

**Sunrise Communications
Holdings S.A.**

**Interim Financial Report
for the 3 month period
ended March 31, 2011**

Facts & Figures

	January 1 – March 31, 2011	Pro forma January 1 – March 31, 2010
Results of Operations		
<i>(in '000 CHF, except where indicated)</i>		
Revenue		
Mobile	299,811	281,209
Landline Services	133,649	169,113
<i>thereof voice hubbing</i>	33,053	55,632
Landline Internet	43,510	44,778
Total Revenue	476,970	495,100
<i>Revenue (excluding hubbing)</i>	<i>443,916</i>	<i>439,468</i>
EBITDA	141,094	130,984
EBITDA margin (%)	29.6	26.5
EBITDA margin (excluding voice hubbing) (%)	31.4	29.6
Subscriber Base (at end of period)		
<i>(in thousands)</i>		
Mobile subscriber base (excl. M2M)	2,020.1	1,878.3
Landline voice subscriber base	560.2	617.6
Landline internet subscriber base	364.9	356.2
<i>thereof XDSL</i>	358.1	343.8
<i>thereof LLU</i>	245.7	171.7
ARPU		
<i>(in CHF/month)</i>		
Mobile Services	43.4	45.2
Landline Voice Services	43.5	43.4
Landline Internet Services	35.9	37.9
Employees		
FTEs (end of period)	1,532	1,536

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Business

Overview

Sunrise Communications Holdings S.A. (the “Group” or the “Company”) was incorporated and existing under the laws of Luxembourg as of September 9, 2010. The main operating entity of the Group is Sunrise Communications AG based in Zürich, Switzerland which is the second largest telecommunications provider in Switzerland based on revenues for the twelve months ended December 31, 2010. Our integrated national mobile and landline network provides us with a strong competitive position. We offer mobile voice and data, landline services (retail voice, business services and wholesale voice) and landline internet to both residential and business customers, as well as to other operators. We are the leading non-incumbent operator in both the mobile and landline retail voice markets, with approximately 2,021.1 thousand and 560.2 thousand subscribers, respectively, as of March 31, 2011. We are also the third-largest landline internet provider with 364.9 thousand subscribers as of March 31, 2011. We provide

our landline services through our national landline network and our mobile services through our own mobile network based on GSM/GPRS/EDGE and UMTS/HSPA technologies.

Financial Data

The financial data in this report covers the period from January 1 to March 31, 2011.

Since there is no set of historical financial information available for the Group, comparative figures for the 3 month period ended March 31, 2010 are based on pro-forma condensed combined financial statements of the Group.

Shareholders

Sunrise Communications Holdings S.A. is ultimately owned by Mobile Challenger Group S.à r.l. – Luxembourg.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Data

The financial data in this report covers the period from January 1 to March 31, 2011.

Since there is no set of historical comparative financial information available for the Group, comparative figures for the 3 month period ended March 31, 2010 are based on pro-forma condensed combined financial statements of the Group.

Revenue

Our total revenue was CHF 477.0 million for the period ended March 31, 2011, a decrease of CHF 18.1 million or 3.7% from CHF 495.1 million for the 3 months ended March 31, 2010.

Mobile revenue was CHF 299.8 million for the 3 months ended March 31, 2011, an increase of CHF 18.6 million or 6.6%, from CHF 281.2 million for the 3 months ended March 31, 2010. The increase in mobile revenue was primarily attributable to increased postpaid customer base and higher handset sales, partly offset by lower termination and prepaid revenues.

Landline services revenue was CHF 133.6 million for the 3 months ended March 31, 2011, a decrease of CHF 35.5 million or 21.0%, from CHF 169.1 million for the 3 months ended March 31, 2010. The decrease in landline services revenue was primarily attributable to lower low-margin hubbing revenues and slightly lower voice revenues driven by a reduced customer base.

Landline internet revenue was CHF 43.5 million for the 3 months ended March 31, 2011, a decrease of CHF 1.3 million or 2.8%, from CHF 44.8 million for the 3 months ended March 31, 2010. The decrease in landline internet was primarily attributable to the increase in LLU customer base, which resulted in part of the COGS savings being passed on to the customers (i.e., retail price reduction in exchange for higher underlying gross profit contribution).

Transmission Costs and Cost of Goods Sold

Transmission costs and cost of goods sold was CHF 146.4 million for the period ended March 31, 2011, a decrease of CHF 39.2 million or 21.1%, from CHF 185.6 million for the 3 months ended March 31, 2010. The decrease in transmission costs and costs of goods sold was primarily attributable to lower hubbing costs and lower costs for LLU services.

Other External Expenses

Other external expenses were CHF 143.7 million for the period ended March 31, 2011, an increase of CHF 9.3 million or 6.9%, from CHF 134.4 million for the 3 months ended March 31, 2010. The increase in other external expenses is primarily attributable to higher consultancy and marketing cost and increasing bad debt.

Wages, Salaries and Pension Costs

Wages, salaries and pension costs were CHF 43.9 million for the period ended March 31, 2011, a decrease of CHF 6.0 million or 12%, from CHF 49.9 million for the 3 months ended March 31, 2010. The decrease in wages, salaries and pension costs was primarily driven by higher than expected holiday compensation expense in 2010 as well as lower provisions for bonuses in the 3 months ended March 31, 2011.

Other Income and Expenses

Other income and expenses were a net expense of CHF -1.9 million for the period ended March 31, 2011, a decrease of CHF 7.7 million or 133.4%, from a net income of CHF 5.8 million for the 3 months ended March 31, 2010. The decrease in other income and (expenses) was primarily attributable to a gain from sale of property, plant and equipment in the 3 months period ended March 31, 2010 and cost related to management one-time incentive payments and retention programs in the 3 month period ended March 31, 2011.

Depreciation, Amortization and Impairment Losses

Depreciation, amortization and impairment losses were CHF 92.9 million for the period ended March 31, 2011, a decrease of CHF 6.9 million or 6.9%, from CHF 99.8 million for the 3 months ended March 31, 2010. The decrease in depreciation, amortization and impairment losses was primarily attributable to lower asset base related to GSM equipment and office facilities.

EBITDA

Our EBITDA was CHF 141.1 million for the period ended March 31, 2011, an increase of CHF 10.1 million or 7.7%, from CHF 131.0 million for the 3 months ended March 31, 2010.

Liquidity and Capital resources

As of March 31, 2011, the cash balance for the Group was CHF 134.4 million.

As of March 31, 2011, our total indebtedness, consisting of Senior Secured and Unsecured Notes, Term Loans and capital leases amounted to CHF 2,264.2 million out

of which CHF 45.9 million are expected to be paid within 12 month.

Certain other contractual commitments

As of March 31, 2011 our other contractual commitments excluding those mentioned above amounted to CHF 240.2 million consisting mainly of operating lease agreements and outsourcing of network operation and maintenance and the outsourcing of call centers activities.

Subscriber base

The total subscriber base amounted to 2,945.2 thousand for the period ended March 31, 2011, an increase of approximately 93.1 thousand or 3.3%.

The total number of our mobile subscribers increased by approximately 141.8 thousand or 7.5%, to 2,020.1 thousand as of March 31, 2011 from 1,878.3 thousand as of March 31, 2010. We believe new subscriber activations during this period were primarily attributed to our competitive flat rate and mobile data plans as well as the introduction of new handsets, i.e. iPhone.

The total number of our retail voice subscribers decreased by about 57.4 thousand or 9.3%, as of March 31, 2011, to 560.2 thousand from 617.6 thousand as of March 31, 2010. We attribute the decrease primarily to low margin CPS Voice customers – mostly acquired as part of the Tele 2 acquisition - continue to churn to double play products, off the Sunrise network or are substituting their service with mobile.

The total number of our landline internet subscribers increased by approximately 8.7 thousand or 2.5%, as of March 31, 2011, to 364.9 thousand from 356.2 thousand as of March 31, 2010. We attribute this increase primarily to our attractive LLU and bundled mobile and landline offerings.

ARPU

Mobile ARPU decreased by CHF 1.8 or 4.0%, to CHF 43.4 for the 3 months ended March 31, 2011, from CHF 45.2 for the 3 months ended March 31, 2010. We attribute this decrease primarily to lower mobile termination rates and volumes.

Retail voice ARPU increased by CHF 0.1 or 0.3% to CHF 43.5 for the 3 months ended March 31, 2011, from CHF 43.4 for the 3 months ended March 31, 2010. We attribute this increase to the higher share of ARB and LLU customers enabling the charging of line rental cost as part of the total base fee.

Landline internet ARPU decreased by CHF 1.9 or 5.1%, to CHF 35.9 for the 3 months ended March 31, 2011,

from CHF 37.9 for the 3 months ended March 31, 2010. We attribute the decrease primarily to the increase in LLU customer base, which resulted in part of the COGS savings being passed on to the customers and increased mobile and fixnet bundles for which part of the discount is attributed to landline internet ARPU.

Material Affiliate Transactions

Sunrise Communications AG is the counterparty to external financial institutes for all derivative instrument contracts. Please refer to note 10 of the condensed consolidated interim financial statements for the 3 month period ended March 31, 2011 for further details on derivative instruments. Back-to-back agreements are in place between Sunrise Communications AG and the respective debt holding entity mirroring those agreements.

Between subsidiaries within the Group intercompany loans are in place based on intercompany loan agreements.

Material Contractual Arrangements

During the period ended March 31, 2011, no change has occurred to any material contractual arrangement of the Group and the Group did not enter into new material contractual arrangements.

Material Debt Instruments

During the period ended March 31, 2011, no change has occurred to any material debt instrument of the group.

Material Risk Factors

Sunrise operates a centralized risk management system which distinguishes between strategic and operating risks.

All identified risks are quantified (according to their realization probability and impact) and noted on a risk schedule. This risk schedule is subject to an annual detailed discussion process in the Board of Directors.

During the period ended March 31, 2011, no change has occurred to any material risk factor associated to the Group.

Material Recent Developments

In March 2011, it was announced that the CFO of Sunrise Communications AG, Christian Hütwohl, has decided to step down and pursue a new professional challenge outside of our company. Until a successor is appointed, Daniel Pindur will assume the responsibility as CFO ad interim.

In April, Sunrise Communications AG announced that a Hans Jörg Denzler has been appointed as Executive Director Wholesale and member of the Extended

Management Board of Sunrise Communications AG as of July 01, 2011.

It was also announced in April that the COO of Sunrise Communications AG, Floris Alders, will leave the company by the end of April.

Material acquisition, dispositions and recapitalizations

During the reporting period, no material acquisitions, dispositions and recapitalizations occurred.

Sunrise Communications Holdings S.A.

Condensed consolidated interim financial statements for the 3 month period ended March 31, 2011 (unaudited nor reviewed)

Condensed Consolidated Interim Statements of Income

CHFk

	Note	January 1 – March 31, 2011 Unaudited	Pro forma January 1 – March 31, 2010 Unaudited
Revenue	5, 6	476,970	495,100
Transmission costs and cost of goods sold		(146,388)	(185,625)
Other external expenses		(143,674)	(134,420)
Wages, salaries and pension costs		(43,874)	(49,874)
Total operating expenses before other expenses, depreciation, amortization and impairment losses and net special items		(333,936)	(369,919)
Other income and (expenses), net	7	(1,940)	5,803
Income before depreciation, amortization and impairment losses, net special items, net financial items and income taxes		141,094	130,984
Depreciation, amortization and impairment losses		(92,923)	(99,754)
Net special items		-	(875)
Operating income		48,171	30,355
Foreign currency gains/(losses), net		(47,949)	66
Financial income		78,264	128
Financial expenses		(71,782)	(47,392)
Net financial items	8	(41,467)	(47,198)
Income/(loss) before income taxes		6,704	(16,843)
Income taxes		(6,487)	2,843
Net Income/(loss)		217	(19,686)
Net income/(loss) attributable to equity holders of the company		217	(19,686)

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Comprehensive Income

CHFk

	January 1 – March 31, 2011 Unaudited
Net income	217
Actuarial gains related to defined benefit pension plans	2,848
Cash flow hedge gains	1,824
Income tax relating to components of other comprehensive income	(186)
Other comprehensive income	4,486
Total comprehensive income	4,703
Comprehensive income attributable to equity holders of the company	4,703

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Financial Position

Assets		CHFk	
	Note	March 31, 2011 Unaudited	December 31, 2010
Non-current assets			
Intangible assets		2,539,650	2,580,992
Property, plant and equipment		955,875	991,380
Derivative assets	11	2,330	1,087
Other non-current assets		153	151
Total non-current assets		3,498,008	3,573,610
Current assets			
Inventories		22,661	20,048
Receivables		402,558	389,466
Prepaid expenses		32,629	27,461
Cash		134,401	126,754
Total current assets		592,249	563,729
Total assets		4,090,257	4,137,339

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Financial Position

Equity and liabilities		CHFk	
	Note	March 31, 2011 Unaudited	December 31, 2010
Equity			
Common shares, share premium and PECs	9	932,574	932,574
Other reserves		(61,157)	(65,643)
Retained earnings		(31,920)	(32,137)
Total equity		839,497	834,794
Non-current liabilities			
Borrowings	10	2,218,268	2,166,455
Deferred tax liabilities		253,432	260,159
Provisions		89,619	87,546
Pension liabilities		40,232	43,490
Derivative liabilities	11	114,165	167,289
Deferred income		23,670	23,717
Total non-current liabilities		2,739,386	2,748,656
Current liabilities			
Current portion of borrowings	10	45,916	45,916
Trade and other payables		402,529	411,645
Income tax payable		18,744	41,373
Deferred income		25,705	27,901
Provisions		9,749	25,560
Other current liabilities		8,731	1,494
Total current liabilities		511,374	553,889
Total liabilities		3,250,760	3,302,545
Total equity and liabilities		4,090,257	4,137,339

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flow

CHFk

	Note	January 1 – March 31, 2011 Unaudited	Pro forma January 1 – March 31, 2010 Unaudited
Income before depreciation, amortization and impairment losses, net special items, net financial items and income taxes		141,094	130,984
Reversal of items without cash flow effect		2,949	(2,595)
Pension contributions		(3,352)	(3,310)
Payments related to provisions		-	(620)
Cash flow related to net special items		(11,753)	(998)
Change in working capital		(66,711)	(167,963)
Cash flow from/(used in) operating activities before net financial items and tax		62,227	(44,502)
Interest received		129	128
Interest paid		(13,619)	(16,668)
Foreign currency gains/(losses), net		713	1,120
Cash flow from/(used in) operating activities before tax		49,450	(59,922)
Corporate income tax paid		(26,894)	(999)
Total cash flow from/(used in) operating activities		22,556	(60,921)
Investment in property, plant and equipment		(9,413)	(30,393)
Investment in intangible assets		(4,855)	(9,357)
Sale of property, plant and equipment		11	27,297
Total cash flow used in investing activities		(14,257)	(12,453)
Repayments of long-term borrowings		(1,114)	(948)
Total cash flow used in financing activities		(1,114)	(948)
Total cash flow		7,185	(74,322)
Cash at January 1		126,754	197,471
Foreign currency impact on cash		462	-
Cash at March 31		134,401	123,149

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

CHFk

	Common shares	Share premium	PECs	Other reserves	Retained earnings	Total
Equity at September 9, 2010	55	-	-	-	-	55
Increase in share capital	945	125,876	-	-	-	126,821
Injection of PECs	-	-	879,025	-	-	879,025
Redemption of PECs	-	-	(73,327)	-	(742)	(74,069)
Net income for the period	-	-	-	-	(31,395)	(31,395)
<i>Other comprehensive income</i>						
Changes in actuarial gains and losses, net of tax	-	-	-	2,308	-	2,308
Hedge reserve – cash flow hedges	-	-	-	(67,951)	-	(67,951)
Equity at December 31, 2010	1,000	125,876	805,698	(65,643)	(32,137)	834,794
Unaudited						
Net income for the period	-	-	-	-	217	217
<i>Other comprehensive income</i>						
Actuarial gains related to defined benefit pension plans, net of tax	-	-	-	2,244	-	2,244
Hedge reserve – cash flow hedge gains, net of tax	-	-	-	2,242	-	2,242
Equity at March 31, 2011	1,000	125,876	805,698	(61,157)	(31,920)	839,497

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

Overview

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Note 1 General information

Sunrise Communications Holdings S.A. (the "Company" or the "Group") has its registered office at Avenue Monterey 20, L-2163 Luxembourg. Sunrise Communications Holdings S.A. is indirectly holding 100% of its principal operating company, Sunrise Communications AG, which has its registered office at Binzmühlestrasse 130, CH-8050 Zürich, Switzerland.

Sunrise Communications AG is the second-largest full-range telecommunications provider in Switzerland, and offers mobile telephony, landline telephony and internet services. Sunrise has its own national backbone landline and ISP network, as well as its own mobile network

based on GSM/EDGE and UMTS/HSDPA technology. In connection with the provision of services Sunrise resells handsets manufactured by well known suppliers.

Since there is no set of historical comparative financial information available for the Group, comparative figures are based on pro-forma condensed combined financial statements of the Group. Please refer to note 2 for further details.

These financial statements were approved for issue by the Company's Board of Directors on May 25, 2011.

Note 2 Basis of preparation

The condensed consolidated interim financial statements include both the historical unaudited condensed consolidated interim financial statements of Sunrise Communication Holdings S.A. as of and for the 3 month period ended March 31, 2011, and the pro forma condensed combined interim financial statements of Sunrise Communications Holdings S.A. as of and for the 3 month period ended March 31, 2010, since there is no full set of historical financial information available as comparatives for Sunrise Communications Holdings S.A., Sunrise Communications International S.A., and Skylight S.à r.l. for the period January 1, 2010 to March 31, 2010.

The historical unaudited condensed consolidated interim financial statements for the 3 month period ended March 31, 2011 have been prepared in accordance with IAS 34, "Interim financial reporting".

Pro forma condensed combined interim financial statements (comparatives)

The pro forma condensed combined interim financial statements have been provided as comparatives for informational purposes only and do not purport to represent or to be indicative of the consolidated results of operations or financial position that the Company would have reported had the transactions been completed as of the dates presented, and should not be taken as representative of the Company's future consolidated results of operations or financial position, nor does it purport to project the Company's financial position as of any future date or results of operations for any future period. The unaudited pro forma financial data was not prepared in accordance with IFRS, the requirements of Regulation S-X of the U.S. 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. However, these unaudited pro forma condensed combined interim financial statements have been prepared on a basis consistent with the accounting policies of the Sunrise Communications Holdings S.A. Group.

The unaudited pro forma condensed combined income statement, statements of comprehensive income, and cash flow statement give effect to the acquisition of Sunrise Communications AG as if it had occurred on January 1, 2009 and as a result are not comparable to the historical results of the Group for the 3 months ended March 31, 2011, where the acquisition of Sunrise Communications AG is reflected as of the date of acquisition which occurred on October 28, 2010.

These condensed consolidated interim financial statements should be read in conjunction with:

- a) the consolidated financial statements for the period ended December 31, 2010, which have been prepared in accordance with IFRS, as adopted by the European Union.
- b) the pro forma condensed combined financial statements for the twelve month and 3 month periods ended December 31, 2010 which were unaudited but examined in accordance with International Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Information.

Foreign currency translation

The consolidated financial statements are presented in CHF. CHF is the functional currency of the Parent Company and each of its subsidiaries.

At March 31, 2011 the Euro to CHF exchange rate used was 1.30118 and the US Dollar to CHF exchange rate

used was 0.9190.

Note 3 Critical accounting estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the period ended December 31, 2010, with the exception of changes in estimates that are required in determining the provision for income taxes (see Note 4).

In preparing these condensed consolidated interim financial statements, the significant judgments made by

Note 4 New accounting standards

The Group applied all standards and interpretations which had become effective before the financial period beginning January 1, 2011.

recognize as an asset some voluntary prepayments for minimum funding contributions. The amendments are effective for annual periods beginning January 1, 2011. The amendment did not impact the Group's result and financial position.

The accounting policies are consistent with those of the annual financial statements for the period ended December 31, 2010, except as described below.

Amendments to IFRS 7 "Disclosures - Transfers of financial assets" requires 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. The amendment is effective for annual periods beginning on or after July 1, 2011. The Group has adopted this standard effective January 1, 2011. The amendment did not impact the Group's result and financial position.

Income taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

a) New and amended standards adopted by the Group

b) Standards, amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

The following new standards and amendments to standards are effective for the first time for the financial year beginning January 1, 2011.

Revised IAS 24, "Related party disclosures", issued in November 2009. It supersedes IAS 24, "Related party disclosures", issued in 2003. The amendment 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. The revised IAS 24 is required to be applied from January 1, 2011. The amendment did not impact the Group's result and financial position

"Classification of rights issues" (Amendment to IAS 32), issued in October 2009. The amendment should be applied for annual periods beginning on or after February 1, 2010.

IFRIC 19, "Extinguishing financial liabilities with equity instruments". The interpretation is effective for annual periods beginning on or after July 1, 2010.

"Prepayments of a minimum funding requirement" (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction". Without the amendments, entities are not permitted to

Improvements to International Financial Reporting Standards 2010 were issued in May 2010. The effective dates vary standard by standard but most are effective January 1, 2011.

Note 5 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. The operating segments have been determined based on the Management reports reviewed by the Board of Directors.

The accounting policies of the reportable segments are the same as the Group's accounting policies described above. Income before interest tax, depreciation, amortization (EBITDA) represents the profit earned by each segment without allocation of interest, tax, depreciation, amortization and impairment losses, net financial items and income taxes. EBITDA is the measure reported to the Board of Directors for the purposes of resource allocation and assessment of segment performance.

Assets and liabilities are not allocated to operating segments in the management reports reviewed by the Board of Directors, as the review focuses on the development in net working capital for the Group.

Sunrise Group's internal reporting is structured in the following segments: Residential and Business.

Residential is the contact partner for fixed-line and mobile customers for residential end-users. Through the Sunrise investments in ULL higher focus is now on selling value for money bundled offers in Fixnet/Internet and Mobile.

Business consists of the Single office and Home office businesses, SME and large businesses as well as the Sunrise wholesale business. It serves the whole of Switzerland, providing the full range of products and services, from fixed-line and mobile communications to Internet and data services.

The column Head Office activity consists of all support units such as Network, IT and Customer Care as well as staff functions like Finance, HR and Strategy. Furthermore certain fees and sundry revenues from services for the police and payment reminder fees are also included in this column.

Management is currently revisiting its internal management reporting. Changes, if any, may result in changes in reportable segments.

Activities	CHFk			
	Residential	Business ²⁾	Head Office activities ¹⁾	January 1 – March 31, 2011 Unaudited
External revenue	349,951	125,486	1,533	476,970
Intra-segment revenue	-	6,323	-	6,323
Revenue	349,951	131,809	1,533	483,293
Transmission costs and cost of goods sold	(88,694)	(64,016)	(1)	(152,711)
Other external charges	(73,161)	(12,636)	(57,877)	(143,674)
Wages, salaries and pension costs	(10,978)	(8,531)	(24,365)	(43,874)
Other income and expenses	-	-	(1,940)	(1,940)
EBITDA	177,118	46,626	(82,650)	141,094

¹⁾ Including Headquarters

²⁾ Including Hubbing Revenue of CHFk 33,053

Activities	CHFk			
	Residential	Business ²⁾	Head Office activities ¹⁾	Pro forma January 1 – March 31, 2010 Unaudited
External revenue	342,263	150,193	2,644	495,100
Intra-segment revenue	177	5,875	-	6,052
Revenue	342,440	156,068	2,644	501,152
Transmission costs and cost of goods sold	(100,395)	(91,280)	(2)	(191,677)
Other external charges	(72,129)	(10,365)	(51,926)	(134,420)
Wages, salaries and pension costs	(10,782)	(7,967)	(31,125)	(49,874)
Other income and expenses	-	-	5,803	5,803
EBITDA	159,134	46,456	(74,606)	130,984

¹⁾ Including Headquarters

²⁾ Including Hubbing Revenue of CHFk 55,632

Reconciliation of revenue	CHFk	
	January 1 – March 31, 2011 Unaudited	Pro forma January 1 – March 31, 2010 Unaudited
Reportable segments	483'293	501,152
Elimination of intra-segment items	(6,323)	(6,052)
Revenue	476,970	495,100

Reconciliation of transmission costs and cost of goods sold	CHFk	
	January 1 – March 31, 2011 Unaudited	Pro forma January 1 – March 31, 2010 Unaudited
Reportable segments	(152,711)	(191,677)
Elimination of intra-segment items	6,323	6'052
Transmission costs and cost of goods sold	(146,388)	(185,625)

Reconciliation of net income /(loss) before interest, tax, depreciation and amortization (EBITDA)

CHFk

	January 1 – March 31, 2011 Unaudited	Pro forma January 1 – March 31, 2010 Unaudited
EBITDA from reportable segments	141,094	130,984
Unallocated:		
Depreciation, amortization and impairment losses	(92,923)	(99,754)
Net special items	-	(875)
Net financial items (note 8)	(41,467)	(47,198)
Consolidated net income /(loss) before income taxes	6,704	(16,843)

Note 6 Revenue

CHFk

	January 1 – March 31, 2011 Unaudited	Pro forma January 1 – March 31, 2010 Unaudited
Landline telephony	133,649	169,113
<i>thereof hubbing</i>	33'053	55,632
Mobile services	299,811	281,209
Internet services	43,510	44,778
Total	476,970	495,100

	January 1 – March 31, 2011 Unaudited	Pro forma January 1 – March 31, 2010 Unaudited
Sales of goods	18,878	8,480
Sales of services	458,092	486,620
Total	476,970	495,100

Note 7 Other income and (expenses)

The income before taxes for the 3 month period ended March 31, 2011 includes cost related to management one-time incentive payments and retention programs.

The income before taxes for the 3 month ended March 31, 2010 included a profit of CHF 5.8 million due to a gain on sales of property, plant & equipment.

Note 8 Net financial items

CHFk

						January 1 – March 31, 2011 Unaudited
	Interest	Swiss capital tax	Fair value adjustments	Total financial income and (expenses) before foreign currency	Net foreign currency gains/(losses)	Total
Income						
Cash and cash equivalents	88	-	-	88	462	550
Financial liabilities measured at amortized cost	-	-	-	-	-	-
Derivatives – used for hedging	25,590	-	51,055	76,645	-	76,645
Derivatives – held for trading	43	-	1,488	1,531	-	1,531
Other	-	-	-	-	675	675
Total Income	25,721	0	52,543	78,264	1,137	79,401
Expenses						
Financial liabilities measured at amortized cost	(44,989)	-	-	(44,989)	(49,086)	(94,075)
Derivatives – used for hedging	(24,392)	-	-	(24,392)	-	(24,392)
Derivatives – held for trading	(195)	-	-	(195)	-	(195)
Other	(1,604)	(602)	-	(2,206)	-	(2,206)
Total Expenses	(71,180)	(602)	-	(71,782)	(49,086)	(120,868)
Net financial items	(45,459)	(602)	52,543	6,482	(47,949)	(41,467)

Due to the simplified basis of preparation used in the pro forma condensed combined financial statements, comparative information for net financial items is not given since the same level of detail is not available for the 3 month period ended March 31, 2010.

In preparing the comparative financials for the 3 months ended March 31, 2010, and consistent with the basis of preparation of the pro forma condensed combined financial statements, we have used the actual interest rate, adjusting for cross currency interest rate swaps and historical CHF LIBOR rates where appropriate, in connection with debt incurred under the Senior Credit

Facilities, the original Senior Notes and the Senior Secured Notes.

Additional pro forma adjustments are included to reflect non-cash amortization of debt issuance costs and debt discount and premium. These costs are amortized over the term of the related facility, which is approximately six years for the Term Loan A, revolving credit facility and acquisition facility, seven years for Term Loan B and the Senior Secured Notes and eight years for the Senior Notes, including the additional Senior. Total interest expense for the period ended March 31, 2010, was CHF 47.4 million.

Note 9 Equity

CHFk

	Shares (number)	Nominal value	Equity	Equity
	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Dec 31, 2010
	Unaudited	Unaudited	Unaudited	
Class A Shares	90,000,000	900	900	900
Class B Shares	10,000,000	100	100	100
Share premium			125,876	125,876
Series A Preferred Equity Certificates (PECs)	71,896,603,100	-	718,966	718,966
Series B Preferred Equity Certificates (PECs)	8,673,191,900	-	86,732	86,732
At March 31, 2011		1,000	932,574	932,574

Share capital

The total authorized and issued number of ordinary shares is 100,000,000 with a nominal value of CHF 0.01 each.

The Equity Securities were subscribed to by entities beneficially owned by funds managed or advised by CVC (the acquisition was consummated on October 28, 2010). Following the issue of €56 million of additional Senior Notes on November 8, 2010, CHF 74 million of Series B Preferred Equity Certificates ('PECs') were redeemed by the Company.

The Series A and Series B Preferred Equity Certificates (PECs) have no maturity date but are redeemable solely

at the option of the Company, subject to terms of an intercreditor agreement, or on the liquidation of the Company. They are interest bearing, but interest is not payable until their redemption. The PECs are structurally and contractually subordinated to all debt, including the Senior Secured Notes and the Senior Notes. They have no covenants, events of default, no right to security / guarantees or other features that could trigger an early repayment.

Other reserves

Other reserves record fair value changes in derivatives deferred in equity as qualifying cash flow hedges and accumulated actuarial gains and losses, net of taxes.

Note 10 Borrowings

CHFk

				March 31, 2011	December 31,2010
	Nominal value at inception	Cumulative foreign exchange movement Unaudited	Capitalized debt issuance cost Unaudited	Carrying value Unaudited	Carrying value
Borrowings					
<u>Floating rate</u>					
Term Loan A – CHF denominated	500,000	-	(29,737)	470,263	468,878
Term Loan B – CHF denominated	220,000	-	(13,200)	206,800	206,246
Term Loan B – EUR denominated	100,000	(4,465)	(6,165)	89,370	85,534
<u>Fixed rate</u>					
Senior Secured Notes - CHF denominated	300,000	-	(14,211)	285,789	285,395
Senior Secured Notes - EUR denominated	500,256	(16,857)	(19,043)	464,356	445,691
Senior Notes - EUR denominated	755,942	(24,910)	(33,456)	697,576	669,482
Total loans and notes	2,376,198	(46,232)	(115,812)	2,214,154	2,161,226
<u>Other</u>					
Debt relating to finance leases				50,030	51,145
Total borrowings				2,264,184	2,212,371
Of which loans expected to be paid within 12 months				(45,916)	(45,916)
Total long-term borrowings				2,218,268	2,166,455

The borrowings are governed by a number of financial covenants specified in the Senior Facilities Agreement. The main covenants are leverage ratio, interest cover ratio, cash flow cover ratio and capital expenditure spending. Covenant testing will commence as at June 30, 2011.

Liabilities relating to finance leases are related primarily to lease agreements regarding renting of fiber networks.

Debt push down

As already disclosed in the annual financial statements for 2010, Sunrise Communications AG approved to assume the debt obligations of Skylight S.à r.l. under the Senior Credit Facilities (the “debt pushdown”), in exchange for a reduction of its share capital from CHF 923.6 million to CHF 50.0 million.

The Debt Pushdown was duly signed and executed on March 2, 2011.

Note 11 Derivatives

CHFk

Derivative financial instruments are reported in the Consolidated Statement of Financial Position as follows:

			March 31, 2011		December 31, 2010
	Notional amount CHFk	Carrying Value – Asset Unaudited	Carrying Value – Liability Unaudited	Carrying Value – Asset	Carrying Value – Liability
Cash flow hedges					
Cross currency interest rate swaps – fixed rate borrowings	1,256,198	-	(107,726)	-	(156,101)
Cross currency interest rate swaps – variable rate borrowings	-	-	(1,974)	-	(2,751)
Fair value hedges					
Cross currency interest rate swaps – variable rate borrowings	100,000	-	(4,465)	-	(8,193)
Hedges held for trading					
Interest rate cap	600,000	1,807	-	1,087	-
Interest rate swap	100,000	523	-	-	(244)
Total derivatives		2,330	(114,165)	1,087	(167,289)
The change in the fair value of derivatives in the period can be summarized as:					
Cash flow hedges – movement in hedge reserve			47,327		
Cash flow hedges – ineffectiveness			-		
Fair value hedges			3,728		
Total income statement impact of hedging derivatives (note 8)			51,055		
Income statement impact of interest rate derivatives – held for trading (note 8)			1,488		
Total income statement impact of derivatives (note 8)			52,543		
Other comprehensive Income – cash flow hedges			1,824		

Note 12 Business Combinations

During the 3 month period ended March 31, 2011, the fair values of acquired assets and liabilities, including goodwill, previously disclosed as provisional for Sunrise Communications AG has been finalized with no material

changes to the fair values disclosed in the consolidated financial statements for the period ended December 31, 2010.

Note 13 Contingencies

There have been no material changes in contingent liabilities since December 31, 2010.

Note 14 Financial risk management

In the 3 month period ended March 31, 2011, there were no significant changes in the business or economic circumstances that affect the fair value of the group's

financial assets and financial liabilities in the 3 month period ended March 31, 2011 there were no reclassifications of financial assets.

Note 15 Related parties

Changes to related parties

In March 2011, it was announced that the CFO of Sunrise Communications AG, Christian Hütwohl, has decided to step down and face a new professional

challenge outside of our company. Until a successor is appointed, Daniel Pindur will assume the responsibility as CFO on an interim basis.

Note 16 Events after the reporting period

Changes to related parties

In April, Sunrise Communications AG announced that Hans Jörg Denzler has been appointed as Executive Director Wholesale and member of the Extended Management Board of Sunrise Communications AG as of July 01, 2011.

It was also announced in April that the COO of Sunrise Communications AG, Floris Alders, will leave the company by the end of April 2011.