

**Citibank, N.A., London Branch, as Trustee**  
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April 2, 2015

## **The Report**

This report (the “Report”) is being furnished as required under (i) Section 4.03(a)(3)(f) of the indenture governing the 7.75% Senior Notes due 2020 issued by Picard Bondco S.A., as amended from time to time (the “Senior Notes Indenture”), (ii) Section 4.03(a)(4)(f) of the indenture governing the 11% Payment-in-Kind Notes due 2020 issued by Picard PIKco S.A., as amended from time and time and on February 20, 2015 (the “PIK Notes Indenture”) and (iii) Section 4.03(a)(3)(e) and Section 4.03(a)(3)(f) of the indenture governing the Floating Rate Senior Secured Notes due 2019 issued by Picard Groupe S.A.S., as amended from time to time and on February 10, 2015 (the “Senior Secured Notes Indenture” and together with the Senior Notes Indenture and the PIK Notes Indenture, the “Indentures”).

Capitalized terms used but not defined herein have the meaning assigned to such terms in the Senior Notes Indenture, the PIK Notes Indenture and/or the Senior Secured Notes Indenture, as applicable.

## **The Reportable Event**

On March 30, 2015, Lion Capital LLP or funds advised and managed by Lion Capital LLP (“Lion Capital”) and ARYZTA AG, a corporation incorporated under the laws of Switzerland, with a registered office at Talacker 41—8001 Zürich, Switzerland (“Aryzta”) signed an agreement, pursuant to which Aryzta may be required, at the sole option of Lion Capital, to execute a securities transfer agreement (the “SPA”) providing for the sale of 49.99% of the voting stock of a new holding company (“Holdco”) to be formed to own approximately 96.03% of the voting stock of Lion/Polaris Lux Topco S.à r.l. (“Lux TopCo”), an indirect parent company of each of Picard Groupe S.A.S., Picard Bondco S.A. and Picard PIKco S.A., to Aryzta (the “Acquisition”), once the *Comité d’Entreprise* of Picard Surgelés S.A.S. has been informed of the pending Acquisition and the consultation period with the *Comité d’Entreprise* of Picard Surgelés S.A.S. has expired. 49.99% of the voting stock of Holdco equates to approximately 48.01% of the voting stock of Lux TopCo. The remaining approximately 3.97% of the voting stock of Lux TopCo will continue to be held directly by the senior management of Picard Groupe S.A.S.

In connection with the Acquisition, Aryzta will be granted an option (the “Option”) to acquire, directly or indirectly, the remaining voting stock of Lux TopCo during specified periods of time in 2018, 2019 or 2020. Following the consummation of the Acquisition, the remaining 50.01% of the voting stock of Holdco (equating to approximately 48.03% of the voting stock of Lux TopCo) will continue to be held by Lion Capital. Additionally, Lion Capital and Aryzta plan to enter into certain shareholders, voting or similar customary arrangements in connection with the Acquisition (the “Shareholder Arrangements”).

The execution of the SPA cannot not occur until the *Comité d’Entreprise* of Picard Surgelés S.A.S. has been informed of the pending Acquisition and the consultation period with the

*Comité d'Entreprise* of Picard Surgelés S.A.S. has expired. If the SPA is signed, the consummation of the Acquisition is subject to a number of conditions, including:

- Effectiveness of the Proposed Amendment (as defined below) under the Senior Secured Notes Indenture;
- Consent from the lenders under the revolving credit facility agreement dated August 1, 2013, as amended from time to time (the “Revolving Credit Facility Agreement”), to make a corresponding amendment to the Revolving Credit Facility Agreement as that contained in the Proposed Amendment; and
- The receipt of required anti-trust clearances.

Aryzta is a food business specializing in the frozen bakery sector and supplies baked goods to the food service, retail and quick service restaurant sectors. Aryzta operates 60 bakeries and kitchens across Europe, North America, South America, Asia, Australia and New Zealand.

### **Proposed Amendment under the Senior Secured Notes Indenture**

The definition of “Beneficial Owner” under the Senior Secured Notes Indenture differs from the definition of “Beneficial Owner” under the Senior Notes Indenture and the PIK Notes Indenture. Under the Senior Secured Notes Indenture, because the definition of Beneficial Owner broadens the scope of beneficial ownership as defined in the Securities and Exchange Act of 1934, as amended (the “U.S. Exchange Act”), the grant of the Option or, more generally, the grant of a similar option to acquire, directly or indirectly, Voting Stock of Lion Polaris II S.A.S. (the direct parent company of Picard Groupe S.A.S.), could trigger the occurrence of a Change of Control. Rule 13d-3 of the U.S. Exchange Act limits the inclusion of securities subject to a person’s “beneficial ownership” to those that a person has the right to acquire within 60 days (subject to certain exceptions), however, the definition of Beneficial Ownership in the Senior Secured Notes Indenture does not include this time limit. Therefore, the Senior Secured Notes Indenture currently requires that upon consummation of the Acquisition, the additional 50.01% of the voting stock of Holdco subject to the Option be included in Aryzta’s Beneficial Ownership of Lion Polaris II S.A.S., which could trigger the occurrence of a Change of Control. Additionally, the entry into the Shareholder Arrangements or, more generally, the entry into shareholder, voting or other like arrangements with a Permitted Holder, could create a “group” within the meaning of the U.S. Exchange Act and confer beneficial ownership of the Voting Stock of Lion Polaris II S.A.S. held by Lion Capital to Aryzta and other parties to such arrangement, which could also trigger the occurrence of a Change of Control.

Therefore, Picard Groupe S.A.S. has launched a consent solicitation statement (the “CSS”) soliciting the consents from the holders of its Floating Rate Senior Secured Notes due 2019 (the “Senior Secured Notes”) to amend the definition of “Beneficial Owner” to correspond to the definition of “Beneficial Owner” under the Senior Notes Indenture and the PIK Notes Indenture (the “Proposed Amendment”). Picard Groupe S.A.S. will also seek consents from the lenders under the Revolving Credit Facility Agreement to make a corresponding amendment under the Revolving Credit Facility Agreement.

The purpose of the Proposed Amendment is to ensure that as long as the Permitted Holders (as defined in the Indenture) together directly or indirectly hold more than 50% of the issued and outstanding Voting Stock (as defined in the Indenture) of Lion Polaris II S.A.S., then the

occurrence of a Change of Control (as defined in the Senior Secured Notes Indenture) will not be triggered even if a person other than a Permitted Holder is also deemed under the U.S. Exchange Act to beneficially own such Voting Stock. The Proposed Amendment will amend the definition of “Beneficial Owner” in the Senior Secured Notes Indenture to specify that any person who is not a Permitted Holder or an affiliate of a Permitted Holder will not be treated as the beneficial owner of any Voting Stock that is otherwise beneficially owned by a Permitted Holder (other than deemed beneficial ownership derived from membership in a group) unless that person has sole voting power with respect to that Voting Stock. The Proposed Amendment will therefore allow Lion Capital and Aryzta to complete the proposed Acquisition on the terms proposed without triggering the occurrence of a Change of Control.

For the avoidance of doubt, the Proposed Amendment will not change the definition of “Change of Control” in the Senior Secured Notes Indenture, and if the Option is exercised, or should Aryzta or any Person (as defined in the Senior Secured Notes Indenture) who is not a Permitted Holder directly or indirectly hold more than 50% of the issued and outstanding Voting Stock (as defined in the Senior Secured Notes Indenture) of Lion Polaris II S.A.S., a Change of Control will be triggered under the Senior Secured Notes Indenture; the holders of the Senior Secured Notes are not being asked to waive such future occurrence or the requirement to make a Change of Control Offer (as defined in the Senior Secured Notes Indenture) upon such future occurrence.

If the Proposed Amendment becomes effective, it will change the definition of “Beneficial Owner” to correspond to the definition of “Beneficial Owner” under the Senior Notes Indenture and the PIK Notes Indenture, with the result that (i) if and when the Acquisition is consummated, neither the grant of the Option nor the entry into the Shareholder Arrangements will trigger the occurrence of a Change of Control or (ii), if the Acquisition is not consummated, then neither the future grant of an option to acquire, directly or indirectly, Voting Stock of Lion Polaris II S.A.S., nor the entry into shareholder, voting or other like arrangements with a Permitted Holder will trigger the occurrence of a Change of Control.

There is no assurance that either the Acquisition will be consummated or the Proposed Amendment will become effective.

Holders of the Senior Secured Notes should refer to the CSS for information on the consent solicitation for the Proposed Amendment. For holders of the Senior Secured Notes, this description is qualified in its entirety by reference to the CSS.