luxembourg resident individual who acts in the course of the management of his/her private wealth upon the sale of zero coupon notes before their maturity must be included in his/her taxable income for Luxembourg income tax assessment purposes.

A Luxembourg resident individual, who acts in the course of the management of a professional or business undertaking to which the Notes are attributable, has to include interest and gains realized on the sale or disposal of the Notes in his/her taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg resident companies

A Luxembourg resident company (*société de capitaux*) must include interest and gains realized on the sale or disposal of the Notes in its taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the tax book value of the Notes sold or redeemed.

Luxembourg residents benefiting from a special tax regime

Luxembourg residents who benefit from a special tax regime, such as, for example, (i) undertakings for collective investment subject to the amended laws of December 20, 2002 or the law of December 17, 2010, (ii) specialized investment funds subject to the amended law dated February 13, 2007 or (iii) family wealth management companies subject to the law dated May 11, 2007, are exempt from income tax in Luxembourg and thus income derived from the Notes, as well as gains realized thereon, are not subject to Luxembourg income taxes.

Taxation of Luxembourg non-residents

A non-resident who has neither a permanent establishment nor a permanent representative in Luxembourg to which the Notes are attributable is not liable to any Luxembourg income tax, whether he receives payments of principal or interest (including accrued but unpaid interest) or realizes capital gains upon redemption, repurchase, sale or exchange of any Notes.

A Luxembourg non-resident who has a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable has to include any interest, as well as any capital gain realized on the sale or disposal of the Notes, in his/her taxable income for Luxembourg income tax assessment purposes.

Net wealth tax

A Luxembourg resident or a non-resident who has a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable is subject to Luxembourg net wealth tax on such Notes, except if the holder of Notes is, for example, (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the amended law of December 20, 2002 or the law of 17 December 2010, (iii) a securitization company governed by the law of 22 March 2004 on securitization, (iv) a company governed by the law of 15 June 2004 on venture capital vehicles, (v) a specialized investment fund subject to the amended law of 13 February 2007 or (vi) a family wealth management company subject to the law of 11 May 2007.

Other taxes

Registration taxes and stamp duties

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the investors as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or repurchase of the Notes.

Luxembourg courts as well as a Luxembourg authority (*autorité constituée*) may impose registration of the Notes or any other document if it was to be produced in a Luxembourg court action or presented to a Luxembourg *autorité constituée* as the case may be. In such occurrence a nominal registration duty would be due by the issuer. Similar registration duties would become payable in case of voluntary registration of the issuance of the Notes or any other document with the Administration de l'Enregistrement et des Domaines in Luxembourg.

Inheritance tax and gift tax

No estate or inheritance taxes are levied on the transfer of the Notes upon death of an investor in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Gift tax may be due on a gift or donation of Notes if the gift is recorded in a deed passed in front of a Luxembourg notary or otherwise registered in Luxembourg.

United States Federal Income Tax Considerations

TO COMPLY WITH U.S. INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY PROSPECTIVE INVESTORS, FOR THE PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"); (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING BY US OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes by a U.S. holder (defined below), but does not purport to be a complete analysis of all potential tax effects. This summary is based upon the Code, Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the Internal Revenue Service ("IRS") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

The following discussion assumes that the Company's position that the Reorganization should not cause the Company to be treated as a domestic corporation for U.S. federal income tax purposes will be respected. See "Risk Factors — Risks Related to Our Business — We may suffer adverse tax consequences in connection with our pre-listing reorganization."

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special rules, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt organizations, regulated investment companies, real estate investment trusts, holders treated as partnerships or other pass through entities for U.S. federal income tax purposes (or investors in such entities), persons liable for alternative minimum tax and persons holding the Notes as part of a "straddle", "hedge", "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue and at their "issue price" (as defined below) and who hold the Notes as capital assets within the meaning of section 1221 of the Code.

This discussion does not address any U.S. federal tax consequences other than U.S. federal income tax consequences (such as the estate tax, gift tax or the Medicare tax on net investment income). This discussion additionally does not address U.S. state, local or foreign tax consequences. Prospective investors should consult their tax advisors with respect to the U.S. federal, state, local or foreign tax consequences of purchase, ownership or disposition of the Notes, in their particular circumstances.

For purposes of this discussion, a “U.S. holder” is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust (a) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) if a valid election is in place to treat the trust as a U.S. person.

If any entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective investor that is a partnership, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws and state, local or foreign tax laws.

Character of the Notes

We believe and intend to take the position that the Notes constitute debt for U.S. federal income tax purposes. However, there is no assurance that the IRS or a court will agree with our view. If the Notes were characterized as equity interests in the Issuer, U.S. holders would be treated as owning interests in a passive foreign investment company (a “PFIC”), which could subject such U.S. holder to material adverse tax consequences. Prospective investors should consult their own tax advisors about the characteristic of the Notes and the consequences of owning equity in a PFIC. The remainder of this discussion assumes that the Notes will be respected as debt for U.S. federal income tax purposes.

Possible Application of Rules Governing Contingent Payment Debt Instruments

The terms of the Notes provide for payments in excess of stated interest and principal under certain circumstances. For example, in the event of a Change of Control (as defined in “Description of Notes”), we would generally be required to offer to repurchase the notes at 101% of their principal amount plus accrued and unpaid interest (see “Description of Notes — Repurchase at the Option of Holders — Change of Control”). Under applicable U.S. Treasury Regulations, the possibility that certain payments in excess of stated interest and principal will be made will not cause the Notes to be treated as “contingent payment debt instruments” for U.S. federal income tax purposes (which are subject to special rules, as described below) if there is only a remote likelihood as of the issue date of the Notes that any of these payments will be made, and/or if such payments in the aggregate are considered incidental. We intend to take the position that, as of the issue date of the Notes, the likelihood that we will pay these excess amounts is remote and/or these amounts are incidental, and therefore that the Notes will not be considered contingent payment debt instruments. Our position is binding on you unless you disclose that you are taking a contrary position in the manner required by applicable U.S. Treasury Regulations. Our position is not, however, binding on the IRS, and if the IRS were to challenge this position, you might be required to use the accrual method, even if you were otherwise a cash method taxpayer, to take into account interest income on the Notes at a rate higher than the stated interest rate on the Notes and to treat as ordinary income rather than capital gain any income that you realize on the taxable disposition of a Note. The remainder of this discussion assumes that the Notes will not be considered contingent payment debt instruments.

Payments of Stated Interest

A U.S. holder of a Note that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest will be required to include, as ordinary income, the U.S. dollar value of the interest payment (translated at the “spot rate” on the date such payment is received), regardless of whether the payment is in fact converted to U.S. dollars. A cash method U.S. holder will not recognize exchange gain or loss with respect to the receipt of such payment, but may have exchange gain or loss attributable to the actual disposition of the foreign currency so received if not disposed of on the day of receipt.

A U.S. holder of a Note that uses the accrual method of accounting for U.S. federal income tax purposes will be required to include, as ordinary income, the U.S. dollar value of the amount of interest income in foreign currency that has accrued with respect to a Note during an accrual period. The U.S. dollar value of

such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year. A U.S. holder of a Note may elect, however, to translate such accrued interest income using the rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the rate of exchange on the last day of the portion of the accrual period within each taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. holder may translate such interest at the "spot rate" on the date of receipt. The above election will apply to other obligations held by the U.S. holder and may not be changed without the consent of the IRS. A U.S. holder of a Note that uses the accrual method of accounting for U.S. federal income tax purposes will recognize exchange gain or loss with respect to accrued interest income on the date such interest is received, in an amount equal to the difference, if any, between the U.S. dollar value of the euro payment received (translated at the "spot rate" on the date such payment is received) in respect of such accrual period and the U.S. dollar value of interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars.

Subject to the discussion of exchange gain or loss below, interest income on a Note generally will constitute foreign source income and generally will be considered "passive category income" or, in the case of certain U.S. holders, "general category income" in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of Notes

Generally, upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. holder will recognize taxable gain or loss equal to the difference between the U.S. dollar value of the amount realized on the disposition (less any portion of such amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously taxed) and such U.S. holder's adjusted tax basis in the Note. If a Note is traded on an established securities market, a cash basis U.S. holder and, if it so elects, an accrual basis U.S. holder will determine the U.S. dollar value of the amount realized by translating such amount at the "spot rate" on the settlement date of the disposition (in lieu of the disposition date). If a U.S. holder is an accrual basis taxpayer that is not able to make or has not made the settlement date election described in the preceding sentence, such holder will recognize exchange gain or loss to the extent that the U.S. dollar value of the foreign currency received (based on the spot rate on the settlement date) differs from the U.S. dollar value of the amount realized (based on the spot rate on the disposition date).

A U.S. holder's adjusted tax basis in a Note will generally equal the U.S. dollar value of the foreign currency purchase price on the date of purchase and a U.S. holder will recognize exchange gain or loss to the extent of any currency fluctuations between the purchase and settlement dates (provided that, if a Note is traded on an established securities market, a cash basis holder or an electing accrual basis holder will determine its cost based on the settlement date and will not recognize any exchange gain on the settlement date). The conversion of U.S. dollars to a foreign currency and the immediate use of that currency to purchase a Note generally will not result in taxable gain or loss for a U.S. holder.

The special election available to accrual basis U.S. holders in regard to the purchase and sale of Notes traded on an established securities market, which is discussed in the preceding paragraphs, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Gain or loss recognized upon the sale, exchange, redemption, retirement or other taxable disposition of a Note (other than any exchange gain or loss) (i) generally will be U.S. source gain or loss and (ii) generally will be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption, retirement or other disposition the Note has been held by such U.S. holder for more than one year. Long-term capital gain realized by a non-corporate U.S. holder will generally be subject to taxation at a reduced rate. The deductibility of capital losses is subject to limitation. Prospective purchasers should consult their tax advisors as to the foreign tax credit implications of the sale, exchange, redemption or other taxable disposition of the Notes.

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. holder may recognize exchange gain or loss that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note. For these purposes, the principal amount of a Note is the U.S. holder's purchase price of the Note in the relevant foreign currency. Gain or loss attributable to fluctuations in exchange rates with respect to the principal amount of such Note generally will equal the difference between (i) the U.S. dollar value of the principal amount of the Note, determined on the date such Note is disposed of, and (ii) the U.S. dollar value of the principal amount of the Note, determined using the spot rate on the date the U.S. holder acquired such Note (unless, as noted above, the Notes are traded on an

established securities market, in which case a cash basis holder or an electing accrual basis holder would compute any exchange gain or loss by reference to the settlement dates of its purchase and disposition). Such gain or loss will be treated as ordinary income or loss and generally will be treated as U.S. source income or as an offset to U.S. source income, respectively. In addition, exchange gain or loss may be realized with respect to accrued interest as discussed under “— Payments of Stated Interest”. However, upon a sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. holder will realize exchange gain or loss with respect to principal and accrued interest only to the extent of the total gain or loss realized on the disposition.

Exchange Gain or Loss with Respect to Foreign Currency

A U.S. holder will have a tax basis in any foreign currency received on a Note, equal to the U.S. dollar value thereof at the “spot rate” on the date the foreign currency is received. Any gain or loss realized by a U.S. holder on a sale or other disposition of the foreign currency, including their exchange for U.S. dollars, will be ordinary income or loss and generally will be from sources within the United States for U.S. foreign tax credit purposes.

Tax Return Disclosure Requirements

Recently enacted legislation requires certain U.S. holders to report information to the IRS with respect to their investment in Notes unless certain requirements are met. Investors who fail to report required information could become subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of this new legislation on their investment in Notes.

Under applicable U.S. Treasury Regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, a sale, or other disposition of a Note or foreign currency received in respect of a Note to the extent that any such sale or other disposition results in an exchange loss in excess of a threshold amount. U.S. holders should consult their tax advisors to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Backup Withholding and Related Information Reporting Requirements

In general, payments of interest and the proceeds from the sale or other disposition (including a retirement or redemption) 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. 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 a holder’s U.S. federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement"), dated as of the date hereof, by and among the Issuer, the Guarantors and each of the Initial Purchasers, the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, together with all other Initial Purchasers, Notes in an aggregate principal amount of €350 million.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel.

The Initial Purchasers propose to offer the Notes initially at the prices indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. Sales of Notes in the United States may be made through certain affiliates of the Initial Purchasers. One or more of the Initial Purchasers may use affiliates or other appropriately licensed entities for sales of the Notes in jurisdictions in which such Initial Purchasers are not otherwise permitted.

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 Purchase Agreement provides that the Issuer and each Guarantor will indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof.

We have agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, to not, and to cause our subsidiaries to not, without having received the prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any securities that are substantially similar to the Notes.

The Notes have not been and will not be registered under the Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (A) in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act, and (B) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above have the meanings given to them by Rule 144A and Regulation S under the Securities Act.

In connection with sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The Initial Purchasers will send to each distributor, dealer or person to whom they sell such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days after the later of the commencement of this Offering or the date the Notes are originally issued, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the Securities Act.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us, the Guarantors 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, the Guarantors 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 the Notes.

We have also agreed that we 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 harbor of Rule 144A and Regulation S under the Securities Act to cease to be applicable to the offer and sale of the Notes.

The Notes will constitute a new class of securities with no established trading market. Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to trade the Notes on the Euro MTF market of the Luxembourg Stock Exchange. However, there can be no assurance that the prices at which the Notes will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this Offering.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See “Risk Factors — Risks Relating to the Notes — An active trading market may not develop for the Notes, in which case your ability to transfer the Notes will be more limited”.

In connection with the issue of the Notes, the Stabilizing Manager or persons acting on its behalf may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager or persons acting on its behalf will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Initial Purchasers and their respective affiliates have, from time to time, performed, and may in future perform, various financial advisory and investment banking services for the Company and its subsidiaries, for which they received or will receive customary fees and expenses. In addition, affiliates of certain Initial Purchasers are agents and/or lenders under our existing facility which we intend to repay with the gross proceeds from the sale of the Notes. Furthermore, an affiliate of Credit Suisse Securities (Europe) Limited will be an agent and lender under our New Unsecured Revolving Facility and affiliates of the other Initial Purchasers may become lenders and/or have financial arrangements with us thereunder in the future.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

We have not registered and will not register the Notes and the related Guarantees under the Securities Act or the securities laws of any other jurisdiction and, unless so registered, the Notes and the related Guarantees 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, 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 reliance on Rule 144A under the Securities Act; and
- outside the United States to non-U.S. persons 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.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us 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 any other applicable securities laws 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), you are not 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) you are not a U.S. person and you are purchasing the Notes in an offshore transaction in accordance with Regulation S under the Securities Act.
- (3) You acknowledge that none of us or the Initial Purchasers, nor any person representing any of them, has made any representation to you with respect to us 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 neither the Initial Purchasers nor any person representing the Initial Purchasers make 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 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 we or any of our affiliates were the owner of such Notes (or any predecessor thereto) only (i) to us, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) for so long as the Notes are eligible 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, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act or (v) 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 securities laws, and any applicable local laws and regulations, and further subject to our and the trustee's rights prior to any such offer, sale or transfer (a) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (b) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS A NON-U.S. PERSON ACQUIRING THIS NOTE 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 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)] [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE DATE WHEN THE SECURITIES WERE FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS IN RELIANCE ON REGULATION S AND THE DATE OF THE COMPLETION OF THE DISTRIBUTION] ONLY (A) TO THE ISSUER, (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 UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE 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 IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM 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.

- (6) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.
- (7) You acknowledge that until 40 days after the commencement of the 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.
- (8) 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.
- (9) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and 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, you shall promptly notify the Initial Purchasers. 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.
- (10) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in 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 such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "Notice to Certain Investors in the United Kingdom", "Notice to Investors in Switzerland" and "Plan of Distribution".

LEGAL MATTERS

The validity of the Notes and the Guarantees and certain other legal matters are being passed upon for the Issuer and the Guarantors by Milbank, Tweed, Hadley & McCloy LLP, United States counsel to the Issuer and the Guarantors, Homburger AG, Swiss counsel to the Issuer and the Guarantors, and Arendt & Medernach, Luxembourg counsel to the Issuer and the Guarantors. Certain legal matters will be passed upon for the Initial Purchasers by Cahill Gordon & Reindel LLP, United States counsel to the Initial Purchasers, and Niederer Kraft & Frey AG, Swiss counsel to the Initial Purchasers.

INDEPENDENT AUDITORS

The Company's statutory auditors are PricewaterhouseCoopers AG, Birchstrasse 160, 8050 Zurich, Switzerland. The audited combined and consolidated financial statements as of and for the years ended December 31, 2010, 2009 and 2008 and the audited consolidated financial statements as of and for the year ended December 31, 2011 of the Company included in this Offering Memorandum have been audited by PricewaterhouseCoopers AG, independent auditors, as stated in their reports appearing herein.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is organized under the laws of Luxembourg and the Guarantors are organized under the laws of Germany, Luxembourg, Switzerland, the United Kingdom and the United States. None of the directors of the Issuer are residents of the United States, and many of the directors, officers and other executives of the Issuer and the Guarantors are neither residents nor citizens of the United States. All or a substantial portion of the Issuer's and the Guarantors' assets and the assets of the Issuer's and the Guarantors' non-U.S. resident directors and officers are located outside the United States. As a result, it may not be possible for investors to effect service of process in the United States upon the Issuer or the Guarantors or such persons in courts in jurisdictions inside the United States, in each case, in any action, including any actions predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States. In addition, there is doubt as to the enforceability, in original actions brought in courts in jurisdictions located outside the United States, of liabilities predicated upon securities laws of the United States or of any state or territory within the United States. Awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Germany, Luxembourg, Switzerland or the United Kingdom.

Luxembourg

According to Luxembourg case law, a valid judgment rendered against the Issuer, its directors or officers, and the persons named in this Offering Memorandum obtained from a U.S. court of competent jurisdiction would be recognized and enforced through a court of competent jurisdiction of Luxembourg subject to the following conditions:

- the foreign court must have had jurisdiction according the Luxembourg conflict of jurisdiction rules;
- the judgment of the foreign court must be enforceable (*exécutoire*) in the country in which it was rendered;
- the foreign court must have applied to the matter submitted to it the proper law designated by the Luxembourg conflict of laws rules (although some first instance decisions rendered in Luxembourg—which have not been confirmed by the Court of Appeal—do no longer apply this condition);
- the decision of the foreign court must not have been obtained by fraud, but in compliance with procedural rules of the country in which it was rendered and in particular the rights of the defendant; and
- the decision of the foreign court must not be contrary to Luxembourg international public policy.

This five-factor test may limit the enforceability in Luxembourg, in original actions or in actions for the enforcement of judgments of U.S. courts, of liabilities predicated upon securities laws of the United States or of any state or territory within the United States. In general, the enforcement of final judgments of U.S. courts in Luxembourg courts may be costly and time-consuming and may even be unsuccessful.

Switzerland

There is doubt as to the enforceability in Switzerland of civil liabilities based on the securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. courts. The United States and Switzerland currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by a court in the United States, whether or not predicated solely upon U.S. securities laws, may not be enforceable in Switzerland.

However, if a person has obtained a final and conclusive judgment rendered by a U.S. court which is enforceable in the United States and files a claim with the competent Swiss court, the Swiss court may be expected to acknowledge the judgment rendered by the U.S. court, provided that such judgment has not been rendered in violation of elementary principles of fair trial and is not contrary to the public policy of Switzerland and has been rendered by a court which has established its jurisdiction vis-à-vis the relevant party on the basis of a valid submission by such party to the jurisdiction of such U.S. court.

In particular, a Swiss court or authority will refuse recognition and enforcement for the following reasons only and may not otherwise review the non-Swiss judgment, including a U.S. judgment, as to its merits: (i) if recognition and enforcement would be irreconcilable with Swiss public policy; or (ii) if a party proves that: it was not duly summoned pursuant to the law of its domicile or ordinary residence unless it made an appearance in the proceedings without objecting to jurisdiction; or (iii) the decision was rendered in violation

of fundamental principles of Swiss procedural law, in particular the right to be heard; or (iv) a proceeding between the same parties in the same subject matter was first brought or adjudicated in Switzerland, or that it was earlier adjudicated in a third country and such decision is recognizable in Switzerland.

Further, valid submission to the jurisdiction of the U.S. court or authority is established (i) if a provision of the Swiss Federal Act on Private International Law (*Bundesgesetz vom 18. Dezember 1987 über das Internationale Privatrecht*) so provides or, in the absence of such provision the defendant had his legal domicile in the country in which the decision was rendered; or (ii) if the parties, in a pecuniary dispute, entered into an agreement valid under the Swiss Federal Act on Private International Law submitting their dispute to the jurisdiction of the court or authority which rendered the judgment; or (iii) if the defendant, in a pecuniary dispute, proceeded on the merits without objecting to jurisdiction; or (iv) if, in the event of a counterclaim, the court or authority which rendered the decision had jurisdiction over the principal claim and if there is a factual connection between the principal claim and the counterclaim. It is uncertain whether this practice extends to default judgments as well. Swiss courts may deny the recognition and enforcement of punitive damages or other awards.

Moreover, a Swiss 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. Enforcement and recognition of judgments of U.S. courts in Switzerland are solely governed by the provisions of the Swiss Civil Procedure Code.

Swiss civil procedure differs substantially from U.S. civil procedure in a number of respects. Insofar as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may prior to trial compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under Swiss law.

AVAILABLE INFORMATION

Each purchaser of Notes from an Initial Purchaser will be furnished 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 the Offering Memorandum acknowledges that:

- (1) such person has been 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 has not relied on the Initial Purchasers or any person affiliated with 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 clause (1) above, no person has been 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 either us or the Initial Purchasers.

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, we will, during any period in which we are not subject to Section 13 or 15(d) under the Exchange Act, nor exempt from reporting thereunder pursuant to Rule 12g3-2(b), make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act upon the written request of any such holder or beneficial owner.

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Indenture governing the Notes and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See “Description of Notes — Certain Covenants — Reports”.

Upon request, we will provide you with copies of the Indenture, the form of the Notes and any notation of guarantee. You may request copies of such document by contacting Kristin Brown at the Company’s registered address.

LISTING AND GENERAL INFORMATION

Listing

We applied for the Notes to be listed on the Official List and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange in accordance with the rules of that exchange. All notices to holders of Notes will, so long as the rules and regulations of the Luxembourg Stock Exchange so require, be published in newspaper having general circulation in the Grand Duchy of Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules and regulations of that exchange so require, copies of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg at Banque Internationale à Luxembourg S.A., 69, route d'Esch, Office PLM-101 F, L-2953 Luxembourg during normal business hours on any weekday:

- the organizational documents of the Issuer and the Guarantors;
- our most recent audited consolidated financial statements, and any unaudited interim financial statements published by us;
- the most recent unconsolidated financial statements published by the Company, and any unaudited unconsolidated interim financial statements published by us; and
- the Indenture (which includes the Guarantees and the form of the Notes) and any contracts relating to the Trustee.

We will maintain a paying and transfer agent in Luxembourg for as long as any of the Notes are listed on the Luxembourg Stock Exchange. The Issuer has appointed Dexia Banque Internationale à Luxembourg S.A. as its Luxembourg paying and transfer agent. The Issuer reserves the right to change this appointment, and the Issuer will publish notice of such change of appointment in a newspaper having general circulation in the Grand Duchy of Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Application may be made to the Luxembourg Stock Exchange to have the Notes removed from listing on the Luxembourg Stock Exchange, including if necessary to avoid any new withholding taxes in connection with the listing.

General

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in the financial positions of the Issuer or the Guarantors since, in respect of the Issuer, May 11, 2011 and in respect of the Guarantors, December 31, 2011; and
- none of the Issuer or the Guarantors has been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes, and, so far as the Issuer and the Guarantors are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

The Issuer and the Guarantors accept responsibility for the information contained in this Offering Memorandum.

Clearing Information

The Notes sold pursuant to Regulation S and the Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes 075319029 and 075319118, respectively. The international securities identification number for the Notes sold pursuant to Regulation S is XS0753190296 and the international securities identification number for the Notes sold pursuant to Rule 144A is XS0753191187.

The Issuer

The Issuer is a *société anonyme*, incorporated under the laws of the Grand Duchy of Luxembourg on May 11, 2011. The issued share capital of the Issuer currently amounts to €31,000 divided into 31,000 ordinary shares with a par value of €1 each, all of which are held by the Company, which is fully paid up and an authorized capital of €2,000,000,000 represented by 2,000,000,000 shares having a par value of €1 per

share. The Issuer was incorporated in Luxembourg on 11 May 2011 pursuant to a notarial deed published in the *Mémorial C, Recueil des Sociétés et Associations* dated 9 August 2011, number 1821. The Issuer has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Notes by a meeting of the directors of the Issuer on 1 March 2012. Its registered office is 12, rue Guillaume Kroll, L-1882 Luxembourg and it is registered with the Luxembourg Trade and Companies' Register under number B 161.009. The Issuer's purpose is the creation, holding, development and realization of a portfolio, consisting of interests and rights of any kind and of any other form of investment in entities in the Grand Duchy of Luxembourg and in foreign entities, whether such entities exist or are to be created, especially by way of subscription, acquisition by purchase, sale or exchange of securities or rights of any kind whatsoever, such as equity instruments, debt instruments, patents and licenses, as well as the administration and control of such portfolio. Other than the Notes, the Issuer has no loan capital, borrowings and indebtedness or other contingent liabilities. The directors of the Issuer are Guy Harles, Michael Raffoul, Michael Hargett and Mark Burton and the address of each director is the registered office of the Issuer at 12, rue Guillaume Kroll, L-1882 Luxembourg. The Issuer has no subsidiaries. The Issuer will prepare and publish annual financial statements, however no financial statements for the year ended December 31, 2011 have yet been published. The Issuer will not prepare interim financial statements. The audited financial statements for the year ended December 31, 2011 of the Issuer are expected to be published by the end of May 2012. Below is an opening balance sheet for the Issuer.

Opening balance gategroup Finance (Luxembourg) S.A. May 11, 2011		(Euro, unaudited)
ASSETS		
Current assets		32,000.00
Non-current assets		—
TOTAL ASSETS		32,000.00
LIABILITIES		
Current liabilities		1,000.00
Non-current liabilities		—
TOTAL LIABILITIES		1,000.00
SHAREHOLDERS EQUITY AND MINORITIES		
Share capital		31,000.00
Retained earnings total		—
Capital and reserves total		—
SHAREHOLDERS EQUITY AND MINORITIES		31,000.00
TOTAL LIABILITIES & SHAREHOLDERS EQUITY		32,000.00

The Company

The Company is a Swiss stock corporation (*Aktiengesellschaft*) of unlimited duration, incorporated with limited liability under the laws of Switzerland and registered in the Commercial Register of the Canton of Zurich, Switzerland, on March 14, 2008 (publication in the Swiss Official Gazette of Commerce on March 20, 2008) under the register number CH-020.3.032.175-1. The Company is registered under the company name gategroup Holding AG and has had its registered office and business office located at Balz-Zimmermannstrasse 7, CH-8302 Kloten, Switzerland since it was incorporated. The Company has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee by a meeting of the directors of the Company on 1 March 2012. The Company is a holding company.

The Issuer and the Company accept responsibility for the information contained in this Offering Memorandum. To the best of their knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the accuracy of this Offering Memorandum.

Guarantors

Australia

Gate Gourmet (Holdings) Pty Limited was incorporated in Australia on 3 February 1926. Its registered office is 263-273 King Street, Mascot, New South Wales 2020 Australia, company number 004122892. Gate

Gourmet (Holdings) Pty Limited has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet (Holdings) Pty Limited on 1 March 2012. Gate Gourmet (Holdings) Pty Limited provides aircraft catering services.

Gate Gourmet Property Pty Ltd was incorporated in Australia on 26 August 1970. Its registered office is 263-273 King Street, Mascot, New South Wales 2020 Australia, company number 000822051. Gate Gourmet Property Pty Ltd has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet Property Pty Ltd on 1 March 2012. Gate Gourmet Property Pty Ltd provides aircraft catering services.

Gate Gourmet Services Pty Limited was incorporated in Australia on 8 January 1968. Its registered office is 263-273 King Street, Mascot, New South Wales, 2020 Australia, company number 009767408. Gate Gourmet Services Pty Limited has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet Services Pty Limited on 1 March 2012. Gate Gourmet Services Pty Limited provides aircraft catering services.

Inflight Logistic Services was incorporated in Australia on 19 October 2001. Its registered office is 263-273 King Street, Mascot, New South Wales, 2020 Australia, company number 098497397. Inflight Logistic Services has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Inflight Logistic Services on 1 March 2012. Inflight Logistic Services provides aircraft catering services.

Pourshins Australia Pty Ltd was incorporated in Australia on 4 September 2003. Its registered office is 263-273 King Street, Mascot, New South Wales, 2020 Australia, company number 106196801. Pourshins Australia Pty Ltd has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Pourshins Australia Pty Ltd on 1 March 2012. Pourshins Australia Pty Ltd provides aircraft catering services.

Belgium

Gate Gourmet Belgium BVBA was incorporated in Belgium on 08 September 2006. Its registered office is Gate Gourmet Belgium BVBA, Heidestraat 32, 1930 Zaventem, company number 0883.424.629. Gate Gourmet Belgium BVBA has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet Belgium BVBA on 1 March 2012. Gate Gourmet Belgium BVBA provides aircraft catering services.

deSter BVBA was incorporated in Belgium on 17 December 1973. Its registered office is deSter BVBA, Gelmelstraat 96, 2320 Hoogstraten, Belgium, company number 0413.763.693. deSter BVBA has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of deSter BVBA on 1 March 2012. deSter BVBA provides aircraft catering services.

Canada

Gate Gourmet Canada Inc. was incorporated in Canada on 20 September 2010. Its registered office is Gate Gourmet Canada Inc., 2498 Britannia Road East, Mississauga, Ontario, L5P 1A2, company number 765458-8. Gate Gourmet Canada Inc. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet Canada Inc. on 2 March 2012. Gate Gourmet Canada Inc. provides aircraft catering services.

Germany

Gate Gourmet GmbH Holding Deutschland was incorporated in Germany on 2 July 2003. Its registered office is Gate Gourmet GmbH Holding Deutschland, Admiral-Rosendahl-Straße 2-8, 63263 Neu-Isenburg,

company number HRB 40201. Gate Gourmet GmbH Holding Deutschland has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet GmbH Holding Deutschland on 1 March 2012. Gate Gourmet GmbH Holding Deutschland provides aircraft catering services.

Gate Gourmet Services GmbH was incorporated in Germany on 01 December 2011. Its registered office is Gate Gourmet Services GmbH, Admiral-Rosendahl-Strasse 10, 63263 Neu-Isenburg, Germany, company number HRB 45933. Gate Gourmet Services GmbH has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet Services GmbH on 1 March 2012. Gate Gourmet Services GmbH provides aircraft catering services.

Gate Gourmet GmbH West was incorporated in Germany on 24 August 2001. Its registered office is Gate Gourmet GmbH West, Flughafen Halle 8a, 40213, Düsseldorf, Germany, company number HRB 21303. Gate Gourmet GmbH West has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet GmbH West on 1 March 2012. Gate Gourmet GmbH West provides aircraft catering services.

Gate Gourmet GmbH Deutschland was incorporated in Germany on 4 April 1979. Its registered office is Gate Gourmet GmbH Deutschland, Admiral-Rosendahl-Strasse 2-8, 63263 Neu-Isenburg, Germany, company number HRB 40201. Gate Gourmet GmbH Deutschland has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet GmbH Deutschland on 1 March 2012. Gate Gourmet GmbH Deutschland provides aircraft catering services.

Gate Gourmet GmbH Mitte was incorporated in Germany on 25 April 2008. Its registered office is Gate Gourmet GmbH Mitte, Admiral-Rosendahl-Straße 2-8, 63263 Neu-Isenburg], company number HRB 43375. Gate Gourmet GmbH Mitte has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet GmbH Mitte on 1 March 2012. Gate Gourmet GmbH Mitte provides aircraft catering services.

Hong Kong

Gate Gourmet Hong Kong, Limited was incorporated in Hong Kong on 23 December 1993. Its registered office is Gate Gourmet Catering Building, 10 Catering Road West, Hong Kong International Airport, Hong Kong, company number 458482. Gate Gourmet Hong Kong, Limited has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet Hong Kong, Limited on 1 March 2012. Gate Gourmet Hong Kong, Limited provides aircraft catering services.

Luxembourg

Gate Gourmet Holding I S.à r.l. was incorporated in Luxembourg on 8 March 2002 pursuant to a notarial deed published in the Mémorial C, Recueil des Sociétés et Associations dated 14 June 2002, and it is registered with the Luxembourg Trade and Companies' Register under number B 86.445.. Its registered office is Gate Gourmet Holding I S.à r.l. 12, rue Guillaume Kroll, L.1882, Luxembourg, company number B 86445. Gate Gourmet Holding I S.à r.l. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the board of managers of Gate Gourmet Holding I S.à r.l. on 21 February 2012. Gate Gourmet Holding I S.à r.l. provides aircraft catering services.

Gate Gourmet Luxembourg III S.à r.l. was incorporated in Luxembourg on 8 March 2002 pursuant to a notarial deed published in the Mémorial C, Recueil des Sociétés et Associations dated 14 June 2002, number 908. Its registered office is Gate Gourmet Luxembourg III S.à r.l. , 12, rue Guillaume Kroll, L.1882, Luxembourg, and it is registered with the Luxembourg Trade and Companies' Register under number B 86.447. Gate Gourmet Luxembourg III S.à r.l. has obtained all necessary consents, approvals and

authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the board of managers of Gate Gourmet Luxembourg III S.à r.l on 21 February 2012. Gate Gourmet Luxembourg III S.à r.l. provides aircraft catering services.

Gate Gourmet Luxembourg IIIA S.à r.l. was incorporated in Luxembourg on 6 December 2002 pursuant to a notarial deed published in the Mémorial C, Recueil des Sociétés et Associations dated 16 January 2003, number 45. Its registered office is Gate Gourmet Luxembourg III A S.à r.l., 12, rue Guillaume Kroll, L.1882, Luxembourg, and it is registered with the Luxembourg Trade and Companies' Register under number B 90.192. Gate Gourmet Luxembourg IIIA S.à r.l. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the board of managers of Gate Gourmet Luxembourg IIIA S.à r.l. on 21 February 2012. Gate Gourmet Luxembourg IIIA S.à r.l. provides aircraft catering services.

Gate Gourmet Luxembourg IIIB S.à r.l. was incorporated in Luxembourg on 11 March 2005 pursuant to a notarial deed published in the Mémorial C, Recueil des Sociétés et Associations dated 21 Juillet 2005, number 726. Its registered office is Gate Gourmet Luxembourg III B S.à r.l., 12, rue Guillaume Kroll, L.1882, Luxembourg, and it is registered with the Luxembourg Trade and Companies' Register under number B 106.863. Gate Gourmet Luxembourg IIIB S.à r.l. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the board of managers of Gate Gourmet Luxembourg IIIB S.à r.l. on 21 February 2012. Gate Gourmet Luxembourg IIIB S.à r.l. provides aircraft catering services.

Gate Gourmet Luxembourg IV S.à r.l. was incorporated in Luxembourg on 8 March 2002 pursuant to a notarial deed published in the Mémorial C, Recueil des Sociétés et Associations dated 14 June 2002, number 908. Its registered office is Gate Gourmet Luxembourg IV S.à r.l., 12, rue Guillaume Kroll, L.1882, Luxembourg, and it is registered with the Luxembourg Trade and Companies' Register under number B 86.448. Gate Gourmet Luxembourg IV S.à r.l. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the board of managers of Gate Gourmet Luxembourg IV S.à r.l. on 21 February 2012. Gate Gourmet Luxembourg IV S.à r.l. provides aircraft catering services.

gategroup Financial Services S.à r.l. (formerly Gate Gourmet Holding S.C.A.) was incorporated in Luxembourg on 8 March 2002 pursuant to a notarial deed published in the Mémorial C, Recueil des Sociétés et Associations dated 14 June 2002, number 908.. Its registered office is gategroup Financial Services S.à r.l., 12, rue Guillaume Kroll, L.1882, Luxembourg, and it is registered with the Luxembourg Trade and Companies' Register under number B 86.446.. gategroup Financial Services S.à r.l. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the board of managers of gategroup Financial Services S.à r.l. on 21 February 2012. gategroup Financial Services S.à r.l. provides aircraft catering services.

Netherlands

Suplair Holding B.V. was incorporated in The Netherlands on 06 October 2000. Its registered office is Duivendrechtsekade 85, 1096 AJ Amsterdam, The Netherlands, company number 34314100. Suplair Holding B.V. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Suplair Holding B.V. on March 2, 2012. Suplair Holding B.V. provides aircraft catering services.

deSter Holding B.V. was incorporated in The Netherlands on 15 December 1987. Its registered office is Duivendrechtsekade 85, 1096 AJ, Amsterdam, The Netherlands, company number 33201067. deSter Holding B.V. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of deSter Holding B.V. on March 2, 2012. deSter Holding B.V. provides aircraft catering services.

Suplair B.V. was incorporated in The Netherlands on 01 June 2005. Its registered office is Duivendrechtsekade 85, 1096 AJ, Amsterdam, The Netherlands, company number 34227461. Suplair B.V.

has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Supplair B.V. on March 2, 2012. Supplair B.V. provides aircraft catering services.

Singapore

gategroup Singapore Trading Pte. Ltd was incorporated in Singapore on 8 July 2008. Its registered office is 460, Alexandra Road, #14-05/06 PSA Building, Singapore 119963, company number 200813329C. gategroup Singapore Trading Pte. Ltd has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of gategroup Singapore Trading Pte. Ltd on 1 March 2012. gategroup Singapore Trading Pte. Ltd provides aircraft catering services.

gategroup Investments Singapore Pte. Ltd was incorporated in Singapore on 26 October 2010. Its registered office is 460, Alexandra Road, #14-05/06 PSA Building, Singapore 119963, company number 201022844D. gategroup Investments Singapore Pte. Ltd has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of gategroup Investments Singapore Pte. Ltd on 1 March 2012. gategroup Investments Singapore Pte. Ltd provides aircraft catering services.

Switzerland

Gate Gourmet Switzerland GmbH was incorporated in Switzerland on 29 November 2002. Its registered office is Gate Gourmet Switzerland GmbH, Balz-Zimmermann-Strasse 7, 8302, Kloten, Switzerland, company number CH-020.4.026.039-9. Gate Gourmet Switzerland GmbH has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet Switzerland GmbH on 14 February 2012. Gate Gourmet Switzerland GmbH provides aircraft catering services.

gategroup IP GmbH was incorporated in Switzerland on 15 September 2011. Its registered office is gategroup IP GmbH, Seedammstrasse 3, 8808, Pfäffikon SZ, Switzerland, company number CH-130.4.017.319-4. gategroup IP GmbH has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of gategroup IP GmbH on 14 February 2012. gategroup IP GmbH holds all intellectual property related to gategroup.

Gate Retail Onboard GmbH was incorporated in Switzerland on 22 September 2011. Its registered office is Gate Retail Onboard GmbH, Balz-Zimmermann-Strasse 7, 8302, Kloten, Switzerland, company number CH-020.4.045.910-8. Gate Retail Onboard GmbH has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Retail Onboard GmbH on 14 February 2012. Gate Retail Onboard GmbH provides aircraft catering services.

gategroup Holding AG was incorporated in Switzerland on 18 February 2008. Its registered office is gategroup Holding AG, company number CH-020.3.032.175-1. gategroup Holding AG has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of gategroup Holding AG on 24 February 2012. gategroup Holding AG is a holding company.

United Kingdom

Gate Gourmet Finance U.K. Limited was incorporated in England and Wales on 7 November 2002. Its registered office is Gate Gourmet Finance U.K. Limited Cardinal Point, 3rd Floor, West Wing, Newall Road, Heathrow Airport, company number 04584574. Gate Gourmet Finance U.K. Limited has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were

authorized by a meeting of the directors of Gate Gourmet Finance U.K. Limited 1 March 2012. Gate Gourmet Finance U.K. Limited provides aircraft catering services.

Gate Gourmet London Limited was incorporated in England and Wales on 20 October 1997. Its registered office is Gate Gourmet London Limited, Heathrow West Building 1071 Southampton Road, Heathrow Airport, Hounslow, Middlesex, TW6 3AQ, company number 03452689. Gate Gourmet London Limited has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet London Limited on 1 March 2012. Gate Gourmet London Limited provides aircraft catering services.

Gate Total Solutions Limited was incorporated in England and Wales on 10 October 2007. Its registered office is Gate Gourmet Total Solutions Limited, Cedar House 750 Parkland Square, Capability Green, London, United Kingdom, LU1 3LU, company number 06394781. Gate Gourmet Total Solutions Limited has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet Total Solutions Limited on 1 March 2012. Gate Total Solutions Limited provides aircraft catering services.

Fernley (Heathrow) Limited was incorporated in England and Wales on 2 November 2005. Its registered office is Fernley (Heathrow) Limited, Unit 9 Radius Park, Faggs Road, Feltham, Middlesex, TW14 0NG, company number 05609781. Fernley (Heathrow) Limited has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Fernley (Heathrow) Limited on 1 March 2012. Fernley (Heathrow) Limited provides aircraft catering services.

Gate Gourmet Holdings U.K. Limited was incorporated in England and Wales on 22 August 1986. Its registered office is Gate Gourmet Holdings U.K. Limited, Heathrow West Building 1071 Southampton Road, Heathrow Airport, Hounslow, Middlesex, TW6 3AQ company number 02049346. Gate Gourmet Holdings U.K. Limited has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet Holdings U.K. Limited on 1 March 2012. Gate Gourmet Holdings U.K. Limited provides aircraft catering services.

Pourshins Limited was incorporated in England and Wales on 27 July 1981. Its registered office is Pourshins Limited, Harmondsworth Lane, Harmondsworth, West Drayton, Middlesex, UB7 0AB, company number 01576522. Pourshins Limited has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Pourshins Limited on 1 March 2012. Pourshins Limited provides aircraft catering services.

U.S.A.

deSter Corporation was incorporated in the U.S.A. on 1 July 2006. Its registered office is deSter Corporation, Proscenium, Suite 1750, 1170 Peachtree Street, N.E., Atlanta, Fulton county, Georgia 30309-7675, company number 0661783. deSter Corporation has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of deSter Corporation on 2 March 2012. deSter Corporation provides aircraft catering services.

Gate Gourmet Inc. was incorporated in the U.S.A. on 20 November 1984. Its registered office is Gate Gourmet Inc., 2711 Centerville Road, Wilmington DE, 19808, company number 2048838. Gate Gourmet Inc. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Gourmet Inc. on 2 March 2012. Gate Gourmet Inc. provides aircraft catering services.

Gate Serve, L.L.C. was incorporated in the U.S.A. on 8 January 2004. Its registered office is Gate Serve, L.L.C., 2711 Centerville Road, Wilmington DE, 19808, company number 3750847. Gate Serve, L.L.C. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gate Serve, L.L.C. on 2 March 2012. Gate Serve, L.L.C. provides aircraft catering services.

gategroup U.S. Finance, Inc. was incorporated in the U.S.A. on 29 June 2010. Its registered office is gategroup U.S. Finance, Inc., Corporation Trust Centre, 1209, Orange Street, Wilmington, County of New Castle, company number 4381304. Gategroup U.S. Finance, Inc. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Gategroup U.S. Finance, Inc. on 2 March 2012. gategroup U.S. Finance, Inc. is a finance subsidiary of the group.

gategroup U.S. Holding, Inc. was incorporated in the U.S.A. on 23 December 2008. Its registered office is gategroup U.S. Holding, Inc., 2711 Centerville Road, Suite 400, City of Wilmington 19808, County of New Castle, company number 4638478. gategroup U.S. Holding, Inc. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of gategroup U.S. Holding, Inc. on 2 March 2012. gategroup U.S. Holding, Inc. is a holding company.

Global Aviation Services, Inc. was incorporated in the U.S.A. on 20 April 2005. Its registered office is gategroup U.S. Holding, Inc., 2711 Centerville Road, Suite 400, City of Wilmington 19808, County of New Castle, company number 3957799. Global Aviation Services, Inc. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Global Aviation Services, Inc. on 2 March 2012. Global Aviation Services, Inc. provides aircraft catering services.

Pourshins Inc. was incorporated in the U.S.A. on 3 February 2004. Its registered office is Pourshins Inc., 208 So LaSalle St., Suite 814, Chicago, Illinois, company number 63342742. Pourshins Inc. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Pourshins, Inc. on 2 March 2012. Pourshins Inc. provides aircraft catering services.

Pourshins Procurement Inc. was incorporated in the U.S.A. on 3 February 2004. Its registered office is Pourshins Procurement Inc., 208 So LaSalle St., Suite 814, Chicago, Illinois, company number 64425013. Pourshins Procurement Inc. has obtained all necessary consents, approvals and authorisations in the jurisdiction of its incorporation in connection with the issuance and performance of the Note Guarantee. The creation and issuance of the Note Guarantee were authorized by a meeting of the directors of Pourshins Procurement Inc. on 2 March 2012. Pourshins Procurement Inc. provides aircraft catering services.

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(1) In our audited combined and consolidated financial statements as of and for the years ended December 31, 2010, 2009 and 2008 we have restated certain items from our income statement and balance sheet as of and for the years ended December 31, 2008 and 2009 due to an event of fraud at one of our subsidiaries that we uncovered in early 2011. For further details, please see Note 2.3 to our combined and consolidated financial statements as of and for the years ended December 31, 2010, 2009 and 2008.

INDEPENDENT AUDITORS REPORT



Report of the statutory auditor
to the general meeting of
gategroup Holding AG
Kloten

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of gategroup Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the year ended 31 December 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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 for the year ended 31 December 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.



In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Martin Kennard
Audit expert
Auditor in charge

Nicole Grau
Audit expert

Zurich, 24 February 2012

**Consolidated Income Statement
in CHF m**

	<u>Notes</u>	<u>2011</u>	<u>2010^(I)</u>
Total revenue	6	2,688.1	2,700.0
Materials and service expenses		(1,126.8)	(1,129.9)
Personnel expenses	7	(1,007.2)	(1,017.0)
Other operating income and expenses, net	8	(364.9)	(371.9)
Impairment charges, net of reversals	20, 21	1.3	4.4
Depreciation and amortization	20, 21	(71.5)	(73.8)
Other (losses) and gains, net	9	(4.2)	1.7
Total operating expenses, net		(2,573.3)	(2,586.5)
Operating profit		114.8	113.5
Financial income	10	5.2	3.4
Financial expenses	11	(42.6)	(44.6)
Foreign exchange gains / (losses), net		4.0	(9.1)
Finance (costs), net		(33.4)	(50.3)
Share of profit of associates and joint ventures	12	1.8	2.0
Profit before tax		83.2	65.2
Income tax expense	13	(24.5)	(15.3)
Profit for the year		58.7	49.9
thereof attributable to shareholders of the Company		53.9	48.7
thereof attributable to non-controlling interests		4.8	1.2
Earnings per share attributable to shareholders of the Company:			
Basic earnings per share in CHF	14	2.05	2.39
Diluted earnings per share in CHF	14	2.03	2.28

(I) Adjusted based on finalization of the acquisition accounting (Note 35).

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
in CHF m

	<u>Notes</u>	<u>2011</u>	<u>2010^(l)</u>
Profit for the year		58.7	49.9
Cash flow hedges	30	—	3.6
Currency translation differences arising during the year		(7.8)	11.0
Reclassification adjustment relating to disposal of subsidiaries	36	7.2	—
Reclassification relating to change in scope of consolidation		5.3	—
Tax on other comprehensive income	23	(0.8)	3.1
Other comprehensive income		3.9	17.7
Total comprehensive income		62.6	67.6
thereof attributable to shareholders of the Company		61.7	69.5
thereof attributable to non-controlling interests		0.9	(1.9)

(l) Adjusted based on finalization of the acquisition accounting (Note 35).

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated Balance Sheet
in CHF m**

	Notes	December 31, 2011	December 31, 2010 ^(I)
ASSETS			
Current assets			
Cash and cash equivalents	15	430.4	459.9
Trade receivables	16	251.3	259.6
Other current receivables and prepayments	17	98.2	96.0
Inventories	18	78.1	72.4
Current income tax assets		14.8	10.0
		<u>872.8</u>	<u>897.9</u>
Assets held-for-sale	19	4.8	1.3
Total current assets		<u>877.6</u>	<u>899.2</u>
Non-current assets			
Property, plant and equipment	20	340.9	351.3
Intangible assets	21	428.9	459.0
Investments in associates and joint ventures	12	7.3	7.8
Other non-current receivables	22	25.2	20.8
Deferred income tax assets	23	58.7	53.1
Retirement benefit assets	24	25.6	23.8
Total non-current assets		<u>886.6</u>	<u>915.8</u>
Total assets		<u>1,764.2</u>	<u>1,815.0</u>
LIABILITIES			
Current liabilities			
Short-term debt	25	23.7	28.8
Trade and other payables	26	250.5	251.1
Current income tax liabilities		32.7	24.5
Provisions	27	22.4	34.9
Other current liabilities	28	242.5	244.0
Total current liabilities		<u>571.8</u>	<u>583.3</u>
Non-current liabilities			
Long-term debt	25	553.3	575.5
Deferred income tax liabilities	23	41.9	46.4
Retirement benefit obligations	24	56.0	66.4
Provisions	27	55.5	77.4
Other non-current liabilities	29	10.3	31.8
Total non-current liabilities		<u>717.0</u>	<u>797.5</u>
Total liabilities		<u>1,288.8</u>	<u>1,380.8</u>
EQUITY			
Equity attributable to shareholders of the Company		471.6	409.9
Non-controlling interests		3.8	24.3
Total equity		<u>475.4</u>	<u>434.2</u>
Total liabilities and equity		<u>1,764.2</u>	<u>1,815.0</u>

(I) Adjusted based on finalization of the acquisition accounting (Note 35).

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
in CHF m

	Attributable to shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Treasury shares	Hedge reserve	Retained earnings and other reserves	Currency translation	Total		
At January 1, 2010	98.3	(14.6)	(3.6)	23.1	(30.6)	72.6	26.8	99.4
Profit for the year ^(l)	—	—	—	48.7	—	48.7	1.2	49.9
Other comprehensive income	—	—	3.6	—	17.2	20.8	(3.1)	17.7
Total comprehensive income^(l)	—	—	3.6	48.7	17.2	69.5	(1.9)	67.6
Capital increase (Note 31.1)	29.3	—	—	211.5	—	240.8	—	240.8
Capital increase non-controlling interests	—	—	—	—	—	—	0.2	0.2
Non-controlling interests arising from business combination (Note 35)	—	—	—	—	—	—	0.1	0.1
Equity-settled share-based payments	5.2	4.9	—	16.9	—	27.0	—	27.0
Dividends paid to non-controlling interests	—	—	—	—	—	—	(0.9)	(0.9)
At December 31, 2010^(l)	132.8	(9.7)	—	300.2	(13.4)	409.9	24.3	434.2
At January 1, 2011^(l)	132.8	(9.7)	—	300.2	(13.4)	409.9	24.3	434.2
Profit for the year	—	—	—	53.9	—	53.9	4.8	58.7
Other comprehensive income	—	—	—	—	7.8	7.8	(3.9)	3.9
Total comprehensive income	—	—	—	53.9	7.8	61.7	0.9	62.6
Purchase of treasury shares, net	—	(2.8)	—	—	—	(2.8)	—	(2.8)
Equity-settled share-based payments	0.6	—	—	2.2	—	2.8	—	2.8
Changes in the scope of consolidation (Note 36)	—	—	—	—	—	—	(20.3)	(20.3)
Dividends paid to non-controlling interests	—	—	—	—	—	—	(1.1)	(1.1)
At December 31, 2011	133.4	(12.5)	—	356.3	(5.6)	471.6	3.8	475.4

(l) Adjusted based on finalization of the acquisition accounting (Note 35).

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated Cash Flow Statement
in CHF m**

	<u>Notes</u>	<u>2011</u>	<u>2010^(l)</u>
Profit before tax		83.2	65.2
Adjustments for:			
Finance costs, net		33.4	50.3
Equity-settled share-based payments	32	2.8	27.0
Share of profit of associates and joint ventures	12	(1.8)	(2.0)
Depreciation and amortization	20, 21	71.5	73.8
Impairment charges, net of reversals	20, 21	(1.3)	(4.4)
Other losses and (gains), net	9	4.2	(1.7)
Non-cash movements in provisions and retirement benefit obligations		(10.8)	10.2
Changes in working capital	33	(71.4)	(54.9)
Cash generated from operations		109.8	163.5
Interest paid		(25.5)	(27.2)
Interest received		4.6	2.5
Income taxes paid, net		(28.0)	(14.4)
Net cash flow from operating activities		60.9	124.4
Acquisition of subsidiaries, net of cash acquired	35	—	(66.9)
Purchase of property, plant and equipment		(46.6)	(42.6)
Purchase of intangible assets	21	(5.8)	(4.4)
Disposal of subsidiaries, net of cash disposed	36	(17.9)	—
Proceeds from sale of property, plant and equipment		0.1	6.3
Proceeds from sale of associates		3.5	—
Other investments		—	(5.0)
Dividends from associates	12	1.9	0.3
Net cash flow used in investing activities		(64.8)	(112.3)
Proceeds from debt		49.4	79.0
Repayments of debt		(68.1)	(113.6)
Capital increase	31	—	240.8
Purchase of treasury shares, net		(2.8)	—
Dividends paid to non-controlling interests		(1.1)	(0.9)
Capital increase in non-controlling interests		—	0.2
Net cash flow (used in)/from financing activities		(22.6)	205.5
(Decrease)/increase in cash and cash equivalents		(26.5)	217.6
Movement in cash and cash equivalents			
At start of the year		451.7	245.1
(Decrease)/increase in cash and cash equivalents		(26.5)	217.6
Effects of exchange rate changes		(2.5)	(11.0)
At end of the year	15	422.7	451.7

(l) Adjusted based on finalization of the acquisition accounting (Note 35).

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
December 31, 2011

1. General information

gategroup Holding AG (the “Company”) and its subsidiaries (together the “Group”) are primarily engaged in the operation of airline catering and provisioning services worldwide. The majority of the Group’s operations are located in Europe and the United States. The Company has its registered office at Balz-Zimmermannstrasse 7, CH-8302 Kloten, Switzerland and its shares are listed on the SIX Swiss Exchange.

These consolidated financial statements were authorized for issue by the Board of Directors of the Company (the “Board”) on February 24, 2012.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied for all years presented, unless otherwise stated.

2.1 Basis of preparation

The Group’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). They are prepared on the historical cost basis modified by the revaluation of certain financial assets and liabilities (interest rate swaps and interest rate caps) at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 “Critical accounting estimates and judgments”.

2.2 Changes in accounting policies

Adoption of new or revised IFRS standards and interpretations by the Group in 2011 that have no material effect on the consolidated financial statements of the Group:

<u>Standard / Interpretation</u>	<u>Effective date</u>
IAS 32 (amendment) — Financial Instruments — Presentation: Classification of rights issues	February 1, 2010
Annual Improvements to IFRSs (May 2010)	July 1, 2010 and January 1, 2011
IFRIC 19 — Extinguishing Financial Liabilities with Equity	July 1, 2010
IAS 24 (revised) — Related Party Disclosures	January 1, 2011
IFRIC 14 (amendment) — IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2011

Adoption of new or revised IFRS standards and interpretations by the Group in 2012 or later:

<u>Standard / Interpretation</u>	<u>Effective date</u>	<u>Relevance for the Group</u>	<u>Planned adoption</u>
IFRS 7 (amendment) — Disclosures — Transfers of Financial Assets*	July 1, 2011	The amendments require additional disclosures in respect of risk exposures arising from transferred financial assets (e.g. factoring, securitization), any associated liabilities and it includes additional disclosure requirements in respect to those transfers.	Financial year 2012

<u>Standard / Interpretation</u>	<u>Effective date</u>	<u>Relevance for the Group</u>	<u>Planned adoption</u>
IAS 12 (amendment) — Income Taxes — Recovery of Underlying Assets**	January 1, 2012	The amendment affects investment properties measured at fair value. The recognition of deferred taxes in relation to those investment properties is to be based on an expected recovery through a sales transaction. The SIC 21 guidance has been included in the standard.	Financial year 2012
IAS 1 (amendment) — Presentation of Financial Statements**	July 1, 2012	The amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on a consistent basis.	Financial year 2013
IFRS 7 (amendment) — Disclosures — Offsetting of financial assets and financial liabilities**	January 1, 2013	The disclosure requirements focus on quantitative information about recognized financial instruments that are offset in the statement of financial position as well as those recognized financial instruments that are subject to master netting or similar arrangements. Retrospective application is required.	Financial year 2013
IFRS 10 — Consolidated Financial Statements**	January 1, 2013	This standard identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the level of return to the investor.	Financial year 2013

<u>Standard / Interpretation</u>	<u>Effective date</u>	<u>Relevance for the Group</u>	<u>Planned adoption</u>
IFRS 11 — Joint Arrangements**	January 1, 2013	<p>Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties.</p> <p>The standard introduces a principle based approach that requires a party to a joint arrangement to recognize its respective rights and obligations.</p> <p>Further, the approach of proportionate consolidation is eliminated.</p>	Financial year 2013
IFRS 12 — Disclosures of Interests in Other Entities**	January 1, 2013	<p>IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.</p> <p>It evaluates risks for the nature of, and risks associated with, interests in other entities as well as the effects of those interests on financial position, financial performance and cash flows.</p>	Financial year 2013
IAS 27 (revised) — Separate Financial Statements**	January 1, 2013	IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.	Financial year 2013
IAS 28 (revised) — Investments in Associates and Joint Ventures**	January 1, 2013	IAS 28 includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.	Financial year 2013
IFRS 13 — Fair Value Measurement**	January 1, 2013	IFRS 13 aims to increase consistency and comparability in fair value measurements and related disclosures by providing a precise definition of fair value, a single source of fair value measurement and disclosure requirements for use across IFRS.	Financial year 2013

<u>Standard / Interpretation</u>	<u>Effective date</u>	<u>Relevance for the Group</u>	<u>Planned adoption</u>
IAS 19 (amendment) — Employee Benefits**	January 1, 2013	The amendment eliminates the option to defer the recognition of gains and losses (corridor method), modifies reporting in the income statement, requires the full recognition of assets and liabilities in the balance sheet with re-measurements to be presented in the statement of comprehensive income and requires enhanced disclosures for defined benefit plans. The annual expense for a funded benefit plan instead of interest cost and expected return on plan assets, will include net interest expense or income calculated by applying the discount rate to the net defined benefit asset or liability.	Financial year 2013
IAS 32 (amendment) — Presentation — Offsetting of financial assets and financial liabilities**	January 1, 2014	The amendment clarifies that an entity has a legally enforceable right to set-off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendment has to be applied retrospectively.	Financial year 2014

<u>Standard / Interpretation</u>	<u>Effective date</u>	<u>Relevance for the Group</u>	<u>Planned adoption</u>
IFRS 7 (amendment) — Disclosures — Initial application of IFRS 9**	January 1, 2015	<p>The amendment requires additional disclosures on transition from IAS 39 to IFRS 9.</p> <p>An entity that adopts IFRS 9 for reporting periods:</p> <p>(a) beginning before 1 January 2012 need not restate prior periods and is not required to provide the additional disclosures at the date of initial application;</p> <p>(b) beginning on or after 1 January 2012 and before 1 January 2013 should elect to either restate prior periods or provide the additional disclosures at the date of initial application; and</p> <p>(c) beginning on 1 January 2013 or thereafter need not restate prior periods but should provide the additional disclosures.</p>	Financial year 2015
IFRS 9 — Financial Instruments**	January 1, 2015	<p>IFRS 9 comprises two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if it is the entity's business model to hold the financial asset to collect contractual cash flows and the cash flows represent principal and interest. It will otherwise need to be recorded at fair value with changes being reported through profit or loss.</p> <p>The classification and measurement requirements of financial liabilities have been carried forward from IAS 39. There are however substantive changes relating to fair value options and certain derivatives linked to unquoted equity instruments.</p>	Financial year 2015

* no material impact expected

** impact still to be assessed

2.3 Consolidation accounting

Subsidiaries

Subsidiaries are all entities over which the Group has the ability to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (Note 2.15). If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the combined and consolidated income statement.

All material intercompany transactions and balances, and any unrealized gains or losses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Gains and losses on transactions with non-controlling interests are recorded in equity.

Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over financial and operating policies. Significant influence is presumed to exist when the Group holds, directly or indirectly, between 20% and 50% of the voting rights of the entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method and are initially recognized at cost. Accounting policies of associates and joint ventures are changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Management Board ("EMB"), which has been identified as the Group's Chief Operating Decision Maker.

2.5 Foreign currency translation

The consolidated financial statements are expressed in Swiss Francs ("CHF"), which is the Group's presentation currency. The functional currency of each of the Group's entities is based on the primary economic environment in which an entity operates.

Transactions in foreign currencies are accounted for at the rates prevailing at the dates of the transactions. The resulting exchange differences are recorded in the local income statements of the Group's entities and included in profit or loss.

Monetary assets and liabilities of the Group's entities which are denominated in foreign currencies are translated using year-end exchange rates. Exchange differences are recorded as an income or expense. Non-monetary assets and liabilities are translated at historical exchange rates.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented under currency translation in equity.

When translating foreign currency financial statements into Swiss Francs, year-end exchange rates are applied to assets and liabilities, while annual average rates are applied to income statement accounts. Translation differences arising from this process are recorded in other comprehensive income. On disposal or

partial disposal of a subsidiary, the related cumulative translation adjustment is transferred from equity and included in the profit or loss from the disposal in the income statement.

The principal exchange rates used were as follows:

Swiss Francs per	2011	2011	2010	2010
	Closing rate	Annual average rate	Closing rate	Annual average rate
1 US Dollar	0.94	0.88	0.93	1.04
1 Euro	1.22	1.23	1.25	1.38
1 GB Pound	1.46	1.41	1.45	1.61

2.6 Recognition of revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated volume rebates and other similar allowances. Once revenue is recognized, any subsequent uncertainty about collectability is recognized as an expense or adjustment to the amount receivable rather than as an adjustment to revenue.

Goods and services

The Group recognizes revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and when significant risks and rewards of ownership are transferred to the customer. This is mainly upon delivery of product and customer acceptance or performance of services.

Revenue from the sale of goods and products (such as from on-airport food production, buy-on-board, production of food contact items, duty free sales, comfort items and other in-flight equipment) is recognized upon delivery of product and customer acceptance.

Revenue from services (such as logistic services, design services and aircraft cabin appearance and cleaning services) is recognized in the accounting period in which the service is rendered.

Interest and dividend income

Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in the balance sheet within short-term debt.

2.8 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Trade and other receivables are further classified as either current or non-current depending on whether these are expected to be realized within 12 months of the balance sheet date.

2.9 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its investments at initial recognition and reclassifies them whenever its intention changes. All purchases and sales are recognized on the settlement date.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are assets held for trading, being acquired for the purpose of generating a profit from short-term fluctuations in price. Derivative financial assets and derivative financial liabilities are always deemed as held for trading unless they are designated as effective hedging instruments. Financial assets held for trading are measured at their fair value and transaction costs are expensed in the income statement. Fair value changes on a financial asset held for trading are included in profit or loss for the period in which they arise. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of more than 12 months which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet. Loans are measured at amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, minus any reduction for impairment or uncollectibility. The effective interest method calculates the amortized cost of a financial asset, allocating the interest income over the relevant period. The effective interest rate is the rate that exactly 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.

Impairment of financial assets

A financial asset is impaired if its carrying amount is greater than the present value of its estimated future cash flows. The Group assesses, at each balance sheet date, whether there is any objective evidence that a financial asset may be impaired. If any such evidence exists, the Group estimates the present value of estimated future cash flows of that asset and recognizes an impairment loss in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the write-down, the write-down of the financial asset is reversed. Any reversal will not result in a carrying amount that exceeds the level amortized cost would have been, had the impairment not been recognized, at the date the write-down of the financial asset is reversed. The amount of the reversal is included in the income statement for the financial year.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is determined using the first-in, first-out method, and comprises the purchase cost of raw materials and traded goods, as well as transport and other direct costs. Inventories primarily consist of food, beverage, food contact items (such as cutlery, cups, glasses and plates), comfort items (such as headsets, blankets, amenity kits) and materials used in the production process (such as various plastics and coatings).

2.11 Up-front contract payments

From time to time the Group enters into service contracts whereby, in some cases, an up-front contract payment is made to customers as an integral part of a long-term agreement. These up-front payments are recognized as "other prepayments and accrued income" and amortized over the life of the related contract. The amortization charge is recorded as a reduction of revenue.

2.12 Non-current assets held for sale

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

2.13 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent

costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. The carrying amount of any replaced asset is derecognized. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Land is not depreciated. Capitalized leased assets are depreciated over the shorter of the useful life and the lease term (Note 2.14). Depreciation on other assets is calculated using the straight-line method to allocate cost less any residual value over their estimated useful lives, as follows:

• Buildings	10 – 40 years
• Fixtures and fittings	5 – 15 years
• Catering and other equipment	3 – 10 years
• Vehicles	3 – 12 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is immediately written down to its recoverable amount (Note 2.16).

Gains or losses on the sale of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in the income statement.

2.14 Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to produce a constant periodic rate of interest over the life of the lease. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.15 Intangible assets

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance. Separately recognized goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing. The Group identifies cash generating units consistently with its geographic operating segments.

Intellectual property

Intellectual property comprises trademarks acquired in a business combination. The cost of intellectual property represents the fair value at acquisition. The useful lives of these trademarks are assessed to be either finite or indefinite. Trademarks with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Trademarks are considered to have an indefinite life if they arise from contractual or other legal rights that can be renewed without significant cost and are subject to continuous marketing support and if there is no foreseeable limit to the useful economic life. Trademarks with indefinite useful lives are not amortized but are tested for impairment at least annually. The useful life of a trademark with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, any changes are made on a prospective basis.

Customer relationships

Customer relationship assets as identified in a business combination are recorded at fair value at the acquisition date. The cost is amortized on a straight-line basis over the lifetime of the relationship. Customer relationship assets are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Capitalized software

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group and that are designed to generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. The direct costs that are capitalized include software development, employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized on a straight-line basis over their estimated useful lives (between two and five years).

2.16 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested at least annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that previously suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.17 Employee benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the cost is accrued to match the rendering of the services by the employee concerned.

Retirement benefit obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

The Group recognizes gains or losses on curtailments or settlements of a defined benefit plan as an event occurs. The gain or loss on a curtailment or settlement comprises any resulting change in the present value of the defined benefit obligation, any resulting change in the fair value of the plan assets, and any related actuarial gains and losses and past service cost that had not previously been recognized. When the fair value of the plan assets exceeds the present value of the defined benefit obligation, Group's management assesses whether this surplus is fully recoverable through refunds or reductions in future contributions. The portion of the surplus, which is not fully recoverable, is not recognized.

Defined contribution and state administered plans may require employees to make contributions and enable employees to earn matching or other contributions from the Group. The funding of these plans is in accordance with statutory funding and tax requirements. Obligations for contributions to defined contribution and state administered plans are recognized as an expense in the income statement as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the contractually agreed date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

Share-based compensation

The Group provides equity participation plans to employees and members of the Board in the form of share plans and share option plans. These plans are accounted for as equity-settled share-based payment transactions. The fair value of share awards with service conditions is determined at grant date based on observable market data. The fair values of share awards and share option awards with performance conditions are determined at grant date by using a Monte Carlo or binominal model respectively. Some of the model inputs are not observable in a market and therefore have to be estimated or derived from available data. The use of different estimates would produce different option and share values, which in turn would result in higher or lower compensation expense recognized. The cost of equity participation plans is recognized as personnel expense in the income statement with a corresponding increase in equity over the vesting period taking into account the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date the Group revises its estimate of the number of equity instruments expected to vest. An expense is recognized for awards with a market condition irrespective of whether that market condition is met provided that all other vesting conditions are satisfied. Market conditions are taken into account when determining the fair value of the equity instruments granted. The Group has available treasury shares and conditional share capital to meet its commitments.

2.18 Taxation

Income tax expense in the income statement is comprised of current and deferred income taxes.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the balance sheet date together with any adjustments to tax payable in respect of previous years.

Deferred income tax is recognized based on the balance sheet liability method, which measures temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted, at the balance sheet date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At each balance sheet date, the Group assesses the recoverability of its deferred income tax assets.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset only when the enterprise has a legally enforceable right of offset.

2.19 Trade payables and other liabilities

Trade payables and other liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.20 Debt

Debt is initially recognized at fair value, net of transaction costs incurred. In subsequent periods, borrowing costs are stated at amortized cost, using the effective interest method, with any difference between proceeds and the redemption value recognized in the income statement over the period of the debt. Debt is classified as a current liability unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

2.21 Provisions

Provisions for legal claims, tax disputes, onerous contracts, property disputes, restructuring costs and other cases are recognized when the Group has a present or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. A contract is onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it and a provision is then recognized at the present value of the obligation. Restructuring provisions principally comprise employee termination benefits, legal, property and other related costs. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.22 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognized liability or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in derivative financial instruments (Note 30). Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are recycled into the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognized immediately in the income statement.

2.23 Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recorded in equity in the period in which they are approved by the Company's shareholders.

Where the Group purchases shares of the Company, the consideration paid is recognized as treasury shares and presented as a deduction from equity unless these shares are cancelled or sold. Any consideration received from the sale of these shares is recognized in equity.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Board has put in place appropriate structures to ensure risk governance and monitoring across the Group.

The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department ("Group Treasury") which identifies, evaluates and hedges financial risks where appropriate. The principles for overall financial risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of both derivative and non-derivative financial instruments and the investment of excess liquidity exist and are formally documented.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar ("USD"), Euro ("EUR") and the GB Pound ("GBP"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations including third party as well as intercompany transactions.

Foreign exchange risks are reduced by matching income and expenditure whenever possible in the same currency and negotiating terms with suppliers that include invoicing Group companies in their local reporting currency.

The Group invests in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currency exposure of the net assets of the subsidiaries is primarily managed through borrowings denominated in the relevant foreign currencies. In 2011, a forward foreign exchange contract has been entered into, to hedge the foreign currency exposure of subsidiaries. In 2010, no such transaction was performed.

The illustrative effect on the post-tax profit and equity for the year that would result from changes in exchange rates can be summarized as follows:

<u>in CHF m</u>	<u>CHF/USD</u>	<u>CHF/EUR</u>	<u>CHF/GBP</u>	<u>EUR/USD</u>
Currency risks 2011 in CCY1/CCY2⁽¹⁾				
Percentage shift	15%	15%	15%	10%
Impact on profit or loss and equity if CCY1 strengthens against CCY2	(9.3)	(8.7)	(0.4)	1.1
Impact on profit or loss and equity if CCY1 weakens against CCY2	9.3	8.7	0.4	(1.1)

in CHF m	CHF/USD	CHF/EUR	CHF/GBP	EUR/USD
Currency risks 2010 in CCY1/CCY2^(l)				
Percentage shift	10%	10%	10%	10%
Impact on profit or loss and equity if CCY1 strengthens against CCY2	(3.2)	(1.2)	(3.2)	1.2
Impact on profit or loss and equity if CCY1 weakens against CCY2	3.2	1.2	3.2	(1.2)

(l) CCY = Currency.

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and associated operating cash inflows are substantially independent of changes in market interest rates.

The Group's cash flow interest rate risk principally arises from that element of borrowings issued at variable rates. Group policy is to secure at least 50% of its variable interest rate risk with derivative instruments. During 2011, the Group's borrowings at variable rates were mainly denominated in US Dollar and Euro.

The Group's fair value interest rate risk arises from derivative financial instruments. Fair value changes of derivative financial instruments that qualify for hedge accounting will impact equity, instruments that do not qualify for hedge accounting will impact profit. At December 31, 2011 no financial instruments that qualify for hedge accounting exist.

The Group analyses its interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the interest-bearing positions.

Based on the various scenarios, cash flow interest rate risk is managed by using floating-to-fixed interest rate swaps or interest rate caps. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates. The interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts. Interest rate caps have the economic effect of limiting the Group's exposure to increasing interest rates to an agreed maximum interest rate. Under the interest rate caps, the Group pays a premium to other parties at the inception of the contract and the other parties agree to compensate the Group at specified intervals (primarily quarterly) for the difference between the floating-rate interest amounts and the lower maximum interest amounts calculated by reference to the agreed notional amounts.

Fixed rate borrowings are excluded from the sensitivity analysis as they are not measured at fair value and therefore not subject to fair value interest risk.

Based on the simulations performed, at December 31, 2011, if interest rates had been 50 basis points higher with all other variables held constant, post-tax profit for the year would have been CHF 2.1m (2010: CHF 2.1m) lower, mainly as a result of higher interest expense on floating rate borrowings. At December 31, 2011, other components of equity would not have been impacted.

At December 31, 2011, if interest rates had been 50 basis points lower with all other variables held constant, post-tax profit for the year would have been CHF 2.1m (2010: CHF 2.2m) higher, mainly as a result of lower interest expense on floating rate borrowings. At December 31, 2011, other components of equity would not have been impacted.

Credit risk

Credit risk reflects the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group trades only with recognized, creditworthy third parties.

It is the Group's policy that customers who wish to trade on credit terms are subject to credit verification procedures. The assessment of the credit quality of the Group's customers is reflected in the Group's internal rating system which takes into account the financial position, past experience, ownership structure, specific market conditions and other factors. The assessment is updated at regular, pre-determined intervals or as

circumstances change. In addition, receivable balances per customer are monitored, at least monthly, on a consolidated basis. The credit exposure by customer is regularly reviewed and approved by management. In cases where management assesses the trend of the exposure to any customer as unsatisfactory or in cases where the credit quality of any customer deteriorates, the Group enforces measures to reduce the exposure and might revise the payment and credit terms. The total trade receivable balances of the five major customers at December 31, 2011 constitute 26.6% (2010: 25.5%) of the total gross trade receivable amount and individually they accounted for between 3.8% and 7.2% (2010: 2.7% and 7.5%) of the total gross trade receivables. Management does not expect any losses from non-performance by these customers.

The credit risk arising from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions are limited because the counterparties are banks and financial institutions in general with a minimum rating of "A" assigned by international credit-rating agencies.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines. The Group monitors its risk to a shortage of funds by reviewing short-term cash forecasts on a weekly basis and undertaking mid-term cash forecasts during the year.

The following tables detail the contractual maturity of the Group's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities at the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

in CHF m	Within 1 month	1-3 months	3 months- 1 year	1-5 years	More than 5 years	Total
December 31, 2011						
Non-interest bearing	(165.0)	(64.2)	(20.2)	(2.7)	(0.4)	(252.5)
Finance lease liability	(0.1)	(0.3)	(1.5)	(7.4)	(6.0)	(15.3)
Variable interest rate instruments	(0.3)	(4.3)	(24.6)	(530.2)	(2.6)	(562.0)
Fixed interest rate instruments	(4.8)	(0.8)	(7.3)	(19.0)	(3.8)	(35.7)
Total	<u>(170.2)</u>	<u>(69.6)</u>	<u>(53.6)</u>	<u>(559.3)</u>	<u>(12.8)</u>	<u>(865.5)</u>

in CHF m	Within 1 month	1-3 months	3 months- 1 year	1-5 years	More than 5 years	Total
December 31, 2010						
Non-interest bearing	(170.9)	(56.0)	(18.2)	(8.4)	—	(253.5)
Finance lease liability	(0.2)	(0.4)	(1.5)	(7.0)	(6.9)	(16.0)
Variable interest rate instruments	(0.2)	(4.3)	(15.5)	(566.7)	(3.9)	(590.6)
Fixed interest rate instruments	(8.3)	(1.9)	(14.6)	(47.3)	(3.6)	(75.7)
Total	<u>(179.6)</u>	<u>(62.6)</u>	<u>(49.8)</u>	<u>(629.4)</u>	<u>(14.4)</u>	<u>(935.8)</u>

Non-interest bearing liabilities primarily consist of trade and other payables. Variable and fixed interest rate instruments consist of short-term and long-term debt as well as elements of other long-term payables.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard its status as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain a capital structure focused on reducing the cost of capital. In order to maintain or adjust the capital structure, the Group may distribute dividends, issue new shares or adjust the level of debt. As demonstrated in 2010, the Company has the ability to raise additional equity in its own right.

The Company is able to pay dividends, without restriction, from funds held on its own balance sheet.

The Group's existing committed credit facilities are available to gategroup Financial Services S.à r.l., a subsidiary holding company and certain of its subsidiaries (see Note 25). These facilities restrict the distribution of funds to the Company that might in turn be used to pay dividends, unless among other things, certain financial ratios are met. As of December 31, 2011, these financial ratios were not met and restrict the distribution of funds from gategroup Financial Services S.à r.l. to the Company.

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at December 31, 2011.

<u>in CHF m</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Financial assets at fair value through profit or loss				
— Trading derivatives	—	0.2	—	0.2
Total	<u>—</u>	<u>0.2</u>	<u>—</u>	<u>0.2</u>
Liabilities				
Derivatives used for hedging	—	—	—	—
Total	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The following table presents the Group's assets and liabilities that are measured at fair value at December 31, 2010.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Financial assets at fair value through profit or loss				
— Trading derivatives	—	0.1	—	0.1
Total	<u>—</u>	<u>0.1</u>	<u>—</u>	<u>0.1</u>
Liabilities				
Derivatives used for hedging	—	—	—	—
Total	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There was no transfer between Level 1 and Level 2 in the period. The Group did not carry out any transactions on Level 3 type assets during 2011 and 2010, nor did it have any assets in this category at December 31, 2011 and 2010.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Estimated impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.15. The recoverable amounts of cash generating units have been determined based on fair value less cost to sell calculations. These calculations require the use of estimates including future operating profit margins and post-tax discount rates (Note 21).

4.2 Estimated impairment of intellectual property

The Group tests at least annually whether intellectual property has suffered any impairment in accordance with the accounting policy stated in Note 2.15. The recoverable amounts of intellectual property in each subsidiary are determined based on value in use calculations. These calculations require the use of estimates including future sales and pre-tax discount rates (Note 21).

4.3 Income taxes and deferred tax assets

The Group is liable to taxation in various jurisdictions. Provisions for income taxes incurred worldwide are based on estimates and hence the tax charge may be uncertain. If actual tax charges deviate from estimates, the corresponding adjustment is booked in the financial year in which the definitive assessment is made. Management considers the estimates used to be realistic and the corresponding provisions appropriate.

Deferred tax assets are formed primarily from temporary differences, and in specific instances from tax loss carry forwards, but only if realization is deemed probable. The carrying amount is therefore based on future forecasts for the relevant taxable entity over a period of several years. Should these future forecasts prove incorrect, changes in value might result. Further information is given in Note 23.

4.4 Legal and tax provisions

The Group has recorded certain legal and tax provisions for liabilities of uncertain timing or amount (Note 27.3). The ultimate outflow of resources embodying economic benefits are subject to legal proceedings or assessments from the relevant tax authorities. After taking appropriate legal and/or tax advice, management updates the estimates of the provisions at least annually. The provisions are adjusted through the income statement.

4.5 Defined benefit plan obligations

The Group has accounted for its retirement benefit obligations in accordance with the accounting policy stated in Note 2.17. The cost and obligations resulting from the sponsoring of defined benefit plans are determined using actuarial valuations. These actuarial valuations are made for the purpose of estimating future developments. The most critical estimates and assumptions are considered to be discount rates, the expected return on plan assets in individual countries and future wage trends. Actuaries also use statistical data such as mortality tables and staff turnover rates with a view to determining employee benefit obligations. If these factors change due to a change in economic or market conditions, the subsequent results could deviate considerably from the actuarial estimates. Over the medium term such deviations could have a significant impact on the income statement.

4.6 Allowance for doubtful accounts

Provision is made against accounts receivable that in the estimation of management may be impaired. Assessment is made of the recoverability of accounts receivable based on a range of factors including the age

of the receivable, the creditworthiness of the customer and current economic trends. Determining recoverability involves estimation as to the likely financial condition of the customer and their ability to subsequently make payment.

5. Segment information

Management has determined operating segments based on the reports reviewed by the EMB. The Group is organized and managed primarily on a geographic basis, which therefore is the definition of operating segments.

The Group's reportable segments are the unaggregated results of Europe and Africa, North America and Asia-Pacific.

5.1 Reportable segment information

						2011
						Total reportable segments
in CHF m	Europe and Africa	North America	Asia-Pacific	Other Segments	Eliminations	
Catering and provisioning revenue from external customers	1,029.3	700.7	267.0	141.5	—	2,138.5
Other revenue from external customers	291.9	147.0	91.5	19.2	—	549.6
Intersegment revenues	17.5	0.6	19.8	—	(37.9)	—
Total revenue	1,338.7	848.3	378.3	160.7	(37.9)	2,688.1
Segment EBITDA	137.2	52.3	35.2	(23.0)	—	201.7
Total segment assets	575.0	376.0	284.3	528.9	—	1,764.2
Additions to non-current assets ^(l)	8.9	14.8	10.4	16.9	—	51.0
						2010
in CHF m	Europe and Africa	North America	Asia-Pacific	Other Segments	Eliminations	Total reportable segments
Catering and provisioning revenue from external customers	1,188.7	590.8	233.3	134.7	—	2,147.5
Other revenue from external customers	272.6	157.9	99.7	22.3	—	552.5
Intersegment revenues	20.5	0.7	18.7	0.1	(40.0)	—
Total revenue	1,481.8	749.4	351.7	157.1	(40.0)	2,700.0
Segment EBITDA	125.8	62.3	45.3	(16.7)	—	216.7
Total segment assets	583.8	366.6	285.2	579.4	—	1,815.0
Additions to non-current assets ^(l)	25.6	9.9	7.5	4.0	—	47.0

(l) Relate to property, plant and equipment and intangible assets.

With respect to revenues, Segment EBITDA and assets, the geographic allocation is determined by the location of the assets. Segment EBITDA is defined as earnings before interest, depreciation, tax, amortization and management fees. Segment EBITDA also excludes impairment charges or reversals, operating taxes (non-income taxes), restructuring costs, profit or loss from sale of assets or discontinued operations and share-based payments. Segment assets are defined as total assets of the segments less investments in subsidiaries and receivables due from Group companies.

The EMB assesses the performance of operating segments based on Segment EBITDA. The reconciliation to operating profit as reported in the consolidated income statement is presented below.

5.2 Reconciliation

Reconciliation of Segment EBITDA to operating profit:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Segment EBITDA — reportable segments	201.7	216.7
Share-based payments (Notes 7, 32)	(2.8)	(27.0)
Restructuring costs (Notes 7, 8)	(5.6)	(10.8)
Operating taxes (non-income taxes)	(4.6)	1.9
Depreciation (Note 20)	(48.6)	(51.7)
Amortization (Note 21)	(22.9)	(22.1)
Impairment charges, net of reversals (Note 20, 21)	1.3	4.4
Other (losses) and gains, net (Note 9)	(4.2)	1.7
Management fees, net	0.5	0.4
Operating profit	<u>114.8</u>	<u>113.5</u>

5.3 Entity wide disclosures

Geographic information:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Revenue by country		
United States	664.3	726.5
United Kingdom	416.8	485.4
Switzerland ^(I)	165.6	158.0
Other countries	<u>1,441.4</u>	<u>1,330.1</u>
Total revenue^(II)	<u>2,688.1</u>	<u>2,700.0</u>

(I) Country of domicile of the Company.

(II) Relates to revenue from external customers.

No other country represented more than 10% of revenue from external customers in 2011 or 2010.

Non-current assets

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
United States	187.6	181.2
Switzerland ^(I)	134.7	115.1
Belgium	78.8	83.0
India	72.8	93.5
Other countries	<u>295.9</u>	<u>337.5</u>
Total non-current assets^(II)	<u>769.8</u>	<u>810.3</u>

(I) Country of domicile of the Company.

(II) Relate to property, plant and equipment and intangible assets.

No other country represented more than 10% of non-current assets as per December 31, 2011 or December 31, 2010.

Major customers

The three major customers accounted for 12%, 10% and 9% of 2011's total revenue (2010: 12%, 12%, and 11%). These revenues are attributable across all reportable segments.

6. Revenue

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Catering and provisioning revenue	2,138.5	2,147.5
Other revenue	549.6	552.5
Total	<u>2,688.1</u>	<u>2,700.0</u>

Catering and provisioning revenue includes revenue from food, beverage and handling services together with buy-on-board sales. Other revenue includes revenue from the sale of food contact items (such as cutlery, cups, glasses and plates), consumables, comfort items (such as headsets, blankets and amenity kits), duty-free sales, logistic services, airport restaurant sales and other services.

7. Personnel expenses

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Wages and salaries	810.1	795.5
Social security costs	59.8	67.4
Pension costs (Note 24)	24.0	26.3
Share-based payments (Note 32)	2.8	27.0
Restructuring costs (Note 27)	2.6	7.4
Other personnel costs and benefits	107.9	93.4
Total	<u>1007.2</u>	<u>1,017.0</u>

8. Other operating income and expenses, net

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Rental, utility and other property costs	139.1	145.6
Maintenance and lease of equipment costs	60.5	61.1
Communication costs	34.9	37.5
Audit, consulting and legal fees	39.0	34.7
Transport and travel costs	20.7	20.1
Restructuring costs (Note 27)	3.0	3.4
Misappropriation of assets (fraud), costs and recoveries, net	(6.6)	5.4
Other operating costs	79.3	81.8
Other operating income	(5.0)	(17.7)
Total	<u>364.9</u>	<u>371.9</u>

9. Other losses and (gains), net

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Loss / (gain) on sale of assets	0.1	(0.5)
Negative goodwill (Note 35)	—	(1.5)
Loss on sale of investments in associates	—	0.3
Loss on disposal of subsidiaries (Note 36)	4.1	—
Total	<u>4.2</u>	<u>(1.7)</u>

Loss / (gain) on sale of assets arises from the sale of property, plant and equipment, intangible assets and third party investments.

10. Financial income

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Interest income	4.6	2.6
Fair value gains on interest rate swaps or caps, not qualifying for hedge accounting or on ineffective portion of qualifying interest rate swaps or caps (Note 30)	—	0.3
Other finance income	0.6	0.5
Total	<u>5.2</u>	<u>3.4</u>

11. Financial expenses

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Interest expense	33.4	31.8
Cash flow hedges, transfers from equity (Note 30)	—	3.6
Fair value losses on interest rate swaps or caps, not qualifying for hedge accounting or on ineffective portion of qualifying interest rate swaps or caps (Note 30)	0.1	2.5
Other finance costs	9.1	6.7
Total	<u>42.6</u>	<u>44.6</u>

12. Investments in associates and joint ventures

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Balance at January 1	7.8	9.9
Share of profits, net of tax	1.8	2.0
Change in equity interest in associates and joint ventures	—	(3.8)
Dividends received	(1.9)	(0.3)
Exchange differences	(0.4)	—
Balance at December 31	<u>7.3</u>	<u>7.8</u>

The Group's aggregated share of the assets (including goodwill) of its associates and joint ventures amounts to CHF 12.2m (2010: CHF 12.2m); its aggregated share of the liabilities amounts to CHF 6.5m (2010: CHF 5.6m) and its aggregated share of the revenues in the year is CHF 23.8m (2010: CHF 26.9m).

The associates and joint ventures of the Group, all of which are unlisted, are:

<u>Name, country of incorporation</u>	<u>Ownership interest in %</u>	
	<u>2011</u>	<u>2010</u>
Miascor Catering Services Corp., Philippines	30	30
Gate Gourmet MAASA (Mexico) SA de C.V., Mexico	50	50
Inflight New Zealand Limited, New Zealand	50	50
Gate Gourmet Middle East Coöperatief U.A., the Netherlands	50	50

13. Income tax expense

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Current income tax charge	31.8	26.2
Deferred tax (credit) (Note 23)	(7.3)	(10.9)
Total	<u>24.5</u>	<u>15.3</u>

Reconciliation of tax expense

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Profit before tax	83.2	65.2
Weighted average expected tax rate	28.5%	40.3%
Tax at weighted average rate	23.7	26.3
+ / – effects of		
Income not subject to tax	(6.6)	0.6
Expenses not deductible for tax purposes	0.7	8.2
Prior year unrecognized tax losses, tax credits or deductible temporary differences	(22.5)	(43.2)
Deferred tax assets not recognized in the current year	27.4	26.9
Adjustments for the current tax of prior years	1.5	(1.5)
Others	0.3	(2.0)
Total tax expense	24.5	15.3
Weighted average effective tax rate	29.4%	23.5%

The weighted average expected tax rate is calculated by applying the local tax rates of each taxable entity to its profit or loss before tax. This year's rate has decreased due to an increase of profits in countries with favourable tax rates.

The change in prior year unrecognized tax losses, tax credits or deductible temporary differences is mainly due to a deferred tax benefit arising from the recognition of previously unrecognized tax losses and deductible temporary differences in US subsidiaries.

Deferred tax assets not recognized in the current year are made up of tax losses, tax credits or deductible temporary differences arising in the current year that have not been recognized in a number of locations.

14. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year. Treasury shares are not considered as outstanding shares.

	<u>2011</u>	<u>2010</u>
Profit for the year attributable to shareholders of the Company (in CHF m)	53.9	48.7
Weighted average number of shares outstanding	26,272,519	20,392,209
Basic earnings per share (in CHF)	2.05	2.39

Diluted earnings per share

For the purpose of calculating diluted earnings per share, the number of shares outstanding is adjusted by the weighted average number of shares that would be issued on the conversion of all potentially dilutive shares. Unvested shares under the Group's share-based payment arrangements are treated as potentially dilutive shares.

	<u>2011</u>	<u>2010</u>
Profit for the year attributable to shareholders of the Company (in CHF m)	53.9	48.7
Weighted average number of shares outstanding	26,272,519	20,392,209
Adjustment for share-based payment arrangements, where dilutive	319,618	961,242
Adjusted weighted average numbers of shares outstanding	26,592,137	21,353,451
Diluted earnings per share (in CHF)	2.03	2.28

15. Cash and cash equivalents

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Cash and bank balances	421.7	451.5
Short-term bank deposits	8.7	8.4
Total	430.4	459.9

The total of cash and bank balances includes amounts of CHF 8.9m (2010: CHF 26.5m) which are regarded as restricted cash for the Group. These amounts consist of cash and bank balances of certain subsidiaries which are not freely transferable in form of deposits or loans or repayments of loans or advances due to regulatory requirements or other restrictions.

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Cash and bank balances	421.7	451.5
Short-term bank deposits	8.7	8.4
Bank overdrafts (Note 25)	(7.7)	(8.2)
Total	<u>422.7</u>	<u>451.7</u>

16. Trade receivables

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Trade receivables	282.1	294.1
Provision for impairment of receivables	(30.8)	(34.5)
Total	<u>251.3</u>	<u>259.6</u>

The amount of the provision was CHF 30.8m as of December 31, 2011 (2010: CHF 34.5m). The individually impaired receivables mainly relate to customers who are experiencing difficult financial circumstances. It was assessed that a portion of these receivables is expected to be recovered.

The ageing analysis of the trade receivables is as follows:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Not overdue	195.1	190.8
Less than 1 month overdue	46.9	38.7
1 to 2 months overdue	6.1	19.4
Over 2 months overdue	34.0	45.2
Balance at December 31	<u>282.1</u>	<u>294.1</u>

The Group maintains an internal credit rating system in which customers are allocated to one of the categories in the table below. The rating of these customers is continuously assessed. The outstanding trade receivables from customers amounted to:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Low risk (short/medium term losses are unlikely)	57.0	61.3
Medium risk (short/medium term losses are possible)	136.2	113.1
High risk (short/medium term losses are likely, if unsecured)	68.0	59.0
Very high risk (short term losses are very likely, if unsecured)	5.7	15.7
Not rated customers	15.2	45.0
Balance at December 31	<u>282.1</u>	<u>294.1</u>

Movements on the provision for impairment of trade receivables are as follows:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Balance at January 1	(34.5)	(33.9)
Provision for receivables impairment	(12.2)	(11.8)
Receivables written off during the year as uncollectible	13.5	4.3
Unused amounts reversed	0.8	2.9
Exchange difference	1.6	4.0
Balance at December 31	<u>(30.8)</u>	<u>(34.5)</u>

Amounts provided against are generally written off when there is no expectation of further recovery.

The Group does not hold any collateral as security.

17. Other current receivables and prepayments

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Other receivables	30.5	33.6
Prepaid taxes other than income tax	24.5	28.6
Other prepayments and accrued income	43.2	33.8
Total	<u>98.2</u>	<u>96.0</u>

18. Inventories

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Raw materials	38.4	33.4
Catering supplies	29.2	28.5
Work in progress	2.9	2.7
Finished goods	11.5	12.3
Provision for obsolescence	(3.9)	(4.5)
Balance at December 31	<u>78.1</u>	<u>72.4</u>

19. Assets held for sale

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Assets held for sale	4.8	1.3
Balance at December 31	<u>4.8</u>	<u>1.3</u>

The amount shown as of December 31, 2011 and December 31, 2010, principally represents the projected sale value of properties.

20. Property, plant and equipment

in CHF m	Land and buildings	Fixtures and fittings in rented buildings	Assets under construction/ Advance payments	Catering and other equipment	Vehicles	Total
Cost						2011
Balance at January 1, 2011	198.9	162.3	5.3	167.7	107.3	641.5
Additions	1.7	2.7	9.3	11.7	19.8	45.2
Reclassification	0.1	2.5	(8.4)	1.7	4.1	—
Disposals of subsidiaries (Note 36)	(0.6)	(1.6)	—	(2.4)	(0.6)	(5.2)
Disposals	—	(1.6)	—	(7.3)	(0.8)	(9.7)
Exchange differences	(7.7)	(0.8)	0.3	(3.0)	0.4	(10.8)
Balance at December 31, 2011	192.4	163.5	6.5	168.4	130.2	661.0
Accumulated depreciation and impairments						
Balance at January 1, 2011	(40.9)	(96.5)	—	(99.5)	(53.3)	(290.2)
Depreciation charge for the year	(10.8)	(8.6)	—	(17.9)	(11.3)	(48.6)
Reversal of impairment charges	—	3.0	—	—	—	3.0
Disposals of subsidiaries (Note 36)	0.6	1.5	—	2.4	0.5	5.0
Disposals	—	1.5	—	7.2	0.8	9.5
Exchange differences	0.8	(0.3)	—	1.0	(0.3)	1.2
Balance at December 31, 2011	(50.3)	(99.4)	—	(106.8)	(63.6)	(320.1)
Net book value						
Balance at January 1, 2011	158.0	65.8	5.3	68.2	54.0	351.3
Balance at December 31, 2011	142.1	64.1	6.5	61.6	66.6	340.9
Cost						2010
Balance at January 1, 2010	151.4	181.5	6.7	161.9	103.8	605.3
Additions	4.1	4.6	17.4	13.9	2.6	42.6
Reclassification	1.4	9.1	(17.5)	2.5	3.5	(1.0)
Acquisition of subsidiaries (Note 35)	68.0	5.6	0.1	17.1	5.9	96.7
Disposals	(7.1)	(21.2)	—	(10.1)	(1.5)	(39.9)
Exchange differences	(18.9)	(17.3)	(1.4)	(17.6)	(7.0)	(62.2)
Balance at December 31, 2010	198.9	162.3	5.3	167.7	107.3	641.5
Accumulated depreciation and impairments						
Balance at January 1, 2010	(44.7)	(115.4)	—	(101.2)	(49.3)	(310.6)
Depreciation charge for the year	(8.0)	(14.8)	—	(18.5)	(10.4)	(51.7)
Reversal of impairment charges	2.9	1.5	—	—	—	4.4
Reclassification	0.6	—	—	—	—	0.6
Disposals	2.4	21.2	—	9.0	1.4	34.0
Exchange differences	5.9	11.0	—	11.2	5.0	33.1
Balance at December 31, 2010	(40.9)	(96.5)	—	(99.5)	(53.3)	(290.2)
Net book value						
Balance at January 1, 2010	106.7	66.1	6.7	60.7	54.5	294.7
Balance at December 31, 2010	158.0	65.8	5.3	68.2	54.0	351.3

The carrying value of land recorded under land and buildings at December 31, 2011 is CHF 30.7m (2010: CHF 33.3m).

In 2011 and 2010, the profitability outlook of certain locations in the US strengthened due to a gain of business. This resulted in a reversal of the impairment of the property, plant and equipment ("PPE") previously charged in these locations.

The reclassification of cost during 2010 included transferring land and buildings as well as operating equipment to assets available for sale of CHF 1.0m. The depreciation reclassification of CHF 0.6m is similarly due to the transfer from PPE to assets available for sale.

Assets recorded under finance leases consist of:

<u>in CHF m</u>	<u>Land and buildings</u>	<u>Catering and other equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost				
Balance at December 31, 2011	7.8	2.8	3.9	14.5
Balance at December 31, 2010	8.0	3.9	1.7	13.6
Accumulated depreciation				
Balance at December 31, 2011	(5.2)	(2.8)	(2.0)	(10.0)
Balance at December 31, 2010	(4.0)	(3.8)	(1.7)	(9.5)
Net book value				
Balance at December 31, 2011	2.6	—	1.9	4.5
Balance at December 31, 2010	4.0	0.1	—	4.1

Depreciation expense included in the consolidated income statement for property, plant and equipment held under finance leases was CHF 1.5m (2010: CHF 1.1m). Obligations under finance leases are disclosed in Note 25.

21. Intangible assets

<u>in CHF m</u>	<u>Goodwill</u>	<u>Intellectual property</u>	<u>Customer relationships</u>	<u>Capitalized software</u>	<u>Other</u>	<u>Total</u>
2011						
Cost						
Balance at January 1, 2011	495.4	140.1	103.3	41.7	10.5	791.0
Additions	—	—	—	5.6	0.2	5.8
Disposals of subsidiaries (Note 36) . . .	(1.3)	—	—	—	(0.1)	(1.4)
Disposals	—	—	(9.6)	—	—	(9.6)
Exchange differences	(7.2)	(0.5)	(2.1)	0.4	(0.2)	(9.6)
Balance at December 31, 2011	<u>486.9</u>	<u>139.6</u>	<u>91.6</u>	<u>47.7</u>	<u>10.4</u>	<u>776.2</u>
Accumulated amortization and impairments						
Balance at January 1, 2011	(218.4)	(36.5)	(46.3)	(23.1)	(7.7)	(332.0)
Amortization charge for the year	—	(0.8)	(12.6)	(9.0)	(0.5)	(22.9)
Impairment charges	—	(0.2)	(1.5)	—	—	(1.7)
Disposals	—	—	9.6	—	—	9.6
Exchange differences	(0.9)	—	0.8	(0.3)	0.1	(0.3)
Balance at December 31, 2011	<u>(219.3)</u>	<u>(37.5)</u>	<u>(50.0)</u>	<u>(32.4)</u>	<u>(8.1)</u>	<u>(347.3)</u>
Net book value						
Balance at January 1, 2011	277.0	103.6	57.0	18.6	2.8	459.0
Balance at December 31, 2011	<u>267.6</u>	<u>102.1</u>	<u>41.6</u>	<u>15.3</u>	<u>2.3</u>	<u>428.9</u>
2010						
Cost						
Balance at January 1, 2010	508.3	146.5	111.5	35.2	11.6	813.1
Additions	—	—	—	4.3	0.1	4.4
Acquisition of subsidiaries (Note 35) . .	34.9	1.9	8.8	4.4	—	50.0
Disposals	—	—	(3.4)	—	—	(3.4)
Exchange differences	(47.8)	(8.3)	(13.6)	(2.2)	(1.2)	(73.1)
Balance at December 31, 2010	<u>495.4</u>	<u>140.1</u>	<u>103.3</u>	<u>41.7</u>	<u>10.5</u>	<u>791.0</u>
Accumulated amortization and impairments						
Balance at January 1, 2010	(234.3)	(39.4)	(40.9)	(18.3)	(7.7)	(340.6)
Amortization charge for the year	—	(0.1)	(15.1)	(6.2)	(0.7)	(22.1)
Disposals	—	—	3.4	—	—	3.4
Exchange differences	15.9	3.0	6.3	1.4	0.7	27.3
Balance at December 31, 2010	<u>(218.4)</u>	<u>(36.5)</u>	<u>(46.3)</u>	<u>(23.1)</u>	<u>(7.7)</u>	<u>(332.0)</u>
Net book value						
Balance at January 1, 2010	274.0	107.1	70.6	16.9	3.9	472.5
Balance at December 31, 2010	<u>277.0</u>	<u>103.6</u>	<u>57.0</u>	<u>18.6</u>	<u>2.8</u>	<u>459.0</u>

Goodwill is allocated to the Group's cash generating units summarized as follows:

<u>in CHF m</u>	2011	2010
North America	84.8	84.4
Europe and Africa	108.3	111.8
Asia-Pacific	66.1	71.7
Other Segments	8.4	9.1
Balance at December 31	<u>267.6</u>	<u>277.0</u>

Impairment tests for goodwill and intellectual property

The recoverable amounts of goodwill are based on fair value less costs to sell calculations. The recoverable amounts of intellectual property are based on value in use calculations. Neither a market price, nor any information about transactions for similar companies in the same industry exist and so these cannot

be used as a basis to calculate the fair values. As a result, the fair value of the cash generating units was calculated using the discounted cash flow method. These calculations use the cash flow projections based on the financial budget, approved by the Board, extended into a five year business plan.

The key assumptions used in the fair value less cost to sell calculations in the five year period are as follows:

	2011		
	Segment EBITDA margin	Revenue growth rate	Discount rate
North America	5.1% – 5.8%	2.9% – 4.2%	7.6%
Europe and Africa	7.5% – 8.2%	1.1% – 4.3%	8.4%
Asia-Pacific	10.3% – 11.2%	5.1% – 6.1%	9.2%
Other Segments	12.5% – 13.9%	5.6% – 12.0%	15.5%

	2010		
	Segment EBITDA margin	Revenue growth rate	Discount rate
North America	7.8% – 8.2%	3.0% – 33.0%	9.2%
Europe and Africa	9.1% – 10.6%	1.0% – 8.6%	9.5%
Asia-Pacific	12.6% – 14.2%	5.5% – 18.7%	10.7%
Other Segments	13.6% – 14.3%	3.8% – 15.1%	14.8%

The terminal value beyond the business plan period was calculated by extrapolating the year five cash flows at constant exchange rates using an eternal growth rate of 1.5% – 2.5% (2010: 1.5%) and discount rates as above. Revenue growth rates are based on industry research published by the International Air Transport Association with respect to volume growth, adjusted for impacts from inflation and market-related price changes expected by management. Management determined projected Segment EBITDA margins based on past performance and its expectations of market developments. The discount rates used are post-tax and reflect specific risk and market characteristics relating to the relevant cash generating units.

As in prior year, the impairment test did not lead to any impairment of goodwill or intellectual property. The recoverable amounts exceed the carrying values. The key sensitivities in the impairment test are the discount rate as well as the terminal growth rate. Therefore, the Group has carried out a sensitivity analysis, containing various scenarios. Taking reasonable possible changes in key assumptions into account, no impairment losses have been revealed.

22. Other non-current receivables

<u>in CHF m</u>	2011	2010
Other non-current receivables from third parties	25.2	20.7
Derivative financial instruments (Note 30)	—	0.1
Balance at December 31	<u>25.2</u>	<u>20.8</u>

The balances under other non-current receivables from third parties have a maturity of between one and five years.

23. Deferred income tax

<u>in CHF m</u>	2011	2010
Deferred income tax assets	58.7	53.1
Deferred income tax liabilities	(41.9)	(46.4)
Balance at December 31	<u>16.8</u>	<u>6.7</u>

Movements in deferred taxes:

<u>in CHF m</u>	<u>Property, plant and equipment</u>	<u>Intangible assets</u>	<u>Other assets</u>	<u>Retirement benefit obligations, other liabilities, provisions and accruals</u>	<u>Tax losses carry- forwards</u>	<u>Total</u>
						2011
Balance at January 1, 2011	(23.5)	(27.6)	(14.9)	37.2	35.5	6.7
Deferred tax credit/(charge) in the income statement (Note 13)	8.5	15.5	11.0	(12.9)	(14.8)	7.3
Deferred tax credit in other comprehensive income	—	—	0.8	—	—	0.8
Exchange differences	2.1	0.9	0.3	(1.1)	(0.2)	2.0
Balance at December 31, 2011	<u>(12.9)</u>	<u>(11.2)</u>	<u>(2.8)</u>	<u>23.2</u>	<u>20.5</u>	<u>16.8</u>
						2010
Balance at January 1, 2010	4.0	(32.8)	0.1	18.5	22.7	12.5
Deferred tax credit/(charge) in the income statement (Note 13)	(13.9)	7.5	(13.7)	15.3	15.7	10.9
Acquisition of subsidiaries (Note 35)	(15.0)	(4.3)	0.8	6.8	—	(11.7)
Deferred tax charge in other comprehensive income	—	—	(3.1)	—	—	(3.1)
Exchange differences	1.4	2.0	1.0	(3.4)	(2.9)	(1.9)
Balance at December 31, 2010	<u>(23.5)</u>	<u>(27.6)</u>	<u>(14.9)</u>	<u>37.2</u>	<u>35.5</u>	<u>6.7</u>

Composition of deferred tax assets and liabilities

<u>in CHF m</u>	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>December 31</u>		<u>December 31</u>		<u>December 31</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Temporary differences:						
Property, plant and equipment	9.2	2.5	(22.1)	(26.0)	(12.9)	(23.5)
Intangible assets	7.8	6.1	(19.0)	(33.7)	(11.2)	(27.6)
Other assets	2.3	0.7	(5.1)	(15.6)	(2.8)	(14.9)
Retirement benefit obligations, other liabilities, provisions and accruals	37.1	39.9	(13.9)	(2.7)	23.2	37.2
Tax losses	<u>20.5</u>	<u>35.5</u>	<u>—</u>	<u>—</u>	<u>20.5</u>	<u>35.5</u>
	76.9	84.7	(60.1)	(78.0)	16.8	6.7
Offset of deferred tax assets and liabilities	(18.2)	(31.6)	18.2	31.6	—	—
Deferred tax assets/(liabilities)	<u>58.7</u>	<u>53.1</u>	<u>(41.9)</u>	<u>(46.4)</u>	<u>16.8</u>	<u>6.7</u>

Tax loss carry forwards

Tax loss carry forwards which are not recognized are summarized by year of expiry as follows:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
2011	—	83.0
2012	3.1	28.5
2013	1.5	2.0
2014	1.8	5.0
2015	1.5	1.8
2016	0.1	5.3
2017	—	0.4
2018	33.9	0.8
After 2018	91.0	52.7
No expiry	<u>411.1</u>	<u>422.5</u>
Total	<u>544.0</u>	<u>602.0</u>

The countries with significant unrecognized tax loss carry forwards include Luxembourg (CHF 282.9m at a tax rate of 28.8%), United States (CHF 64.9m at a tax rate of 39.5%), Denmark (CHF 47.4m at a tax rate of 25%) and Switzerland (CHF 39.8m at a tax rate of 19.4%).

24. Retirement benefit obligations

The Group provides retirement benefits through a variety of arrangements comprised principally of stand-alone defined benefit and defined contribution plans and state administered plans that cover a substantial portion of employees in accordance with local regulations and practices. The most significant ones in terms of the benefits accrued to date by participants are cash balance and final salary plans. The Group recognized retirement benefit expenses related to each of these plans as follows:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Defined benefit plans	7.4	14.6
Defined contribution plans	16.6	11.7
Pension costs (Note 7)	<u>24.0</u>	<u>26.3</u>

Defined benefit plans

The net periodic pension expense for the Group's defined benefit plans includes the following components:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Current service cost	(9.1)	(9.4)
Interest cost	(21.2)	(23.6)
Expected return on plan assets	22.2	22.4
Recognized net actuarial (loss)	(6.4)	(4.0)
Curtailments or settlements gains	7.1	—
Net periodic pension expense	<u>(7.4)</u>	<u>(14.6)</u>

The following tables show the change in benefit obligation, the change in plan assets and the funded status recognized in the consolidated financial statements for the Group's defined benefit plans.

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Present value of funded obligations	(524.0)	(503.3)
Fair value of plan assets	405.0	394.6
Funded status	<u>(119.0)</u>	<u>(108.7)</u>
Present value of unfunded obligations	(14.0)	(15.2)
Unrecognized actuarial loss	102.6	81.3
Net liability at December 31	<u>(30.4)</u>	<u>(42.6)</u>
Being:		
Retirement benefit assets at December 31	25.6	23.8
Retirement benefit liabilities at December 31	<u>(56.0)</u>	<u>(66.4)</u>

The movements in the net pension liability recognized within the consolidated balance sheet are as follows:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Balance at January 1	(42.6)	(49.3)
Acquisition of subsidiaries (Note 35)	—	(0.4)
Net periodic pension expense	(7.4)	(14.6)
Group contributions	19.4	15.4
Exchange differences	0.2	6.3
Balance at December 31	<u>(30.4)</u>	<u>(42.6)</u>

The change in the present value of obligations is as follows:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Balance at January 1	518.5	497.9
Acquisition of subsidiaries (Note 35)	—	0.4
Current service cost	9.1	9.4
Interest cost	21.2	23.6
Actual benefit payments	(21.5)	(22.7)
Actual employee contributions	4.8	5.0
Transfers in and service buy-back	—	2.7
Transfers in (partial liquidation)	—	15.2
Transfers out (partial liquidation)	—	(9.3)
Impact of curtailment or settlement	(9.0)	(0.5)
Actuarial loss	13.1	34.3
Exchange differences	1.8	(37.5)
Balance at December 31	<u>538.0</u>	<u>518.5</u>

The following table shows the change in the fair value of plan assets:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Balance at January 1	394.6	390.1
Actual employer contributions	19.4	15.4
Actual employee contributions	4.8	5.0
Transfers in and service buy-back	—	2.7
Transfers in (partial liquidation)	—	17.2
Transfers out (partial liquidation)	—	(9.3)
Actual benefit payments	(21.5)	(22.7)
Impact of settlement	(2.4)	(0.5)
Expected return on plan assets	22.2	22.4
Actuarial (loss)/gain	(13.0)	1.5
Exchange differences	0.9	(27.2)
Balance at December 31	<u>405.0</u>	<u>394.6</u>

The actual return on plan assets is a gain of CHF 9.2m (2010: gain of CHF 23.9m). Benefits paid under the pension plans include CHF 1.6m paid from employer assets in 2011 (2010: CHF 2.6m). The Group expects to contribute CHF 14.2m to its defined benefit pension plans in 2012.

The principal actuarial assumptions used are as follows:

	<u>2011</u>	<u>2010</u>
Discount rate (weighted average)	3.9%	4.2%
Expected long-term rate on return on assets (weighted average)	5.5%	5.7%
Rate of compensation increase (weighted average)	2.8%	3.1%
Inflation rate (weighted average)	2.1%	2.1%

Mortality rates have been set in accordance with current best practices in the respective countries. Future longevity improvements have been considered and included where appropriate.

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:

	<u>2011</u>	<u>2010</u>
Male	19.5	18.7
Female	21.8	21.4

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date is as follows:

	<u>2011</u>	<u>2010</u>
Male	20.2	19.5
Female	22.6	22.2

The expected rate of return on plan assets was determined by reference to the sum of the product of the long-term target asset allocation and expected return for each class of assets. Pension plan assets do not contain shares of the Company.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2011	2010
Equities	34%	37%
Bonds	29%	23%
Property	13%	13%
Cash	2%	6%
Hedge funds	5%	6%
Other	17%	15%

Historic results in CHF m	2011	2010	2009	2008	2007
Present value of funded obligations	(524.0)	(503.3)	(482.7)	(420.2)	(505.9)
Fair value of plan assets	405.0	394.6	390.1	343.1	457.1
Funded status	(119.0)	(108.7)	(92.6)	(77.1)	(48.8)
Experience adjustments on plan liabilities	13.5	(4.0)	(2.4)	0.1	12.7
Experience adjustments on plan assets	(13.0)	1.5	21.8	(92.6)	(8.8)

25. Short-term and long-term debt

The carrying amounts of short-term and long-term debt are as follows:

in CHF m	2011	2010
Non-current		
Term loans	517.4	533.7
Mortgages	8.2	8.5
Other long-term loans	16.5	22.2
Finance lease liabilities	11.2	11.1
Total non-current	553.3	575.5
Current		
Bank overdrafts (Note 15)	7.7	8.2
Short-term bank loans	14.3	18.7
Mortgages	—	0.3
Finance lease liabilities	1.4	1.3
Other loans payable	0.3	0.3
Total current	23.7	28.8
Total short-term and long-term debt	577.0	604.3

The carrying amounts of short-term and long-term debt disclosed in the above table approximate the fair values.

Financing under the Senior Secured Credit Facilities ("Facilities")

On May 31, 2007 the Group completed a debt refinancing and received equivalents of a CHF 425.0m term loan, a CHF 300.0m delayed draw term loan commitment and a CHF 125.0m revolving credit facility.

These Facilities are available to gategroup Financial Services S.à r.l., a subsidiary holding company and certain of its subsidiaries. Details of the terms and conditions of the Facilities are detailed below.

Term loan

The term loan facility of CHF 425.0m was denominated at drawdown in Euro (equivalent to CHF 255.0m) and US Dollar (equivalent to CHF 170.0m). The loans are due for repayment in full on May 31, 2013 and bear interest of Libor plus a margin of 2.5%.

Delayed draw term loan commitment

The delayed draw term loan facility of CHF 300.0m was denominated at drawdown in Euro (equivalent to CHF 180.0m) and US Dollar (equivalent to CHF 120.0m). The loans are due for repayment in full on May 31, 2013 and bear interest of Libor plus a margin of 2.5%.

Due to a mandatory repayment requirement, term loans as well as the delayed draw term loan facility were repaid pro rata in the total amount of USD 9.7m and EUR 11.0m (equivalent to CHF 26.1m) as per April 30, 2010 and in the total amount of USD 5.1m and EUR 5.2m (equivalent to CHF 11.2m) as per April 28, 2011.

Revolving credit facility

The revolving credit facility of CHF 125.0m is denominated in a US Dollar tranche (equivalent to CHF 50.0m) and in a multi-currency tranche (Swiss Francs, GB Pound, Euro, Danish Kroner, US Dollar; equivalent to CHF 75.0m). The US Dollar portion includes a letter of credit facility equivalent to CHF 40.0m. Drawings under this facility are subject to an interest rate of Libor plus a margin of 1.75%. The facility expires on May 31, 2012. As of December 31, 2011, the Group had outstanding letters of credit equivalent to CHF 17.7m, leaving an undrawn facility in the amount of CHF 107.3m (2010: CHF 37.4m outstanding letters of credit facility, CHF 87.6m undrawn facility amount).

Other facilities on gategroup Holding AG level

gategroup Holding AG has a credit facility of CHF 27.5m. The facility consists of a facility of CHF 2.5m for foreign exchange transactions and a facility of CHF 25.0m for letters of credit. As of December 31, 2011, the letters of credit facility was utilized in the amount of CHF 15.2m for bank guarantees (2010: CHF 12.9m); the foreign exchange facility was utilized in the amount of CHF 0.2m (2010: CHF 0.0m).

Security

The security for the loans under the Facilities represent first priority security interests over substantially all of the assets of the wholly owned companies in the Group where legally permissible and to the extent practicable.

Covenants

No maintenance financial covenants apply to the term loans or any other drawings under the Facilities.

Mortgages

Outstanding mortgages mainly bear annual interest rates ranging from 1.9% to 4.8% (2010: 2.0% to 4.8%) and are denominated in Danish Kroner and Swiss Francs.

Financial lease liabilities

Financial lease liabilities are on fixed interest rates ranging from 2.3% to 5.8% (2010: 4.9% to 5.8%) and are denominated mainly in Euro.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
US Dollar	219.6	221.7
Euro	312.8	328.0
Other currencies	44.6	54.6
Balance at December 31	<u>577.0</u>	<u>604.3</u>

Obligations under finance leases consist primarily of rentals of catering facilities and equipment.

The present values of finance lease liabilities are as follows:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Not later than 1 year	1.4	1.3
Later than 1 year but not later than 5 years	5.8	5.4
Later than 5 years	5.4	5.7
Balance at December 31	<u>12.6</u>	<u>12.4</u>

26. Trade and other payables

in CHF m	2011	2010
Trade payables	158.5	168.5
Other amounts due to third parties	63.0	50.4
Sales taxes due	29.0	32.2
Balance at December 31	<u>250.5</u>	<u>251.1</u>

27. Provisions

in CHF m	Employee benefits (Note 27.1)	Restructuring (Note 27.2)	Legal and tax (Note 27.3)	Onerous contracts (Note 27.4)	Other (Note 27.5)	Total
Balance at January 1, 2011 . . .	9.5	14.0	34.8	41.5	12.5	112.3
Disposal of subsidiaries (Note 36)	(0.2)	(0.1)	(0.1)	—	—	(0.4)
Charged/(credited) to the income statement:						
— Additional provisions	0.8	6.4	5.3	0.3	1.4	14.2
— Unused amounts reversed .	(2.3)	(0.8)	(6.4)	(9.4)	(2.5)	(21.4)
— Unwind of discount	—	0.2	1.4	1.1	0.2	2.9
Utilized during the year	(0.1)	(9.4)	(4.7)	(11.8)	(0.7)	(26.7)
Exchange differences	0.1	(0.2)	(1.9)	(0.9)	(0.1)	(3.0)
Balance at December 31,						
2011	<u>7.8</u>	<u>10.1</u>	<u>28.4</u>	<u>20.8</u>	<u>10.8</u>	<u>77.9</u>
Analysis of total provisions:						
Non-current provisions	7.6	2.2	21.2	15.5	9.0	55.5
Current provisions	0.2	7.9	7.2	5.3	1.8	22.4

27.1 Employee benefits: other post employment benefits and other long-term employee benefits

In addition to the retirement benefits as described in Note 24, the Group provides other benefits to employees in certain countries. These include long-term service leave or payments in lieu and post-employment benefits. The expected costs of the long-term benefits are accrued over the period of employment, using a methodology similar to that for defined benefit plans.

27.2 Restructuring

These comprise provisions relating principally to restructuring the Canadian, US and certain European businesses.

27.3 Legal and tax

The Group has recorded provisions for a number of legal and tax issues. In the ordinary course of business, the Group is involved in a number of legal actions and claims, including those related to tax assessments in Brazil regarding tax over goods and services and various employment related cases in the US and Europe. The timing of settlement and/or the amount of cash outflows is uncertain. The provision releases in the year principally reflect positive developments in some of the employment related cases.

27.4 Onerous contracts

The Group has recorded provisions for on-going activities where the unavoidable costs of meeting obligations under lease or customer supply contracts exceed the economic benefits expected to be received.

27.5 Other

At December 31, 2011, other provisions consist of property related items and a range of other, individually immaterial, items.

28. Other current liabilities

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Accrued payroll and related costs	74.0	78.2
Other accrued expenses	69.1	76.2
Deferred revenue	5.9	5.4
Accrued rent and other property costs	15.1	12.4
Accrued insurance costs	7.2	11.5
Uninvoiced deliveries of inventory	42.2	28.9
Accrued volume rebates	29.0	31.4
Balance at December 31	<u>242.5</u>	<u>244.0</u>

Deferred revenue includes an amount of CHF 4.8m (2010: CHF 4.8m) being the current portion of the CHF 12.0m (2010: CHF 16.7m) deferred revenue in relation to a customer contract (Note 29).

29. Other non-current liabilities

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Deferred revenue	7.2	11.9
Other long-term payables	3.1	19.9
Balance at December 31	<u>10.3</u>	<u>31.8</u>

At December 31, 2011, the Group recorded CHF 12.0m (2010: CHF 16.7m) of deferred revenue in respect to a customer contract. Revenue related to this contract is recognized and deferred revenue is reduced in the accounting periods in which the services are rendered. At December 31, 2011, the non-current portion of this deferred revenue amounts to CHF 7.2m (2010: CHF 11.9m) and the current portion amounts to CHF 4.8m (2010: CHF 4.8m) (Note 28). The fair value equals the carrying value as the impact of discounting is not significant.

30. Derivative financial instruments

<u>in CHF m</u>	<u>2011</u>		<u>2010</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Cash flow hedges — Interest rate caps:				
— not qualifying for hedge accounting (b+c+d)	—	—	0.1	—
Forward foreign exchange contract:				
— not qualifying for hedge accounting	<u>0.2</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net fair values at December 31	<u>0.2</u>	<u>—</u>	<u>0.1</u>	<u>—</u>

Derivatives not qualifying for hedge accounting are categorized as assets/liabilities at fair value through profit or loss. During 2011 and 2010, the Group participated in the following interest rate swap and interest rate cap agreements in order to hedge the cash flow interest rate risk associated to variable rate borrowings:

<u>Type of agreement:</u>	<u>Interest rate swap a)</u>	<u>Interest rate cap b)</u>	<u>Interest rate cap c)</u>	<u>Interest rate cap d)</u>
Trade date	July 18, 2007	July 18, 2007	June 24, 2009	June 24, 2009
Notional amount (in CHF m) at December 31, 2011	—	—	140.9	243.1
Notional amount (in CHF m) at December 31, 2010	—	—	140.2	249.9
Currency of denomination	USD	EUR	USD	EUR
Notional amount in denominated currency (in m)	150.0	50.0	150.0	200.0
Maturity	June 30, 2010	June 30, 2010	June 30, 2012	June 30, 2012
Floating interest rate	USD-Libor	Euribor	USD-Libor	Euribor
Fixed interest rate	5.375%	4.450%	3.500%	3.000%

Cash flow hedges — Interest rate caps

Losses in the amount of CHF 0.1m (2010: losses in the amount of CHF 2.5m) arising from the interest rate swaps and caps not qualifying for hedge accounting are recognized in the consolidated income statement (Note 11).

As at December 31, 2010, gains in the amount of CHF 0.3m arising from the ineffective portion of the interest rate swaps qualifying for hedge accounting were recognized in the consolidated income statement (Note 10). Gains in the amount of CHF 3.6m arising from the effective portion of the interest rate swaps qualifying for hedge accounting were recognized in the hedge reserve within equity and this hedge reserve was released to the consolidated income statement at maturity of the interest rate swaps on June 30, 2010 (Note 11).

The full fair value of an interest rate swap or an interest rate cap is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Forward foreign exchange contract

The Group uses forward currency contracts to manage some of its transaction exposures. These are not designated as cash flow, fair value or net investment hedges and are entered into for periods consistent with currency transaction exposures. Gains in the amount of CHF 0.2m are recognized in the consolidated income statement.

31. Equity

31.1 Issued share capital

	Amount of shares	Nominal value in CHF
January 1, 2010	19,678,225	5.00
Capital increase through the exercise of options and performance contributions	1,009,891	5.00
Ordinary capital increase	5,100,881	5.00
Capital increase from authorized share capital	765,132	5.00
December 31, 2010	26,554,129	5.00
January 1, 2011	26,554,129	5.00
Capital increase through the exercise of options and performance contributions	114,029	5.00
December 31, 2011	26,668,158	5.00

During the period from January 1, 2010 to October 25, 2010 conditional capital increases in the amount of CHF 3,626,500 took place through the exercise of options and the performance of contributions. Thereby, the Company's share capital was increased from CHF 98,391,125 to CHF 102,017,625 through the issuance of 725,300 fully paid-in registered shares with a nominal value of CHF 5.00 each for an issue price of CHF 5.00.

On October 26, 2010, an extraordinary General Meeting of Shareholders of the Company approved an ordinary capital increase of 5,100,881 new shares with a nominal value of CHF 5.00 each. A banking syndicate led by Credit Suisse AG effected the capital increase by way of an at market rights offering. In the rights offering, 2,977,645 new shares were subscribed for by existing shareholders, while 2,123,236 registered shares were purchased in the global offering. On November 4, 2010, the Company's share capital was increased by CHF 25,504,405, from CHF 102,017,625 to CHF 127,522,030 through the issuance of 5,100,881 fully paid-in registered shares with a nominal value of CHF 5.00 each for an issue price of CHF 43.00. On November 9, 2010, an over-allotment option granted to the banking syndicate in connection with the ordinary capital increase was fully exercised. On November 15, 2010, the shares underlying the over-allotment option were issued by the Company in a capital increase out of existing authorized share capital. Thereby, the Company's share capital was increased by CHF 3,825,660 from CHF 127,522,030 to CHF 131,347,690 by the issuance of 765,132 fully paid-in registered shares with a nominal value of CHF 5.00 each for an issue price of CHF 43.00. The total capital increase resulted in an increase in reserves of CHF 211,474,690 (after the deduction of capital raising costs of CHF 11,433,804).

During the period from October 26, 2010 to December 31, 2010, a conditional capital increase in the amount of CHF 1,422,955 took place through the exercise of options and the performance of contributions. Thereby, the Company's share capital was increased from CHF 131,347,690 to CHF 132,770,645 through the issuance of 284,591 fully paid-in registered shares with a nominal value of CHF 5.00 each for an issue price of CHF 5.00.

Accordingly, as at December 31, 2010, the share capital of the Company was CHF 132,770,645 and is divided into 26,554,129 fully paid-in registered shares with a nominal value of CHF 5.00 each.

On December 20, 2011 a conditional capital increase took place through the exercise of options and performance contributions in the amount of CHF 570,145. Thereby the Company's share capital increased from CHF 132,770,645 to CHF 133,340,790 through the issuance of 114,029 fully paid-in registered shares with a nominal value of CHF 5.00.

As at December 31, 2011 the share capital of the Company is CHF 133,340,790 and is divided into 26,668,158 fully paid-in registered shares with a nominal value of CHF 5.00 each. Every share gives the right to one vote.

31.2 Conditional share capital

The Company's share capital can be increased by a maximum amount of CHF 12,336,775 or 2,467,355 shares. Of this CHF 2,497,665 or 499,533 shares is reserved for an employee equity participation plan and a maximum amount of CHF 9,839,110 or 1,967,822 shares for convertible debt instruments. Shares vesting under the Equity Incentive Plan 2009-2013 will be made available from conditional capital (Note 32.3).

31.3 Authorized share capital

As at December 31, 2011, the Company has an authorized share capital of CHF 13,277,065 (2010: 6,013,450) authorizing the Board to issue up to 2,655,413 (2010: 1,202,690) fully paid-up registered shares with a nominal value of CHF 5.00 per share by no later than April 19, 2013.

31.4 Treasury shares

At December 31, 2011, there were 389,582 treasury shares held by the Group (2010: 260,978 treasury shares).

32. Share-based payments

The Group has made available equity participation plans to members of the Board, key employees and formerly to consultants of the Group. The following table shows the share-based payment expense recognized in the consolidated income statement for each plan:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Equity Incentive Plan 2007	0.1	0.5
Key Employee Retention Plan	—	5.7
Equity Incentive Plan 2009–2013	2.7	20.8
Total share-based payment expense (Note 7)	<u>2.8</u>	<u>27.0</u>

32.1 Equity Incentive Plan 2007

In 2007 and 2008, members of the Board, key employees and consultants of the Group were granted membership interests and/or options to purchase membership interests in Gate Gourmet Group Holding LLC ("Holding LLC"), the previous holding company, under the Equity Incentive Plan 2007. As part of the legal reorganization in April 2009, grants of membership interests and options to buy membership interests were replaced by grants of shares in the Company and grants of options to buy shares in the Company. There were no modifications to the terms and conditions on which the equity instruments were originally granted. The plan is accounted for as equity-settled share-based payment compensation.

Shares

When granted, shares vest in installments over a two or three year service period. 275,000 of the shares granted in 2008 were subject to performance conditions. The volume-weighted average fair value for shares

granted during 2008 amounted to CHF 40.49. The fair values correspond to the volume-weighted average price of the last sixty days of trading of Holding LLC units (paid and transacted prices) before the grant date.

During 2008, 175,208 options outstanding were replaced with share awards on a one to one basis, subject to a vesting period of seventeen months. The incremental fair value of the shares granted was CHF 35.87, being the difference between the fair value of the shares and the fair value of the options at the date of replacement.

Movements in the number of shares were as follows:

	2011 Number of shares	2010 Number of shares
Outstanding at January 1	7,500	39,583
Vested	(7,500)	(32,083)
Outstanding at December 31	<u>—</u>	<u>7,500</u>

Options

When granted, options vest in installments over a two or three year service period. The volume-weighted fair value for options granted during 2008 amounted to CHF 13.63. The fair values were determined using a binominal model. The main assumptions used in the model were as follows:

Grant dates	March/April 2008
Expiration dates	March/April 2018
Volume-weighted average share price at grant date (in CHF)	51.83
Exercise price (in CHF)	57.19/51.83
Volatility (%)	27.87
Expected dividend yield (%)	2.71
Risk-free interest rate (%)	3.12

The expected volatility is based on the historical volatility of a peer group.

Movements in the number of options were as follows:

	2011 Number of options	2010 Number of options
Outstanding at January 1	1,821	1,821
Outstanding at December 31	<u>1,821</u>	<u>1,821</u>
of which vested and exercisable	<u>1,821</u>	<u>1,821</u>

32.2 Key Employee Retention Plan

Under the Key Employee Retention Plan, key employees were granted shares in the Company in 2009. The plan was accounted for as equity-settled share-based payment compensation. Vesting was subject to a nineteen months service period. The fair value of shares granted amounted to CHF 21.00 which corresponds to the market price at grant. A tranche of treasury shares was specifically reserved for this plan which vested on December 31, 2010.

Movements in the number of shares were as follows:

	2011 Number of shares	2010 Number of shares
Outstanding at January 1	—	470,800
Vested	—	(434,900)
Forfeited	—	(35,900)
Outstanding at December 31	<u>—</u>	<u>—</u>

32.3 Equity Incentive Plan 2009 — 2013

Under this plan, members of the Board and key employees have been granted share awards in the Company. The plan is accounted for as equity-settled share-based payment compensation. The share awards vest in installments if the volume-weighted average share price of all trades of shares on the SIX Swiss Stock Exchange in a 360-day period is met at any time within the measurement period, except of the installments with grant date July 2011 and November 2011 where the share awards vest if the volume-weighted average share price of all trades of shares on the SIX Swiss Stock Exchange in a 90-day period is met at any time within the measurement period.

The table below shows the number of shares that have vested or will vest if the share price target is met within the measurement period, together with the fair values of the shares granted.

Number of shares for all grants (excl. forfeitures)	Share price target (in CHF)	Measurement period	Fair value at grant date Nov 2009 (in CHF)	Fair value at grant date Apr 2010 (in CHF)	Fair value at grant date Aug 2010 (in CHF)	Fair value at grant date Feb 2011 (in CHF)	Fair value at grant date Jul 2011 (in CHF)	Fair value at grant date Nov 2011 (in CHF)	Fair value at grant date Dec 2011 (in CHF)	Vested in year
158,938	15.00	12/21/2010 — 12/30/2013	24.60	37.14	35.99	—	—	—	—	2010
175,917	15.00	12/20/2011 — 12/30/2013	21.62	36.03	35.17	50.93	—	—	23.00	2011
185,541	20.00	12/18/2012 — 12/30/2013	17.88	34.40	32.96	50.08	—	—	18.97	—
185,542	25.00	12/17/2013 — 12/30/2013	14.67	30.59	28.92	46.07	—	—	13.06	—
153,250	15.00	05/07/2010 — 12/30/2013	26.47	—	—	—	—	—	—	2010
153,250	20.00	05/07/2010 — 12/30/2013	26.35	—	—	—	—	—	—	2010
153,250	25.00	05/07/2010 — 12/30/2013	24.01	—	—	—	—	—	—	2010
155,958	30.00	05/07/2010 — 12/30/2013	21.00	37.12	—	—	—	—	—	2010
155,959	35.00	05/07/2010 — 12/30/2013	18.74	33.22	—	—	—	—	—	2010
155,958	40.00	05/07/2010 — 12/30/2013	16.74	29.56	—	—	—	—	—	2010
80,000	40.00	05/15/2014 — 11/15/2014	—	—	—	—	22.20	—	—	—
63,500	48.50	02/14/2012 — 12/30/2014	—	—	—	—	—	19.60	—	—

Expected volatility and discount rate

The fair values of the share awards granted were determined using a Monte Carlo simulation. The main parameters used in the model were the share price targets and the measurement period shown above. The expected volatility is based on the historical volatility of a peer group of quoted businesses. Shares will be made available through conditional capital (Note 31.2).

Grant date	Nov 2009	Apr 2010	Aug 2010	Feb 2011	Jul 2011	Nov 2011	Dec 2011
Expected volatility	54.2%	47.3%	54.1%	56.0%	54.1%	61.0%	47.1%
Discount rate	2.1%	1.8%	1.6%	1.1%	1.0%	0.7%	0.4%

Movements in the number of shares were as follows:

	2011 Number of shares	2010 Number of shares
Outstanding at January 1	416,610	1,526,500
Granted	213,688	36,875
Vested	(114,029)	(1,009,891)
Forfeited	(125,436)	(136,874)
Outstanding at December 31	390,833	416,610

33. Changes in working capital

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Change in inventories	(6.9)	(3.8)
Change in trade receivables	1.9	(29.1)
Change in other receivables and prepaid expenses	(18.1)	(13.4)
Change in trade payables	(7.4)	14.3
Change in other payables and accrued expenses	(3.3)	14.3
Cash movements in provisions and retirement benefit obligations	(37.6)	(37.2)
Total	<u>(71.4)</u>	<u>(54.9)</u>

34. Commitments and contingent liabilities

34.1 Capital commitments

At December 31, 2011, capital expenditure for property, plant and equipment contracted for at the balance sheet date but not recognized in the consolidated financial statements amounted to CHF 3.6m (2010: CHF 4.0m).

34.2 Operating lease payments

Obligations under operating leases consist primarily of long-term rental agreements of catering facilities and equipment which are, in general, renewable. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Not later than 1 year	40.3	36.5
Later than 1 year but not later than 5 years	105.8	100.1
Later than 5 years	149.0	128.2
Balance at December 31	<u>295.1</u>	<u>264.8</u>

The principal operating lease commitments are in the United States and the United Kingdom.

At December 31, 2011, the minimum future lease payments expected to be received amount to CHF 0.6m (2010: CHF 3.0m). The lease expenditure charged to the consolidated income statement during the year is included in Note 8.

34.3 Contingent liabilities

The Group has contingent liabilities arising in the ordinary course of business, principally in respect of legal claims, tax risks, guarantees and letters of credit. It is not anticipated that any material liabilities will arise from such contingent liabilities other than those provided for in Note 27. Additional information on guarantees and letters of credit is disclosed in Note 25.

35. Business combinations

35.1 Business combinations 2011

The Group did not make any acquisitions during 2011.

35.2 Business combinations 2010

During the year 2010, the Group made the following acquisitions:

- Purchase of substantially all the assets and liabilities of Cara Airline Solutions, a division of Cara Operations Limited, Canada ("Cara"), on November 8, 2010. This business operates in Canada and provides airline catering services. The Group is confident that the addition of Cara to the Group's North America geographic service offering will create beneficial opportunities that would not have existed previously for customers and other stakeholders, while complementing the Group's existing presence across the Americas.
- Purchase of 74% of the share capital of Skygourmet Catering Private Ltd, ("Skygourmet"), on November 11, 2010. This company and its subsidiary provide airline catering services and operate in

India. The acquisition arrangements also included put and call options over the remaining 26% of the share capital. Under the circumstances of this transaction, management considers that IAS 32 takes precedence over IAS 27. Accordingly the Group included at acquisition a financial liability (contingent consideration of CHF 15.3m) for the net present value of expected payments relating to the option arrangements. The Skygourmet acquisition fits with the Group's growth strategy and with the objective of adding to shareholder value by increasing gategroup's presence in emerging markets.

The acquired businesses contributed revenues of CHF 28.5m (Skygourmet CHF 6.3m; Cara CHF 22.2m) and net loss of CHF 7.8m (Skygourmet CHF 0.9m; Cara CHF 6.9m) to the Group for the period from the date of the respective acquisitions to December 31, 2010. If all of the acquisitions had occurred on January 1, 2010, it is estimated that Group revenue would have been CHF 2,913.5m, and profit for the year would have been CHF 37.7m. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiaries to reflect depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2010, together with the consequential tax effects.

Details of net assets acquired and goodwill are as follows:

<u>in CHF m</u>	<u>Provisional Skygourmet</u>	<u>Provisional Cara</u>	<u>Adjustments Skygourmet</u>	<u>Adjustments Cara</u>	<u>Total</u>
Purchase consideration:					
— Cash payments	40.1	24.3	—	—	64.4
— Contingent consideration	15.3	—	—	—	15.3
Total purchase consideration	55.4	24.3	—	—	79.7
Fair value of net assets acquired	35.7	26.6	(15.2)	(0.8)	46.3
Goodwill	19.7	(2.3)	15.2	0.8	33.4

Goodwill related to the acquisition of Skygourmet arose because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the acquired business. These benefits are not separable from goodwill. The goodwill recognized is not expected to be deductible for income tax purpose.

Negative goodwill has been recognized for the acquisition of Cara and is mainly the result of differences between the value at which property, plant and equipment were acquired and the fair value assessed by the Group, as well as the fair value of customer contracts and relationships. This CHF 1.5m negative goodwill (Note 9) should be seen in conjunction with an expense for a restructuring provision of CHF 5.6m recorded in December 2010, the latter being announced shortly after acquisition date.

The contingent consideration for Skygourmet was based on a range of put and call options and the fulfillment of certain criteria.

Subsequent to acquisition, on February 14, 2012, the Group announced the exercise of the call option. As a consequence the liability has been revalued as at December 31, 2011 to reflect the value of the settlement.

Acquisition related costs amounting to CHF 5.0m (Skygourmet CHF 3.0m; Cara CHF 2.0m) are not included in the consideration transferred and have been recognized as an expense in the 2010 result, within "other operating income and expenses, net" in the consolidated income statement.

The fair values of the assets and liabilities as per the dates of acquisition are as follows:

in CHF m	Provisional Skygourmet	Provisional Cara	Adjustments Skygourmet	Adjustments Cara	Total
Property, plant and equipment (Note 20) . .	51.7	46.2	(1.2)	—	96.7
Intangible assets (Note 21)	11.0	6.8	(2.7)	—	15.1
Trade and other receivables (Note 16, 17) .	22.5	34.7	(9.3)	(1.1)	46.8
Inventories	0.2	2.0	—	—	2.2
Cash and cash equivalents net of overdrafts .	(2.5)	—	—	—	(2.5)
Borrowings	(27.0)	—	—	—	(27.0)
Deferred income tax liabilities (Note 23) . .	(7.7)	(5.5)	1.2	0.3	(11.7)
Retirement benefit obligations (Note 24) . .	(0.4)	—	—	—	(0.4)
Provisions	—	(42.4)	—	—	(42.4)
Trade and other payables	(9.1)	(6.2)	—	—	(15.3)
Other current liabilities	(2.9)	(9.0)	(3.2)	—	(15.1)
Net assets	35.8	26.6	(15.2)	(0.8)	46.4
Non-controlling interests	0.1	—	—	—	0.1
Net assets acquired	<u>35.7</u>	<u>26.6</u>	<u>(15.2)</u>	<u>(0.8)</u>	<u>46.3</u>

The initial accounting for the acquisition of Skygourmet and Cara had only been provisionally determined at the end of the prior reporting period. The necessary market valuations, other calculations and final determination of consideration had not been finalized and they were therefore only provisionally determined based on best estimates. The principal amounts being provisional were purchase consideration, intangible assets, goodwill, trade and other receivables as well as provisions and other liabilities.

IFRS 3 allows up to a twelve month measurement period from acquisition date to complete the initial accounting. Any changes in the carrying amount of identifiable assets, liabilities or contingent liabilities shall be calculated as if the fair values at the acquisition date had been recognized from that date. Comparative information included in these financial statements is presented as if the initial accounting had been completed from the acquisition date. This includes any changes in depreciation, amortization or other profit or loss recognized as a result of completing the initial accounting.

Cara

Following final arbitration surrounding the Asset Purchase Agreement, the ultimate receivable with respect to the working capital deficiency was reduced by CHF 0.5m. In addition following resolution of certain disputes concerning acquired receivables, the fair value of the opening receivable position has been reduced by CHF 0.6m. The deferred tax impact of both of these adjustments has also been recognized.

Skygourmet

Within the measurement period a number of operating performance issues have been identified with some of Skygourmet's business relationships. It is the Group's opinion that such information reflects facts and circumstances existing at the acquisition date, and as such the accounting for the acquisition has been adjusted by considering the financial impact of these relationships. This primarily includes a reduction of receivables (CHF 9.3m), as well as the associated impact on intangibles recognized with respect to such relationships (CHF 2.7m). In addition, the acquisition balance sheet was further adjusted based on the final assessment and valuation of certain balance sheet items, including property, plant and equipment, provisions and the associated tax impact arising from these acquisition accounting adjustments.

As a result of the revised acquisition accounting, the residual goodwill increased by CHF 15.2m. In accordance with IAS 36 the goodwill was tested for impairment on a retrospective basis, and no need for further adjustment was identified.

Where adjustments have been made to comparative information in respect of the year ended December 31, 2010, the relevant consolidated financial statement or note has been revised. In addition to the consolidated financial statements Notes 5, 9, 13, 14, 16, 17, 20, 21, 23 and 28 have also been adjusted.

The cash outflow on acquisitions is summarized as follows:

<u>in CHF m</u>	<u>Skygourmet</u>	<u>Cara</u>	<u>Total</u>
Purchase consideration settled in cash	40.1	24.3	64.4
Add: Net cash overdrafts in subsidiaries acquired	2.5	—	2.5
Cash outflow on acquisition	<u>42.6</u>	<u>24.3</u>	<u>66.9</u>

36. Disposals

36.1 Disposals 2011

On December 6, 2011, the Group sold its entire 56.25% shareholding in Uçak Servisi Anonim Şirketi ("USAS"), an entity publicly traded on the Istanbul Stock Exchange, to Turkraft Holding A.S. of Istanbul.

During 2011 the Group also disposed of and deconsolidated other subsidiaries ("Others"):

- 100% of the shares of its subsidiary Gate Gourmet Portugal-Servicios de Catering Lda., Portugal
- 50% of the shares of its indirect subsidiary Gate Gourmet Madeira Lda., Portugal
- 51% of its subsidiary Air Cater S.A., Spain
- 70% of the shares of its subsidiary Regional Handling Ltd, Isle of Man

<u>in CHF m</u>	<u>USAS</u>	<u>Others</u>	<u>Total</u>
Cash and cash equivalents	47.2	0.9	48.1
Other current assets	0.5	1.9	2.4
Property, plant and equipment (Note 20)	—	0.2	0.2
Intangible assets (Note 21)	—	1.4	1.4
Current liabilities	(0.2)	(4.1)	(4.3)
Provisions (Note 27)	—	(0.4)	(0.4)
Net assets disposed	<u>47.5</u>	<u>(0.1)</u>	<u>47.4</u>
Non-controlling interests	20.8	(0.5)	20.3
Currency translation loss reclassified	(6.6)	(0.6)	(7.2)
Disposal consideration	30.1	0.1	30.2
Loss from disposal of subsidiaries (Note 9)	<u>3.2</u>	<u>0.9</u>	<u>4.1</u>
Disposal consideration	30.1	0.1	30.2
Cash and cash equivalents disposed	(47.2)	(0.9)	(48.1)
Net cash outflow from disposal of subsidiaries	<u>(17.1)</u>	<u>(0.8)</u>	<u>(17.9)</u>
Being:			
Cash outflow related to non-controlling interests participation	(20.7)	(0.3)	(21.0)
Net cash inflow/(outflow) related to the Group's participation	3.6	(0.5)	3.1

36.2 Disposals 2010

The Group did not dispose of any subsidiaries in 2010.

37. Related party transactions

The key management personnel are defined as the Board of Directors of the Company and the EMB.

Key management compensation, applying IFRS 2 rules for the accounting of share-based payments, consisted of:

<u>in CHF m</u>	<u>2011</u>	<u>2010</u>
Short-term benefits	5.5	7.4
Post-employment benefits	0.4	0.4
Share-based payments	1.1	17.9
Total key management compensation	<u>7.0</u>	<u>25.7</u>

The disclosures in accordance with Art. 663b^{bis} and Art. 663c of the Swiss Code of Obligations are included in Note 2.3 of the financial statements of gategroup Holding AG. The disclosures differ from the disclosures in the consolidated financial statements as the recognition rules applied to share-based payments for the Swiss Code of Obligations disclosures differ from those applied for IFRS purposes, specifically with regard to the valuation approach and the timing of recognition of equity incentives.

Other related party transactions

in CHF m	Income for the year		Other current receivables outstanding	
	2011	2010	Dec 31, 2011	Dec 31, 2010
Management services provided to⁽¹⁾:				
Associates and joint ventures	<u>0.7</u>	<u>0.8</u>	<u>0.7</u>	<u>0.3</u>

(1) The Group performed certain administrative services for related party companies. The respective charges reflected an appropriate allocation of costs incurred.

38. Group companies

The principal subsidiaries of the Company as of December 31, 2011, are the following:

Country	Company	% capital shareholding ⁽¹⁾	Currency	Share capital
Asia-Pacific				
Australia	Gate Gourmet (Holdings) Pty Ltd, Mascot, NSW	100	AUD	39,299,111
	Gate Gourmet Services Pty Ltd, Mascot, NSW	100	AUD	44,330,100
	Inflight Logistic Services Pty Ltd, Mascot, NSW	100	AUD	100
	Pourshins Australia Pty Ltd, Alexandria, NSW	100	AUD	2
China	Gate Gourmet Hong Kong Ltd, Hong Kong	100	HKD	372,657,350
	Shanghai Pudong International Airport Gate Gourmet Air Catering Co. Ltd, Shanghai	80	CNY	99,000,000
India	Gate Gourmet India Private Limited, Mumbai	100	INR	15,000,000
	Skygourmet Catering Private Limited, Mumbai	100	INR	5,563,800
Japan	Gate Gourmet Japan YK, Chiba-ken	100	JPY	80,000,000
Pakistan	Gate Gourmet Pakistan (Private) Limited, Karachi	100	PKR	9,007,610
Singapore	Gate Gourmet Singapore Pte Ltd, Singapore	100	SGD	500,001
	gategroup Investments Singapore Pte Ltd, Singapore	100	USD	59,543,377
	gategroup Singapore Trading Pte Ltd, Singapore	100	EUR	175,000
Thailand	deSter Co. Ltd, Prachinburi	100	THB	135,000,000
Europe and Africa				
Belgium	deSter BVBA, Hoogstraten	100	EUR	22,600,000
	European Airport Services N.V., Brussels	100	EUR	61,500
	Gate Gourmet Belgium BVBA, Brussels	100	EUR	146,300
Denmark	Gate Gourmet Denmark ApS, Tårnby	100	DKK	301,200
	Gate Gourmet Northern Europe ApS, Tårnby	100	DKK	52,301,000
France	Gate Gourmet Aéroport de Bâle — Mulhouse SAS, St. Louis	100	EUR	337,000
Germany	Gate Gourmet GmbH Deutschland, Neu-Isenburg	100	EUR	7,670,000
	Gate Gourmet GmbH Holding Deutschland, Neu-Isenburg	100	EUR	51,129
	Gate Gourmet GmbH Mitte, Neu-Isenburg	100	EUR	25,000
	Gate Gourmet GmbH West, Düsseldorf	100	EUR	1,534,000
Ireland	Gate Gourmet Ireland Ltd, Dublin	100	EUR	4,500,000
	Specialist Airport Services (Ireland) Ltd, Dublin	100	EUR	100
Netherlands	deSter Holding B.V., Amsterdam	100	EUR	3,359,990
	Gate Gourmet Amsterdam B.V., Schiphol	100	EUR	2,291,590
	People on the Move B.V., Venlo	100	EUR	18,151
	Supplair B.V., Amsterdam	100	EUR	18,000
Norway	Gate Gourmet Norway AS, Oslo	100	NOK	8,002,071
South Africa	e-gatematrix (SA) Pty Ltd, Johannesburg	100	ZAR	100
Spain	Gate Gourmet España S.L., Madrid	100	EUR	3,005,061
	Gate Gourmet Holding España S.L., Madrid	100	EUR	798,260
	Gate Gourmet Participations España S.L., Madrid	100	EUR	60,803,006
Sweden	Gate Gourmet Logistics AB, Maskinvägen	100	SEK	110,000
	Gate Gourmet Sweden AB, Stockholm	100	SEK	100,000
Switzerland	Gate Gourmet Switzerland GmbH, Kloten	100	CHF	2,000,000
	gategroup IP GmbH, Freienbach	100	CHF	20,000
United Kingdom	Fernley (Heathrow) Ltd, Cheshire	100	GBP	85,800
	Gate Gourmet Heathrow Ltd, Middlesex	100	GBP	6,550,000
	Gate Gourmet Holdings UK Ltd, Middlesex	100	GBP	96,230,003
	Gate Gourmet London Ltd, Middlesex	100	GBP	20,000,002
	Gate Total Solutions Ltd, Luton	100	GBP	1
	Pourshins Ltd, Middlesex	100	GBP	854,350

Country	Company	% capital shareholding ^(l)	Currency	Share capital
Latin America				
Argentina	Gate Gourmet Argentina S.r.L., Buenos Aires	100	ARS	5,750,000
Brazil	Gate Gourmet Ltda, São Paulo	100	BRL	20,779,000
Chile	La Marmite Productos Alimenticios S.r.L., Santiago	100	CLP	1,968,062,000
Colombia	Gate Gourmet Colombia Ltda, Bogotá	75	COP	831,229,851
Ecuador	Gate Gourmet del Ecuador Cia Ltda, Quito	60	USD	30,000
Peru	Gate Gourmet Peru S.r.L., Lima	100	PEN	1,599,558
North America				
Canada	Gate Gourmet Canada Inc., Toronto	100	CAD	13,000,000
United States	deSter Corporation, Atlanta, GA	100	USD	2,000
	e-gatematrix llc, Wilmington, DE	100	USD	8,030,366
	Gate Gourmet, Inc., Wilmington, DE	100	USD	1,000
	Gate Safe Inc., Wilmington, DE	100	USD	10
	Gate Serve L.L.C., Wilmington, DE	100	USD	1
	Pourshins Inc., Chicago, IL	100	USD	1,000
Corporate				
Luxembourg	Gate Gourmet Holding I S.à r.l., Luxembourg	100	EUR	42,782,100
	gategroup Financial Services S.à r.l., Luxembourg	100	EUR	40,562,600
	Gate Gourmet Luxembourg III S.à r.l., Luxembourg	100	EUR	15,946,100
	Gate Gourmet Luxembourg IIIA S.à r.l., Luxembourg	100	EUR	31,959,307
	Gate Gourmet Luxembourg IV S.à r.l., Luxembourg	100	EUR	1,174,000
United Kingdom . .	Gate Gourmet Finance UK Ltd, Middlesex	100	CHF	1
United States	Gate Gourmet Borrower LLC, Wilmington, DE	100	USD	1,000
	gategroup U.S. Holding, Inc., Wilmington, DE	100	USD	1

(l) Rounded to the nearest whole number

39. Post balance sheet events

On February 10, 2012, the acquisition of Helios Market, Product and Production Development BV was announced. The transaction, for a purchase price of approximately CHF 27m, is subject to customary closing conditions and approvals, including clearance by competition authorities, if required.

On February 14, 2012, the Group announced the exercise of its call option with India Hospitality Corp. to pay for the remaining 26% of Skygourmet. The liability in the accounts as at December 31, 2011 already reflected the amount subsequently paid.

At February 24, 2012, the date of approval of these consolidated financial statements by the Board, the Group has no subsequent adjusting events that warrant disclosure.

Report of the independent auditor
to the Board of Directors of
gategroup Holding AG
Kloten

Report of the independent auditor on the consolidated financial statements

In accordance with your instructions we have audited the combined and consolidated financial statements of gategroup Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, for the years ended 31 December 2010, 2009 and 2008.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the combined and consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of combined and consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the combined and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the combined and 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the combined and 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 combined and consolidated financial statements for the years ended 31 December 2010, 2009 and 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS).

Emphasis of Matter

We draw attention to note 2.3 of the combined and consolidated financial statements which describes the restatement of the combined and consolidated financial statements due to the methodical and deliberate circumventing of controls at one of the Group's subsidiaries. Our opinion is not qualified in respect of this matter. We issued our original auditor's report on the year ended 31 December 2009 on 17 March 2011. As stated in note 2.3, the restatement for the years ended 31 December 2009 and 2008 has been limited to the matters described in that note.

PricewaterhouseCoopers AG

Martin Kennard
Audit expert
Auditor in charge

Nicole Grau
Audit expert

Zurich, 9 August 2011

**Combined and consolidated income statement
in CHF m**

	<u>Notes</u>	<u>2010</u>	<u>2009 Restated</u>	<u>2008 Restated</u>
Total revenue	6	2,700.0	2,712.3	2,907.9
Materials and service expenses		(1,129.9)	(1,121.4)	(1,236.1)
Personnel expenses	7	(1,017.0)	(994.8)	(1,034.4)
Other operating income and expenses, net	8	(371.9)	(438.7)	(424.3)
Impairment charges, net of reversals	19	4.4	0.3	(8.4)
Depreciation and amortization	19, 20	(73.8)	(73.8)	(76.5)
Other gains and (losses), net	9	2.5	0.8	(5.9)
Total operating expenses, net		(2,585.7)	(2,627.6)	(2,785.6)
Operating profit		114.3	84.7	122.3
Financial income	10	3.4	5.2	9.1
Financial expenses	11	(44.6)	(56.2)	(64.3)
Foreign exchange (losses) / gains, net		(9.1)	24.3	(23.9)
Finance (costs), net		(50.3)	(26.7)	(79.1)
Share of profit of associates and joint ventures	12	2.0	0.6	0.6
Profit before tax		66.0	58.6	43.8
Income tax (expense) / income	13	(15.3)	(21.2)	13.5
Profit for the year		50.7	37.4	57.3
thereof attributable to shareholders of the Company		49.5	35.5	43.2
thereof attributable to non-controlling interests		1.2	1.9	14.1
Earnings per share attributable to shareholders of the Company:				
Basic earnings per share in CHF	14	2.43	1.89	2.11
Diluted earnings per share in CHF	14	2.32	1.86	2.08

The accompanying notes form an integral part of these combined and consolidated financial statements.

**Combined and consolidated statement of comprehensive income
in CHF m**

	<u>2010</u>	<u>2009 Restated</u>	<u>2008 Restated</u>
Profit for the year	50.7	37.4	57.3
Currency translation differences, net of tax	14.1	(14.8)	19.3
Cash flow hedges, net of tax	3.6	5.3	(3.5)
Other comprehensive income	17.7	(9.5)	15.8
Total comprehensive income	68.4	27.9	73.1
thereof attributable to shareholders of the Company	70.3	26.0	67.7
thereof attributable to non-controlling interests	(1.9)	1.9	5.4

The accompanying notes form an integral part of these combined and consolidated financial statements.

**Combined and consolidated balance sheet
in CHF m**

	Notes	December 31, 2010	December 31, 2009 Restated	December 31, 2008 Restated
ASSETS				
Current assets				
Cash and cash equivalents	15	459.9	250.3	155.2
Trade receivables	16	264.7	226.6	234.5
Other current receivables and prepayments	17	100.9	91.4	96.7
Inventories	18	72.4	74.8	76.4
Current income tax assets		10.0	6.6	16.0
		907.9	649.7	578.8
Property held-for-sale		1.3	1.1	0.6
Total current assets		909.2	650.8	579.4
Non-current assets				
Property, plant and equipment	19	352.5	294.7	291.3
Intangible assets	20	447.1	472.5	463.9
Investments in associates and joint ventures	12	7.8	9.9	9.5
Other non-current receivables	21	20.8	10.1	7.4
Deferred income tax assets	22	53.1	52.6	53.2
Retirement benefit assets	23	23.8	21.1	19.2
Total non-current assets		905.1	860.9	844.5
Total assets		1,814.3	1,511.7	1,423.9
LIABILITIES				
Current liabilities				
Short-term debt	24	28.8	19.5	85.9
Trade and other payables	25	251.1	215.8	183.7
Current income tax liabilities		24.5	13.9	18.8
Provisions	26	34.9	25.2	42.5
Other current liabilities	27	241.0	245.5	226.3
Total current liabilities		580.3	519.9	557.2
Non-current liabilities				
Long-term debt	24	575.5	673.3	572.7
Deferred income tax liabilities	22	47.9	40.1	40.0
Retirement benefit obligations	23	66.4	70.4	74.1
Provisions	26	77.4	73.3	72.9
Other non-current liabilities	28	31.8	35.3	49.6
Total non-current liabilities		799.0	892.4	809.3
Total liabilities		1,379.3	1,412.3	1,366.5
EQUITY				
Equity attributable to shareholders of the Company	30	410.7	72.6	29.4
Non-controlling interests		24.3	26.8	28.0
Total equity		435.0	99.4	57.4
Total liabilities and equity		1,814.3	1,511.7	1,423.9

The accompanying notes form an integral part of these combined and consolidated financial statements.

**Combined and consolidated statement of changes in equity
in CHF m**

	Total attributable to shareholders of the Company	Non- controlling interests	Total equity
Total combined equity at January 1, 2008	(7.7)	25.2	17.5
Profit for the year	43.2	14.1	57.3
Other comprehensive income	24.5	(8.7)	15.8
Total comprehensive income	67.7	5.4	73.1
Purchase of treasury shares	(8.9)	—	(8.9)
Purchase and cancellation of shares (Note 30.5)	(50.0)	—	(50.0)
Equity-settled share-based payments	24.7	—	24.7
Aquisition of subsidiaries (Note 34)	3.6	0.3	3.9
Dividends paid to non-controlling interests	—	(2.9)	(2.9)
Total combined equity at December 31, 2008	29.4	28.0	57.4
Total combined equity at January 1, 2009	29.4	28.0	57.4
Profit for the period	7.5	1.5	9.0
Other comprehensive income	(10.3)	0.7	(9.6)
Total comprehensive income	(2.8)	2.2	(0.6)
Purchase of treasury shares	(2.8)	—	(2.8)
Equity-settled share-based payments	4.4	—	4.4
Dividends paid to non-controlling interests	—	(0.8)	(0.8)
Total combined equity at April 30, 2009	28.2	29.4	57.6

	Attributable to shareholders of the Company							Non- controlling interests	Total equity
	Share capital	Treasury shares	Other reserves	Hedge reserve	Currency translation	Retained earnings	Total		
At April 30, 2009	98.3	(11.2)	(122.1)	(7.7)	(27.3)	98.2	28.2	29.4	57.6
Profit for the period	—	—	—	—	—	28.0	28.0	0.4	28.4
Other comprehensive income	—	—	—	4.1	(3.3)	—	0.8	(0.7)	0.1
Total comprehensive income	—	—	—	4.1	(3.3)	28.0	28.8	(0.3)	28.5
Purchase of treasury shares	—	(3.4)	—	—	—	—	(3.4)	—	(3.4)
Equity-settled share-based payments	—	—	—	—	—	19.0	19.0	—	19.0
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(2.3)	(2.3)
At December 31, 2009	98.3	(14.6)	(122.1)	(3.6)	(30.6)	145.2	72.6	26.8	99.4
At January 1, 2010	98.3	(14.6)	(122.1)	(3.6)	(30.6)	145.2	72.6	26.8	99.4
Profit for the year	—	—	—	—	—	49.5	49.5	1.2	50.7
Other comprehensive income	—	—	—	3.6	17.2	—	20.8	(3.1)	17.7
Total comprehensive income	—	—	—	3.6	17.2	49.5	70.3	(1.9)	68.4
Capital increase (Note 30.1)	29.3	—	211.5	—	—	—	240.8	—	240.8
Capital increase non-controlling interests	—	—	—	—	—	—	—	0.2	0.2
Non-controlling interests arising from business combination (Note 34)	—	—	—	—	—	—	—	0.1	0.1
Equity-settled share-based payments	5.2	4.9	—	—	—	16.9	27.0	—	27.0
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(0.9)	(0.9)
At December 31, 2010	132.8	(9.7)	89.4	—	(13.4)	211.6	410.7	24.3	435.0

The accompanying notes form an integral part of these combined and consolidated financial statements.

**Combined and consolidated cash flow statement
in CHF m**

	Notes	2010	2009 Restated	2008 Restated
Profit before tax		66.0	58.6	43.8
Adjustments for:				
Finance costs, net		50.3	26.7	79.1
Equity-settled share-based payments	31	27.0	23.4	24.7
Share of profit of associates and joint ventures	12	(2.0)	(0.6)	(0.6)
Depreciation and amortization	19, 20	73.8	73.8	76.5
Impairment charges, net of reversals	19	(4.4)	(0.3)	8.4
Other (gains) and losses, net	9	(2.5)	(0.8)	5.9
Non-cash movements in provisions and retirement benefit obligations		10.2	0.8	(1.1)
Changes in working capital	32	(54.9)	(6.8)	(136.5)
Cash generated from operations		163.5	174.8	100.2
Interest paid		(27.2)	(39.3)	(48.9)
Interest received		2.5	3.4	7.9
Income taxes paid, net		(14.4)	(9.3)	(22.6)
Net cash flow from operating activities		124.4	129.6	36.6
Acquisition of subsidiaries, net of cash acquired	34	(66.9)	(19.5)	(34.9)
Purchase of property, plant and equipment	19	(42.6)	(52.2)	(75.8)
Purchase of intangible assets	20	(4.4)	(6.4)	(3.8)
Disposal of subsidiaries, net of cash disposed	35	—	—	(1.7)
Proceeds from sale of property, plant and equipment		6.3	6.2	5.7
Other investments		(5.0)	—	—
Dividends from associates	12	0.3	—	0.9
Net cash flow (used in) investing activities		(112.3)	(71.9)	(109.6)
Proceeds from debt		79.0	182.8	323.5
Repayments of debt		(113.6)	(121.2)	(185.3)
Capital increase	30.1	240.8	—	—
Purchase and cancellation of shares	30.5	—	—	(50.0)
Purchase of treasury shares		—	(6.2)	(8.9)
Dividends paid to non-controlling interests		(0.9)	(3.1)	(2.9)
Capital increase in non-controlling interests		0.2	—	—
Net cash flow from financing activities		205.5	52.3	76.4
Increase in cash and cash equivalents		217.6	110.0	3.4
Movement in cash and cash equivalents				
At start of the year		245.1	133.4	157.4
Increase in cash and cash equivalents		217.6	110.0	3.4
Effects of exchange rate changes		(11.0)	1.7	(27.4)
At end of the year	15	451.7	245.1	133.4

The accompanying notes form an integral part of these combined and consolidated financial statements.

Notes to the combined and consolidated financial statements
December 31, 2010

1. General information

gategroup Holding AG (the “Company”) and its subsidiaries (together the “Group”) are primarily engaged in the operation of airline catering and provisioning services worldwide. The majority of the Group’s operations are located in Europe and the United States. The Company has its registered office at Balz-Zimmermannstrasse 7, CH-8302 Kloten, Switzerland and its shares are listed on the SIX Swiss Exchange.

On April 30, 2009, as part of a legal reorganization, the Company acquired control over Gate Gourmet Holding I S.à r.l. and its subsidiaries. This was achieved through a contribution in-kind to the Company of the investment in Gate Gourmet Holding I S.à r.l. by the previous shareholder, Gate Gourmet Group Holding LLC, Wilmington, Delaware, USA (“Holding LLC”) and was in exchange for new shares in the Company.

The financial statements as of and for the periods ended December 31, 2008 and April 30, 2009, have been prepared on a combined basis in order to represent the income statement, statement of comprehensive income, net assets, statement of changes in equity, and statement of cash flows of the Group as if it had operated as such since January 1, 2008. The income statement, statement of comprehensive income, balance sheet, statement of changes in equity, and statement of cash flows as of December 31, 2009 and December 31, 2010 are consolidated. As a result, the combined financial statements for the periods ended December 31, 2008 and April 30, 2009, do not necessarily reflect the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, and statement of cash flows that would have been reflected had the Group’s legal reorganization been effective during such periods.

These combined and consolidated financial statements were authorized for issue by the Board of Directors of the Company (“Board”) on August 9, 2011.

2. Accounting policies

The principal accounting policies adopted in the preparation of these combined and consolidated financial statements are set out below. These policies have been consistently applied for all years presented, unless otherwise stated.

2.1 Basis of preparation

The Group’s combined and consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). They are prepared on the historical cost basis modified by the revaluation of certain financial assets and liabilities (interest rate swaps and interest rate caps) at fair value.

The legal reorganization that gave rise to the Group during 2009 was a business combination involving entities under common control and involved no change in ownership, raising of funds, or change in the combined resources available to the business. Such a business combination is excluded from the scope of IFRS 3 “Business Combinations” and is not explicitly covered elsewhere in International Financial Reporting Standards.

The Group has therefore had to determine its accounting policy and has elected to apply a “pooling of interests” approach. Under this approach financial information is reported as if all entities had always been part of the same combined group with assets and liabilities being recognized without fair value adjustments.

The preparation of combined and consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the combined and consolidated financial statements, are disclosed in Note 4 “Critical accounting estimates and judgments”.

2.2 Changes in accounting policies

Adoption of new or revised IFRS standards and interpretations by the Group in 2010 that have a material effect on the combined and consolidated financial statements of the Group:

<u>Standard/Interpretation</u>	<u>Effective date</u>	<u>Relevance for the Group</u>
IAS 27 (revised) — Consolidated and Separate Financial Statements	July 1, 2009	The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting treatment when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognized in profit or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary.
IFRS 3 (revised) — Business Combinations	July 1, 2009	All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as liability subsequently re-measured through income statement. All acquisition-related costs are expensed (Note 34.1).

Adoption of new or revised IFRS standards and interpretations by the Group in 2010 that have no material effect on the combined and consolidated financial statements of the Group:

<u>Standard/Interpretation</u>	<u>Effective date</u>
IFRS 2 (amendment) — Share-based Payment — Group Cash-settled Share-based Payment Transactions	January 1, 2010
Annual Improvements to IFRSs (April 2009)	January 1, 2010

Adoption of new or revised IFRS standards and interpretations by the Group in 2011 or later:

<u>Standard/Interpretation</u>	<u>Effective date</u>	<u>Relevance for the Group</u>	<u>Planned adoption</u>
IAS 32 (amendment) — Financial Instruments — Presentation: Classification of rights issues*	February 1, 2010	The amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.	Financial year 2011
Annual Improvements to IFRSs (May 2010)*	July 1, 2010 and January 1, 2011	Several standards have been modified on miscellaneous points.	Financial year 2011

Standard/Interpretation	Effective date	Relevance for the Group	Planned adoption
IFRIC 19 — Extinguishing Financial Liabilities with Equity*	July 1, 2010	The interpretation addresses the accounting by the debtor in a debt for equity swap transaction. The equity instruments issued would be measured initially at their fair value if reliably measurable, else at the fair value of the financial liability. Any difference to carrying amount would be recognized in profit or loss.	Financial year 2011
IAS 24 (revised) — Related Party Disclosures*	January 1, 2011	The revised standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities; and clarifies and simplifies the definition of a related party.	Financial year 2011
IFRIC 14 (amendment) — IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	January 1, 2011	The amendment is intended to address the accounting treatment for prepayments made when there also is a minimum funding requirement. Such a prepayment would be recognized as an asset, on the basis that the entity has a future economic benefit from the prepayment in the form of reduced cash outflows in future years in which minimum funding requirement payments would otherwise be required.	Financial year 2011
IFRS 7 (amendment) — Disclosures — Transfers of Financial Assets**	July 1, 2011	The amendments require additional disclosures in respect of risk exposures arising from transferred financial assets (e.g. factoring, securitization), any associated liabilities and it includes additional disclosure requirements in respect to those transfers.	Financial year 2012

<u>Standard/Interpretation</u>	<u>Effective date</u>	<u>Relevance for the Group</u>	<u>Planned adoption</u>
IAS 12 (amendment) — Income Taxes — Recovery of Underlying Assets**	January 1, 2012	The amendment affects investment properties measured at fair value. The recognition of deferred taxes in relation to those investment properties is based on an expected recovery through a sales transaction. The SIC 21 guidance has been included in the standard.	Financial year 2012
IFRS 9 — Financial Instruments**	January 1, 2013	<p>IFRS 9 comprises two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if it is the entity's business model to hold the financial asset to collect contractual cash flows and the cash flows represent principal and interest. It will otherwise need to be recorded at fair value with changes being reported through profit or loss.</p> <p>The classification and measurement requirements of financial liabilities have been carried forward from IAS 39. Substantive changes relate to fair value option and certain derivatives linked to unquoted equity instruments.</p>	Financial year 2013
IFRS 10 — Consolidated Financial Statements**	January 1, 2013	IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.	Financial year 2013

Standard/Interpretation	Effective date	Relevance for the Group	Planned adoption
IFRS 11 — Joint Arrangements**	January 1, 2013	IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.	Financial year 2013
IFRS 12 — Disclosures of Interests in Other Entities**	January 1, 2013	IFRS 12 is a new standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	Financial year 2013
IAS 27 — Separate Financial Statements**	January 1, 2013	IAS 27 includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.	Financial year 2013
IAS 28 — Investments in Associates and Joint Ventures**	January 1, 2013	IAS 28 now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.	Financial year 2013
IFRS 13 — Fair value measurement*	January 1, 2013	IFRS 13 explains how to measure fair value and includes enhanced disclosure requirements.	Financial year 2013

<u>Standard/Interpretation</u>	<u>Effective date</u>	<u>Relevance for the Group</u>	<u>Planned adoption</u>
IAS 19 (amendment) — Employee Benefits**	January 1, 2013	The amendment eliminates the option to defer the recognition of gains and losses (corridor method), modifies reporting in the income statement, requires the full recognition of assets and liabilities in the balance sheet with re-measurements to be presented in the statement of comprehensive income and requires enhanced disclosures for defined benefit plans. The annual expense for a funded benefit plan instead of interest cost and expected return on plan assets, will include net interest expense or income calculated by applying the discount rate to the net defined benefit asset or liability.	Financial year 2013
IAS 1 (amendment) — Presentation of Financial Statements**	July 1, 2012	The amendment requires to group together items within other comprehensive income that may be reclassified to the income statement.	Financial year 2013

* no material impact expected

** impact still to be assessed

2.3 Prior period restatement of an error

The Group announced on February 23, 2011 an isolated event of fraud at a subsidiary. This had been perpetuated over the past three years and is estimated to have amounted, in total, to approximately Danish Kroner 138.4m or approximately CHF 27.0m based on historic exchange rates as applicable at the time the fraud occurred (or approximately CHF 22m converted at year-end 2010 exchange rates). The fraud was committed by an employee of Gate Gourmet Northern Europe ApS (a legal entity without operational oversight of other business in Scandinavia), who misused their position and authority. That person has been dismissed. Based on our investigation, no other entities were implicated and no customer accounts have been affected. Documents and amounts were falsified by this person to allow methodical and deliberate circumventing of internal controls. We discovered the fraud through an internal review and have uncovered no evidence that any other person was involved, nor any indication of conspiracy. The Group remains of the view that despite this isolated incident its internal control system is suitable and appropriate. Learnings from the incident have been incorporated into the internal control system. The Group has corrected its results retroactively by restating the prior periods impacted by the fraud (see Notes 5, 8, 13, 14, 15, 16, 17, 22, 32 and 34). This accounting treatment is in accordance with the guidance given by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IAS 10 Events after the Reporting Period.

The scale of the fraud by period has been as follows:

- CHF 1.7m in 2011;
- CHF 5.4m in 2010;
- CHF 18.7m in 2009, of which CHF 5.1m had previously been charged to the income statement; and
- CHF 1.2m in 2008.

The restatements recorded in the combined and consolidated financial statements are summarized as follows:

in CHF m	Note	2009	2008
Income statement			
Misappropriation of assets (fraud)	8	(18.7)	(1.2)
Decrease in other operating costs	8	5.1	—
(Decrease) in profit for the year		<u>(13.6)</u>	<u>(1.2)</u>
Balance sheet			
		Dec 31, 2009	Dec 31, 2008
(Decrease) in cash and cash equivalents	15	(7.3)	—
(Decrease)/increase in trade receivables	16	(4.0)	1.5
(Decrease) in other current receivables and prepayments	17	(3.5)	(2.7)
(Decrease) in total assets		<u>(14.8)</u>	<u>(1.2)</u>

The extent to which losses identified from this fraud will be tax deductible has yet to be determined. The Group has decided against recognizing any deferred tax asset relating to these losses.

As a result of the above adjustments, December 31, 2009 basic earnings per share decreased from CHF 2.61 to CHF 1.89 per share and diluted earnings per share decreased from CHF 2.57 to CHF 1.86 and December 31, 2008 basic earnings per share decreased from CHF 2.16 to CHF 2.11 per share and diluted earnings per share decreased from CHF 2.13 to CHF 2.08 (Note 14).

2.4 Consolidation accounting

Subsidiaries

Subsidiaries are all entities over which the Group has the ability to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (Note 2.16). If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the combined and consolidated income statement.

All material intercompany transactions and balances, and any unrealized gains or losses arising from intercompany transactions, are eliminated in preparing the combined and consolidated financial statements.

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity holders. Gains and losses on transactions with non-controlling interests are recorded in equity.

Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over financial and operating policies. Significant influence is presumed to exist when the Group holds, directly or indirectly, between 20% and 50% of the voting rights. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method and are initially recognized at cost. Accounting policies of associates and joint ventures are changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Management Board ("EMB"), which has been identified as the Group's Chief Operating Decision Maker.

2.6 Foreign currency translation

The combined and consolidated financial statements are expressed in Swiss Francs ("CHF"), which is the Group's presentation currency. The functional currency of each of the Group's entities is based on the primary economic environment in which an entity operates.

Transactions in foreign currencies are accounted for at the rates prevailing at the dates of the transactions. The resulting exchange differences are recorded in the local income statements of the Group's entities and included in profit or loss.

Monetary assets and liabilities of the Group's entities which are denominated in foreign currencies are translated using year-end exchange rates. Exchange differences are recorded as an income or expense. Non-monetary assets and liabilities are translated at historical exchange rates.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented under currency translation in equity.

When translating foreign currency financial statements into Swiss Francs, year-end exchange rates are applied to assets and liabilities, while annual average rates are applied to income statement accounts. Translation differences arising from this process are recorded as a separate component of equity. On disposal or partial disposal of a subsidiary, the related cumulative translation adjustment is transferred from equity and included in the profit or loss from the disposal in the income statement.

The principal exchange rates used were as follows:

Swiss Francs per	2010	2010	2009	2009	2008	2008
	Closing rate	Annual average rate	Closing rate	Annual average rate	Closing rate	Annual average rate
1 US Dollar	0.93	1.04	1.03	1.08	1.05	1.08
1 Euro	1.25	1.38	1.49	1.51	1.49	1.59
1 GB Pound	1.45	1.61	1.66	1.69	1.53	2.00

2.7 Recognition of revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated volume rebates and other similar allowances. Once revenue is recognized, any subsequent uncertainty about collectability is recognized as an expense/adjustment to the amount receivable rather than as an adjustment to revenue.

Goods and services

The Group recognizes revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and when significant risks and rewards of ownership are transferred to the customer. This is mainly upon delivery of product and customer acceptance or performance of services.

Revenue from the sale of goods/products (such as from on-airport food production, buy-on-board, production of food contact items, duty free sales, comfort items and other in-flight equipment) is recognized upon delivery of product and customer acceptance.

Revenue from services (such as logistic services, design services and aircraft cabin appearance and cleaning services) is recognized in the accounting period in which the service is rendered.

Interest and dividend income

Interest income is recognized on a time proportion basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term debt in the balance sheet.

2.9 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Trade and other receivables are further classified as either current or non-current depending on whether these are expected to be realized within 12 months of the balance sheet date.

2.10 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its investments at initial recognition and reclassifies them whenever its intention changes. All purchases and sales are recognized on the settlement date.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are assets held for trading, being acquired for the purpose of generating a profit from short-term fluctuations in price. Derivative financial assets and derivative financial liabilities are always deemed as held for trading unless they are designated as effective hedging instruments. Financial assets held for trading are measured at their fair value, and transaction costs are expensed in the income statement. Fair value changes on a financial asset held for trading are included in net profit or loss for the period in which they arise. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of more than 12 months which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet. Loans are measured at amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, minus any reduction for impairment or uncollectibility. The effective interest method calculates the amortized cost of a financial asset, allocating the interest income over the relevant period. The effective interest rate is the rate that exactly 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.

Impairment of financial assets

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The Group assesses, at each balance sheet date, whether there is any objective evidence that a financial asset may be impaired. If any such evidence exists, the Group estimates the recoverable amount of that asset and recognizes an impairment loss in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the write-down, the write-down of the financial asset is reversed. Any reversal will not result in a carrying amount that exceeds the level amortized cost would have been, had the impairment not been recognized, at the date the write-down of the financial asset is reversed. The amount of the reversal is included in the income statement for the financial year.

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is determined by the first-in, first-out method, and comprises the purchase cost of raw materials and traded goods, as well as transport and other direct costs. Inventories primarily consist of food, beverage, food contact items (such as cutlery, cups, glasses and plates), comfort items (such as headsets, blankets, amenity kits) and materials used in the production process (such as various plastics and coatings).

2.12 Up-front contract payments

From time to time the Group enters into service contracts whereby, in some cases, an up-front contract payment is made to customers to secure long-term agreements. These up-front payments are recognized as "other prepayments and accrued income" and amortized over the life of the related contract. The amortization charge is recorded as a reduction of revenue.

2.13 Non-current assets held for sale

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

2.14 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. The carrying amount of any replaced asset is derecognized. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Land is not depreciated. Capitalized leased assets are depreciated over the shorter of the useful life and the lease term (Note 2.15). Depreciation on other assets is calculated using the straight-line method to allocate cost less any residual value over their estimated useful lives, as follows:

• Buildings	10 – 40 years
• Fixtures and fittings	5 – 15 years
• Catering and other equipment	3 – 10 years
• Vehicles	3 – 12 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is immediately written down to its recoverable amount (Note 2.17).

Gains or losses on the sale of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in the income statement.

2.15 Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to produce a constant periodic rate of interest over the life of the lease. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.16 Intangible assets

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance. Separately recognized goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing. The Group identifies cash generating units consistently with its geographic operating segments.

Intellectual property

Intellectual property comprises trademarks acquired in a business combination. The cost of intellectual property represents the fair value at acquisition. The useful lives of these trademarks are assessed to be either finite or indefinite. Trademarks with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Trademarks are considered to have an indefinite life if they arise from contractual or other legal rights that can be renewed without significant cost and are subject to continuous marketing support and if there is no foreseeable limit to the useful economic life. Trademarks with indefinite useful lives are not amortized but are tested for impairment at least annually. The useful life of a trademark with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, any changes are made on a prospective basis.

Customer relationships

Customer relationship assets as identified in a business combination are recorded at fair value at the acquisition date. The cost is amortized on a straight-line basis over the lifetime of the relationship or contract. Customer relationship assets are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Capitalized software

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group and that are designed to generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. The direct costs that are capitalized include software development, employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized on a straight-line basis over their estimated useful lives (between two and five years).

2.17 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested at least annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that previously suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.18 Employee benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the cost is accrued to match the rendering of the services by the employee concerned.

Retirement benefit obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

The Group recognizes gains or losses on curtailments or settlements of a defined benefit plan as an event occurs. The gain or loss on a curtailment or settlement comprises any resulting change in the present value of the defined benefit obligation, any resulting change in the fair value of the plan assets, and any related actuarial gains and losses and past service cost that had not previously been recognized. When the fair value of the plan assets exceeds the present value of the defined benefit obligation, Group management assesses whether this surplus is fully recoverable through refunds or reductions in future contributions. The portion of the surplus, which is not fully recoverable, is not recognized.

The defined contribution and state administered plans may require employees to make contributions and enable employees to earn matching or other contributions from the Group. The funding of these plans is in accordance with statutory funding and tax requirements. Obligations for contributions to defined contribution and state administered plans are recognized as an expense in the income statement as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the contractually agreed date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

Share-based compensation

The Group provides equity participation plans to employees and members of the Board in the form of share plans and share option plans. These plans are accounted for as equity-settled share-based payment transactions. The fair value of share awards with service conditions is determined at grant date based on observable market data. The fair values of share awards and share option awards with performance conditions are determined at grant date by using a Monte Carlo or binominal model respectively. Some of the model inputs are not observable in a market and therefore have to be estimated or derived from available data. The use of different estimates would produce different option and share values, which in turn would result in higher or lower compensation expense recognized. The cost of equity participation plans is recognized as personnel expense in the income statement with a corresponding increase in equity over the

vesting period taking into account the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date the Group revises its estimate of the number of equity instruments expected to vest. An expense is recognized for awards with a market condition irrespective of whether that market condition is met provided that all other vesting conditions are satisfied. Market conditions are taken into account when determining the fair value of the equity instruments granted. The Group has available treasury shares and conditional share capital to meet its commitments.

2.19 Taxation

Income tax expense in the income statement is comprised of current and deferred income taxes.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred income tax is recognized based on the balance sheet liability method, which measures temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, at the balance sheet date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At each balance sheet date, the Group re-assesses the recoverability of its deferred income tax assets.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset only when the enterprise has a legally enforceable right of offset.

2.20 Trade payables and other liabilities

Trade payables and other liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.21 Debt

Debt is initially recognized based upon proceeds received, net of transaction costs incurred. In subsequent periods, borrowing costs are stated at amortized cost, using the effective interest method, with any difference between proceeds and the redemption value recognized in the income statement over the period of the debt. Debt is classified as a current liability unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

2.22 Provisions

Provisions for legal claims, tax disputes, onerous contracts, property disputes, restructuring costs and other cases are recognized when the Group has a present or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. A contract is onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it and a provision is then recognized at the present value of the obligation. Restructuring provisions principally comprise employee termination benefits, legal, property and other related costs. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.23 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognized liability or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in derivative financial instruments. Movements on the hedging reserve in shareholders' equity are shown in the combined and consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are recycled into the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognized immediately in the income statement.

2.24 Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recorded in equity in the period in which they are approved by the Company's shareholders.

Where any Group company purchases shares of the Company, the consideration paid is recognized as treasury shares and presented as a deduction from equity unless these shares are cancelled or sold. Any consideration received from the sale of these shares is recognized in equity.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Board has put in place appropriate structures to ensure risk governance and monitoring across the Group.

The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department ("Group Treasury") which identifies, evaluates and hedges financial risks where appropriate. The principles for overall financial risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of both derivative and non-derivative financial instruments and the investment of excess liquidity exist and are formally documented.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar ("USD"), Euro ("EUR") and the GB Pound ("GBP"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations including third party as well as intercompany transactions.

Foreign exchange risks are reduced by matching income and expenditure whenever possible in the same currency and negotiating terms with suppliers that include invoicing Group companies in their local reporting currency.

The Group invests in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currency exposure of the net assets of the subsidiaries is primarily managed through borrowings denominated in the relevant foreign currencies. In 2010, 2009 and 2008, no forward exchange contracts had been entered into to hedge the foreign currency exposure of subsidiaries.

The illustrative effect on the post-tax profit for the year that would result from changes in exchange rates can be summarized as follows:

**Currency risks 2010 in CCY1/CCY2^(l)
in CHF m**

	<u>CHF/USD</u>	<u>CHF/EUR</u>	<u>CHF/GBP</u>	<u>EUR/USD</u>
Percentage shift	10%	10%	10%	10%
Impact on profit or loss if CCY1 strengthens against CCY2 . . .	(3.2)	(1.2)	(3.2)	1.2
Impact on profit or loss if CCY1 weakens against CCY2	3.2	1.2	3.2	(1.2)

**Currency risks 2009 in CCY1/CCY2^(l)
in CHF m**

	<u>CHF/USD</u>	<u>CHF/EUR</u>	<u>CHF/GBP</u>	<u>EUR/USD</u>
Percentage shift	10%	5%	10%	10%
Impact on profit or loss if CCY1 strengthens against CCY2 . . .	(2.9)	1.9	(2.6)	5.6
Impact on profit or loss if CCY1 weakens against CCY2	2.9	(1.9)	2.6	(5.6)

**Currency risks 2008 in CCY1/CCY2^(l)
in CHF m**

	<u>CHF/USD</u>	<u>CHF/EUR</u>	<u>CHF/GBP</u>	<u>EUR/USD</u>
Reasonable shift	10%	5%	10%	10%
Impact on profit or loss if CCY1 strengthens against CCY2 . . .	(8.4)	0.8	(1.9)	2.3
Impact on profit or loss if CCY1 weakens against CCY2	8.4	(0.8)	1.9	(2.3)

(l) CCY= Currency

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and associated operating cash inflows are substantially independent of changes in market interest rates.

The Group's cash flow interest rate risk principally arises from that element of borrowings issued at variable rates. Group policy is to maintain at least 50% of its borrowings in fixed rate instruments using derivative instruments. During 2010, the Group's borrowings at variable rates were mainly denominated in US Dollar and Euro.

The Group's fair value interest rate risk arises from derivative financial instruments. Fair value changes of derivative financial instruments that qualify for hedge accounting will impact equity, instruments that do not qualify for hedge accounting will impact profit. At December 31, 2010 no financial instruments that qualify for hedge accounting exist.

The Group analyses its interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, cash flow interest rate risk is managed by using floating-to-fixed interest rate swaps or interest rate caps. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates. The interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts. Interest rate caps have the economic effect of limiting the Group's exposure to increasing interest rates to an agreed maximum interest rate. Under the interest rate caps, the Group pays a premium to other parties at the inception of the contract and the other parties agree to compensate the Group at specified intervals (primarily quarterly) for the difference between the floating-rate interest amounts and the lower maximum interest amounts calculated by reference to the agreed notional amounts.

Fixed rate borrowings are excluded from the sensitivity analysis as they are not measured at fair value and therefore not subject to fair value interest risk.

Based on the simulations performed, at December 31, 2010, if interest rates had been 50 basis points higher with all other variables held constant, post-tax profit for the year would have been CHF 2.1m (2009: CHF 1.7m; 2008: CHF 1.9m) lower, mainly as a result of higher interest expense on floating rate borrowings partially compensated by increases in the fair value of derivatives (interest rate swaps and interest rate caps) designated as cash flow hedges. At December 31, 2010, other components of equity would not have been impacted. At December 31, 2009, other components of equity would have been CHF 0.4m (2008: CHF 1.1m) higher as a result of an increase in the fair value of derivatives designated as cash flow hedges of floating rate borrowings.

At December 31, 2010, if interest rates had been 50 basis points lower with all other variables held constant, post-tax profit for the year would have been CHF 2.2m (2009: CHF 1.9m; 2008: CHF 1.9m) higher, mainly as a result of lower interest expense on floating rate borrowings partially compensated by decreases in the fair value of derivatives (interest rate swaps and interest rate caps) designated as cash flow hedges. At December 31, 2010, other components of equity would not have been impacted. At December 31, 2009, other components of equity would have been CHF 0.2m (2008: CHF 1.1m) lower as a result of a decrease in the fair value of derivatives designated as cash flow hedges of floating rate borrowings.

Credit risk

Credit risk reflects the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group trades only with recognized, creditworthy third parties.

It is the Group's policy that customers who wish to trade on credit terms are subject to credit verification procedures. The assessment of the credit quality of the Group's customers is reflected in the Group's internal rating system which takes into account the financial position, past experience, ownership structure, specific market conditions and other factors. The assessment is updated at regular, pre-determined intervals or as circumstances change. In addition, receivable balances per customer are monitored, at least monthly, on a consolidated basis. The credit exposure by customer is regularly reviewed and approved by management. In cases where management assesses the trend of the exposure to any customer as unsatisfactory or in cases where the credit quality of any customer deteriorates, the Group enforces measures to reduce the exposure and might revise the payment and credit terms. The total trade receivable balances of the six major customers at December 31, 2010 constitute 28.1% (2009: 24.1%; 2008: 22.7%) of the total gross trade receivable amount and individually they accounted for between 2.6% and 7.5% (2009: 2.9% and 5.7%; 2008: 2.8% and 6.4%) of the total of our gross trade receivables. Management does not expect any losses from non-performance by these customers.

The credit risk arising from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions are limited because the counterparties are banks and financial institutions with a minimum rating of "A" assigned by international credit-rating agencies.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines. The Group monitors its risk to a shortage of funds by reviewing short-term cash forecasts on a weekly basis and undertaking mid-term cash forecasts during the year.

The following tables detail the contractual maturity of the Group's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities at the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

December 31, 2010 in CHF m	Within 1 month	1-3 months	3 months- 1 year	1-5 years	More than 5 years	Total
Non-interest bearing	(170.9)	(56.0)	(18.2)	(8.4)	—	(253.5)
Finance lease liability	(0.2)	(0.4)	(1.5)	(7.0)	(6.9)	(16.0)
Variable interest rate instruments	(0.2)	(4.3)	(15.5)	(566.7)	(3.9)	(590.6)
Fixed interest rate instruments	(8.3)	(1.9)	(14.6)	(47.3)	(3.6)	(75.7)
Total	<u>(179.6)</u>	<u>(62.6)</u>	<u>(49.8)</u>	<u>(629.4)</u>	<u>(14.4)</u>	<u>(935.8)</u>

December 31, 2009 in CHF m	Within 1 month	1–3 months	3 months– 1 year	1–5 years	More than 5 years	Total
Non-interest bearing	(157.5)	(46.2)	(11.7)	(10.5)	—	(225.9)
Finance lease liability	(0.1)	(0.3)	(1.3)	(6.9)	(7.9)	(16.5)
Variable interest rate instruments	—	(6.2)	(15.5)	(703.8)	(8.8)	(734.3)
Fixed interest rate instruments	—	(0.4)	(2.5)	(10.7)	(4.2)	(17.8)
Derivative financial instruments	—	(2.0)	(1.9)	2.7	—	(1.2)
Total	(157.6)	(55.1)	(32.9)	(729.2)	(20.9)	(995.7)

December 31, 2008 in CHF m	Within 1 month	1–3 months	3 months– 1 year	1–5 years	More than 5 years	Total
Non-interest bearing	(116.8)	(59.8)	(6.5)	(0.3)	—	(183.4)
Finance lease liability	(0.2)	(0.5)	(2.1)	(10.3)	(13.6)	(26.7)
Variable interest rate instruments	(10.4)	(63.2)	(22.3)	(655.1)	(9.6)	(760.6)
Fixed interest rate instruments	(11.3)	(0.1)	(3.0)	(6.7)	(1.2)	(22.3)
Derivative financial instruments	—	(1.5)	(5.8)	(3.1)	—	(10.4)
Total	(138.7)	(125.1)	(39.7)	(675.5)	(24.4)	(1,003.4)

Non-interest bearing liabilities primarily consist of trade and other payables. Variable and fixed interest rate instruments consist of short-term and long-term debt as well as elements of other long-term payables.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard its status as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain a capital structure focused on reducing the cost of capital. In order to maintain or adjust the capital structure, the Group may distribute dividends, issue new shares or adjust the level of debt. As demonstrated in 2010, the Company has the ability to raise additional equity in its own right.

The Company is able to pay dividends, without restriction, from funds held on its own balance sheet.

The Group's existing committed credit facilities are available to Gate Gourmet Holding S.C.A., a subsidiary holding company and certain of its subsidiaries. These facilities restrict the distribution of funds to the Company that might in turn be used to pay dividends, unless among other things, certain financial ratios are met. As of December 31, 2010, these financial ratios were not met.

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at December 31, 2010.

in CHF m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
— Trading derivatives	—	0.1	—	0.1
Total	—	0.1	—	0.1
Liabilities				
Derivatives used for hedging	—	—	—	—
Total	—	—	—	—

The following table presents the Group's assets and liabilities that are measured at fair value at December 31, 2009.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Financial assets at fair value through profit or loss				
— Trading derivatives	<u>—</u>	<u>2.6</u>	<u>—</u>	<u>2.6</u>
Total	<u><u>—</u></u>	<u><u>2.6</u></u>	<u><u>—</u></u>	<u><u>2.6</u></u>
Liabilities				
Derivatives used for hedging	<u>—</u>	<u>(3.9)</u>	<u>—</u>	<u>(3.9)</u>
Total	<u><u>—</u></u>	<u><u>(3.9)</u></u>	<u><u>—</u></u>	<u><u>(3.9)</u></u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Estimated impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.16. The recoverable amounts of cash generating units have been determined based on fair value less cost to sell calculations. These calculations require the use of estimates including future operating profit margins and post-tax discount rates (Note 20).

4.2 Estimated impairment of intellectual property

The Group tests at least annually whether intellectual property has suffered any impairment in accordance with the accounting policy stated in Note 2.16. The recoverable amounts of intellectual property in each subsidiary are determined based on value in use calculations. These calculations require the use of estimates including future sales and pre-tax discount rates (Note 20).

4.3 Income taxes and deferred tax assets

The Group is liable to taxation in various jurisdictions. Provisions for income taxes incurred worldwide are based on estimates and hence the tax charge may be uncertain. If actual tax charges deviate from estimates, the corresponding adjustment is booked in the financial year in which the definitive assessment is made. Management considers the estimates used to be realistic and the corresponding provisions appropriate.

Deferred tax assets are formed primarily from temporary differences, and in individual instances from tax loss carry forwards, but only if realization is deemed probable. The carrying amount is therefore based on future forecasts for the relevant taxable entity over a period of several years. Should these future forecasts prove incorrect, changes in value might result. Further information is given in Note 22.

4.4 Legal and tax provisions

The Group has recorded certain legal and tax provisions for liabilities of uncertain timing or amount (Note 26.3). The ultimate outflow of resources embodying economic benefits are subject to legal proceedings or assessments from the relevant tax authorities. After taking appropriate legal and/or tax advice, management updates the estimates of the provisions at least annually. The provisions are adjusted through the income statement.

4.5 Defined benefit plan obligations

The Group has accounted for its retirement benefit obligations in accordance with the accounting policy stated in Note 2.18. The cost and obligations resulting from the sponsoring of defined benefit plans are determined using actuarial valuations. These actuarial valuations are made for the purpose of estimating future developments. The most critical estimates and assumptions are considered to be discount rates, the expected return on plan assets in individual countries and future wage trends. Actuaries also use statistical data such as mortality tables and staff turnover rates with a view to determining employee benefit obligations. If these factors change due to a change in economic or market conditions, the subsequent results could deviate considerably from the actuarial estimates. Over the medium term such deviations could have an impact on the income statement.

4.6 Basis of preparation

The combined and consolidated financial statements have been prepared under a "pooling of interests" approach. This decision reflects the fact that the business combination as of April 30, 2009 was a legal reorganization involving no change in economic substance (Note 2.1).

5. Segment information

Management has determined operating segments based on the reports reviewed by the EMB. The Group is organized and managed primarily on a geographic basis, which therefore is the definition of operating segments.

The Group's reportable segments are the unaggregated results of Europe and Africa, North America and Asia-Pacific.

5.1 Reportable segment information

						2010
in CHF m	Europe and Africa	North America	Asia- Pacific	Other Segments	Eliminations	Total reportable segments
Catering and provisioning revenue						
from external customers	1,188.7	590.8	233.3	134.7	—	2,147.5
Other revenue from external						
customers	272.6	157.9	99.7	22.3	—	552.5
Intersegment revenues	20.5	0.7	18.7	0.1	(40.0)	—
Total revenue	1,481.8	749.4	351.7	157.1	(40.0)	2,700.0
Segment EBITDA	125.8	62.3	45.3	(16.7)	—	216.7
Total segment assets	583.8	367.7	283.4	579.4	—	1,814.3
Additions to non-current assets ⁽¹⁾	25.6	9.9	7.5	4.0	—	47.0

						2009
in CHF m	Europe and Africa	North America	Asia-Pacific ^(I)	Other Segments ^(I)	Eliminations	Total reportable segments
Catering and provisioning revenue from external customers	1,242.8	557.5	215.6	110.6	—	2,126.5
Other revenue from external customers	319.8	152.8	67.8	45.4	—	585.8
Intersegment revenues	17.9	1.2	23.5	—	(42.6)	—
Total revenue	1,580.5	711.5	306.9	156.0	(42.6)	2,712.3
Segment EBITDA	127.7	45.3	32.8	(17.2)	—	188.6
Total segment assets	661.6	284.4	165.4	400.3	—	1,511.7
Additions to non-current assets ^(II) . .	30.1	12.7	2.8	13.0	—	58.6

						2008
in CHF m	Europe and Africa	North America	Asia-Pacific ^(I)	Other Segments ^(I)	Eliminations	Total reportable segments
Catering and provisioning revenue from external customers	1,339.8	607.7	161.2	101.0	—	2,209.7
Other revenue from external customers	398.0	168.2	76.0	56.0	—	698.2
Intersegment revenues	16.1	1.0	21.0	—	(38.1)	—
Total revenue	1,753.9	776.9	258.2	157.0	(38.1)	2,907.9
Segment EBITDA	182.3	46.8	20.4	(5.8)	—	243.7
Total segment assets	677.4	302.9	139.0	304.6	—	1,423.9
Additions to non-current assets ^(II) . .	27.2	24.2	5.8	22.5	—	79.7

(I) Reclassified 2009 and 2008 data following changes in group organization.

(II) Relate to property, plant and equipment and intangible assets.

With respect to revenues, Segment EBITDA and assets, the geographic allocation is determined by the location of the assets. Segment EBITDA is defined as earnings before interest, depreciation, tax, amortization and management fees. Segment EBITDA also excludes impairment charges or reversals, operating taxes (non-income taxes), restructuring costs, profit or loss from sale of assets or discontinued operations and share-based payments. Segment assets are defined as total assets of the segments less investments in subsidiaries and receivables due from Group companies.

The EMB assesses the performance of operating segments based on Segment EBITDA. The reconciliation to operating profit as reported in the combined and consolidated income statement is presented below.

5.2 Reconciliation

Reconciliation of Segment EBITDA to operating profit:

in CHF m	2010	2009	2008
Segment EBITDA — reportable segments	216.7	188.6	243.7
Share-based payments (Notes 7 and 31)	(27.0)	(23.4)	(24.7)
Restructuring costs (Notes 7 and 8)	(10.8)	(13.5)	(7.2)
Operating taxes (non-income taxes)	1.9	5.3	0.9
Depreciation (Note 19)	(51.7)	(53.1)	(53.9)
Amortization (Note 20)	(22.1)	(20.7)	(22.6)
Impairment charges, net of reversals (Note 19)	4.4	0.3	(8.4)
Other gains and (losses), net (Note 9)	2.5	0.8	(5.9)
Management fees, net	0.4	0.4	0.4
Operating profit	114.3	84.7	122.3

5.3 Entity wide disclosures

Geographic information:

Revenue by country in CHF m	2010	2009	2008
United States	726.5	710.3	775.9
United Kingdom	485.4	588.8	692.3
Switzerland ^(I)	158.0	154.4	171.9
Other countries	1,330.1	1,258.8	1,267.8
Total revenue^(II)	2,700.0	2,712.3	2,907.9

(I) Country of domicile of the Company.

(II) Relates to revenue from external customers.

No other country represented more than 10% of revenue from external customers in 2010, 2009 or 2008.

Non-current assets in CHF m	Dec 31, 2010	Dec 31, 2009	Dec 31, 2008
United States	181.2	209.4	219.7
Switzerland ^(I)	115.1	122.4	120.3
Belgium	83.0	104.6	113.7
India	82.8	4.5	4.6
Other countries	337.5	326.3	296.8
Total non-current assets^(II)	799.6	767.2	755.1

(I) Country of domicile of the Company.

(II) Relate to property, plant and equipment and intangible assets.

No other country represented more than 10% of non-current assets as per December 31, 2010, 2009 or 2008.

Major customers

Three major customers accounted for 12%, 12% and 11% of 2010's total revenue (2009: 12%, 10%, and 7%; 2008: 14%, 8% and 8%). These revenues are attributable across all reportable segments.

6. Revenue

in CHF m	2010	2009	2008
Catering and provisioning revenue	2,147.5	2,126.5	2,209.7
Other revenue	552.5	585.8	698.2
Total	2,700.0	2,712.3	2,907.9

Catering and provisioning revenue includes revenue from food, beverage and handling services together with buy-on-board sales. Other revenue includes revenue from the sale of food contact items (such as cutlery, cups, glasses and plates), consumables, comfort items (such as headsets, blankets and amenity kits), duty-free sales, logistic services, airport restaurant sales and other services.

7. Personnel expenses

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Wages and salaries	795.5	784.3	817.4
Social security costs	67.4	65.8	72.6
Pension costs (Note 23)	26.3	23.0	18.7
Share-based payments (Note 31)	27.0	23.4	24.7
Restructuring costs (Note 26)	7.4	6.7	6.9
Other personnel costs and benefits	93.4	91.6	94.1
Total	<u>1,017.0</u>	<u>994.8</u>	<u>1,034.4</u>

8. Other operating income and expenses, net

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Rental, utility and other property costs	145.6	156.7	163.6
Maintenance and lease of equipment costs	61.1	63.5	66.2
Communication costs	37.5	35.8	32.1
Audit, consulting and legal fees	34.7	42.3	52.9
Transport and travel costs	20.1	19.0	23.7
Restructuring costs (Note 26)	3.4	6.8	0.3
Misappropriation of assets (fraud) (Note 2.3)	5.4	18.7	1.2
Other operating costs	81.8	100.4	91.1
Other operating income	(17.7)	(4.5)	(6.8)
Total	<u>371.9</u>	<u>438.7</u>	<u>424.3</u>

9. Other (gains) and losses, net

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Gain on sale of assets	(0.5)	(0.8)	(1.7)
Negative goodwill (Note 34)	(2.3)	—	—
Loss on sale of investments in associates (Note 12)	0.3	—	—
Loss on sale of subsidiary investments	—	—	7.6
Total	<u>(2.5)</u>	<u>(0.8)</u>	<u>5.9</u>

Gain on sale of assets arises from the sale of property, plant and equipment, intangible assets and third party investments.

10. Financial income

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Interest income	2.6	3.4	7.8
Fair value gains on interest rate swaps or caps, not qualifying for hedge accounting or on ineffective portion of qualifying interest rate swaps or caps (Note 29)	0.3	1.1	—
Other finance income	0.5	0.7	1.3
Total	<u>3.4</u>	<u>5.2</u>	<u>9.1</u>

11. Financial expenses

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Interest expense	31.8	39.6	49.6
Cash flow hedges, transfers from equity	3.6	6.7	2.6
Fair value losses on interest rate swaps or caps, not qualifying for hedge accounting or on ineffective portion of qualifying interest rate swaps or caps (Note 29)	2.5	1.4	2.7
Other finance costs	6.7	8.5	9.4
Total	<u>44.6</u>	<u>56.2</u>	<u>64.3</u>

12. Investments in associates and joint ventures

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Balance at January 1	9.9	9.5	9.9
Share of profits, net of tax	2.0	0.6	0.6
Acquisition of associates (Note 34)	—	—	0.2
Change in equity interest in associates and joint ventures	(3.8)	(0.3)	—
Dividends received	(0.3)	—	(0.9)
Exchange differences	—	0.1	(0.3)
Balance at December 31	<u>7.8</u>	<u>9.9</u>	<u>9.5</u>

The Group's aggregated share of the assets (including goodwill) of its associates and joint ventures amounts to CHF 12.2m (2009: CHF 15.8m; 2008: CHF 13.0m); its aggregated share of the liabilities amounts to CHF 5.6m (2009: CHF 6.7m; 2008: CHF 5.0m) and its aggregated share of the revenues in the year is CHF 26.9m (2009: CHF 23.0m; 2008: CHF 22.0m).

The associates and joint ventures of the Group, all of which are unlisted, are:

<u>Name, country of incorporation</u>	<u>Ownership interest in %</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
First Catering Produktion AG, Switzerland	—	30	30
Miascor Catering Services Corp., Philippines	30	30	30
Gate Gourmet MAASA (Mexico) SA de C.V., Mexico	50	50	50
Shaz deSter ACS SDN Bhd., Malaysia	—	30	30
Duni (Shanghai) Aviation and Hospitality Products Co. Ltd., China	—	—	50
Deli pack B.V., the Netherlands	—	50	50
Inflight New Zealand Limited, New Zealand	50	50	50
Gate Gourmet Middle East Coöperatief U.A., the Netherlands	50	50	50

During 2010 the Group disposed of all its ownership interests in First Catering Produktion AG, Shaz deSter ACS SDN Bhd. as well as Deli pack B.V. for net proceeds totaling CHF 3.5m, whereof CHF 3.6m (received in January 2011) were for the 30% interest in First Catering Produktion AG disposed of in December 2010.

On January 24, 2009 the Group acquired the remaining 50% stake of Duni (Shanghai) Aviation and Hospitality Products Co. Ltd., China and started to account for it as a fully consolidated subsidiary from this date.

13. Income tax expense

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current income tax charge	26.2	16.7	16.9
Deferred tax (credit)/charge (Note 22)	(10.9)	4.5	(30.4)
Total	<u>15.3</u>	<u>21.2</u>	<u>(13.5)</u>

Reconciliation of tax expense

in CHF m	2010	2009	2008
Profit before tax	66.0	58.6	45.0
Weighted average expected tax rate	40.2%	34.1%	37.3%
Tax at weighted average rate	26.5	20.0	16.8
+ / – effects of			
Income not subject to tax	0.9	(0.8)	(0.5)
Expenses not deductible for tax purposes	8.2	4.1	2.5
Prior year unrecognized tax losses, tax credits or deductible temporary differences	(43.2)	(2.2)	(47.8)
Deferred tax assets not recognized in the current year	26.4	3.0	28.2
Adjustments for the current tax of prior years	(1.5)	(3.1)	(7.2)
Others	(2.0)	0.2	(5.5)
Total tax expense	15.3	21.2	(13.5)
Weighted average effective tax rate	23.2%	36.2%	(30.0%)

The weighted average expected tax rate is calculated by applying the local tax rates of each taxable entity to its profit or loss before tax.

In 2010 the rate has increased compared to 2009 due to an increase of profits in high-tax countries. In 2009 the rate decreased compared to 2008 due to a change in country mix of taxable profits and losses.

In 2010, the prior year unrecognized tax losses, tax credits or deductible temporary differences are mainly due to a deferred tax benefit arising from the recognition of previously unrecognized tax losses and deductible temporary differences in US subsidiaries.

In 2008, the prior year unrecognized tax losses, tax credits or deductible temporary differences are mainly due to deferred tax benefits arising from the recognition of previously unrecognized tax losses and deductible temporary differences in subsidiaries located in Switzerland, the United Kingdom and Denmark.

Deferred tax assets not recognized in a year are made up of tax losses, tax credits or deductible temporary differences that arose in the respective year but were not recognized in a number of locations.

14. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year. Treasury shares are not considered as outstanding shares.

	2010	2009	2008
Profit for the year attributable to shareholders of the Company (in CHF m)	49.5	35.5	43.2
Weighted average number of shares outstanding	20,392,209	18,820,172	20,512,620
Basic earnings per share (in CHF)	2.43	1.89	2.11

Diluted earnings per share

For the purpose of calculating diluted earnings per share, the number of shares outstanding is adjusted by the weighted average number of shares that would be issued on the conversion of all potentially dilutive

shares. Unvested shares under the Group's share-based payment arrangements are treated as potentially dilutive shares.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Profit for the year attributable to shareholders of the Company (in CHF m)	49.5	35.5	43.2
Weighted average number of shares outstanding	20,392,209	18,820,172	20,512,620
Adjustment for share-based payment arrangements, where dilutive	961,242	267,197	303,879
Adjusted weighted average numbers of shares outstanding . .	21,353,451	19,087,369	20,816,499
Diluted earnings per share (in CHF)	2.32	1.86	2.08

15. Cash and cash equivalents

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash and bank balances	451.5	161.0	149.1
Short-term bank deposits	8.4	89.3	6.1
Balance at December 31	<u>459.9</u>	<u>250.3</u>	<u>155.2</u>

The total of cash and bank balances includes amounts of CHF 26.5m (2009: CHF 35.8m; 2008: CHF 47.9m) which are regarded as restricted cash for the Group. These amounts consist of cash and bank balances of certain subsidiaries and are not freely transferable in form of deposits or loans or repayments of loans or advances due to regulatory requirements or other restrictions.

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash and bank balances	451.5	161.0	149.1
Short-term bank deposits	8.4	89.3	6.1
Bank overdrafts (Note 24)	(8.2)	(5.2)	(21.8)
Balance at December 31	<u>451.7</u>	<u>245.1</u>	<u>133.4</u>

16. Trade receivables

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Trade receivables	299.2	260.5	267.8
Provision for impairment of receivables	(34.5)	(33.9)	(33.3)
Balance at December 31	<u>264.7</u>	<u>226.6</u>	<u>234.5</u>

As of December 31, 2010, trade receivables of CHF 34.9m (2009: CHF 34.4m; 2008: CHF 34.5m) were impaired. The amount of the provision was CHF 34.5m as of December 31, 2010 (2009: CHF 33.9m; 2008: CHF 33.3m). The individually impaired receivables mainly relate to customers who are experiencing difficult financial circumstances. It was assessed that a portion of these receivables is expected to be recovered.

The ageing of the trade receivables which are impaired is as follows:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Less than 1 month	0.8	1.1	1.1
1 to 2 months	0.7	1.6	1.0
Over 2 months	33.4	31.7	32.4
Balance at December 31	<u>34.9</u>	<u>34.4</u>	<u>34.5</u>

As of December 31, 2010, trade receivables of CHF 74.2m (2009: CHF 36.5m; 2008: CHF 49.5m) were past due but not impaired. These relate to a number of unrelated customers for whom there is no recent history of default.

The ageing analysis of the trade receivables which are past due but not impaired is as follows:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Less than 1 month	38.6	28.0	35.7
1 to 2 months	21.6	8.4	13.4
Over 2 months	14.0	0.1	0.4
Balance at December 31	<u>74.2</u>	<u>36.5</u>	<u>49.5</u>

In 2008, the Group introduced an internal credit rating system in which customers exceeding a budgeted annual turnover of CHF 1m are rated into one of three risk categories. In 2009, the Group refined the internal credit rating system in which customers were allocated to one of five risk categories. The rating of these customers is continuously assessed. The outstanding trade receivables from customers amounted to:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Low risk (short/medium term losses are unlikely)	61.3	58.8	82.7
Medium risk (short/medium term losses are possible)	113.1	106.4	77.9
High risk (short/medium term losses are likely, if unsecured)	59.6	36.7	4.5
Very high risk (short term losses are very likely, if unsecured)	10.2	7.7	—
Not rated customers	55.0	50.9	102.7
Balance at December 31	<u>299.2</u>	<u>260.5</u>	<u>267.8</u>

Movements on the provision for impairment of trade receivables are as follows:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Balance at January 1	(33.9)	(33.3)	(45.1)
Acquisition of subsidiaries	—	(0.1)	(0.5)
Provision for receivables impairment	(9.8)	(9.4)	(6.5)
Receivables written off during the year as uncollectible	6.3	5.2	12.0
Unused amounts reversed	2.9	3.7	6.8
Balance at December 31	<u>(34.5)</u>	<u>(33.9)</u>	<u>(33.3)</u>

Amounts provided against are generally written off when there is no expectation of further recovery.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

17. Other current receivables and prepayments

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Other receivables	38.5	18.9	24.1
Prepaid taxes other than income tax	28.6	27.1	38.6
Other prepayments and accrued income	33.8	45.4	34.0
Balance at December 31	<u>100.9</u>	<u>91.4</u>	<u>96.7</u>

18. Inventories

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Raw materials	33.4	33.5	26.3
Catering supplies	28.5	30.9	31.9
Work in progress	2.7	2.2	1.7
Finished goods	12.3	14.0	23.6
Provision for obsolescence	(4.5)	(5.8)	(7.1)
Balance at December 31	<u>72.4</u>	<u>74.8</u>	<u>76.4</u>

19. Property, plant and equipment

in CHF m	Land and buildings	Fixtures and fittings in rented buildings	Assets under construction/ Advance payments	Catering and other equipment	Vehicles	Total
						2010
Cost						
Balance at January 1, 2010	151.4	181.5	6.7	161.9	103.8	605.3
Additions	4.1	4.6	17.4	13.9	2.6	42.6
Reclassification	1.4	9.1	(17.5)	2.5	3.5	(1.0)
Acquisition of subsidiaries (Note 34) .	69.2	5.6	0.1	17.1	5.9	97.9
Disposals	(7.1)	(21.2)	—	(10.1)	(1.5)	(39.9)
Exchange differences	(18.9)	(17.3)	(1.4)	(17.6)	(7.0)	(62.2)
Balance at December 31, 2010 . . .	<u>200.1</u>	<u>162.3</u>	<u>5.3</u>	<u>167.7</u>	<u>107.3</u>	<u>642.7</u>
Accumulated depreciation and impairments						
Balance at January 1, 2010	(44.7)	(115.4)	—	(101.2)	(49.3)	(310.6)
Depreciation charge for the year . . .	(8.0)	(14.8)	—	(18.5)	(10.4)	(51.7)
Impairment charges, net of reversals .	2.9	1.5	—	—	—	4.4
Reclassification	0.6	—	—	—	—	0.6
Disposals	2.4	21.2	—	9.0	1.4	34.0
Exchange differences	5.9	11.0	—	11.2	5.0	33.1
Balance at December 31, 2010 . . .	<u>(40.9)</u>	<u>(96.5)</u>	<u>—</u>	<u>(99.5)</u>	<u>(53.3)</u>	<u>(290.2)</u>
Net book value						
Balance at January 1, 2010	106.7	66.1	6.7	60.7	54.5	294.7
Balance at December 31, 2010 . . .	<u>159.2</u>	<u>65.8</u>	<u>5.3</u>	<u>68.2</u>	<u>54.0</u>	<u>352.5</u>
						2009
Cost						
Balance at January 1, 2009	134.2	176.3	7.6	154.3	92.4	564.8
Additions	18.7	1.7	9.4	10.9	11.5	52.2
Reclassification	(0.5)	6.8	(10.6)	1.8	1.3	(1.2)
Acquisition of subsidiaries (Note 34) .	5.0	—	—	0.8	0.2	6.0
Disposals	(9.0)	(3.3)	—	(7.5)	(2.6)	(22.4)
Exchange differences	3.0	—	0.3	1.6	1.0	5.9
Balance at December 31, 2009 . . .	<u>151.4</u>	<u>181.5</u>	<u>6.7</u>	<u>161.9</u>	<u>103.8</u>	<u>605.3</u>
Accumulated depreciation and impairments						
Balance at January 1, 2009	(40.6)	(104.8)	—	(86.8)	(41.3)	(273.5)
Depreciation charge for the year . . .	(7.4)	(13.8)	—	(21.5)	(10.4)	(53.1)
Impairment charges, net of reversals .	—	0.3	—	—	—	0.3
Reclassification	0.4	—	—	0.3	—	0.7
Disposals	4.3	3.0	—	7.2	2.5	17.0
Exchange differences	(1.4)	(0.1)	—	(0.4)	(0.1)	(2.0)
Balance at December 31, 2009 . . .	<u>(44.7)</u>	<u>(115.4)</u>	<u>—</u>	<u>(101.2)</u>	<u>(49.3)</u>	<u>(310.6)</u>
Net book value						
Balance at January 1, 2009	93.6	71.5	7.6	67.5	51.1	291.3
Balance at December 31, 2009 . . .	<u>106.7</u>	<u>66.1</u>	<u>6.7</u>	<u>60.7</u>	<u>54.5</u>	<u>294.7</u>

in CHF m	Land and buildings	Fixtures and fittings in rented buildings	Assets under construction/ Advance payments	Catering and other equipment	Vehicles	Total
						2008
Cost						
Balance at January 1, 2008	130.7	195.3	8.9	149.6	72.9	557.4
Additions	9.8	7.7	4.5	24.0	29.8	75.8
Reclassification	8.1	0.1	(5.7)	2.6	(1.6)	3.5
Acquisition of subsidiaries (Note 34)	2.2	0.4	—	1.7	2.0	6.3
Disposals	(0.6)	(0.9)	—	(1.6)	(2.1)	(5.2)
Exchange differences	(16.0)	(26.3)	(0.1)	(22.0)	(8.6)	(73.0)
Balance at December 31, 2008	134.2	176.3	7.6	154.3	92.4	564.8
Accumulated depreciation and impairments						
Balance at January 1, 2008	(30.3)	(105.5)	—	(77.2)	(39.0)	(252.0)
Depreciation charge for the year	(8.6)	(14.3)	—	(22.4)	(8.6)	(53.9)
Impairment charges, net of reversals	(2.3)	(4.5)	—	(0.7)	(0.9)	(8.4)
Reclassification	(4.9)	1.6	—	(0.4)	0.1	(3.6)
Disposals	0.3	0.6	—	1.3	1.8	4.0
Exchange differences	5.2	17.3	—	12.6	5.3	40.4
Balance at December 31, 2008	(40.6)	(104.8)	—	(86.8)	(41.3)	(273.5)
Net book value						
Balance at January 1, 2008	100.4	89.8	8.9	72.4	33.9	305.4
Balance at December 31, 2008	93.6	71.5	7.6	67.5	51.1	291.3

The carrying value of land recorded under land and buildings at December 31, 2010 is CHF 33.3m (2009: CHF 25.5m, 2008: CHF 23.3m).

In 2010, the profitability outlook of certain locations in the US had strengthened due to a gain of business. This resulted in a reversal of impairment of property, plant and equipment ("PPE") in these locations and accordingly a net reversal of impairment charge was recorded. In 2009, the effect of impairment was not material. In 2008, the profitability outlook of certain locations had weakened due to a loss of business. This resulted in an impairment of property, plant and equipment ("PPE") in these locations and accordingly an impairment charge was recorded.

The reclassification of cost during 2010 included transferring land and buildings as well as operating equipment to assets available for sale of CHF – 1.0m (2009: CHF – 1.2m). The depreciation reclassification of CHF 0.6m (2009: CHF 0.7m) is similarly due to the transfer from PPE to assets available for sale.

The reclassification of cost during 2008 includes transferring assets under construction to capitalized software (Note 20) of CHF – 4.3m and a transfer from assets available for sale to land and buildings of CHF 7.8m. The depreciation reclassification of CHF – 3.6m is due to the transfer from assets available for sale.

Assets recorded under finance leases consist of:

<u>in CHF m</u>	<u>Land and buildings</u>	<u>Catering and other equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost				
Balance at December 31, 2010	8.0	3.9	1.7	13.6
Balance at December 31, 2009	8.5	4.5	2.0	15.0
Balance at December 31, 2008	8.6	4.5	2.6	15.7
Accumulated depreciation				
Balance at December 31, 2010	(4.0)	(3.8)	(1.7)	(9.5)
Balance at December 31, 2009	(6.4)	(4.1)	(2.0)	(12.5)
Balance at December 31, 2008	(5.6)	(3.5)	(2.5)	(11.6)
Net book value				
Balance at December 31, 2010	4.0	0.1	—	4.1
Balance at December 31, 2009	2.1	0.4	—	2.5
Balance at December 31, 2008	3.0	1.0	0.1	4.1

Depreciation expense included in the combined and consolidated income statement for property, plant and equipment held under finance leases was CHF 1.1m (2009: CHF 1.5m, 2008: CHF 2.3m). Obligations under finance leases are disclosed in Note 24.

20. Intangible assets

in CHF m	Goodwill	Intellectual property	Customer relationships	Capitalized software	Other	Total
Cost						2010
Balance at January 1, 2010	508.3	146.5	111.5	35.2	11.6	813.1
Additions	—	—	—	4.3	0.1	4.4
Acquisition of subsidiaries (Note 34) . .	19.7	2.0	11.4	4.4	—	37.5
Disposals	—	—	(3.4)	—	—	(3.4)
Exchange differences	(47.2)	(8.3)	(13.6)	(2.2)	(1.2)	(72.5)
Balance at December 31, 2010	<u>480.8</u>	<u>140.2</u>	<u>105.9</u>	<u>41.7</u>	<u>10.5</u>	<u>779.1</u>
Accumulated amortization and impairments						
Balance at January 1, 2010	(234.3)	(39.4)	(40.9)	(18.3)	(7.7)	(340.6)
Amortization charge for the year	—	(0.1)	(15.1)	(6.2)	(0.7)	(22.1)
Disposals	—	—	3.4	—	—	3.4
Exchange differences	15.9	3.0	6.3	1.4	0.7	27.3
Balance at December 31, 2010	<u>(218.4)</u>	<u>(36.5)</u>	<u>(46.3)</u>	<u>(23.1)</u>	<u>(7.7)</u>	<u>(332.0)</u>
Net book value						
Balance at January 1, 2010	274.0	107.1	70.6	16.9	3.9	472.5
Balance at December 31, 2010	<u>262.4</u>	<u>103.7</u>	<u>59.6</u>	<u>18.6</u>	<u>2.8</u>	<u>447.1</u>
Cost						2009
Balance at January 1, 2009	499.1	147.6	104.2	25.4	11.5	787.8
Additions	—	—	—	6.2	0.2	6.4
Acquisition of subsidiaries (Note 34) . .	5.1	—	8.3	3.7	—	17.1
Disposals	—	—	(3.7)	—	(0.1)	(3.8)
Exchange differences	4.1	(1.1)	2.7	(0.1)	—	5.6
Balance at December 31, 2009	<u>508.3</u>	<u>146.5</u>	<u>111.5</u>	<u>35.2</u>	<u>11.6</u>	<u>813.1</u>
Accumulated amortization and impairments						
Balance at January 1, 2009	(234.4)	(40.0)	(29.1)	(13.5)	(6.9)	(323.9)
Amortization charge for the year	—	—	(15.2)	(4.7)	(0.8)	(20.7)
Disposals	—	—	3.7	—	—	3.7
Exchange differences	0.1	0.6	(0.3)	(0.1)	—	0.3
Balance at December 31, 2009	<u>(234.3)</u>	<u>(39.4)</u>	<u>(40.9)</u>	<u>(18.3)</u>	<u>(7.7)</u>	<u>(340.6)</u>
Net book value						
Balance at January 1, 2009	264.7	107.6	75.1	11.9	4.6	463.9
Balance at December 31, 2009	<u>274.0</u>	<u>107.1</u>	<u>70.6</u>	<u>16.9</u>	<u>3.9</u>	<u>472.5</u>

<u>in CHF m</u>	<u>Goodwill</u>	<u>Intellectual property</u>	<u>Customer relationships</u>	<u>Capitalized software</u>	<u>Other</u>	<u>Total</u>
Cost						2008
Balance at January 1, 2008	517.4	153.5	114.6	20.1	12.1	817.7
Additions	—	—	—	3.6	0.2	3.8
Acquisition of subsidiaries (Note 34) . .	42.3	—	8.5	—	0.1	50.9
Disposals	—	—	—	(0.1)	—	(0.1)
Reclassification	—	—	—	4.3	—	4.3
Exchange differences	(60.6)	(5.9)	(18.9)	(2.5)	(0.9)	(88.8)
Balance at December 31, 2008	<u>499.1</u>	<u>147.6</u>	<u>104.2</u>	<u>25.4</u>	<u>11.5</u>	<u>787.8</u>
Accumulated amortization and impairments						
Balance at January 1, 2008	(256.2)	(42.1)	(17.0)	(8.8)	(6.4)	(330.5)
Amortization charge for the year . . .	—	—	(15.8)	(6.0)	(0.8)	(22.6)
Disposals	—	—	—	0.1	—	0.1
Exchange differences	21.8	2.1	3.7	1.2	0.3	29.1
Balance at December 31, 2008	<u>(234.4)</u>	<u>(40.0)</u>	<u>(29.1)</u>	<u>(13.5)</u>	<u>(6.9)</u>	<u>(323.9)</u>
Net book value						
Balance at January 1, 2008	261.2	111.4	97.6	11.3	5.7	487.2
Balance at December 31, 2008	<u>264.7</u>	<u>107.6</u>	<u>75.1</u>	<u>11.9</u>	<u>4.6</u>	<u>463.9</u>

Goodwill is allocated to the Group's cash generating units summarized as follows:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
North America	84.4	93.1	95.2
Europe and Africa	111.8	131.7	128.8
Asia-Pacific	57.1	37.1	25.9
Other Segments	9.1	12.1	14.8
Balance at December 31	<u>262.4</u>	<u>274.0</u>	<u>264.7</u>

Impairment tests for goodwill and intellectual property

The recoverable amounts of goodwill are based on fair value less costs to sell calculations. The recoverable amounts of intellectual property are based on value in use calculations. Neither a market price, nor any information about transactions for similar companies in the same industry exist and so these cannot be used as a basis to calculate the fair values. As a result, the fair value of the cash generating units was calculated using the discounted cash flow method. These calculations use the cash flow projections based on the financial budget, approved by the Board, extended into a five year business plan.

The key assumptions used in the fair value less cost to sell calculations in the five year period are as follows:

	2010		
	Segment EBITDA margin	Revenue growth rate	Discount rate
North America	7.8% – 8.2%	3.0% – 33.0%	9.2%
Europe and Africa	9.1% – 10.6%	1.0% – 8.6%	9.5%
Asia-Pacific	12.6% – 14.2%	5.5% – 18.7%	10.7%
Other Segments	13.6% – 14.3%	3.8% – 15.1%	14.8%
	2009		
	Segment EBITDA margin	Revenue growth rate	Discount rate
North America	6.9% – 9.3%	(1.1)% – 12.7%	11.0%
Europe and Africa	8.6% – 9.8%	4.5% – 11.1%	11.0%
Asia-Pacific	9.5% – 10.7%	4.4% – 13.0%	12.2%
Other Segments	10.5% – 12.6%	4.5% – 9.7%	12.2% – 16.7%

	Segment EBITDA margin	Revenue growth rate	Discount rate
North America	6.0% – 13.0%	(9.5)% – 4.5%	9.8%
Europe and Africa	9.8% – 12.8%	(5.0)% – 5.0%	10.5%
Other Segments	8.2% – 9.9%	1.6% – 8.0%	11.3% – 17.7%

The terminal value beyond the business plan period was calculated by extrapolating the year five cash flows at constant exchange rates using an eternal growth rate of 1.5% (2009: 1.0%; 2008: 1.0%) and discount rates as above. Revenue growth rates are based on industry research published by the International Air Transport Association with respect to volume growth, adjusted for impacts from inflation and market-related price changes expected by management. Management determined projected Segment EBITDA margins based on past performance and its expectations of market developments. The discount rates used are post-tax and reflect specific risk and market characteristics relating to the relevant cash generating units.

As in prior years, the impairment test did not lead to any impairment of goodwill or intellectual property. The recoverable amounts exceed the carrying values. The key sensitivities in the impairment test are the discount rate as well as the terminal growth rate. Therefore, the Group has carried out a sensitivity analysis, containing various scenarios. Taking reasonable possible changes in key assumptions into account, no impairment losses have been revealed.

21. Other non-current receivables

in CHF m	2010	2009	2008
Other non-current receivables from third parties	20.7	6.7	5.5
Long-term loans to associates	—	0.8	1.9
Derivative financial instruments (Note 29)	0.1	2.6	—
Balance at December 31	20.8	10.1	7.4

The balances under other non-current receivables from third parties have a maturity of between one and five years.

22. Deferred income tax

in CHF m	2010	2009	2008
Deferred income tax assets	53.1	52.6	53.2
Deferred income tax liabilities	(47.9)	(40.1)	(40.0)
Balance at December 31	5.2	12.5	13.2

Movements in deferred taxes

in CHF m	2010	2009	2008
Balance at January 1	12.5	13.2	(17.4)
Deferred tax credit/(charge) in the income statement (Note 13)	10.9	(4.5)	30.4
Acquisition of subsidiaries (Note 34)	(13.2)	2.6	(2.5)
Deferred tax charge in other comprehensive income	(3.1)	—	—
Exchange differences	(1.9)	1.2	2.7
Balance at December 31	5.2	12.5	13.2

Composition of deferred tax assets and liabilities

in CHF m	Assets			Liabilities			Net		
	December 31			December 31			December 31		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Temporary differences:									
Property, plant and equipment	2.5	19.7	32.9	(26.4)	(15.7)	(15.6)	(23.9)	4.0	17.3
Intangible assets	6.1	2.3	0.3	(34.5)	(35.1)	(36.7)	(28.4)	(32.8)	(36.4)
Other non-current assets	—	—	—	(13.8)	(0.2)	(5.7)	(13.8)	(0.2)	(5.7)
Trade receivables	0.2	0.4	0.3	(0.2)	(0.1)	(0.2)	—	0.3	0.1
Other receivables	0.5	—	0.4	(1.9)	—	(0.1)	(1.4)	—	0.3
Non-current debt	2.5	0.9	—	—	—	(1.0)	2.5	0.9	(1.0)
Retirement benefit obligations	13.0	5.9	8.5	(2.0)	(1.4)	(1.0)	11.0	4.5	7.5
Non-current provisions	6.0	2.0	5.8	—	—	—	6.0	2.0	5.8
Other long-term liabilities	6.5	0.5	0.7	—	—	(2.5)	6.5	0.5	(1.8)
Other payables and accrued expenses	11.5	10.7	3.7	(0.5)	(0.3)	(1.3)	11.0	10.4	2.4
Current debt	0.2	0.2	—	(0.2)	—	—	—	0.2	—
Current provisions	0.2	—	0.1	—	—	—	0.2	—	0.1
Tax losses	35.5	22.7	24.6	—	—	—	35.5	22.7	24.6
	84.7	65.3	77.3	(79.5)	(52.8)	(64.1)	5.2	12.5	13.2
Offset of deferred tax assets and liabilities	(31.6)	(12.7)	(24.1)	31.6	12.7	24.1	—	—	—
Deferred tax assets/(liabilities)	53.1	52.6	53.2	(47.9)	(40.1)	(40.0)	5.2	12.5	13.2

Tax loss carry forwards

Tax loss carry forwards which are not recognized are summarized by year of expiry as follows:

in CHF m	2010	2009	2008
2009	—	—	319.0
2010	—	4.2	9.5
2011	83.0	87.0	169.0
2012	28.5	32.4	35.4
2013	2.0	4.9	6.8
2014	5.0	6.8	5.2
2015	1.8	16.0	2.8
2016	5.3	9.5	2.1
2017	0.4	0.7	0.5
After 2017	53.5	84.6	81.0
No expiry	422.5	422.7	167.2
	602.0	668.8	798.5

The countries with significant unrecognized tax loss carry forwards in 2010 include Luxembourg (CHF 272.3m at a tax rate of 28.8%), United States (CHF 47.1m at an approximate tax rate of 40.0%), Switzerland (CHF 111.1m at a tax rate of 20.4%) and Denmark (CHF 68.3m at a tax rate of 25%).

In 2009, the available unrecognized loss carry forwards mainly arose in Luxembourg (tax rate of 28.6%), United States (tax rate of 39.5%) and Switzerland (tax rate of 20.3%).

In 2008, the available unrecognized loss carry forwards mainly arose in Switzerland (tax rate of 20.0%) and the United States (tax rate of 39.5%).

23. Retirement benefit obligations

The Group provides retirement benefits through a variety of arrangements comprised principally of stand-alone defined benefit and defined contribution plans and state administered plans that cover a substantial portion of employees in accordance with local regulations and practices. The most significant ones

in terms of the benefits accrued to date by participants are cash balance and final salary plans. The Group recognized retirement benefit expenses related to each of these plans as follows:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Defined benefit plans	14.6	12.9	11.1
Defined contribution plans	11.7	10.1	7.6
Pension costs (Note 7)	<u>26.3</u>	<u>23.0</u>	<u>18.7</u>

Defined benefit plans

The net periodic pension expense for the Group's defined benefit plans includes the following components:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current service cost	(9.4)	(9.0)	(12.2)
Interest cost	(23.6)	(22.8)	(24.4)
Expected return on plan assets	22.4	20.8	26.7
Recognized net actuarial (loss)	(4.0)	(3.4)	(0.5)
Recognized past service credit/(cost)	—	1.5	(0.1)
Curtailment gain/(loss)	—	—	(0.6)
Net periodic pension expense	<u>(14.6)</u>	<u>(12.9)</u>	<u>(11.1)</u>

The following tables show the change in benefit obligation, the change in plan assets and the funded status recognized in the combined and consolidated financial statements for the Group's defined benefit plans.

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Present value of funded obligations	(503.3)	(482.7)	(420.2)
Fair value of plan assets	394.6	390.1	343.1
Funded status	<u>(108.7)</u>	<u>(92.6)</u>	<u>(77.1)</u>
Present value of unfunded obligations	(15.2)	(15.2)	(16.9)
Unrecognized actuarial loss	81.3	58.5	39.1
Net liability at December 31	<u>(42.6)</u>	<u>(49.3)</u>	<u>(54.9)</u>
Being:			
Retirement benefit assets at December 31	23.8	21.1	19.2
Retirement benefit liabilities at December 31	<u>(66.4)</u>	<u>(70.4)</u>	<u>(74.1)</u>

The movements in the net pension liability recognized within the combined and consolidated balance sheet are as follows:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Balance at January 1	(49.3)	(54.9)	(79.8)
Acquisition of subsidiaries (Note 34)	(0.4)	—	—
Net periodic pension expense	(14.6)	(12.9)	(11.1)
Group contributions	15.4	19.8	21.1
Exchange differences	6.3	(1.3)	14.9
Balance at December 31	<u>(42.6)</u>	<u>(49.3)</u>	<u>(54.9)</u>

The change in the present value of obligations is as follows:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Balance at January 1	497.9	437.1	522.7
Acquisition of subsidiaries (Note 34)	0.4	—	—
Current service cost	9.4	9.0	12.2
Interest cost	23.6	22.8	24.4
Actual benefit payments	(22.7)	(27.3)	(23.8)
Actual employee contributions	5.0	5.0	5.3
Transfers in and service buy-back	2.7	2.7	2.0
Transfers in (partial liquidation)	15.2	—	—
Transfers out (partial liquidation)	(9.3)	—	—
Impact of curtailment/settlement	(0.5)	(1.1)	(4.5)
Past service cost	—	(1.5)	0.1
Actuarial loss/(gain)	34.3	48.8	(48.4)
Exchange differences	(37.5)	2.4	(52.9)
Balance at December 31	<u>518.5</u>	<u>497.9</u>	<u>437.1</u>

The following table shows the change in the fair value of plan assets:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Balance at January 1	390.1	343.1	457.1
Actual employer contributions	15.4	19.8	21.1
Actual employee contributions	5.0	5.0	5.3
Transfers in and service buy-back	2.7	2.7	2.1
Transfers in (partial liquidation)	17.2	—	—
Transfers out (partial liquidation)	(9.3)	—	—
Actual benefit payments	(22.7)	(27.3)	(23.8)
Impact of settlement	(0.5)	(1.4)	(4.5)
Expected return on plan assets	22.4	20.8	26.7
Actuarial gain/(loss)	1.5	21.8	(92.6)
Exchange differences	(27.2)	5.6	(48.3)
Balance at December 31	<u>394.6</u>	<u>390.1</u>	<u>343.1</u>

The actual return on plan assets is a gain of CHF 23.9m (2009: gain of CHF 42.6m; 2008: loss of CHF 65.9m). Benefits paid under the pension plans include CHF 2.6m paid from employer assets in 2010 (2009: CHF 3.5m; 2008: 2.3m). The Group expects to contribute CHF 20.1m to its defined benefit pension plans in 2011.

The principal actuarial assumptions used are as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Discount rate (weighted average)	4.2%	4.8%	5.0%
Expected long-term rate on return on assets (weighted average)	5.7%	5.8%	5.8%
Rate of compensation increase (weighted average)	3.1%	2.1%	2.0%
Inflation rate (weighted average)	2.1%	1.4%	1.2%

Mortality rates have been set in accordance with current best practices in the respective countries. Future longevity improvements have been considered and included where appropriate.

The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Male	18.7	18.6	18.1
Female	21.4	21.4	20.9

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date is as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Male	19.5	19.4	18.2
Female	22.2	22.4	20.9

The expected rate of return on plan assets was determined by reference to the sum of the product of the long-term target asset allocation and expected return for each class of assets. Pension plan assets do not contain shares of the Company.

The major categories of plan assets as a percentage of total plan assets are as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Equities	37%	37%	30%
Bonds	23%	29%	33%
Property	13%	13%	15%
Cash	6%	2%	1%
Hedge funds	6%	6%	9%
Other	15%	13%	12%

Historic results

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Present value of funded obligations	(503.3)	(482.7)	(420.2)	(505.9)	(551.4)
Fair value of plan assets	394.6	390.1	343.1	457.1	453.7
Funded status	(108.7)	(92.6)	(77.1)	(48.8)	(97.7)
Experience adjustments on plan liabilities	(4.0)	(2.4)	0.1	12.7	(14.7)
Experience adjustments on plan assets	1.5	21.8	(92.6)	(8.8)	4.5

24. Short-term and long-term debt

The carrying amounts of short-term and long-term debt are as follows:

<u>in CHF m</u>	<u>Dec 31, 2010</u>	<u>Dec 31, 2009</u>	<u>Dec 31, 2008</u>
Non-current			
Term loans	533.7	639.6	539.7
Mortgages	8.5	9.8	10.0
Other long-term loans	22.2	9.1	6.4
Finance lease liabilities	11.1	14.8	16.6
Total non-current	575.5	673.3	572.7
Current			
Bank overdrafts (Note 15)	8.2	5.2	21.8
Short-term bank loans	18.7	12.1	6.7
Mortgages	0.3	0.3	0.8
Finance lease liabilities	1.3	1.7	1.7
Other loans payable	0.3	0.2	0.2
Short-term debt under the revolving credit facility	—	—	54.7
Total current	28.8	19.5	85.9
Total short-term and long-term debt	604.3	692.8	658.6

The carrying amounts of short-term and long-term debt disclosed in the above table approximate the fair values.

Financing under the Senior Secured Credit Facilities (“Facilities”)

On May 31, 2007 the Group completed a debt refinancing and received equivalents of a CHF 425.0m term loan, a CHF 300.0m delayed draw term loan commitment and a CHF 125.0m revolving credit facility. The proceeds under these Facilities were used to repay in full the previous term loans.

These Facilities are available to Gate Gourmet Holding S.C.A., a subsidiary holding company and certain of its subsidiaries. Details of the terms and conditions of the Facilities are detailed below.

Term loan

The term loan facility of CHF 425.0m is denominated in Euro (equivalent to CHF 255.0m) and US Dollar (equivalent to CHF 170.0m). The loans are due for repayment in full on May 31, 2013 and bear interest of Libor plus a margin of 2.5%.

Delayed draw term loan commitment

The delayed draw term loan facility of CHF 300.0m is denominated in Euro (equivalent to CHF 180.0m) and US Dollar (equivalent to CHF 120.0m). The loans are due for repayment in full on May 31, 2013 and bear interest of Libor plus a margin of 2.5%.

As per April 30, 2010, due to a mandatory repayment requirement, term loans as well as delayed draw term loans were repaid pro rata in the total amount of USD 9.7m and EUR 11.0m (equivalent to CHF 26.1m).

Revolving credit facility

The revolving credit facility of CHF 125.0m is denominated in a US Dollar tranche (equivalent to CHF 50.0m) and in a multi-currency tranche (Swiss Francs, GB Pound, Euro, Danish Krone, US Dollar; equivalent to CHF 75.0m). The US Dollar portion includes a letter of credit facility equivalent to CHF 40m. Drawings under this facility are subject to an interest rate of Libor plus a margin of 1.75%. The facility expires on May 31, 2012. As of December 31, 2010, the Group had outstanding letters of credit equivalent to CHF 37.4m, leaving an undrawn facility in the amount of CHF 87.6m (2009: CHF 34.9m outstanding letters of credit facility, CHF 90.1m undrawn facility amount; 2008: CHF 22.3m outstanding letters of credit facility, CHF 46.0m undrawn facility amount).

Other facilities on gategroup Holding AG level

gategroup Holding AG has a credit facility of CHF 27.5m. As of December 31, 2010, the facility was utilized in the amount of CHF 12.9m for bank guarantees.

Security

The security for the loans under the Facilities represent first priority security interests over substantially all of the assets of the wholly owned companies in the Group where legally permissible and to the extent practicable.

Covenants

No maintenance financial covenants apply to the term loans or any other drawings under the Facilities.

Mortgages

Outstanding mortgages mainly bear annual interest rates ranging from 2.0% to 4.8% (2009: 4.8% to 5.9%; 2008: 4.8% to 7.4%) and are denominated in Danish Kroner and Swiss Francs.

Financial lease liabilities

Financial lease liabilities are on fixed interest rates ranging from 4.9% to 5.8% (2009: 4.9% to 5.8%; 2008: 4.9% to 5.8%) and are denominated mainly in Euro.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
US Dollar	221.7	254.6	175.7
Euro	328.0	406.6	436.2
Other currencies	54.6	31.6	46.7
Balance at December 31	<u>604.3</u>	<u>692.8</u>	<u>658.6</u>

Obligations under finance leases consist primarily of rentals of catering facilities and equipment.

The present values of finance lease liabilities are as follows:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Not later than 1 year	1.3	1.7	1.7
Later than 1 year but not later than 5 years	5.4	6.9	6.7
Later than 5 years	5.7	7.9	9.9
Balance at December 31	<u>12.4</u>	<u>16.5</u>	<u>18.3</u>

25. Trade and other payables

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Trade payables	168.5	159.3	118.6
Other amounts due to third parties	50.4	36.2	33.6
Sales taxes due	32.2	20.3	31.5
Balance at December 31	<u>251.1</u>	<u>215.8</u>	<u>183.7</u>

26. Provisions

<u>in CHF m</u>	<u>Employee benefits (Note 26.1)</u>	<u>Restructuring (Note 26.2)</u>	<u>Legal and tax (Note 26.3)</u>	<u>Onerous contracts (Note 26.4)</u>	<u>Other (Note 26.5)</u>	<u>Total</u>
Balance at January 1, 2010 . . .	8.6	13.4	52.6	18.3	5.6	98.5
Acquisition of subsidiaries (Note 34)	—	—	—	37.5	4.9	42.4
Charged/(credited) to the income statement:						
— Additional provisions	1.3	10.7	4.2	—	3.1	19.3
— Unused amounts reversed . .	—	(0.3)	(18.7)	(4.3)	(0.4)	(23.7)
— Unwind of discount	—	0.4	2.5	0.9	—	3.8
Utilized during year	(0.2)	(9.4)	(3.9)	(8.3)	—	(21.8)
Exchange differences	<u>(0.2)</u>	<u>(0.8)</u>	<u>(1.9)</u>	<u>(2.6)</u>	<u>(0.7)</u>	<u>(6.2)</u>
Balance at December 31, 2010	<u>9.5</u>	<u>14.0</u>	<u>34.8</u>	<u>41.5</u>	<u>12.5</u>	<u>112.3</u>
Analysis of total provisions:						
Non-current provisions	9.1	3.4	25.9	29.2	9.8	77.4
Current provisions	<u>0.4</u>	<u>10.6</u>	<u>8.9</u>	<u>12.3</u>	<u>2.7</u>	<u>34.9</u>

26.1 Employee benefits: other post employment benefits and other long-term employee benefits

In addition to the retirement benefits as described in Note 23, the Group provides other benefits to employees in certain countries. These include long-term service leave or payments in lieu and post-employment benefits. The expected costs of the long-term benefits are accrued over the period of employment, using a methodology similar to that for defined benefit plans.

26.2 Restructuring

These comprise provisions relating principally to restructuring the Canadian, US and certain European businesses.

26.3 Legal and tax

The Group has recorded provisions for a number of legal and tax issues. In the ordinary course of business, the Group is involved in a number of legal actions and claims, including those related to tax assessments in Brazil regarding tax over goods and services and various employment related cases in the US and Europe. The timing of settlement and/or the amount of cash outflows is uncertain. The provision releases in the year principally reflect judgments received on certain of the Brazilian tax assessments together with positive developments in some of the employment related cases.

26.4 Onerous contracts

The Group has recorded provisions for on-going activities where the unavoidable costs of meeting obligations under lease or customer supply contracts exceed the economic benefits expected to be received. The principle amounts of the provision relate to onerous customer supply contracts.

26.5 Other

At December 31, 2010, other provisions consist of property related items, deferred acquisition consideration and a range of other individual items.

27. Other current liabilities

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Accrued payroll and related costs	78.2	73.5	61.6
Other accrued expenses	73.2	70.8	72.2
Deferred revenue	5.4	6.1	12.2
Accrued rent and other property costs	12.4	14.8	11.2
Accrued insurance costs	11.5	20.3	10.8
Uninvoiced deliveries of inventory	28.9	31.4	32.5
Accrued volume rebates	31.4	28.6	20.7
Customer loyalty payment	—	—	5.1
Balance at December 31	<u>241.0</u>	<u>245.5</u>	<u>226.3</u>

Deferred revenue includes an amount of CHF 4.8m (2009: CHF 5.1m; 2008: CHF 11.1m) being the current portion of the CHF 16.7m (2009: CHF 23.0m; 2008: CHF 34.5m) deferred revenue in relation to a customer contract (Note 28).

28. Other non-current liabilities

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Deferred revenue	11.9	17.9	23.4
Derivative financial instruments (Note 29)	—	3.9	10.3
Other long-term payables	19.9	13.5	15.9
Balance at December 31	<u>31.8</u>	<u>35.3</u>	<u>49.6</u>

At December 31, 2010, the Group recorded CHF 16.7m (2009: CHF 23.0m; 2008: CHF 34.5m) of deferred revenue in respect to a customer contract. Revenue related to this contract is recognized and deferred revenue is reduced in the accounting periods in which the services are rendered. At December 31, 2010, the non-current portion of this deferred revenue amounts to CHF 11.9m (2009: CHF 17.9m; 2008: CHF 23.4m) and the current portion amounts to CHF 4.8m (2009: CHF 5.1m; 2008: CHF 11.1m) (Note 27). The fair value equals the carrying value as the impact of discounting is not significant.

29. Derivative financial instruments

in CHF m	2010		2009		2008	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Cash flow hedges — Interest rate swaps:						
— not qualifying for hedge accounting (a) . . .	—	—	—	—	—	(0.6)
— qualifying for hedge accounting (b+c)	—	—	—	(3.9)	—	(9.7)
Cash flow hedges — Interest rate caps:						
— not qualifying for hedge accounting (d+e+f)	0.1	—	2.6	—	—	—
Net fair values at December 31	0.1	—	2.6	(3.9)	—	(10.3)

Derivatives not qualifying for hedge accounting are categorized as assets/liabilities at fair value through profit or loss. During 2010, 2009 and 2008, the Group participated in the following interest rate swap and interest rate cap agreements in order to hedge the cash flow interest rate risk associated to variable rate borrowings:

Type of agreement:	Interest rate swap a)	Interest rate swap b)	Interest rate swap c)	Interest rate cap d)	Interest rate cap e)	Interest rate cap f)
Trade date	June 6, 2006	April 24, 2006	July 18, 2007	July 18, 2007	June 24, 2009	June 24, 2009
Notional amount (in CHF m) at December 31, 2010	—	—	—	—	140.2	249.9
Notional amount (in CHF m) at December 31, 2009	—	—	154.7	74.3	154.7	297.3
Notional amount (in CHF m) at December 31, 2008	126.4	161.3	158.2	74.4	—	—
Currency of denomination	EUR	USD	USD	EUR	USD	EUR
Notional amount in denominated currency (in m)	85.0	153.0	150.0	50.0	150.0	200.0
Maturity	June 30, 2009	June 30, 2009	June 30, 2010	June 30, 2010	June 30, 2012	June 30, 2012
Floating interest rate	Euribor	USD-Libor	USD-Libor	Euribor	USD-Libor	Euribor
Fixed interest rate	4.057%	5.279%	5.375%	4.450%	3.500%	3.000%

Losses in the amount of CHF 2.5m (2009: losses in the amount of CHF 1.4m and gains of CHF 0.6m; 2008: losses in the amount of CHF 2.4m) arising from the interest rate swaps and caps not qualifying for hedge accounting and gains in the amount of CHF 0.3m (2009: gains of CHF 0.5m; 2008: losses of CHF 0.3m) arising from the ineffective portion of the interest rate swaps qualifying for hedge accounting are recognized in the combined and consolidated income statement (Notes 10 and 11). Gains in the amount of CHF 3.6m (2009: gains of CHF 5.3m; 2008: losses of CHF 3.5m) arising from the effective portion of the interest rate swaps qualifying for hedge accounting are recognized in the hedge reserve within equity. This hedge reserve was released to the consolidated income statement at maturity of the interest rate swaps on June 30, 2010.

The full fair value of an interest rate swap or an interest rate cap is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

30. Equity

30.1 Issued share capital

	Amount of shares	Nominal value in CHF
On April 27, 2009	19,678,225	5.00
December 31, 2009	19,678,225	5.00
Capital increase through the exercise of options and performance contributions .	1,009,891	5.00
Ordinary capital increase	5,100,881	5.00
Capital increase from authorized share capital	765,132	5.00
December 31, 2010	26,554,129	5.00

The Company was incorporated in Switzerland on March 14, 2008 (date of registration) with an issued share capital of CHF 108,000 divided into 10,800 shares with a nominal value of CHF 10.00 each fully paid in.

On April 27, 2009, the General Meeting of Shareholders resolved to split the Company's share capital and accordingly reduced the nominal value of the shares from CHF 10.00 to CHF 5.00. At the same General Meeting, the Company's shareholders resolved to increase the share capital by CHF 98,283,125 from CHF 108,000 (21,600 shares) to CHF 98,391,125 through the issuance of 19,656,625 new registered shares with a nominal value of CHF 5.00 each. The new registered shares were paid-in by Holding LLC, the former ultimate holding company, by contribution of assets to the Company.

During the period from April 27, 2009 to October 25, 2010, a conditional capital increase in the amount of CHF 3,626,500 took place through the exercise of options and the performance of contributions. Thereby, the Company's share capital was increased from CHF 98,391,125 to CHF 102,017,625 through the issuance of 725,300 fully paid-in registered shares with a nominal value of CHF 5.00 each for an issue price of CHF 5.00.

On October 26, 2010, an extraordinary General Meeting of Shareholders of the Company approved an ordinary capital increase of 5,100,881 new shares with a nominal value of CHF 5.00 each. A banking syndicate led by Credit Suisse AG effected the capital increase by way of an at market rights offering. In the rights offering, 2,977,645 new shares were subscribed for by existing shareholders, while 2,123,236 registered shares were purchased in the global offering. On November 4, 2010, the Company's share capital was increased by CHF 25,504,405, from CHF 102,017,625 to CHF 127,522,030 through the issuance of 5,100,881 fully paid-in registered shares with a nominal value of CHF 5.00 each for an issue price of CHF 43.00. On November 9, 2010, an over-allotment option granted to the banking syndicate in connection with the ordinary capital increase was fully exercised. On November 15, 2010, the shares underlying the over-allotment option were issued by the Company in a capital increase out of existing authorized share capital. Thereby, the Company's share capital was increased by CHF 3,825,660 from CHF 127,522,030 to CHF 131,347,690 by the issuance of 765,132 fully paid-in registered shares with a nominal value of CHF 5.00 each for an issue price of CHF 43.00. The total capital increase resulted in an increase in reserves of CHF 211,474,690 (after the deduction of capital raising costs of CHF 11,433,804).

During the period from October 26, 2010 to December 31, 2010, a conditional capital increase in the amount of CHF 1,422,955 took place through the exercise of options and the performance of contributions. Thereby, the Company's share capital was increased from CHF 131,347,690 to CHF 132,770,645 through the issuance of 284,591 fully paid-in registered shares with a nominal value of CHF 5.00 each for an issue price of CHF 5.00.

Accordingly, as at December 31, 2010, the share capital of the Company is CHF 132,770,645 and is divided into 26,554,129 fully paid-in registered shares with a nominal value of CHF 5.00 each. Every share gives the right to one vote.

30.2 Conditional share capital

The Company's share capital can be increased by a maximum amount of CHF 12,906,920 or 2,581,384 shares. Of this CHF 3,067,810 or 613,562 shares is reserved for an employee equity participation plan and a maximum amount of CHF 9,839,110 or 1,967,822 shares for convertible debt instruments. Shares vesting under the Equity Incentive Plan 2009-2013 will be made available from conditional capital (Note 31.3).

30.3 Authorized share capital

As at December 31, 2010, the Company has an authorized share capital of CHF 6,013,450 authorizing the Board to issue up to 1,202,690 fully paid-up registered shares with a nominal value of CHF 5.00 per share by no later than April 26, 2011.

On April 19, 2011 the shareholders at the Annual General Meeting approved the creation of additional authorized capital in the amount of CHF 7,263,615. Accordingly, the Company has authorized share capital of CHF 13,277,065 authorizing the Board to issue up to 2,655,413 shares by no later than April 19, 2013.

30.4. Treasury shares

At December 31, 2010, there were 260,978 treasury shares held by the Group (December 31, 2009: 700,413 treasury shares; April 30, 2009: 478,164 treasury shares). Thereof, no shares are reserved for grants under the Key Employee Retention Plan (December 31, 2009: 487,001 shares; April 30, 2009: 300,001 shares) (Note 31.2).

30.5 Purchase and cancellation of shares

In October 2008, there were 2,272,726 membership interests in the previous holding company, Holding LLC, repurchased for a total amount of CHF 50.0m and subsequently cancelled.

31. Share-based payments

The Group has made available equity participation plans to members of the Board, key employees and formerly to consultants of the Group. The following table shows the share-based payment expense recognized in the combined and consolidated income statement for each plan:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Equity Incentive Plan 2007	0.5	14.9	24.7
Key Employee Retention Plan	5.7	3.5	—
Equity Incentive Plan 2009 - 2013	20.8	5.0	—
Total share-based payment expense (Note 7)	<u>27.0</u>	<u>23.4</u>	<u>24.7</u>

31.1 Equity Incentive Plan 2007

In 2007 and 2008, members of the Board, key employees and consultants of the Group were granted membership interests and/or options to purchase membership interests in Holding LLC, the previous holding company, under the Equity Incentive Plan 2007. As part of the legal reorganization in April 2009, grants of membership interests and options to buy membership interests were replaced by grants of shares in the Company and grants of options to buy shares in the Company. There were no modifications to the terms and conditions on which the equity instruments were originally granted. The plan is accounted for as equity-settled share-based payment compensation.

Shares

When granted, shares vest in installments over a two or three year service period. 275,000 of the shares granted in 2008 were subject to performance conditions. The volume-weighted average fair value for shares granted during 2008 amounted to CHF 40.49. The fair values correspond to the volume-weighted average price of the last sixty days of trading of Holding LLC units (paid and transacted prices) before the grant date.

During 2008, 175,208 options outstanding were replaced with share awards on a one to one basis, subject to a vesting period of seventeen months. The incremental fair value of the shares granted was CHF 35.87, being the difference between the fair value of the shares and the fair value of the options at the date of replacement.

Movements in the number of shares were as follows:

	2010 Number of shares	2009 Number of shares	2008 Number of shares
Outstanding at January 1	39,583	730,844	720,589
Granted	—	—	549,929
Vested	(32,083)	(648,007)	(532,174)
Forfeited	—	(43,254)	(7,500)
Outstanding at December 31	7,500	39,583	730,844

Options

When granted, options vest in installments over a two or three year service period. The volume-weighted fair value for options granted during 2008 amounted to CHF 13.63. The fair values were determined using a binominal model. The main assumptions used in the model were as follows:

Grant dates	March/April 2008
Expiration dates	March/April 2018
Volume-weighted average share price at grant date (in CHF)	51.83
Exercise price (in CHF)	57.19/51.83
Volatility (%)	27.87
Expected dividend yield (%)	2.71
Risk-free interest rate (%)	3.12

The expected volatility is based on the historical volatility of a peer group.

Movements in the number of options were as follows:

	2010 Number of options	2009 Number of options	2008 Number of options
Outstanding at January 1	1,821	64,665	209,071
Granted	—	—	51,802
Forfeited	—	(30,752)	(12,083)
Expired	—	(32,092)	(8,917)
Cancelled	—	—	(175,208)
Outstanding at December 31	1,821	1,821	64,665
of which vested and exercisable	1,821	1,821	23,823

31.2 Key Employee Retention Plan

Under the Key Employee Retention Plan, key employees were granted shares in the Company in 2009. The plan was accounted for as equity-settled share-based payment compensation. Vesting was subject to a nineteen months service period. The fair value of shares granted amounted to CHF 21.00 which corresponds to the market price at grant. A tranche of treasury shares was specifically reserved for this plan (Note 30.4) which vested on December 31, 2010.

Movements in the number of shares were as follows:

	2010 Number of shares	2009 Number of shares
Outstanding at January 1	470,800	—
Granted	—	475,000
Vested	(434,900)	—
Forfeited	(35,900)	(4,200)
Outstanding at December 31	—	470,800

31.3 Equity Incentive Plan 2009 – 2013

Under this plan, members of the Board and key employees have been granted share awards in the Company. The plan is accounted for as equity-settled share-based payment compensation. The share awards vest in installments if the volume-weighted average share price of all trades of shares on the SIX Swiss Stock Exchange in a 360-day period is met at any time within the measurement period. The table below shows the number of shares that have vested or will vest if the share price target is met within the measurement period, together with the fair values of the shares granted.

Number of shares for all grants (excl. forfeitures)	Share price target (in CHF)	Measurement period	Fair value at grant date Nov 2009 (in CHF)	Fair value at grant date Apr 2010 (in CHF)	Fair value at grant date Aug 2010 (in CHF)	Vested in year
158,938	15.00	12/21/2010 – 12/30/2013	24.60	37.14	35.99	2010
158,937	15.00	12/20/2011 – 12/30/2013	21.62	36.03	35.17	—
158,938	20.00	12/18/2012 – 12/30/2013	17.88	34.40	32.96	—
158,937	25.00	12/17/2013 – 12/30/2013	14.67	30.59	28.92	—
153,250	15.00	05/07/2010 – 12/30/2013	26.47	—	—	2010
153,250	20.00	05/07/2010 – 12/30/2013	26.35	—	—	2010
153,250	25.00	05/07/2010 – 12/30/2013	24.01	—	—	2010
155,958	30.00	05/07/2010 – 12/30/2013	21.00	37.12	—	2010
155,959	35.00	05/07/2010 – 12/30/2013	18.74	33.22	—	2010
155,958	40.00	05/07/2010 – 12/30/2013	16.74	29.56	—	2010

The fair values of the share awards granted were determined using a Monte Carlo simulation. The main parameters used in the model were the share price targets and the measurement period shown above, for grant date November 2009 an expected volatility of 54.2% and a discount rate of 2.1%, for grant date April 2010 an expected volatility of 47.3% and a discount rate of 1.8% and for grant date August 2010 an expected volatility of 54.1% and a discount rate of 1.6%. The expected volatility is based on the historical volatility of a peer group of quoted businesses. Shares will be made available through conditional capital (Note 30.2).

Movements in the number of shares were as follows:

	2010 Number of shares	2009 Number of shares
Outstanding at January 1	1,526,500	—
Granted	36,875	1,526,500
Vested	(1,009,891)	—
Forfeited	(136,874)	—
Outstanding at December 31	416,610	1,526,500

32. Changes in working capital

in CHF m	2010	2009	2008
Change in inventories	(3.8)	4.4	(1.3)
Change in trade receivables	(29.1)	13.8	0.3
Change in other receivables and prepaid expenses	(13.4)	11.2	(17.9)
Change in trade payables	14.3	36.4	(25.3)
Change in other payables and accrued expenses	14.3	(34.5)	(45.0)
Cash movements in provisions and retirement benefit obligations	(37.2)	(38.1)	(47.3)
Total	(54.9)	(6.8)	(136.5)

33. Commitments and contingent liabilities

33.1 Capital commitments

At December 31, 2010, capital expenditure for property, plant and equipment contracted for at the balance sheet date but not recognized in the combined and consolidated financial statements amounted to CHF 4.0m (2009: CHF 2.3m; 2008: CHF 2.1m).

33.2 Operating lease payments

Obligations under operating leases consist primarily of long-term rental agreements of catering facilities and equipment which are, in general, renewable. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Not later than 1 year	36.5	68.1	63.2
Later than 1 year but not later than 5 years	100.1	133.0	139.9
Later than 5 years	128.2	67.4	71.3
Balance at December 31	<u>264.8</u>	<u>268.5</u>	<u>274.4</u>

The principal operating lease commitments are in the US and the UK.

At December 31, 2010, the minimum future lease payments expected to be received amount to CHF 3.0m (2009: CHF 6.5m; 2008: CHF 4.8m). The lease expenditure charged to the combined and consolidated income statement during the year is included in Note 8.

33.3 Contingent liabilities

The Group has contingent liabilities arising in the ordinary course of business, principally in respect of legal claims, tax risks, guarantees and letters of credit. It is not anticipated that any material liabilities will arise from such contingent liabilities other than those provided for in Note 26. Additional information on guarantees and letters of credit is disclosed in Notes 15 and 24 respectively.

34. Business combinations

34.1 Business combinations 2010

During the year 2010, the Group made the following acquisitions:

- Purchase of substantially all the assets and liabilities of Cara Airline Solutions, a division of Cara Operations Limited, Canada ("Cara"), on November 8, 2010. This business operates in Canada and provides airline catering services. The Group is confident that the addition of Cara to the Group's North America geographic service offering will create beneficial opportunities that would not have existed previously for customers and other stakeholders, while complementing the Group's existing presence across the Americas.
- Purchase of 74% of the share capital of Skygourmet Catering Private Ltd, ("Skygourmet"), on November 11, 2010. This company and its subsidiary provide airline catering services and operate in India. The acquisition arrangements also included put and call options over the remaining 26% of the share capital. Under the circumstances of this transaction, management considers that IAS 32 takes precedence over IAS 27. Accordingly the Group includes a financial liability (contingent consideration of CHF 15.3m) for the net present value of expected payments relating to the option arrangements. The Skygourmet acquisition fits with the Group's growth strategy and with the Group's objective to add to shareholder value by increasing gategroup's presence in emerging markets. The Group is confident this addition will grow its top line and improve profit margins.

The acquired businesses contributed revenues of CHF 28.5m (Skygourmet CHF 6.3m; Cara CHF 22.2m) and net loss of CHF 7.0m (Skygourmet CHF 0.9m; Cara CHF 6.1m) to the Group for the period from the date of the respective acquisitions to December 31, 2010. If all of the acquisitions had occurred on January 1, 2010, it is estimated that Group revenue would have been CHF 2,913.5m, and profit for the year would have been CHF 38.3m. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiaries to reflect depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2010, together with the consequential tax effects.

Details of net assets acquired and goodwill are as follows:

<u>in CHF m</u>	<u>Skygourmet</u>	<u>Cara</u>	<u>Total</u>
Purchase consideration:			
— Cash payments	40.1	24.3	64.4
— Contingent consideration	15.3	—	15.3
Provisional total purchase consideration	55.4	24.3	79.7
Provisional fair value of net assets acquired	35.7	26.6	62.3
Provisional goodwill (Notes 20 and 9)	19.7	(2.3)	17.4

Goodwill related to the acquisition of Skygourmet arose because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the acquired business. These benefits are not separable from goodwill. The goodwill recognized is not expected to be deductible for income tax purpose.

Negative goodwill has been recognized for the acquisition of Cara and is mainly the result of differences between the value at which property, plant and equipment were acquired and the fair value assessed by the Group, as well as the fair value of customer contracts and relationships. This CHF 2.3m negative goodwill should be seen in conjunction with an expense for a restructuring provision of CHF 5.6m recorded for in December 2010, the latter being announced shortly after acquisition date.

The contingent consideration for Skygourmet is based on a range of put and call options and the fulfillment of certain criteria. It has been assessed that the most likely outcome will be that the Group is required to pay the former owners of Skygourmet 8.8 times 26% of EBITDA of Skygourmet for the 12 months immediately preceding the put option exercise date and that the put option exercise date will be in 2013. The fair value of the contingent consideration of CHF 15.3m was estimated by applying the income approach (discounted cash flow model). The fair value estimate is based on a discount rate of 14.3% and assumed probability-adjusted EBITDA of INR 788m.

Acquisition related costs amounting to CHF 5.0m (Skygourmet CHF 3.0m; Cara CHF 2.0m) are not included in the consideration transferred and have been recognized as an expense in the current year, within “other operating income and expenses, net” in the consolidated income statement.

The provisional fair values of the assets and liabilities as per the dates of acquisition are as follows:

<u>in CHF m</u>	<u>Skygourmet</u>	<u>Cara</u>	<u>Total</u>
Property, plant and equipment (Note 19)	51.7	46.2	97.9
Intangible assets (Note 20)	11.0	6.8	17.8
Trade and other receivables	22.5	34.7	57.2
Inventories	0.2	2.0	2.2
Cash and cash equivalents net of overdrafts	(2.5)	—	(2.5)
Borrowings	(27.0)	—	(27.0)
Deferred income tax liabilities (Note 22)	(7.7)	(5.5)	(13.2)
Retirement benefit obligations (Note 23)	(0.4)	—	(0.4)
Provisions (Note 26)	—	(42.4)	(42.4)
Trade and other payables	(9.1)	(6.2)	(15.3)
Other current liabilities	(2.9)	(9.0)	(11.9)
Net assets	35.8	26.6	62.4
Non-controlling interests	0.1	—	0.1
Provisional net assets acquired	35.7	26.6	62.3

The initial accounting for the acquisition of Skygourmet and Cara has only been provisionally determined at the end of the reporting period. At the date of finalization of these consolidated financial statements, the necessary market valuations, other calculations and final determination of consideration had not been finalized and they have therefore only been provisionally determined based on best estimates. The principle amounts being provisional are purchase consideration, intangible assets, goodwill, trade and other receivables as well as provisions and other liabilities.

The provisional fair value of trade and other receivables acquired in these transactions is CHF 22.5m (Skygourmet) and CHF 34.7m (Cara) and includes trade receivables with a fair value of CHF 12.1m and CHF 26.7m respectively. The gross contractual amount for trade receivables due is CHF 14.3m and

CHF 27.4m respectively, of which CHF 2.2m (Skygourmet) and CHF 0.7m (Cara) is expected to be uncollectible. All other receivables are expected to be collectible.

In addition to the fair value of the assets acquired in Cara a contingent asset of CHF 4.2m existed as of acquisition date and there have been no changes as of balance sheet date.

The cash outflow on acquisitions is summarized as follows:

<u>in CHF m</u>	<u>Skygourmet</u>	<u>Cara</u>	<u>Total</u>
Purchase consideration settled in cash	40.1	24.3	64.4
Add: Net cash overdrafts in subsidiaries acquired	2.5	—	2.5
Cash outflow on acquisition	42.6	24.3	66.9

34.2 Business combinations 2009

During the year 2009, the Group made the following acquisitions:

- Purchase of assets and liabilities of Abanco Investments LLC and Abanco LLC, USA, on November 5, 2009. This business provides in-transit retail technology services and operates in North America, Europe and Asia-Pacific.
- Purchase of assets and liabilities of United Air Lines' kitchen service business at Narita International Airport, Japan ("Narita") on June 1, 2009. The business provides catering services and operates in Japan.
- Purchase of remaining 50% of the share capital of Duni (Shanghai) Aviation and Hospitality Products Co. Ltd, China on January 24, 2009. This company provides catering and hospitality services as well as onboard solutions and operates in China.

The acquired businesses contributed revenues of CHF 14.1m (of which Narita: CHF 12.5m) and net gains of CHF 1.2m (of which Narita: CHF 1.0m) to the Group for the period from the date of the respective acquisitions to December 31, 2009. If all of the acquisitions had occurred on January 1, 2009, Group revenue would have been CHF 2,723.4m, and profit for the year would have been CHF 38.4m. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiaries to reflect the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2009, together with the consequential tax effects.

Details of net assets acquired and goodwill are as follows:

<u>in CHF m</u>	<u>Narita</u>	<u>Other</u>	<u>Total</u>
Purchase consideration:			
— Cash paid	13.1	5.5	18.6
— Direct costs relating to the acquisitions	1.1	0.5	1.6
— Contingent consideration	6.3	—	6.3
Total purchase consideration	20.5	6.0	26.5
Fair value of net assets acquired	15.8	5.6	21.4
Goodwill (Note 20)	4.7	0.4	5.1

Goodwill arose because the consideration paid for the acquisitions effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the acquired businesses. These benefits are not separable from goodwill.

The fair values of the assets and liabilities as per the dates of acquisition are as follows:

<u>in CHF m</u>	<u>Narita</u>	<u>Other</u>	<u>Total</u>
Property, plant and equipment (Note 19)	5.9	0.1	6.0
Intangible assets (Note 20)	7.1	4.9	12.0
Trade and other receivables	—	0.5	0.5
Deferred income tax assets (Note 22)	2.6	—	2.6
Inventories	0.2	0.2	0.4
Cash and cash equivalents, net of cash overdrafts	—	0.7	0.7
Trade and other payables	—	(0.8)	(0.8)
Net assets acquired	15.8	5.6	21.4

The acquirees' carrying amounts of the assets and the liabilities as per the dates of acquisition are as follows:

<u>in CHF m</u>	<u>Narita</u>	<u>Other</u>	<u>Total</u>
Property, plant and equipment	4.4	0.1	4.5
Intangible assets	—	—	—
Trade and other receivables	—	0.5	0.5
Deferred income tax assets	—	—	—
Inventories	0.2	0.2	0.4
Cash and cash equivalents, net of cash overdrafts	—	0.7	0.7
Trade and other payables	—	(0.8)	(0.8)
Net assets	4.6	0.7	5.3

The cash outflow on acquisitions is summarized as follows:

<u>in CHF m</u>	<u>Narita</u>	<u>Other</u>	<u>Total</u>
Purchase consideration settled in cash	14.2	6.0	20.2
Less: Cash and cash equivalents in subsidiaries acquired	—	(0.7)	(0.7)
Cash outflow on acquisition	14.2	5.3	19.5

34.3 Business combinations 2008

During the year 2008, the Group made the following acquisitions:

- Purchase of assets and liabilities of SCK DUS GmbH & Co. KG, Germany ("SCK") on June 2, 2008. This business operates mainly in Germany and provides catering services.
- Purchase of 51% of the share capital of Inflight Logistic Services Pty Limited, Australia ("ILS") on August 21, 2008. This company provides catering services and operates in Australia. The acquisition arrangements also included put and call options over the remaining 49% of the share capital with consideration, due to be settled on the second and third anniversaries of the acquisition and a non-dividends distribution agreement. Management considers that these arrangements transfer to the Group the risks and rewards associated with 49% of the equity. Accordingly the Group does not include a non-controlling interest but does include a liability for the net present value of expected payments relating to the option arrangements.
- Purchase of 100% of the share capital of Performa Global Pty Limited, Australia on January 10, 2008. Performa Global Pty Limited and its subsidiaries provide branding and design services as well as training and recruiting services.
- Purchase of 100% of the share capital of The Caterers (UK) Limited, UK on February 27, 2008. This company provided catering services.
- Purchase of 70% of the share capital of Regional Handling Limited, Isle of Man on May 30, 2008. This company provides ground handling services and operates in the UK.
- Purchase of the assets and liabilities of the catering unit Airport Plaza Flight Services, India on June 4, 2008. This business operates in India and provides catering services.

- Purchase of the remaining 49.44% of the share capital of Packattack Holding B.V., the Netherlands on April 15, 2008. This company and its subsidiary provided in-flight design solutions.

The acquired businesses contributed revenues of CHF 55.0m (of which SCK: CHF 21.6m; ILS: CHF 17.8m) and net losses of CHF 0.5m (of which SCK: gain of CHF 0.9m; ILS: gain of CHF 0.5m) to the Group for the period from the date of the respective acquisitions to December 31, 2008. If all of the acquisitions had occurred on January 1, 2008, Group revenue would have been CHF 2,956.7m, and profit for the year would have been CHF 55.0m. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiaries to reflect the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2008, together with the consequential tax effects.

Details of net assets acquired and goodwill are as follows:

<u>in CHF m</u>	<u>SCK</u>	<u>ILS</u>	<u>Other</u>	<u>Total</u>
Purchase consideration:				
— Cash paid	15.5	10.8	9.9	36.2
— Direct costs relating to the acquisitions	0.2	0.4	0.7	1.3
— Fair value of loan note issued	—	—	3.6	3.6
— Deferred consideration	—	8.7	—	8.7
Total purchase consideration	<u>15.7</u>	<u>19.9</u>	<u>14.2</u>	<u>49.8</u>
Fair value of net assets acquired	<u>0.9</u>	<u>5.3</u>	<u>1.3</u>	<u>7.5</u>
Goodwill (Note 20)	<u>14.8</u>	<u>14.6</u>	<u>12.9</u>	<u>42.3</u>

Goodwill arose because the consideration paid for the acquisitions effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the acquired businesses. These benefits are not separable from goodwill.

The fair values of the assets and liabilities as per the dates of acquisition are as follows:

<u>in CHF m</u>	<u>SCK</u>	<u>ILS</u>	<u>Other</u>	<u>Total</u>
Property, plant and equipment (Note 19)	0.6	2.1	3.6	6.3
Intangible assets (Note 20)	4.9	3.0	0.7	8.6
Investments in associates and joint ventures (Note 12)	—	0.2	—	0.2
Trade and other receivables	1.4	4.1	2.5	8.0
Deferred income tax assets (Note 22)	—	0.4	—	0.4
Inventories	1.8	0.8	0.6	3.2
Cash and cash equivalents	1.9	0.6	0.1	2.6
Deferred income tax liabilities (Note 22)	(1.9)	(0.8)	(0.2)	(2.9)
Provisions (Note 26)	—	(0.3)	—	(0.3)
Trade and other payables	(5.7)	(4.8)	(5.7)	(16.2)
Other current liabilities	<u>(2.1)</u>	<u>—</u>	<u>—</u>	<u>(2.1)</u>
Net assets	<u>0.9</u>	<u>5.3</u>	<u>1.6</u>	<u>7.8</u>
Non-controlling interests	<u>—</u>	<u>—</u>	<u>0.3</u>	<u>0.3</u>
Net assets acquired	<u>0.9</u>	<u>5.3</u>	<u>1.3</u>	<u>7.5</u>

The acquirees' carrying amounts of the assets and the liabilities as per the dates of acquisition are as follows:

<u>in CHF m</u>	<u>SCK</u>	<u>ILS</u>	<u>Other</u>	<u>Total</u>
Property, plant and equipment	0.6	2.1	2.9	5.6
Intangible assets	—	0.1	—	0.1
Investments in associates and joint ventures	—	0.2	—	0.2
Trade and other receivables	1.4	4.1	2.5	8.0
Deferred income tax assets	—	0.4	—	0.4
Inventories	1.8	0.8	0.6	3.2
Cash and cash equivalents	1.9	0.6	0.1	2.6
Deferred income tax liabilities	—	—	—	—
Provisions	—	(0.3)	—	(0.3)
Trade and other payables	(5.7)	(4.8)	(5.7)	(16.2)
Other current liabilities	(2.1)	—	—	(2.1)
Net assets	<u>(2.1)</u>	<u>3.2</u>	<u>0.4</u>	<u>1.5</u>

The cash outflow on acquisitions is summarized as follows:

<u>in CHF m</u>	<u>SCK</u>	<u>ILS</u>	<u>Other</u>	<u>Total</u>
Purchase consideration settled in cash	15.7	11.2	10.6	37.5
Less: Cash and cash equivalents in subsidiaries acquired	(1.9)	(0.6)	(0.1)	(2.6)
Cash outflow on acquisition	<u>13.8</u>	<u>10.6</u>	<u>10.5</u>	<u>34.9</u>

35. Disposals

35.1 Disposals 2010

The Group did not dispose of any subsidiaries in 2010.

35.2 Disposals 2009

The Group did not dispose of any subsidiaries in 2009.

35.3 Disposals 2008

As of October 2, 2008 and October 10, 2008, respectively, the Group disposed of 100% of the shares of its subsidiaries European Airport Services S.A.S., France and European Airport Services B.V., the Netherlands. As of January 24, 2008, the Group disposed of its subsidiary in Venezuela. The cash outflow, net of cash and cash equivalents in the disposed subsidiaries from these disposals amounted to CHF 1.7m.

36. Related party transactions

The key management personnel are defined as the Board of Directors of the Company since April 27, 2009, the Board of Managers of Holding LLC prior to that date and the EMB.

Key management compensation, applying IFRS 2 rules for the accounting of share-based payments, consisted of:

<u>in CHF m</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Short-term benefits	7.8	7.4	17.4
Long-term benefits	—	—	2.6
Termination benefits	—	—	2.8
Post-employment benefits	—	0.5	0.9
Share-based payments	17.9	19.5	17.6
Total key management compensation	<u>25.7</u>	<u>27.4</u>	<u>41.3</u>

Besides the long-term loans to associates disclosed in Note 21, there are no further material related party transactions.

37. Group companies

The principal subsidiaries of the Company as of December 31, 2010, are the following:

Country	Company	% capital shareholding ⁽¹⁾	Currency	Share capital
Asia-Pacific				
Australia	Gate Gourmet (Holdings) Pty Ltd, Mascot, NSW	100	AUD	39,299,111
	Gate Gourmet Services Pty Ltd, Mascot, NSW	100	AUD	44,330,100
	Inflight Logistic Services Pty Ltd, Mascot, NSW	100	AUD	100
	Pourshins Australia Pty Ltd, Alexandria, NSW	100	AUD	2
China	deSter (HK) Ltd, Hong Kong	100	EUR	1
	Gate Gourmet Hong Kong Ltd, Hong Kong	100	HKD	372,657,350
	Shanghai Pudong International Airport Gate Gourmet Air Catering Co. Ltd, Shanghai	80	CNY	99,000,000
India	Gate Gourmet India Private Ltd, Mumbai	100	INR	15,000,000
	Skygourmet Catering Private Ltd, Mumbai	100	INR	5,563,800
Japan	Gate Gourmet Japan YK, Chiba-ken	100	JPY	80,000,000
Pakistan	Gate Gourmet Catering (Private) Ltd, Karachi	100	PKR	9,007,610
Singapore	Gate Gourmet Singapore Pte Ltd, Singapore	100	SGD	500,001
	gategroup Investments Singapore Pte Ltd, Singapore	100	USD	2
	gategroup Singapore Trading Pte Ltd, Singapore	100	EUR	175,000
	Performa-Elan Singapore Pte Ltd, Singapore	100	USD	1
Thailand	deSter Co. Ltd, Prachinburi	100	THB	135,000,000
Europe and Africa				
Belgium	deSter BVBA, Hoogstraten	100	EUR	22,600,000
	European Airport Services N.V., Brussels	100	EUR	61,500
	Gate Gourmet Belgium BVBA, Brussels	100	EUR	146,300
Denmark	Gate Gourmet Denmark ApS, Tårnby	100	DKK	301,200
	Gate Gourmet Northern Europe ApS, Tårnby	100	DKK	52,301,000
France	Gate Gourmet Aéroport de Bâle — Mulhouse SAS, St. Louis	100	EUR	37,000
Germany	Gate Gourmet GmbH Deutschland, Neu-Isenburg	100	EUR	7,670,000
	Gate Gourmet GmbH Holding Deutschland, Neu-Isenburg	100	EUR	51,129
	Gate Gourmet GmbH Mitte, Neu-Isenburg	100	EUR	25,000
	Gate Gourmet GmbH West, Düsseldorf	100	EUR	1,534,000

Country	Company	% capital shareholding ⁽ⁱ⁾	Currency	Share capital
Ireland	Gate Gourmet Ireland Ltd, Dublin	100	EUR	4,500,000
	Specialist Airport Services (Ireland) Ltd, Dublin	100	EUR	100
Netherlands	deSter Holding B.V., Amsterdam	100	EUR	3,359,990
	Gate Gourmet Amsterdam B.V., Schiphol	100	EUR	2,291,590
	People on the Move B.V., Venlo	100	EUR	18,151
	Supplair B.V., Amsterdam	100	EUR	18,000
Norway	Gate Gourmet Norway AS, Oslo	100	NOK	8,002,071
Portugal	Gate Gourmet Madeira Ltda, Santa Cruz	50	EUR	249,399
	Gate Gourmet Portugal-Servicos de Catering Limitada, Lisbon	100	EUR	548,678
South Africa	e-gatematrix (SA) Pty Ltd, Johannesburg	100	ZAR	100
Spain	Air Cater S.A., Madrid	51	EUR	393,114
	Gate Gourmet España S.L., Madrid	100	EUR	3,005,061
	Gate Gourmet Holding España S.L., Madrid	100	EUR	798,260
	Gate Gourmet Participations España S.L., Madrid	100	EUR	60,803,006
Sweden	Gate Gourmet Logistics AB, Maskinvagen	100	SEK	110,000
	Gate Gourmet Sweden AB, Stockholm	100	SEK	100,000
Switzerland	Gate Gourmet Switzerland GmbH, Kloten	100	CHF	2,000,000
United Kingdom . .	Fernley (Heathrow) Ltd, Cheshire	100	GBP	85,800
	Gate Aviation Services Ltd, Cheshire	100	GBP	1,000
	Gate Gourmet Heathrow Ltd, Middlesex	100	GBP	6,550,000
	Gate Gourmet Holdings UK Ltd, Middlesex	100	GBP	96,230,003
	Gate Gourmet London Ltd, Middlesex	100	GBP	20,000,002
	Gate Total Solutions Ltd, Luton	100	GBP	1
	International Aviation Services Ltd, Cheshire	100	GBP	1,000
	Pourshins Ltd, Middlesex	100	GBP	854,350
	Regional Handling Ltd, Isle of Man	70	GBP	100
Latin America				
Argentina	Gate Gourmet Argentina S.r.L., Buenos Aires	100	ARS	5,750,000
Brazil	Gate Gourmet Ltda, São Paulo	100	BRL	20,779,000
Chile	Gate Gourmet Aviation Services Chile Ltd, Santiago	100	CLP	10,000,000
	La Marmite Productos Alimenticios S.r.L., Santiago	100	CLP	1,968,062,000
Colombia	Gate Gourmet Colombia Ltda, Bogotá	75	COP	831,229,851
Ecuador	Gate Gourmet del Ecuador Cia Ltda, Guayaquil	60	USD	30,000
Peru	Gate Gourmet Peru S.R.L., Lima	100	PEN	1,599,558
North America				
Canada	Gate Gourmet Canada Inc., Toronto	100	CAD	13,000,000
United States	deSter Corporation, Atlanta, GA	100	USD	2,000
	e-gatematrix LLC, Wilmington, DE	100	USD	86,427,909
	Gate Gourmet, Inc., Wilmington, DE	100	USD	1,000
	Gate Safe, Inc., Wilmington, DE	100	USD	10
	Gate Serve LLC, Wilmington, DE	100	USD	1
	Pourshins Inc., Chicago, IL	100	USD	1,000
Turkey				
Turkey	Ucak Servisi Anonim Sirketi, Istanbul	56	TRY	34,200,000

Country	Company	% capital shareholding ⁽ⁱ⁾	Currency	Share capital
Corporate				
Luxembourg	Gate Gourmet Holding I S.à r.l., Luxembourg	100	EUR	42,782,100
	Gate Gourmet Holding S.C.A., Luxembourg	100	EUR	40,562,600
	Gate Gourmet Luxembourg III S.à r.l., Luxembourg	100	EUR	15,946,100
	Gate Gourmet Luxembourg IIIA S.à r.l., Luxembourg	100	EUR	31,959,307
	Gate Gourmet Luxembourg IV S.à r.l., Luxembourg	100	EUR	1,173,500
United Kingdom . .	Gate Gourmet Finance UK Ltd, Middlesex	100	CHF	1
United States	Gate Gourmet Borrower LLC, Wilmington, DE	100	USD	1,000
	gategroup U.S. Holding, Inc., Wilmington, DE	100	USD	1

(i) Rounded to the nearest whole number

38. Post balance sheet events

On February 23, 2011 the Group announced an isolated event of fraud that had occurred at a subsidiary. This had been perpetuated over the past three years and is estimated to amount, in total, to approximately CHF 27.0m based on historic exchange rates as applicable at the time the fraud occurred (or approximately CHF 22.0m converted at year-end 2010 exchange rates).

In 2011, to date, a net income of CHF 2.0m has been recognized. This comprises a fraudulent transaction of CHF 1.7m, together with costs incurred in the investigation and asset recoveries. The Group continues to pursue asset recoveries and legal recourse (Note 2.3).

In addition 2011 has seen positive developments in a number of legal actions, most notably relating to employee related cases in Europe.

Except for the above as at August 9, 2011, the date of approval of these combined and consolidated financial statements by the Board, the Group has no subsequent adjusting events that warrant disclosure.

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May 3, 2012