Sunrise Communications Holdings S.A.

Interim Financial Report for the twelve months and three months period ended December 31, 2011

Facts & Figures

	January 1 – December 31, 2011	Pro forma January 1 – December 31, 2010	October 1 – December 31, 2011	Pro forma October 1 – December 31, 2010
Results of Operations				
(in '000 CHF, except where indicated)				
Revenue [1)]				
Mobile	1,292,540	1,205,272	356,092	321,463
Landline Services	515,039	638,857	128,826	155,369
thereof voice hubbing	*127,109*	*203,166*	*33,315*	*51,498*
Landline Internet	176,277	177,009	44,326	44,653
Total Revenue	1,983,856	2,021,138	529,244	521,485
Revenue (excluding hubbing)	*1,856,747*	*1,817,973*	*495,927*	*469,987*
EBITDA	607,611	537,341	141,891	126,546
EBITDA margin (%)	30.6	26.6	26.8	24.3
EBITDA margin (excluding hubbing revenues) (%)	32.7	29.6	28.6	26.7
Subscriber Base (at end of period)				
(in thousands)				
Mobile subscriber base (excl. M2M)	2,116.0	2,015.3	-	-
Landline voice subscriber base	514.8	571.0	-	-
Landline internet subscriber base	370.7	358.3	-	-
thereof XDSL	366.3	350.0	-	-
thereof LLU	276.3	230.2	-	-
ARPU				
(in CHF/month)				
Mobile Services	44.4	44.9	44.7	43.8
Landline Voice Services	44.3	43.8	45.3	44.7
Landline Internet Services	35.9	37.0	35.9	36.3
Employees				
FTEs (end of period)	1,707	1,529	-	-

[1)] Revenue restated according to voluntary change in accounting policy, see page 5

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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 Zurich, Switzerland which is the second largest telecommunications provider in Switzerland based on revenues for the twelve months ended December 31, 2011. 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 2,116.0 thousand and 514.8 thousand subscribers, respectively, as of December 31, 2011. We are also the third-largest landline internet provider with 370.7 thousand subscribers as of December 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 December 31, 2011.

Since there is no set of historical financial information for the three and twelve months periods ended December 31, 2010 available for the Group, comparative figures for the three and twelve months periods ended December 31, 2010 are based on pro-forma condensed combined financial statements of the Group.

This report and the associated condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011.

Shareholders

Sunrise Communications Holdings S.A. is ultimately owned by Mobile Challenger Intermediate Group S.A. – Luxembourg.

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

Voluntary change in accounting policies
The group has changed its accounting treatment in respect to revenue recognition of early termination fees (ETF), which result from the early termination of a legal contract either by the Group due to a defaulting customer or by the customer itself. Those charges are considered to be surcharges as it does not constitute the core business of Sunrise and the majority of the charges relate to customers defaulting their payments. Please also refer to note 4 in the Notes to Condensed Consolidated Interim Financial Statements below.

Effect of voluntary change in accounting policies on the Condensed Consolidated Interim Statements of Income — CHFk

	January 1 – March 31, 2011	April 1 – June 30, 2011	July 1 – September 30, 2011	October 1 – December 31, 2011	January 1 – December 31, 2011
Revenue					
Before ETF reclass	476,969	498,540	504,806	536,006	2,016,320
ETF reclass	*(9,684)*	*(10,050)*	*(5,969)*	*(6,762)*	*(32,464)*
Including ETF reclass	467,285	488,490	498,837	529,244	1,983,856
Other external expenses					
Before ETF reclass	(143,674)	(157,746)	(141,057)	(165,969)	(608,446)
ETF reclass	*7,404*	*8,075*	*(1,235)*	*2,173*	*16,417*
Including ETF reclass	(136,270)	(149,671)	(142,292)	(163,796)	(592,029)
Other income and (expenses), net					
Before ETF reclass	(1,940)	(705)	13,941	3,214	14,509
ETF reclass	*2,280*	*1,974*	*7,204*	*4,589*	*16,047*
Including ETF reclass	340	1,269	21,145	7,803	30,556
Income before depreciation and amortization, net financial items and income taxes					
Before ETF reclass	**141,094**	**146,326**	**178,300**	**141,891**	**607,611**
ETF reclass	**-**	**-**	**-**	**-**	
Including ETF reclass	**141,094**	**146,326**	**178,300**	**141,891**	**607,611**

	October 1 – December 31, 2010	January 1 – December 31, 2010
Revenue		
Before ETF reclass	527,070	2,045,551
ETF reclass	*(5,585)*	*(24,413)*
Including ETF reclass	521,485	2,021,138
Other external expenses		
Before ETF reclass	(157,031)	(572,787)
ETF reclass	*3,482*	*13,821*
Including ETF reclass	(153,549)	(558,966)
Other income and (expenses), net		
Before ETF reclass	2,827	10,801
ETF reclass	*2,103*	*10,592*
Including ETF reclass	4,930	21,393
Income before depreciation and amortization, net financial items and income taxes		
Before ETF reclass	**126,546**	**537,341**
ETF reclass	**-**	**-**
Including ETF reclass	**126,546**	**537,341**

	January 1 – March 31, 2011	April 1 – June 30, 2011	July 1 – September 30, 2011	October 1 – December 31, 2011
ARPU Mobile Services				
Before ETF reclass	43.4	46.3	47.8	n/a
Including ETF reclass	41.9	44.7	46.1	44.7
ARPU Landline Voice Services				
Before ETF reclass	43.5	44.5	44.1	n/a
Including ETF reclass	43.5	44.5	44.0	45.3
ARPU Landline Internet Services				
Before ETF reclass	35.9	35.9	36.2	n/a
Including ETF reclass	35.9	35.9	36.1	35.9

	January 1 – March 31, 2010	April 1 – June 30, 2010	July 1 – September 30, 2010	October 1 – December 31, 2010
ARPU Mobile Services				
Before ETF reclass	45.2	46.7	48.5	44.4
Including ETF reclass	44.0	45.1	46.7	43.8
ARPU Landline Voice Services				
Before ETF reclass	43.4	43.8	43.2	44.7
Including ETF reclass	43.4	43.8	43.2	44.7
ARPU Landline Internet Services				
Before ETF reclass	37.9	37.2	36.7	36.3
Including ETF reclass	37.9	37.2	36.7	36.3

Revenue

Our total revenue was CHF 1,983.9 million for the twelve months ended December 31, 2011, a decrease of CHF 37.2 million, or 1.8%, from CHF 2,021.1 million for the twelve months ended December 31, 2010 which is mainly attributable to a declining revenue in the wholesale hubbing business of CHF 76.1 million. Our total revenue was CHF 529.2 million for the three months ended December 31, 2011, an increase of CHF 7.7 million, or 1.5%, from CHF 521.5 million for the three months ended December 31, 2010.

Mobile revenue was CHF 1,292.5 million for the twelve months ended December 31, 2011, an increase of CHF 87.2 million, or 7.2%, from CHF 1,205.3 million for the twelve months ended December 31, 2010. Mobile revenue was CHF 356.1 million for the three months ended December 31, 2011, an increase of CHF 34.6 million, or 10.8%, from CHF 321.5 million for the three months ended December 31, 2010. The increase in mobile revenue was primarily attributable to increased postpaid customer base and higher handset sales, partly offset by slightly lower prepaid and termination revenues.

Landline services revenue was CHF 515.0 million for the twelve months ended December 31, 2011, a decrease of CHF 123.9 million, or 19.4%, from CHF 638.9 million for the twelve months ended December 31, 2010. Landline services revenue was CHF 128.8 million for the three months ended December 31, 2011, a decrease of CHF 26.6 million, or 17.1%, from CHF 155.4 million for the three months ended December 31, 2010. The decrease in landline services revenue was primarily attributable to lower low-margin hubbing revenues and lower voice and data revenues driven by a reduced customer base.

Landline internet revenue was CHF 176.3 million for the twelve months ended December 31, 2011, a decrease of CHF 0.7 million, or 0.4%, from CHF 177.0 million for the twelve months ended December 31, 2010. Landline internet revenue was CHF 44.3 million for the three months ended December 31, 2011, a decrease of CHF 0.4 million, or 0.7%, from CHF 44.7 million for the three months ended December 31, 2010. The slight decrease in landline internet for the twelve months ended December 31, 2011, 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 618.2 million for the twelve months ended December 31, 2011, a decrease of CHF 143.9 million, or 18.9%, from CHF 762.1 million for the twelve months ended December 31, 2010. Transmission costs and cost of goods sold was CHF 174.8 million for the three months ended December 31, 2011, a decrease of CHF 22.2 million, or 11.3%, from CHF 197.0 million for the three months ended December 31, 2010. The decrease in transmission costs and cost of goods sold was primarily attributable to lower hubbing costs, the reduction in mobile termination rates and lower costs for fixed line services resulting from the migration of customers to our LLU network.

Other External Expenses

Other external expenses were CHF 592.0 million for the twelve months ended December 31, 2011, an increase of CHF 33.0 million, or 5.9%, from CHF 559.0 million for the twelve months ended December 31, 2010. Other external expenses were CHF 163.8 million for the three months ended December 31, 2011, an increase of CHF 10.3 million, or 6.7%, from CHF 153.5 million for the three months ended December 31, 2010. The increase in other external expenses is primarily attributable to higher marketing cost.

Wages, Salaries and Pension Costs
Wages, salaries and pension costs were CHF 196.6 million for the twelve months ended December 31, 2011, an increase of CHF 12.5 million, or 6.8%, from CHF 184.1 million for the twelve months ended December 31, 2010. Wages, salaries and pension costs were CHF 56.6 million for the three months ended December 31, 2011, an increase of CHF 7.3 million, or 14.8%, from CHF 49.3 million for the three months ended December 31, 2010. The increase in wages, salaries and pension costs was primarily attributable to an increase in FTEs from 1,529 to 1,707.

Other Income and Expenses
Other Income and Expenses were a net income of CHF 30.6 million for the twelve months ended December 31, 2011, an increase of CHF 9.2 million, from a net income of CHF 21.4 million for the twelve months ended December 31, 2010. Other Income and Expenses were a net income of CHF 7.8 million for the three months ended December 31, 2011, an increase of CHF 2.9 million, from a net income of CHF 4.9 million for the three months ended December 31, 2010. The other income was primarily attributable to the settlement of interconnection charging disputes relating to prior years and the change in accounting policy related to cease the use of net special items as described in Note 4. The other expense represents accruals for the termination of the Alcatel-Lucent outsourcing contract in the twelve months period ended December 31, 2011.

Depreciation, Amortization and Impairment Losses
Depreciation, amortization and impairment losses were CHF 373.5 million for the twelve months ended December 31, 2011, a decrease of CHF 25.4 million, or 6.4%, from CHF 398.9 million for the twelve months ended December 31, 2010. Depreciation, amortization and impairment losses were CHF 100.4 million for the three months ended December 31, 2011, an increase of CHF 0.7 million, or 0.7%, from CHF 99.7 million for the three months ended December 31, 2010. The decrease in depreciation, amortization and impairment losses was primarily attributable to lower asset base on office facilities and GSM equipment and lower loss on asset scrapping.

EBITDA
Our EBITDA was CHF 607.6 million for the twelve months ended December 31, 2011, an increase of CHF 70.3 million, or 13.1%, from CHF 537.3 million for the twelve months ended December 31, 2010. Our EBITDA was CHF 141.9 million for the three months ended December 31, 2011, an increase of CHF 15.4 million, or 12.2%, from CHF 126.5 million for the three months ended December 31, 2010.

Liquidity and Capital resources
As of December 31, 2011, the cash and financial asset balance for the Group was CHF 585.5 million.

As of December 31, 2011, our total indebtedness, consisting of Senior Secured and Unsecured Notes, Term Loans and capital leases amounted to CHF 2,473.5 million out of which CHF 67.8 million are expected to be paid within 12 months.

Certain other contractual commitments
As of December 31, 2011 our other contractual commitments excluding those mentioned above amounted to CHF 265.4 million consisting mainly of operating lease agreements and outsourcing of network operation as well as open purchase commitments.

Purchase Price Allocation (PPA)
The acquisition of Sunrise Communications AG, which gave rise to a change of control, was accounted for using the purchase method of accounting. As such, the cost of the acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the acquirer's share of the identifiable net assets acquired is recorded as goodwill. Our valuation studies to allocate the purchase price to identifiable net assets were done in Q4'2010 and finalized in Q1'2011.

For clarity of the underlying operational performance, the following table shows the condensed consolidated interim statements of income excluding PPA.

Effect of purchase price allocation on the Condensed Consolidated Interim Statements of Income — CHFk

This table has been added for clarity reasons on the operational income of the Group

	January 1 – December 31, 2011 Before PPA adjustment	January 1 – December 31, 2011 PPA adjustment	January 1 – December 31, 2011 Including PPA adjustment
Revenue	**1,985,969**	**(2,113)**	**1,983,856**
Transmission costs and cost of goods sold	(618,167)	-	(618,167)
Other operating expenses	(592,029)	-	(592,029)
Wages, salaries and pension costs	(196,605)	-	(196,605)
Total operating expenses before other income and expenses, depreciation and amortization	**(1,406,801)**	**-**	**(1,406,801)**
Other income and (expenses), net	30,556	-	30,556
Income before depreciation and amortization, net financial items and income taxes	**609,724**	**(2,113)**	**607,611**
Depreciation and amortization	(238,656)	(134,805)	(373,461)
Operating income	**371,068**	**(136,918)**	**234,150**
Net financial items	**(190,982)**	**-**	**(190,982)**
Income/(loss) before income taxes	**180,086**	**(136,918)**	**43,168**
Income taxes	(61,555)	29,039	(32,516)
Net income/(loss)	**118,531**	**(107,879)**	**10,652**

Principal Factors Affecting Mobile Services Revenues

Mobile Subscriber Base and ARPU Development

The table below sets forth selected subscriber data for our mobile business for the periods indicated, including an analysis by type of subscriber.

Mobile Subscriber Base ‘000

	December 31, 2011	December 31, 2010
Subscribers at end of period[1]	2,116.0	2,015.3
Subscriber growth from prior equivalent period	*5.0%*	-
Of which:		
Postpaid[1][2]	1,104.7	995.4
Prepaid[1][3]	1,011.3	1,019.9

(1) Excludes MVNO subscribers but includes reseller-originated and yallo subscribers. Excludes machine-to-machine SIM cards (M2M).
(2) Postpaid mobile subscribers are counted in our subscriber base as long as they have an active contract.
(3) Prepaid mobile subscribers are counted in our subscriber base if they have had an activity event, such as a usage or refill, within the last 91 days.

Mobile ARPU CHF/month

	January 1 – December 31, 2011	January 1 – December 31, 2010	October 1 – December 31, 2011	October 1 – December 31, 2010
Mobile ARPU[1]	44.4	44.9	44.7	43.8
Increase/(decrease) from prior equivalent period	*(1.1)%*	-	*2.1%*	-

(1) We define mobile ARPU as the total mobile revenue in the period divided by the average number of mobile subscribers in the period. The average number of mobile subscribers during a period is calculated by adding together the number of active mobile SIM cards at the beginning and end of each month during the period, dividing by two and then averaging the results from all months during the period.

The total number of our mobile subscribers increased by approximately 100.7 thousand or 5.0%, to 2.12 million as of December 31, 2011 from 2.02 million as of December 31, 2010. We estimate our total mobile market share, including MVNOs and resellers on our network, increased to 24.1% as of December 31, 2011, from 23.8% as of December 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. the iPhone.

Mobile ARPU decreased by CHF 0.5, or 1.1%, to CHF 44.4 for the twelve months ended December 31, 2011, from CHF 44.9 for the twelve months ended December 31, 2010. Mobile ARPU increased by CHF 0.9, or 2.1%, to CHF 44.7 for the three months ended December 31, 2011, from CHF 43.8 for the three month ended December 31, 2010. The decrease for the twelve months ended December 31, 2011 is primarily attributable to lower termination revenue, partially offset by higher originating revenue. The increase for the three months ended December 31, 2011 is primarily attributable to the change in customer mix towards customers subscribing to higher value rate plans.

Mobile Churn

Our prepaid and postpaid blended mobile churn rate for the twelve months ended December 31, 2011 decreased to 36.4% from 37.7% for the twelve months ended

December 31, 2010, which we attribute primarily to decreased churn in our Yallo prepaid subscriber base.

For several reasons, churn is relatively high in the prepaid market, particularly for prepaid mobile data subscribers. Although we could take steps to reduce prepaid churn, the benefits of reducing the churn would not in many cases justify the costs of doing so. For example, we frequently offer promotions that include free benefits for new prepaid subscribers. These promotions increase our subscriber base but also generate high churn due to the portion of customers who only use their lines until the free benefits are gone. Similarly, we sell SIM cards to visitors from other countries during the Swiss ski season who often stop using them upon returning home.

Mobile Voice Traffic Volume

Voice traffic volume for a given period measures the number of minutes of calls over our network for the period, including outgoing mobile-to-mobile, outgoing mobile-to-fixed off-network, incoming off-network mobile-to-mobile and incoming fixed-to-mobile calls. Calls from Sunrise landlines to Sunrise mobile numbers are accounted for under landline calls and are not included in mobile voice traffic. The table below sets forth the total voice traffic for our mobile business.

Voice Traffic — Millions of minutes

Voice Traffic Volume (millions of minutes)	January 1 – December 31, 2011	January 1 – December 31, 2010	October 1 – December 31, 2011	October 1 – December 31, 2010
Total mobile voice traffic				
Outgoing voice				
Off-network	1,687.5	1,467.2	451.1	395.2
thereof to national mobile	540.8	455.8	144.1	124.5
thereof to other (national landline, international and roaming off)	1,146.7	1,011.5	306.9	270.7
On-network	1,114.5	1,015.1	305.7	264.7
Incoming voice				
Off-network	902.4	766.1	231.2	214.5
Total landline				
Outgoing voice				
Off-network	1,859.6	2,266.7	453.6	550.7
thereof to national mobile	159.9	205.1	37.3	48.3
thereof to other (national landline and international)	1,699.6	2,061.6	416.3	502.4
On-network (to Sunrise mobile)	82.2	77.1	21.3	19.5

The increase in mobile voice traffic for the twelve months ended December 31, 2011 compared to the twelve months ended December 31, 2010 is primarily due to the customer base growth and the implementation of flat fee offers for outgoing mobile-to-mobile, both on-network and off-network, and outgoing mobile-to-fixed calls.

Mobile Termination Rates

The rates in effect for 2009 were CHF 0.15 per minute for mobile calls terminating on the Swisscom's mobile network and CHF 0.18 per minute for mobile calls terminating on either our or Orange's networks. Rates during the first twelve months of 2010 had dropped to CHF 0.14 per minute for mobile calls terminating on Swisscom's mobile network and CHF 0.17 per minute for mobile calls terminating on either our or Orange's networks. Rates dropped again on October 1, 2010 to CHF 0.08 per minute for mobile calls terminating on Swisscom's mobile network and CHF 0.10 per minute for mobile calls terminating on either of Sunrise's or Orange's networks. A further drop took place on January 1, 2011 to CHF 0.07 per minute for mobile calls terminating on Swisscom's mobile network and CHF 0.0875 per minute for mobile calls terminating on either Orange's network or our network, resulting in a corresponding decline in our revenue from mobile termination rates.

Principal Factors Affecting Landline Services Revenues

Subscriber Base

The table below sets forth selected subscriber data for our landline retail voice subscribers.

Retail Voice Subscriber Base (1)		'000
	December 31, 2011	December 31, 2010
Retail Voice	514.8	571.0
Subscriber growth/(decrease) from prior equivalent period	*(9.9%)*	-
Of which:		
LLU	276.3	230.2

(1) In our retail voice business, we report subscribers based on activity within the last month.

The total number of our retail voice subscribers decreased by about 56,248, or 9.9%, as of December 31, 2011 to 0.51 million from 0.57 million as of December 31, 2010. We attribute the decreases primarily to the departure of retail voice-only CPS customers, including customers acquired as part of the acquisition of Tele2 Switzerland in 2008.

ARPU

The table below sets forth our retail voice ARPU for the periods indicated.

Landline Services ARPU				CHF / month
	January 1 – December 31, 2011	January 1 – December 31, 2010	October 1 – December 31, 2011	October 1 – December 31, 2010
Retail Voice ARPU (1)	44.3	43.8	45.3	44.7
Increase/(decrease) from prior equivalent period	1.1%	-	1.3%	-

(1) We define landline retail voice ARPU as the total retail voice revenue in the period divided by the average number of retail voice subscribers in the period. The average number of retail voice subscribers in a period is calculated by adding together the number of retail voice subscribers at the beginning and end of each month during the period, dividing by two and then averaging the results from all months during the period.

Retail voice ARPU increased by CHF 0.5, or 1.1%, to CHF 44.3 for the twelve months ended December 31, 2011, from CHF 43.8 for the twelve months ended December 31, 2010. Retail voice ARPU increased by CHF 0.6, or 1.3%, to CHF 45.3 for the three months ended December 31, 2011, from CHF 44.7 for the three months ended December 31, 2010. We attribute the increase primarily to increased fees resulting from the migration of subscribers from carrier preselect based services to access rebilling and LLU based services.

Principal Factors Affecting Landline Internet Revenues

Subscriber Base

The table below sets forth selected subscriber data for our landline internet subscribers.

Landline Internet Subscriber Base[(1)] '000

	December 31, 2011	December 31, 2010
Landline internet	370.7	358.3
Increase/(decrease) from prior equivalent period	*3.5%*	
Of which:		
Narrowband (dial-up)	4.4	8.3
Broadband BBCS	90.0	119.8
Broadband LLU	276.3	230.2

(1) In our landline internet business, we report broadband connectivity services (BBCS) subscribers without ARB based on technical installations, while we report BBCS subscribers with ARB and LLU subscribers based on the number of active contracts. We currently pay fees to Swisscom of CHF 18.40 per month for each LLU line and CHF 28.00 per month for each BBCS line.

The total number of our landline internet subscribers increased by 12,367, or 3.5%, as of December 31, 2011 to 370,671 from 358,304 as of December 31, 2010. The total number of broadband subscribers, including both LLU and BBCS services, likewise increased by 16,273, or 4.6%, as of December 31, 2011 to 366,292 from 350,019 as of December 31, 2010. We attribute these increases primarily to our attractive LLU and bundled mobile and landline offerings.

We have seen a decrease of 47.1% in our narrowband (dial-up) subscriber base to 4,379 as of December 31, 2011 from 8,285 as of December 31, 2010. This decrease is consistent with the decline in narrowband services across Europe and was substantially offset by the increase in broadband subscribers. We attribute the decrease in our number of narrowband subscribers primarily to the trend of migration to broadband services that enables subscribers to get better quality services at more attractive prices (mainly as a result of flat-rate offers) and to the fact that we stopped actively marketing narrowband internet access. The dial-up subscriber base has reached an insignificant level and we will discontinue reporting those subscribers as per 31.12.2011.

ARPU

The table below sets forth our landline internet ARPU for the periods indicated.

Landline Internet ARPU CHF / month

	January 1 – December 31, 2011	January 1 – December 31, 2010	October 1 – December 31, 2011	October 1 – December 31, 2010
Landline Internet ARPU [(1)]	35.9	37.0	35.9	36.3
Increase/(decrease) from prior equivalent period	(2.9)%	-	(1.1)%	-

(1) We define landline internet ARPU as the total landline internet ADSL revenue in the period divided by the average number of landline internet ADSL subscribers in the period. The average number of landline internet ADSL subscribers in a period is calculated by adding together the number of landline internet ADSL subscribers at the beginning and end of each month during the period, dividing by two and then averaging the results from all months during the period. For purposes of calculating landline internet ARPU, landline internet revenue includes revenue generated from monthly subscription fees but does not include dial-up revenue and revenue from the sale of customer premises equipment, such as modems.

Landline internet ARPU decreased by CHF 1.1, or 2.9%, to CHF 35.9 for the twelve months ended December 31, 2011, from CHF 37.0 for the twelve months ended December 31, 2010. Landline internet ARPU decreased by CHF 0.4, or 1.1%, to CHF 35.9 for the three months ended December 31, 2011, from CHF 36.3 for the three months ended December 31, 2010. We attribute the decreases primarily 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) 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 14 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 December 31, 2011, the Group has terminated the service contract with Alcatel-Lucent for the construction and maintenance of its entire telecommunications network as of April 30, 2012. The Group did not enter into any new material contractual arrangements.

Material Debt Instruments

In June and December 2011, the Company made the first scheduled repayments on Term Loan A in the total amount of CHF 37.5 million.
The Group made arrangements for two additional term loans on August 30, 2011 in the amounts of CHF 101.9 million and EUR 184.0 million equivalents to CHF 220.6 million which were drawn in September 2011 in anticipation of the mobile auction.

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 December 31, 2011, no change has occurred to any material risk factor associated to the Group.

Material Recent Developments

In August 2011, the Group obtained consent from its Senior Lenders to make certain amendments to the Senior Facility Agreement ("SFA") based on an application submitted on July 18, 2011. The amendment was initiated in anticipation of the expected auction of mobile spectrum licenses in Switzerland in 2012.
In addition, the Group secured CHF 101.9 million and EUR 184.0 million equivalent of additional commitments from its Senior Lenders. The additional facilities were drawn in September 2011.

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 twelve months and three months period ended December 31, 2011 (unaudited nor reviewed)

Condensed Consolidated Interim Statements of Income CHFk

	Note	January 1– December 31, 2011 Unaudited	Pro forma January 1 – December 31, 2010 Unaudited	October 1– December 31, 2011 Unaudited	Pro forma October 1 – December 31, 2010 Unaudited
Revenue	**7, 8**	**1,983,856**	**2,021,138**	**529,244**	**521,485**
Transmission costs and cost of goods sold		(618,167)	(762,146)	(174,776)	(197,010)
Other operating expenses		(592,029)	(558,966)	(163,796)	(153,549)
Wages, salaries and pension costs		(196,605)	(184,078)	(56,584)	(49,310)
Total operating expenses before other income and expenses, depreciation and amortization		(1,406,801)	(1,505,190)	(395,156)	(399,869)
Other income and (expenses), net	9	30,556	21,393	7,803	4,930
Income before depreciation and amortization, net financial items and income taxes		**607,611**	**537,341**	**141,891**	**126,546**
Depreciation and amortization		(373,461)	(398,850)	(100,416)	(99,677)
Operating income		**234,150**	**138,491**	**41,475**	**26,829**
Foreign currency gains/(losses), net		32,437	918	(1,431)	(94)
Financial income		155,606	1,503	29,619	(91)
Financial expenses		(379,025)	(184,247)	(77,797)	(44,510)
Net financial items	**10**	**(190,982)**	**(181,826)**	**(49,609)**	**(44,695)**
Income/(loss) before income taxes		**43,168**	**(43,335)**	**(8,134)**	**(17,826)**
Income taxes		(32,516)	(9,387)	(4,585)	462
Net income/(loss)		**10,652**	**(52,722)**	**(12,719)**	**(17,364)**
Net income/(loss) attributable to equity holders of the Company		**10,652**	**(52,722)**	**(12,719)**	**(17,364)**

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

Condensed Consolidated Interim Statement of Comprehensive Income CHFk

	January 1 – December 31, 2011 Unaudited	October 1 – December 31, 2011 Unaudited
Net income/(loss)	**10,652**	**(12,719)**
Actuarial losses related to defined benefit pension plans	(30,933)	(42,219)
Cash flow hedge gains/(losses)	2,373	(1,551)
Income tax relating to components of Other Comprehensive Income	7,143	10,183
Other comprehensive (loss)	(21,417)	(33,587)
Total comprehensive loss	(10,765)	(46,306)
Comprehensive loss attributable to equity holders of the Company	(10,765)	(46,306)

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

Condensed Consolidated Interim Statements of Financial Position

Assets CHFk

	Note	December 31, 2011 Unaudited	December 31, 2010
Non-current assets			
Intangible assets		2,527,227	2,635,482
Property, plant and equipment		944,859	991,380
Deferred tax assets			
Derivative assets	14	60	1,087
Other non-current assets	16	13,305	151
Total non-current assets		**3,485,451**	**3,628,100**
Current assets			
Inventories		28,849	20,048
Receivables	15	323,057	340,441
Prepaid expenses		26,848	27,461
Other financial assets	17	100,102	-
Cash		485,387	126,754
Total current assets		**964,243**	**514,704**
Total assets		**4,449,694**	**4,142,804**

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	December 31, 2011 Unaudited	December 31, 2010
Equity			
Common shares, share premium and PECs	11	932,574	932,574
Accumulated deficit		(87,060)	(65,643)
Accumulated losses		(19,453)	(30,105)
Total equity		**826,061**	**836,826**
Non-current liabilities			
Borrowings	13	2,405,688	2,166,455
Deferred tax liabilities		236,956	246,046
Provisions		105,011	87,546
Pension liabilities		76,357	43,490
Derivative liabilities	14	202,991	167,289
Deferred income		24,139	23,717
Total non-current liabilities		**3,051,142**	**2,734,543**
Current liabilities			
Current portion of borrowings	13	67,789	45,916
Trade and other payables	15	395,020	411,645
Income tax payable		23,357	41,373
Deferred income		56,180	45,447
Provisions		27,845	25,560
Other current liabilities	16	2,300	1,494
Total current liabilities		**572,491**	**571,435**
Total liabilities		**3,623,633**	**3,305,978**
Total equity and liabilities		**4,449,694**	**4,142,804**

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– December 31, 2011 Unaudited	Pro forma January 1 – December 31, 2010 Unaudited	October 1– December 31, 2011 Unaudited	Pro forma October 1 – December 31, 2010 Unaudited
Income before depreciation and amortization, net financial items and income taxes		607,611	535,227	141,891	122,646
Reversal of items without cash flow effect		1’188	(13,251)	(5,330)	(1,188)
Payments related to provisions		(195)	454	(162)	1,059
Change in working capital		16,930	(57,848)	70,902	34,250
Cash flow from operating activities before net financials and tax		625,534	464,582	207,301	156,767
Interest received		120,719	16,759	51,124	16,090
Interest paid		(311,752)	(169,466)	(124,450)	(37,996)
Foreign currency gains/(losses), net		175	2,514	144	(1,659)
Cash flow from/(used in) operating activities before tax		434,672	314,389	134,115	133,201
Corporate income and withholding taxes paid		(67,498)	(60,905)	(692)	(23,378)
Total cash flow from operating activities		367,178	253,484	133,427	109,824
Acquisition of subsidiaries, net of cash acquired		(38,019)		(38,019)	
Investment in property, plant and equipment		(121,935)	(120,560)	(63,360)	(42,450)
Investment in intangible assets		(30,390)	(40,989)	(11,906)	(9,918)
Sale of property, plant and equipment		111	26,909	-	469
Sale of intangible assets		-	1,177	-	
Investment in other financial assets	5, 19	(100,102)		223,405	
Total cash flow used in investing activities		(290,335)	(133,463)	110,120	(51,899)
Proceeds of long-term loans		320,754		1,832	
Repayments of long-term borrowings	13	(42,189)	(7,219)	(19,851)	(3,402)
Total cash flow used in financing activities		278,565	(7,219)	(18,019)	(3,402)
Total cash flow		355,408	112,802	225,528	54,523
Cash and cash equivalents at January 1		126,754	197,471	-	-
Cash and cash equivalents at October 1		-	-	259,812	255,750
Foreign currency impact on cash		3,225	-	47	-
Cash and cash equivalents at December 31		485,387	310,273	485,387	310,273

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	Accumulated deficit	Accumulated losses	Total
Equity at January 1, 2011	1,000	125,876	805,698	(65,643)	(30,105)	836,826
Net income for the period					10,652	10,652
Other comprehensive loss						
Changes in actuarial gains and losses, net of tax				(24,375)		(24,375)
Hedge reserve – cash flow hedges				2,958		2,958
Equity at December 31, 2011	**1,000**	**125,876**	**805,698**	**(87,060)**	**(19,453)**	**826,061**

	Common shares	Share premium	PECs	Accumulated losses	Accumulated losses	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 loss for the period	-	-	-	-	(29,363)	(29,363)
Other comprehensive loss						
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)**	**(30,105)**	**836,826**

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

Notes to Condensed Consolidated Interim Financial Statements

Overview

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 Zurich, 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.

These consolidated interim financial statements were approved for issue by the Company’s Board of Directors on March 19, 2012.

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.

The present consolidated interim financial statements are not the Group’s statutory accounts. The statutory accounts of the previous year have been audited by the Group’s auditors.

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 twelve and three months periods ended December 31, 2011, and the pro forma condensed combined interim financial statements of Sunrise Communications Holdings S.A as of and for the twelve and three months periods ended December 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 December 31, 2010.

The historical unaudited condensed consolidated interim financial statements for the twelve and three months periods ended December 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 Statement of 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 twelve and three months ended December 31, 2011, where the acquisition of Sunrise Communications AG is reflected as of the date of acquisition which occurred on October 28, 2010.

Due to the simplified basis of preparation used in the pro forma condensed combined financial statements, comparative information for statement of comprehensive income and net financial items is not given since the same level of detail is not available for the twelve and three month period ended December 31, 2010.

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

a) the financial results for the year ended December 31, 2011, 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 three 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 December 31, 2011 the Euro to CHF exchange rate used was 1.21679 and the US Dollar to CHF exchange rate used was 0.9381.

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.

In preparing these condensed consolidated interim financial statements, the significant judgments made by 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 determining the provision for income taxes (see Note 5).

Note 4 IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The Group disclosed in prior period separately other income and expenses above EBITDA and net special items below EBITDA. As net special items is not defined within IFRS, The Group decided to cease net financial items and classify such charges in other income and expenses. This change in accounting policy requires a reclassification of the 2010 reported net special items of CHF 2.1 million to other income and expenses in the consolidated Statement of Income. A comparable figure for the twelve months period ended 2011 of net special items would be CHF 5.9 million.

Early termination fees result from the early termination of a legal contract either by the Group due to a defaulting customer or by the customer itself. Those charges are considered to be compensation of damages as it does not constitute the core business of Sunrise and the majority of the charges relate to customers defaulting their payments. In prior years, these revenues were recognized in gross revenue and the uncollectible part in operating expenses as bad debt. The Group decided to change its accounting policy and recognize the collectible amount of the early termination fees in other income. This change required to reclassify CHF 3.8 million of revenue and CHF -2.3 million of bad debt to other income resulting in CHF 1.5 million of other income for the period from September 9, 2010 till December 31, 2010, representing the net collectible amount of early termination fees.

During the year end closing it was identified that revenue related accruals of Sunrise Communications AG were overstated and had to be retrospectively adjusted as from the date of acquisition. The immaterial adjustments resulted in a reclassification between receivables, deferred revenue, deferred tax and goodwill as at the time of acquisition with an immaterial impact on earnings and no impact on cash flow from the time of acquisition.

Note 5 New significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except those identified in note 4 and as detailed below:

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

Financial assets

Loans and receivables

Classification
Loans and receivables are interest bearing term deposits held with financial institutions for periods of more than 3 months. They are included in current assets, except for deposits with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Recognition and measurement
Loans and receivables are initially measured at fair value and subsequently carried at amortized cost using the effective interest method. Foreign exchange gains and losses are taken into the consolidated Statement of Income.

Note 6 New accounting standards

The Group applied all standards and interpretations which had become effective before the financial period beginning January 1, 2012.

The accounting policies are consistent with those of the annual financial statements for the period ended December 31, 2010, except those identified in notes 4 and 5 and as detailed below:

New and amended standards adopted by 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
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"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 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.

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.

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

"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.

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.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

IFRS 9, "Financial instruments", effective January 1, 2013: this standard comprises two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. Management has an option to present in Other Comprehensive Income unrealized and realized fair value gains and losses on equity investments that are not held for trading. A debt instrument is 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 considered at fair value through profit or loss. The Group is currently assessing the impact of such standard and will determine the date at which it will be adopted.

IFRS 10, "Consolidated financial statements", effective January 1, 2013: this standard replaces all of the guidance on control and consolidation in IAS 27 and SIC-12. IAS 27 is renamed and continues to be a standard dealing solely with separate financial statements. There are four key changes. The first is the definition of control: focus on the need to have both power and variable returns before control is present and power is the current ability to direct the activities that significantly influence returns. As SIC-12 criteria no longer exist, existing relationships are in the scope of this standard. The second change is a new concept of De facto control. The third change is in regards of Principal-agent relationships: new factors for an entity to consider in determining if it is acting as a principal or an agent, which has a direct impact on the decision who has control. The fourth change is in regards of potential voting rights: Only substantive potential voting rights have to be considered. The Group is currently assessing the impact of such standard.

IFRS 11, “Joint arrangements“, effective January 1, 2013: The definition new standard introduces new terminology – joint arrangements is now the umbrella term used to describe all of the arrangements, and there exist only two types i.e. Joint operations and joint ventures. The classification is purely based on substance not on legal form. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting according to IAS 28 is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The new accounting standard will not impact the Group’s results and financial position.

IFRS 12, “Disclosure of interests in other entities“, January 1, 2013: The standard sets out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11 and replaces the disclosure requirements currently found in IAS 28 'Investments in associates'. IFRS 12 requires entities to disclose information about the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The Group is currently assessing the impact of such standard.

IFRS 13, “Fair value measurement“, January 1, 2013: The standard explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value of a liability therefore reflects non-performance risk (that is, own credit risk). The Group is currently assessing the impact of such standard.

IAS 27 (revised) “Separate financial statements'“, January 1, 2013: The revised standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The new accounting standard will not impact the Group’s results and financial position.

IAS 28 (revised) “Investments in associates and joint ventures“, January 1, 2013: The revised standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The new accounting standard will not impact the Group’s results and financial position.

IAS 19 (revised) “Employee benefits“, January 1, 2013: Under the amendment the ‘corridor and spreading’ option to account for actuarial gains and losses (now called re-measurements) will be replaced by the requirement to present those re-measurements including other changes in DBO and plan assets and asset ceiling effects in OCI.
Annual expense for funded benefit plans will include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This will replace the finance charge and expected return on plan assets.
Additional disclosures are required to present the characteristics of benefit plans, the amounts recognized in the financial statements and risks arising on from defined-benefit and multi-employer plans. The definition of a termination benefit is amended: A liability for a termination benefit is recognized when the entity can no longer withdraw the offer of the termination benefit or recognizes any related restructuring costs.
The Group assessed the impact of the net interest expense. The absolute impact is CHF 1,822k mainly affecting pension cost increase by 15%, net income decrease by 16%. Payroll cost and equity would not change significantly. The Group is currently assessing the impact of the remaining changes in such standard.

Amendments to IAS 1 “Presentation of items of Other Comprehensive Income“, July 1, 2012: The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as revaluation gains on PP&E or re-measurements of net pension assets or liabilities will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The Group is currently assessing the impact of such standard.

IFRIC 20 and Amendments to IAS 12 “Income Taxes: Deferred Income Taxes on the Recovery of Underlying Assets” (effective as from 1 January 2012) are not relevant for the Group and were not further analyzed.

Note 7 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 depreciation and amortization (EBITDA) represents the profit earned by each segment without allocation of depreciation and amortization, 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, Business and Wholesale.

Residential is the contact partner for fixed-line and mobile customers for residential end-users as well as for Single office and Home office businesses. 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. 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

Wholesale includes MVNO's, carrier and roaming services for national and international telecom service providers. The product portfolio covers voice, data, internet and infrastructure services.

The small office and home office businesses were previously reported on as a part of the Residential segment. These businesses are now internally monitored as part of the Business segment.

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.

Activities CHFk

	Residential		Business		Wholesale[2]		Head Office activities[1]		Total	
	January 1 – December 31, 2011 Unaudited	Pro forma January 1 – December 31, 2010 Unaudited	January 1 – December 31, 2011 Unaudited	Pro forma January 1 – December 31, 2010 Unaudited	January 1 – December 31, 2011 Unaudited	Pro forma January 1 – December 31, 2010 Unaudited	January 1 – December 31, 2011 Unaudited	Pro forma January 1 – December 31, 2010 Unaudited	January 1 – December 31, 2011 Unaudited	Pro forma January 1 – December 31, 2010 Unaudited
External revenue	1,441,336	1,422,554	260,149	224,442	270,105	362,900	12,266	11,242	1,983,856	2,021,138
Intra-segment revenue	-	383	-	-	21,088	23,829	-	-	21,088	24,212
Revenue	1,441,336	1,422,937	260,149	224,442	291,193	386,729	12,266	11,242	2,004,944	2,045,350
Transmission costs and cost of goods sold	(382,564)	(441,820)	(76,773)	(74,518)	(179,918)	(270,169)	-	148	(639,255)	(786,358)
Other external charges	(308,464)	(303,749)	(42,681)	(31,447)	(4,230)	(7,302)	(236,654)	(216,467)	(592,029)	(558,966)
Wages, salaries and pension costs	(47,735)	(43,083)	(32,057)	(25,420)	(7,885)	(6,652)	(108,927)	(108,922)	(196,605)	(184,078)
Other income and expenses	13,558	9,099	2,489	1,492	-	-	14,509	10,801	30,556	21,393
EBITDA	716,130	643,383	111,127	94,549	99,160	102,606	(318,806)	(303,198)	607,611	537,341

[1] Including Headquarters
[2] Including hubbing revenue of CHFk 127,109 for the twelve months ended December 31, 2011 and CHFk 203,166 for the twelve months ended December 31, 2010.

Activities CHFk

	Residential		Business[2]		Wholesale		Head Office activities[1]		Total	
	October 1 – December 31, 2011 Unaudited	Pro forma October 1 – December 31, 2010 Unaudited	October 1 – December 31, 2011 Unaudited	Pro forma October 1 – December 31, 2010 Unaudited	October 1 – December 31, 2011 Unaudited	Pro forma October 1 – December 31, 2010 Unaudited	October 1 – December 31, 2011 Unaudited	Pro forma October 1 – December 31, 2010 Unaudited	October 1 – December 31, 2011 Unaudited	Pro forma October 1 – December 31, 2010 Unaudited
External revenue	374,547	373,614	83,343	55,946	66,977	89,460	4,377	2,465	529,244	521,485
Intra-segment revenue	-	-	-	-	4,440	7,147	-	-	4,440	7,147
Revenue	374,547	373,614	83,343	55,946	71,417	96,607	4,377	2,465	533,683	528,632
Transmission costs and cost of goods sold	(105,707)	(119,852)	(28,006)	(17,549)	(45,503)	(66,759)	-	3	(179,216)	(204,157)
Other external charges	(81,340)	(87,604)	(14,824)	(8,963)	(346)	(496)	(67,286)	(56,486)	(163,796)	(153,549)
Wages, salaries and pension costs	(12,862)	(10,748)	(11,926)	(6,587)	(1,939)	(1,720)	(29,857)	(30,255)	(56,584)	(49,310)
Other income and expenses	3,938	1,735	651	369	-	-	3,214	2,827	7,803	4,930
EBITDA	178,576	157,144	29,238	23,216	23,629	27,632	(89,552)	(85,346)	141,891	126,546

[1] Including Headquarters
[2] Including hubbing revenue of CHFk 33,315 for the three months ended December 31, 2011 and CHFk 51,498 for the three months ended December 31, 2010.

Reconciliation of revenue CHFk

	January 1– December 31, 2011 Unaudited	Pro forma January 1 – December 31, 2010 Unaudited	October 1– December 31, 2011 Unaudited	Pro forma October 1 – December 31, 2010 Unaudited
Reportable segments	2,004,944	2,045,350	533,683	528,632
Elimination of intra-segment items	(21,088)	(24,212)	(4,440)	(7,147)
Revenue	**1,983,856**	**2,021,138**	**529,244**	**521,485**

Reconciliation of transmission costs and cost of goods sold CHFk

	January 1– December 31, 2011 Unaudited	Pro forma January 1 – December 31, 2010 Unaudited	October 1– December 31, 2011 Unaudited	Pro forma October 1 – December 31, 2010 Unaudited
Reportable segments	(639,255)	(786,358)	(179,216)	(204,157)
Elimination of intra-segment items	21,088	24,212	4,440	7,147
Transmission costs and cost of goods sold	**(618,167)**	**(762,146)**	**(174,776)**	**(197,010)**

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

	January 1– December 31, 2011 Unaudited	Pro forma January 1 – December 31, 2010 Unaudited	October 1– December 31, 2011 Unaudited	Pro forma October 1 – December 31, 2010 Unaudited
EBITDA from reportable segments	607,611	537,341	141,891	126,546
Unallocated:				
Depreciation and amortization	(373,461)	(398,850)	(100,416)	(99,677)
Net financial items	(190,982)	(181,826)	(49,609)	(44,695)
Consolidated net income /(loss) before income taxes	43,168	(43,335)	(8,134)	(17,826)

Note 8 Revenue

CHFk

	January 1– December 31, 2011 Unaudited	Pro forma January 1 – December 31, 2010 Unaudited	October 1– December 31, 2011 Unaudited	Pro forma October 1 – December 31, 2010 Unaudited
Landline telephony	515,039	638,857	128,826	155,369
thereof hubbing	*127,109*	*203,166*	*33,315*	*51,498*
Mobile services	1,292,540	1,205,272	356,092	321,462
Internet services	176,277	177,009	44,327	44,653
Total	**1,983,856**	**2,021,138**	**529,244**	**521,485**

	January 1 – December 31, 2011 Unaudited	Pro forma January 1 – December 31, 2010 Unaudited	October 1 – December 31, 2011 Unaudited	Pro forma October 1 – December 31, 2010 Unaudited
Sales of goods	95,842	88,337	34,458	39,968
Sales of services	1,888,014	1,932,801	494,785	481,516
Total	**1,983,856**	**2,021,138**	**529,244**	**521,485**

Note 9 Other income and (expenses)

The income before taxes for the twelve and three months period ended December 31, 2011 includes income from LRIC settlements related to previous years, fees raised from early termination of contract and costs for the termination of the outsourcing-contract with Alcatel-Lucent.

The income before taxes for the twelve and three months ended December 31, 2010 included a profit due to a gain on sales of property, plant and equipment and a gain due to reversal of ARO provision. It also includes the effect of voluntary change in accounting policy regarding early termination fees.

Note 10 Net financial items CHFk

	Interest	Swiss capital tax	Fair value adjustments	Total financial income and (expenses) before foreign currency	Net foreign currency gains/(losses)	October 1 – December 31, 2011 Unaudited Total
Income						
Cash and cash equivalents	1,018	-	-	1,018	47	1,065
Financial liabilities measured at amortized cost	-	-	-	-	-	-
Derivatives – used for hedging	28,023	-	1,146	29,169	-	29,169
Derivatives – held for trading	5	-	(613)	(608)	-	(608)
Other	577	(537)	-	40	2,838	2,878
Total Income	**29,623**	**(537)**	**533**	**29,619**	**2,885**	**32,504**
Expenses						
Cash and cash equivalents	-	-	-	-	-	-
Financial liabilities measured at amortized cost	(48,659)	-	-	(48,659)	(4,316)	(52,975)
Derivatives – used for hedging	(27,470)	-	-	(27,470)	-	(27,470)
Derivatives – held for trading	(197)	-	-	(197)	-	(197)
Other	(1,471)	-	-	(1,471)	-	(1,471)
Total Expenses	**(77,797)**	**-**	**-**	**(77,797)**	**(4,316)**	**(82,113)**
Net financial items	**(48,174)**	**(537)**	**533**	**(48,178)**	**(1,431)**	**(49,609)**

	Interest	Swiss capital tax	Fair value adjustments	Total financial income and (expenses)before foreign currency	Net foreign currency gains/(losses)	January 1 – December 31, 2011 Unaudited Total
Income						
Cash and cash equivalents	1,480	-	-	1,480	3,225	4,705
Financial liabilities measured at amortized cost	-	-	-	-	30,978	30,978
Derivatives – used for hedging	100,335	-	52,201	152,536	-	152,536
Derivatives – held for trading	138	-	875	1,013	-	1,013
Other	577	-	-	577	2,838	3,415
Total Income	**102,530**	**-**	**53,076**	**155,606**	**37,041**	**192,647**
Expenses						
Cash and cash equivalents	-	-	-	-	-	-
Financial liabilities measured at amortized cost	(179,307)	-	-	(179,307)	(4,316)	(183,623)
Derivatives – used for hedging	(99,675)	-	(88,124)	(187,799)	-	(187,799)
Derivatives – held for trading	(789)	-	(4,066)	(4,855)	-	(4,855)
Other	(6,462)	(602)	-	(7,064)	(,288)	(7,352)
Total Expenses	**(286,233)**	**(602)**	**(92,190)**	**(379,025)**	**(4,604)**	**(383,629)**
Net financial items	**(183,703)**	**(602)**	**(39,114)**	**(223,419)**	**32,437**	**(190,982)**

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 twelve month period ended December 31, 2010.

In preparing the comparative financials for the twelve months ended December 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 December 31, 2010, was CHF 183.3 million.

Note 11 Impairment tests for goodwill

Impairment tests for goodwill

Goodwill is allocated to the Company's cash-generating units. For the Company, the cash-generating units consist of the operating segments "Residential", "Business" and "Wholesale", and the impairment test is carried out on these cash-generating units (CGUs) in the fourth quarter 2011. An operating segment-level summary of the goodwill allocation is presented below:

Segment	**CHFk**
Residential	806,481
Business	190,029
Wholesale	68,472
Total goodwill	**1,064,982**

Goodwill has an indefinite useful live, and is therefore analyzed for impairment on an annual basis. There are no other recorded intangible assets with indefinite useful lives. The recoverable amount of all CGUs has been determined based on its value-in-use, using the discounted cash flow method (DCF). The basis for the calculation of DCF is the Company's business plan approved by the Board of Directors. The detailed planning horizon of the plan covers three years. The extrapolation of free cash flows beyond the three year planning period was calculated assuming a long-term growth rate of 1%. The discount rate is determined as the weighted average cost of capital before tax (WACC) of the Company, and amounts to 7.8%. Management determined budgeted gross margin and the growth rates based on past performance and its expectations of market development. As of this date, the recoverable amount at all cash-generating units was higher than the carrying amount. The sensitivity analysis shows that a reasonably possible change in the key assumptions would not result in the carrying amount exceeding its recoverable amount.

Note 12 Equity

CHFk

	Shares (number) December 31, 2011 Unaudited	Nominal value December 31, 2011 Unaudited	Equity December 31, 2011 Unaudited	Equity Dec 31, 2010
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 December 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.

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

Note 13 Borrowings

CHFk

	Nominal value at inception	Cumulative foreign exchange movement Unaudited	Capitalized debt issuance cost Unaudited	Loan and finance lease repayments Unaudited	December 31, 2011 Carrying value Unaudited	December 31, 2010 Carrying value
Borrowings						
Floating rate						
Term Loan A – CHF denominated	500,000	-	(28,551)	(37,500)	433,949	468,878
Term Loan B1 – EUR denominated	100,000	(10,662)	(5,982)	-	83,356	85,534
Term Loan B2 – CHF denominated	220,000	-	(12,846)	-	207,154	206,246
Term Loan B3 – CHF denominated	101,930	-	(289)	-	101,641	-
Term Loan B4 – EUR denominated	220,579	3,310	(623)	-	223,266	-
Fixed rate						
Senior Secured Notes - CHF denominated	300,000	-	(11,334)	-	288,666	285,395
Senior Secured Notes - EUR denominated	500,256	(47,173)	(18,894)	-	434,189	445,691
Senior Notes - EUR denominated	755,942	(70,620)	(30,522)	-	654,800	669,482
Total loans and notes	**2,698,707**	**(125,145)**	**(109,041)**	**(37,500)**	**2,427,021**	**2,161,226**
Other						
Debt relating to finance leases				(4,689)	46,456	51,145
Total borrowings				**(42,189)**	**2,473,477**	**2,212,371**
Of which loans expected to be paid within 12 months					(67,789)	(45,916)
Total long-term borrowings					**2,405,688**	**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 has commenced as at June 30, 2011, and the Company is in compliance. Liabilities relating to finance leases are related primarily to lease agreements regarding renting of fiber networks.

The Senior Facilities were increased by CHF 322.5 million equivalents as an add-on to Term Loan B in second quarter 2011. The Company drew the facility in third quarter 2011, and the loan is classified as non-current borrowing. The drawings under the B4 Euro denominated loan have been held in Euros resulting in a foreign exchange gain of CHF 3,310k.

In preparation for the upcoming mobile license auction amendments were made to certain terms and covenants of our Senior Facilities Agreement. Costs related to these amendments have been capitalized against Term loan A and B1 to B4.

The Term Loan B3 Facility has a maturity of December 31, 2017 and bears a coupon of CHF LIBOR + 4.75% per annum. The Term Loan B4 Facility has a maturity date of December 31, 2017 and bears a coupon of EURIBOR + 4.75% per annum. The Group has entered into a cross currency interest rate swap related to the future interest payments of Term Loan B4 (note 13). Both the Term Loan B3 and B4 Facilities were fully drawn in third quarter 2011. The funds were invested in short term deposit (note 17 and note 4).

Debt pushdown

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. The B3 and B4 loans have not been pushed down to Sunrise Communications AG.

Note 14 Derivatives

CHFk

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

	Notional amount CHFk	Carrying Value – Asset Unaudited	December 31, 2011 Carrying Value – Liability Unaudited	Carrying Value – Asset	December 31, 2010 Carrying Value – Liability
Cash flow hedges					
Cross currency interest rate swaps – fixed rate borrowings	1,256,198		(187,175)		(156,101)
Cross currency interest rate swaps – variable rate borrowings [1)]	100,000		(2,758)		(2,751)
Fair value hedges					
Cross currency interest rate swaps – variable rate borrowings [1)]	100,000		(10,662)		(8,193)
Hedges held for trading					
Interest rate cap	600,000	60		1,087	
Interest rate swap	100,000		(1,650)		(244)
Cross currency interest rate swaps – variable rate borrowings	224,480		(746)		(2,751)
Total derivatives		**60**	**(202,991)**	**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			(31,325)		(90,826)
Cash flow hedges – ineffectiveness			(2,130)		(74)
Fair value hedges			(2,468)		(8,193)
Total Statement of Income impact of hedging derivatives (note 9)			**(35,923)**		**(99,093)**
Statement of Income impact of interest rate derivatives – held for trading (note 9)			(3,191)		(343)
Total Statement of Income impact of derivatives (note 9)			**(39,144)**		**(99,436)**
Other Comprehensive Income – cash flow hedges			2,373		(67,951)

[1)] Cross currency interest rate swaps related to Term Loan B EUR

Cross Currency Interest Rate Swaps – variable rate borrowings

On September 30, 2011, the Group entered into a cross currency interest rate swap agreement to hedge its future Euro interest payments on term loan B4. The notional value of the swap is equal to the entire amount drawn upon term loan B4 EUR 184,000k. Term loan B4 bears interest at EURIBOR +4.75% and is due December 31, 2017. Under the terms of the swap, the Group pays CHF LIBOR +5.8965% and receives EURIBOR +4.75%. The swap has a maturity date of December 31, 2014. At December 31, 2011, the cross currency interest rate swap had a fair value of CHF 746k and is classified as a held for trading derivative.

Note 15 Other balance sheet items

Receivables

Receivables decreased by CHF 17.4 million in the twelve months ended December 31, 2011, mainly related to the settlement of LRIC from prior years.

Trade and other payables

Trade and other payables decreased by CHF 16.6 million in the twelve months ended December 31, 2011, as a result of reduced interest payables.

Note 16 Dividend Distributions within Sunrise Group

On June 30, 2011 Sunrise Communications AG distributed dividends in amount of CHF 263.0 million to its shareholders, Skylight S.à r.l., Luxembourg and Sunrise Communications International S.A., Luxembourg. The transaction did not have any impact outside of the Group except for withholding tax. CHF 13.2 million, representing the amount of withholding tax owed to the Swiss tax authorities, was paid in October 2011. The withholding tax is refundable to the Group after the completion of a designated holding period of two years.

No dividends were distributed outside of the Group.

Note 17 Business Combination

On November 10, 2011, Sunrise Communications AG acquired 100 % of the common shares of Business Sunrise Enterprise Solutions GmbH (formerly known as NextiraOne Schweiz GmbH), a network solutions provider helping organizations run their business more effectively. With the acquisition of the leading Swiss company for integration business, Sunrise strengthens its position on the Business market. The combination of both companies under the Business Sunrise brand will create a full service provider for small, medium and large enterprises in all industries, enabling services like cloud computing. The Goodwill of CHF 43,881k arising from the acquisition is attributable to acquired customer base (which cannot be separately identified) and workforce representing assets which could not be separately recognized as part of the purchase price allocation. The goodwill is not deductible for tax purposes.

The following table summarizes the consideration paid for of Business Sunrise Enterprise Solutions GmbH and the amounts of net assets acquired as at November 10, 2011:	2011 CHFk
Total Consideration	**40,850**
Cash and cash equivalents	2,831
Receivables	11,527
Inventories	6,351
Financial assets	13
Loan from former shareholder	3,029
Property, plant and equipment	1,275
Identified intangible assets	8,531
Short term debt	(30,363)
Corporate income tax receivable/(payable), net	(447)
Provisions	(373)
Pension obligations	(3,983)
Deferred tax assets/(liabilities), net	(1,422)
Total Business Sunrise Enterprise Solutions GmbH net assets acquired	**(3,031)**
Goodwill arising on acquisition	**43,881**
Total consideration	**40,850**
Cash in acquired subsidiary	(2,831)
Net cash outflow at the acquisition	**38,019**

No ordinary shares were issued as part of the consideration paid for NextiraOne Schweiz GmbH. The fair value of trade and other receivables is CHF 11,527k. The gross contractual amount for trade receivables due is CHF 11,527k, of which none is expected to be uncollectable. These mainly relate to a number of independent businesses for which there is no recent history of default. There was no contingent consideration arrangement as part of the acquisition. In the period from the date of acquisition to December 31, 2011 the acquired subsidiary has contributed CHF 20,282k to revenue and net loss in amount of CHF 117k to Sunrise Group's net income. Had NextiraOne Schweiz GmbH been consolidated from 1 January 2011, the consolidated Statement of Income would show revenue of CHF 2,063,696k and a net income of CHF 13,109k.

Note 18 Contingencies

At 31 December 2011, the Group had a capital commitment in the amount of CHF 184.3 million in connection with the mobile license payment.

Note 19 Financial risk management

In the fourth quarter 2011, Sunrise made a term deposit in amount of CHF 100 million for a period longer than 3 months. The term deposit is classified as current financial asset, respectively loans and receivables.

The recent development on the FX market and the strong Swiss franc does not have a material effect on the Group, as Sunrise is predominantly active in the domestic market. A material part of the foreign currency risk arising from borrowings denominated in Euros and the interest rate risk arising from external borrowings have been hedged by the Group.

Note 20 Related parties

There has been no change to related parties during the three month period ended December 31, 2011.

Note 21 Events after the balance sheet date

Change in Board of Directors

Bénédicte Moens-Colleaux has resigned from the Board of Directors of Sunrise Communications Holdings S.A. effective date of 24 January 2012. Stefan Oostvogels and Manuel Mouget have been appointed as new Directors.

Nicolas P. Gray has resigned as Member of Board of Directors of Sunrise Communications AG effective February 29th, 2012.

Mobile license auction

At the spectrum auction of all mobile frequencies that ended on Wednesday, 22. February 2012, Sunrise successfully participated and secured almost 40% of the valuable low frequency bands. Sunrise acquired a total of 160 MHz (up/down), spread out over 16 blocks for CHF 481.7 million. A breakdown of the individual frequency blocks is shown below:

- 2 blocks with 10 MHz each within the 800 MHz range/digital dividend (Category A)
- 3 blocks with 10 MHz each within the 900 MHz range (Category B)
- 4 blocks with 10 MHz each within the 1800 MHz range (Category D)
- 2 blocks with 10 MHz each within the 2100 MHz range (Category H)
- 5 blocks with 10 MHz each within the 2600 MHz range (Category I)

On March 2, 2012, ComCom offered extended payment conditions in relation to the mobile license auction. For Sunrise Communications AG, the following conditions will apply (which are pending formal enactment and not yet in force):

- CHF 289.0 million 30 days after award of the mobile license
- CHF 105.3 million as of June 30, 2015
- CHF 110.1 million as of December 31, 2016

Extension of service contract with Alcatel-Lucent

Sunrise Communications AG extended the termination period with Alcatel-Lucent for the construction and maintenance of its entire telecommunications network until August 30, 2012 in order to finalize the negotiations with its new preferred new multi service provider and ensure a smooth hand-over of activities.