

## IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS UNDER RULE 144A OR (2) NON-U.S. PERSONS OUTSIDE OF THE U.S. (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, A QUALIFIED INVESTOR).

**IMPORTANT: You must read the following before continuing.** The following applies to the offering memorandum (the “**Offering Memorandum**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**U.S. SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Confirmation of your Representation:** In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities, investors must be either (1) Qualified Institutional Buyers (“**QIBs**”) (within the meaning of Rule 144A under the U.S. Securities Act) or (2) non-U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) outside the U.S.; provided that investors resident in a Member State of the European Economic Area must be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC and any relevant implementing measure in each Member State of the European Economic Area). This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) not a U.S. person and that the electronic mail address that you gave us and to which this Offering Memorandum has been delivered is not located in the U.S. (and if you are resident in a Member State of the European Economic Area, you are a qualified investor) and (2) that you consent to delivery of such Offering Memorandum by electronic transmission.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Initial Purchasers, Ziggo Secured Finance B.V. (the “**Issuer**”), the Ziggo Group (as defined in this Offering Memorandum) or the UPC Netherlands Group (as defined in this Offering Memorandum) or any person who controls them or any of their respective directors, officers, employees or agents, or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any

difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.

The information in this offering memorandum is not complete and may be changed. This offering memorandum is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted to any person or entity to whom it is unlawful to make that offer or sale to whom it is unlawful to make that offer or sale.

## OFFERING MEMORANDUM

## NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES



### €800,000,000 3<sup>3</sup>/<sub>4</sub>% Senior Secured Notes due 2025

*issued by, but with limited recourse to,*

### **Ziggo Secured Finance B.V.**

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Ziggo Secured Finance B.V., a private limited company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands (the “**Issuer**”), is offering €800,000,000 aggregate principal amount of its 3<sup>3</sup>/<sub>4</sub>% Senior Secured Notes due 2025 (the “**Notes**”). The sole outstanding ordinary share of the Issuer is owned directly by Ziggo Bond Finance B.V. (“**Ziggo Bond Finance**”), a private limited company incorporated under the laws of The Netherlands. The Notes are being issued as part of an internal reorganization of Liberty Global plc’s (“**Liberty Global**”) broadband and wireless communications businesses in The Netherlands as further described herein (the “**Reorganization Transactions**”) whereby UPC Nederland B.V. and/or its successor company (“**UPC Nederland**”) and its subsidiaries (the “**UPC Netherlands Group**”) will become subsidiaries of UPC Nederland Holding I B.V. (“**UPC Netherlands Bondco**”). UPC Netherlands Bondco is a direct wholly-owned subsidiary of Ziggo Group Holding B.V. (“**Ziggo Group Holding**”), which is also the indirect parent company of Ziggo Holding B.V. (“**Ziggo Holdco**”). See “*Summary—The Transactions—The Reorganization Transactions*” and “*The Transactions*”.

The Notes will bear interest at a rate of 3.750% per annum. The Notes will mature on January 15, 2025. Interest on the Notes will be payable semi-annually on each January 15 and July 15, beginning on July 15, 2015.

Some or all of the Notes may be redeemed at any time prior to January 15, 2020, in each case, at a price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest to (but excluding) the redemption date and the “make-whole” premium, as described in this offering memorandum (the “**Offering Memorandum**”). The Notes may be redeemed at any time on or after January 15, 2020 at the redemption prices set forth in this Offering Memorandum. In addition, at any time prior to January 15, 2018, the Issuer may redeem up to 40% of the Notes with the net proceeds of one or more specified equity offerings at the redemption prices set forth in this Offering Memorandum. Prior to January 15, 2020, during each 12-month period commencing on the Issue Date (as defined herein), the Issuer may redeem up to 10% of the principal amount of the Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to (but excluding) the redemption date. In the event of a change of control or sale of certain assets, the Issuer may be required to make an offer to purchase the relevant Notes. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the relevant Notes. See “*Description of the Notes*” for more information.

The Notes will be senior obligations of the Issuer. On the Issue Date, the Notes will be guaranteed (the “**Note Guarantees**”) on a senior basis by each of Ziggo Secured Finance II B.V. (“**Ziggo Secured Finance II**”) and Ziggo Secured Finance Partnership (“**US SPV Partnership**”, and, together with Ziggo Secured Finance II, the “**Note Guarantors**”). Prior to the Escrow Release Date (as defined below), the Notes will be secured by the Escrow Charge (as defined below). Following the Escrow Release Date, the Notes will be secured by (i) a first-ranking security interest in the sole ordinary share of the Issuer, (ii) a first-ranking security interest in the sole ordinary share of Ziggo Secured Finance II, (iii) a first-ranking charge over all bank accounts of the Issuer, (iv) a first-ranking charge over any bank accounts of Ziggo Secured Finance II, (v) a first-ranking charge over all bank accounts of US SPV Partnership and (vi) a first-ranking assignment over the Issuer’s rights to and benefits in the Senior Secured Proceeds Loan Facility including the Senior Secured Proceeds Loans and the Rollover Loans (each as defined below) (together, the “**Notes Collateral**”). For a description of the terms of the Notes, see “*Description of the Notes*”.

Subject to the Escrow Agreement (as defined below), the proceeds from the offering of the Notes will be used by the Issuer to fund one or more Senior Secured Proceeds Loans (as defined below) to one or both of UPC Nederland Holding III B.V. (“**UPC Netherlands Holdco III**”) and Ziggo B.V. (“**Ziggo BV**”), subject to the Senior Secured Proceeds Loan Facility (as defined below). The Issuer is a special purpose financing company incorporated for the purpose of issuing the Notes and certain senior secured indebtedness in the future and will depend upon payments under the Senior Secured Proceeds Loans to make payments under the Notes. The Notes are limited recourse obligations of the Issuer. The Issuer will apply payments that it receives under the Senior Secured Proceeds Loans, including in respect of principal, premiums and interest, to make corresponding payments on the Notes.

Pending consummation of the Reorganization Transactions, the Initial Purchasers (as defined herein) will, concurrently with the issuance of the Notes on the Issue Date (as defined below), deposit the net proceeds of the offering of the Notes (the “**Escrowed Proceeds**”) into one or more segregated escrow accounts (together, the “**Escrow Accounts**”) pursuant to a senior secured notes escrow deed (the “**Escrow Agreement**”) for the benefit of the holders of the Notes. For so long as such proceeds are held in the Escrow Accounts, the Notes will be secured by a first priority security interest in the rights of the Issuer under the Escrow Agreement and the assets in each of the Escrow Accounts, as applicable, (the “**Escrow Charge**”). The release of the Escrowed Proceeds will be subject to the satisfaction of certain conditions, including the certification that the Reorganization Transactions will be consummated within three business days following the release of the Escrowed Proceeds, and as further set out in the Escrow Agreement. See “*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption—Escrow of Proceeds*”. If the conditions to the release of the Escrowed Proceeds have not been satisfied on or prior to July 31, 2015 (the “**Longstop Date**”), the Notes will be subject to a special mandatory redemption at a redemption price equal to 100% of the aggregate initial issue price of the Notes plus accrued and unpaid interest from the Issue Date to such special mandatory redemption date and additional amounts, if any. See “*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*”. Liberty Global, Inc., a wholly-owned subsidiary of Liberty Global, will guarantee the payment obligations of the Issuer in connection with any payments that may become due on the Notes prior to the release of the Escrowed Proceeds from the Escrow Accounts, including any accrued and unpaid interest on the Notes.

Upon release of the Escrowed Proceeds from the Escrow Accounts (the “**Escrow Release Date**”) the Issuer will use the Notes proceeds to fund one or more proceeds loans denominated in euro, in an aggregate amount equal to the principal amount of the Notes (together, the “**Senior Secured Proceeds Loans**”) to one or both of UPC Netherlands Holdco III and Ziggo BV (each in such capacity a “**Senior Secured Proceeds Loan Borrower**”), subject to the terms of the senior secured proceeds loan facility agreement to be entered into between, among others, the Issuer, as lender, the Senior Secured Obligors (as defined below), and ING Bank N.V., as security agent (the “**Senior Secured Proceeds Loan Facility**”). The obligations of each Senior Secured Proceeds Loan Borrower under a Senior Secured Proceeds Loan will be guaranteed on a senior secured basis (the “**Senior Secured Proceeds Loan Guarantees**”) by the Senior Secured Loan Borrower that is not a borrower of such Senior Secured Proceeds Loan, Amsterdamse Beheer-en Consultingmaatschappij B.V. (“**ABC**”), UPC Nederland Holding II B.V. (“**UPC Netherlands Holdco II**”), and together with ABC, the “**Parents**”), Torenspits II B.V., Ziggo Network B.V., Ziggo Network II B.V., UPC Nederland, UPC Nederland Network 2 B.V., Ziggo Deelnemingen B.V. and Ziggo Financing Partnership (together, the “**Senior Secured Proceeds Loan Guarantors**”, and together with the Senior Secured Proceeds Loan Borrowers, the “**Senior Secured Obligors**”) and will be *pari passu* in right of payment with any existing and future senior indebtedness of the relevant Senior Secured Proceeds Loan Guarantors. The Senior Secured Proceeds Loans will be secured, after giving effect to the Group Priority Agreement (as defined herein), on an

equal and ratable basis with the Existing Senior Secured Credit Facility, the Existing 2020 Senior Secured Notes and, when funded, the Rollover Loans (as defined herein), by a first ranking security interest in the capital stock of each Senior Secured Obligor (other than ABC), all of the rights of the relevant creditors in relation to certain Subordinated Shareholder Loans (as defined in “*Description of the Notes*”), and the other property and assets that currently secure the Existing Senior Secured Credit Facility and the Existing 2020 Senior Secured Notes (the “**Senior Secured Proceeds Loan Collateral**”) (see “*Summary—Summary of the Notes—Senior Secured Proceeds Loan Collateral*” and “*Description of the Notes—Proceeds Loans—Proceeds Loan Collateral*”).

The proceeds from the Senior Secured Proceeds Loans will be used to (i) fund a loan, dividend or other distribution to Ziggo Group Holding, which proceeds will in turn be loaned or distributed by Ziggo Group Holding to other Liberty Global subsidiaries to indirectly fund the Reorganization Transactions, and (ii) pay fees, costs and expenses related to the offering of the Notes. A portion of the net proceeds may also be used for general corporate purposes of the Senior Secured Obligors and their respective subsidiaries, including, without limitation, financing the operating and treasury activities of the Senior Secured Obligors and their respective subsidiaries. See “*Use of Proceeds*”. Following consummation of the Ziggo Group Combination (as defined herein), a Senior Secured Obligor, may, at its sole option, effect an assumption of the Notes and obligations thereunder by any Senior Secured Obligor (or its successor following the Ziggo Group Combination) (the “**Ziggo Fold-In Issuer**”) and a release of the Issuer from its obligations under the Notes and the Indenture (as defined herein) and such assumption and release will be a deemed repayment in full and cancellation of the Senior Secured Proceeds Loans (the “**Ziggo Group Assumption**”). Following the Ziggo Group Assumption, the terms and conditions of the Notes, including the covenants, will be automatically modified as set out under “*Description of the Fold-In Notes*” and the Notes will be secured directly by the Senior Secured Proceeds Loan Collateral that remains following the Ziggo Group Combination and guaranteed by the Senior Secured Obligors that remain following the Ziggo Group Combination. See “*Description of the Notes—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*” and “*Description of the Fold-In Notes*”. The consummation of the Ziggo Group Combination and the Ziggo Group Assumption is at the sole option of the Senior Secured Obligors, and there can be no assurance that either the Ziggo Group Combination or the Ziggo Group Assumption will be completed.

None of the Senior Secured Obligors or any of their respective subsidiaries will guarantee or provide any credit support for the Issuer’s obligations under the Notes, other than the obligation of the relevant Senior Secured Proceeds Loan Borrower to make payments to the Issuer pursuant to the applicable Senior Secured Proceeds Loan and the guarantee of such obligations by the Senior Secured Proceeds Loan Guarantors. The Senior Secured Obligors will agree in the Covenant Agreement (as defined herein) to be bound by the covenants in the Indenture that are applicable to them, as described in “*Description of the Notes—Covenant Agreement*”. However, the holders of the Notes will not have a direct claim on the cash flow or assets of the Senior Secured Obligors or any of their respective subsidiaries, and none of the Senior Secured Obligors or any of their respective subsidiaries has any obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments. The rights and remedies of the holders of the Notes against a Senior Secured Obligor upon any breach by such Senior Secured Obligor of its obligations under the Covenant Agreement are limited to a right to instruct the Issuer or the Security Trustee (as defined herein) or their respective nominees, in accordance with the terms of the Indenture, to accelerate the Senior Secured Proceeds Loans and to vote in connection with any enforcement of the collateral securing the Senior Secured Proceeds Loans (together with any other secured creditors sharing in such collateral, including the holders of the Existing 2020 Senior Secured Notes, the lenders under the Existing Senior Secured Credit Facility and, when funded, the lenders of the Rollover Loans (as defined herein) funded with proceeds of loans under the New Ziggo Group Senior Secured Credit Facility) in accordance with the Group Priority Agreement (as defined herein).

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

See “*Risk Factors*” beginning on page 25 for a discussion of certain risks that you should consider in connection with an investment in any of the Notes.

**The Notes and the Note Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any other jurisdiction. The Issuer is offering the Notes only to qualified institutional buyers (“QIBs”) in accordance with Rule 144A under the U.S. Securities Act and to non-U.S. persons outside the United States in compliance with Regulation S under the U.S. Securities Act. For a description of certain restrictions on the transfer of the Notes, see “*Plan of Distribution*” and “*Transfer Restrictions*”.**

The Notes will be in registered form in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented on issue by one or more global notes, which will be delivered through Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”), on or about February 4, 2015 (the “**Issue Date**”). Interests in the global notes will be exchangeable for definitive Notes only in certain limited circumstances. See “*Book-Entry, Delivery and Form of Notes*”. Application has been made for the Notes to be listed on the Official List of the Irish Stock Exchange and to be admitted for trading on the Global Exchange Market thereof, which is not a regulated market (pursuant to the provisions of Directive 2004/39/EC). This Offering Memorandum constitutes listing particulars for the purpose of the application and has been approved by the Irish Stock Exchange.

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**Offering price for the Notes: 100.000% plus accrued interest from the Issue Date.**

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***Joint Bookrunners***

**Credit Suisse**

**BofA Merrill Lynch**

**Deutsche Bank**

**ING**

**Morgan Stanley**

**Nomura**

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The date of this Offering Memorandum is February 24, 2015.

**You should rely only on the information contained in this Offering Memorandum. Neither the Issuer nor any of the Initial Purchasers (as defined herein) has authorized anyone to provide you with different information. Neither the Issuer nor any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where this offer is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate at any date other than the date on the front of this Offering Memorandum.**

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For certain legal and other information regarding the Issuer provided in connection with the listing of the Notes on the Official List of the Irish Stock Exchange and the admission for trading on the Irish Stock Exchange’s Global Exchange Market, please refer to “*Listing and General Information*”.

We have not authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this Offering Memorandum. You must not rely on unauthorized information or representations.

This Offering Memorandum does not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities.

The information in this Offering Memorandum is current only as of the date on the cover page, and may change after that date. For any time after the cover date of this Offering Memorandum, we do not represent that our affairs are the same as described or that the information in this Offering Memorandum is correct, nor do we imply those things by delivering this Offering Memorandum or selling securities to you.

The Issuer and the Initial Purchasers are offering to sell the Notes only in places where offers and sales are permitted.

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The Issuer is offering the Notes in reliance on exemptions from the registration requirements of the U.S. Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the “SEC”) or any other securities commission or regulatory authority, nor has the SEC or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

This Offering Memorandum is being provided for informational use solely in connection with consideration of a purchase of the Notes (i) to U.S. investors that the Issuer reasonably believes to be qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act, and (ii) to certain persons in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorized. This Offering Memorandum may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents be disclosed to anyone other than the qualified institutional buyers described in (i) above or to persons considering a purchase of the Notes in offshore transactions described in (ii) above.

This Offering Memorandum is for distribution only to persons who (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (“**high net worth companies, unincorporated associations, etc.**”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the “**Prospectus Directive**”), as implemented in member states of the European Economic Area (the “**EEA**”), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. Neither the Issuer nor the Initial Purchasers have authorized, nor does any of them authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers which constitute the final placement of the Notes contemplated in this Offering Memorandum.

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

The Issuer has prepared this Offering Memorandum solely for use in connection with this offering and for applying to the Irish Stock Exchange for the Notes to be listed on its Official List of the Irish Stock Exchange and for the admission for trading on the Global Exchange Market thereof. In the United States, you may not distribute this Offering Memorandum or

make copies of it without the Issuer's prior written consent other than to people you have retained to advise you in connection with this offering.

You are not to construe the contents of this Offering Memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of a purchase of the Notes. You are responsible for making your own examination of the Issuer and its affiliates and your own assessment of the merits and risks of investing in the Notes. Neither the Issuer nor any of the Initial Purchasers is making any representation to you regarding the legality of an investment in the Notes by you.

The information contained in this Offering Memorandum has been furnished by the Issuer and other sources the Issuer believes to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers as to the accuracy or completeness of any of the information set out in this Offering Memorandum, and nothing contained in this Offering Memorandum is or shall be relied upon as a promise or representation by the Initial Purchasers, whether as to the past or the future. This Offering Memorandum contains summaries, believed to be accurate, of some of the terms of specified documents, but reference is made to the actual documents, copies of which will be made available by the Issuer upon request, for the complete information contained in those documents. Copies of such documents and other information relating to the issuance of the Notes will also be available for inspection at the specified offices of the Principal Paying Agent (as defined in this Offering Memorandum). All summaries of the documents contained herein are qualified in their entirety by this reference.

The Issuer (except as noted in the following paragraph) and each of the Senior Secured Obligors accepts responsibility for the information contained in this Offering Memorandum pertaining to itself. Each of the Senior Secured Obligors accepts responsibility for any information pertaining to the Group, including the consolidated financial information of Ziggo Group Holding, Ziggo Bondco and UPC Nederland, and any information pertaining to their holding companies, subsidiaries or affiliates contained in this Offering Memorandum. Each of the Senior Secured Obligors has made all reasonable inquiries and confirmed to the best of their knowledge, information and belief that the information contained in this Offering Memorandum with regard to the Senior Secured Obligors, each of their subsidiaries and affiliates, and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held, and we are not aware of any other facts the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

The Issuer accepts responsibility for the accuracy of the information contained in this Offering Memorandum (except in relation to the information in respect of the Senior Secured Obligors, each of their holding companies, subsidiaries and affiliates, for which the Senior Secured Obligors take sole responsibility). To the best knowledge and belief of each of the Issuer and the Senior Secured Obligors, the information contained in this Offering Memorandum for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorized in connection with any offering made pursuant to this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum, and, if given or made, any other information or representation must not be relied upon as having been authorized by the Issuer or the Initial Purchasers. The information contained in this Offering Memorandum is current at the date hereof. Neither the delivery of this Offering Memorandum at any time nor any subsequent commitment to enter into any financing shall, under any circumstances, create any implication that there has been no change in the information set out in this Offering Memorandum or in the Issuer's or the Senior Secured Obligors' affairs since the date of this Offering Memorandum.

The Issuer reserves the right to withdraw this offering of Notes at any time, and the Issuer and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to you less than the full amount of Notes subscribed for by you.

The distribution of this Offering Memorandum and the offer and sale of the Notes may be restricted by law in some jurisdictions. Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about, and observe any restrictions on the transfer and exchange of the Notes. See "*Plan of Distribution*" and "*Transfer Restrictions*".

This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. Neither the Issuer nor any of the Initial Purchasers are responsible for your compliance with these legal requirements.

The Notes are subject to restrictions on resale and transfer as described under “*Plan of Distribution*” and “*Transfer Restrictions*”. By purchasing any Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of this Offering Memorandum. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

## STABILIZATION

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

If issued, the Notes will initially be available in book-entry form only. The Notes will be represented on issue by one or more global notes, which will be delivered through Euroclear and Clearstream (together, the “**Clearing Systems**” and each a “**Clearing System**”), as applicable. Interests in the global notes will be exchangeable for the definitive Notes only in certain limited circumstances. See “*Book Entry, Delivery and Form of Notes*”.

## OFFER RESTRICTIONS

### NOTICE TO NEW HAMPSHIRE RESIDENTS

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

### NOTICE TO U.S. INVESTORS

Each purchaser of Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under “*Transfer Restrictions*”. Neither the Notes nor the Note Guarantees have been or will be registered under the U.S. Securities Act or the securities laws of any state of the United States. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act or any other applicable securities laws, pursuant to registration or an exemption therefrom. Please refer to the section of this Offering Memorandum entitled “*Transfer Restrictions*”. The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

### NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or

- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any of the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/33/EU), and includes any relevant implementing measure in the Relevant Member State.

Each subscriber for or purchaser of the Notes in the offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the Initial Purchasers and its and their respective affiliates, and others will rely upon the trust and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the offering.

### NOTICE TO CERTAIN EUROPEAN INVESTORS

**Austria** This Offering Memorandum has not been or will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*) as amended. Neither this Offering Memorandum nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither this Offering Memorandum nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Notes in Austria and the offering of the Notes may not be advertised in Austria. Any offer of the Notes in Austria will only be made in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Notes in Austria.

**Germany** The Notes may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as amended, the Commission Regulation (EC) No 809/2004 of April 29, 2004 as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. This Offering Memorandum has not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the Prospectus Directive and accordingly the Notes may not be offered publicly in Germany.

**France** This Offering Memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the *Code Monétaire et Financier* and Title I of Book II of the *Règlement Général of the Autorité des marchés financiers* (the “AMF”) and therefore has not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restreint d’investisseurs*) acting for their own accounts, as defined in and in accordance with Articles L. 411-2 and D. 411-1 of the *Code of Monétaire et Financier*. Neither this Offering Memorandum nor any other offering material may be distributed to the public in France.

**Italy** None of this Offering Memorandum or any other documents or materials relating to the Notes have been or will be submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa (“CONSOB”). Therefore, the Notes may only be offered or sold in the Republic of Italy (“Italy”) pursuant to an exemption under article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended and article 35-bis, paragraph 3, of CONSOB Regulation No. 11971 of 14 May 1999, as amended. Accordingly, the Notes are not addressed to, and neither the Offering Memorandum nor any other documents, materials or information relating, directly or indirectly, to the Notes can be distributed or otherwise made available (either directly or indirectly) to any person in Italy other than to qualified investors (*investitori qualificati*) pursuant to article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, acting on their own account.

**Grand Duchy of Luxembourg** This Offering Memorandum has not been approved by and will not be submitted for approval to the Luxembourg Supervision Commission of the Financial Sector (*Commission de Surveillance du Secteur Financier*) for purposes of a public offering or sale in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in

Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended (the “**Prospectus Act**”) and implementing the Prospectus Directive. Consequently, this Offering Memorandum and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Prospectus Act and (ii) no more than 149 prospective investors, which are not qualified investors.

**The Netherlands** The Notes (including rights representing an interest in each global note that represents the Notes) may not be offered or sold to individuals or legal entities in The Netherlands other than to qualified investors as defined in The Netherlands Financial Supervision Act (*Wet op het financieel toezicht*).

**Spain** The Notes have not been registered with the Comisión Nacional del Mercado de Valores and therefore the Notes may not be offered, sold or distributed in Spain by any means, except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 30 bis of the Securities Market Act (*Ley 24/1988, de 28 de julio del Mercado de Valores*) as amended and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*).

**Switzerland** The Notes offered hereby are being offered in Switzerland on the basis of a private placement only. This Offering Memorandum does not constitute a prospectus within the meaning of Art. 652A of the Swiss Federal Code of Obligations.

**United Kingdom.** This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

## CURRENCY PRESENTATION AND DEFINITIONS

In this Offering Memorandum, all references to “euro,” “Euro” or “€” are to the single currency of the participating member states (“**Member States**”) of the European Union (the “**EU**”) participation in the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended or supplemented from time to time; and all references to “U.S. dollars,” “US\$” and “\$” are to the lawful currency of the United States of America.

### Definitions

“ABC” refers to Amsterdamse Beheer-en Consultingmaatschappij B.V., a private limited company incorporated under the laws of The Netherlands;

“Acquisition Financing Transactions” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Affiliate Designations” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Affiliate Issuer Designation” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Bidco” refers to LGE Holdco VII B.V., a private limited company incorporated under the laws of The Netherlands;

“Bidco Facility Agreement” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Clearstream” refers to Clearstream Banking, *société anonyme*;

“Covenant Agreement” has the meaning ascribed to it under “*Description of the Notes—Covenant Agreement*”;

“Debt Pushdown” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Escrow Accounts” collectively refers to one or more segregated escrow accounts into which the net proceeds of the offering of the Notes will be deposited on the Issue Date;

“Escrow Agent” refers to Deutsche Bank AG, London Branch, acting in its capacity as escrow agent under the Escrow Agreement;

“Escrow Agreement” refers to the senior secured notes escrow deed entered into on or about the Issue Date, between, among others, the Issuer, the Trustee and the Escrow Agent in connection with the funding of the proceeds of the Notes into segregated escrow accounts as described in “*Summary—Brief Description of Ziggo Group Holding, the Issuer and the structure of the Offering*.”

“Escrow Charge” refers to the first-priority security interest in the rights of the Issuer under the Escrow Agreement and the assets held in each of the Escrow Accounts, as applicable.

“Escrow Release Date” refers to the date on which the Escrowed Proceeds are released from the Escrow Accounts;

“Escrowed Proceeds” refers to the net proceeds of the offering of the Notes that will be deposited in the Escrow Accounts on the Issue Date pursuant to the Escrow Agreement;

“Euroclear” refers to Euroclear Bank S.A./N.V.;

“Exchanged 2018 Senior Notes” refers to Ziggo Bondco’s 8% Senior Notes due 2018 originally issued on February 27, 2014 and exchanged (and thereafter cancelled) for the Existing 2024 Senior Notes on November 11, 2014;

“Existing 2020 Senior Secured Notes Indenture” refers to the indenture governing the Existing 2020 Senior Secured Notes, as amended by the supplemental indenture dated February 6, 2014, and as may be further amended from time to time;

“Existing 2020 Senior Secured Notes” refers to Ziggo BV’s 3 5/8% Senior Secured Notes due 2020, with an outstanding principal amount of €1,686,000 as of September 30, 2014;

“Existing 2024 Senior Notes Debt Pushdown” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Existing 2024 Senior Notes” refers to the 7 1/8% Senior Notes due 2024, originally issued by LGE Holdco VI B.V. on November 11, 2014 and assumed by Ziggo Bondco in connection with the Existing 2024 Senior Notes Debt Pushdown;

“Existing Senior Secured Credit Facility” refers to the senior secured credit facilities provided under a senior facilities agreement dated January 27, 2014 (as amended and restated on February 10, 2014 and March 11, 2014 (and as further amended restated or otherwise modified or varied from time to time), between, among others, ABC, as parent, Ziggo BV, as original borrower, and certain financial institutions as lenders thereunder;

“Expenses Agreement” refers to the expenses agreement dated on or about of January 21, 2015, between the Issuer and the Senior Secured Obligors pursuant to which the Senior Secured Obligors have agreed to reimburse the Issuer for expenses, fees and other costs;

“Facility AJ” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Facility AK” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Facility B2” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Facility B3” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Facility B4” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Fee Letter” refers to the fee letter dated on or about the Issue Date, between the Issuer and the Senior Secured Proceeds Loan Borrowers, pursuant to which the Senior Secured Proceeds Loan Borrowers will agree to pay certain fees to the Issuer in connection with the Senior Secured Proceeds Loans;

“Group” refers to Ziggo Group Holding with its consolidated subsidiaries following the completion of the Transactions;

“Group Priority Agreement” refers to the priority agreement, between, among others, ABC, Ziggo Bondco and ING Bank N.V., as security agent, dated September 12, 2006 (as amended and restated on October 6, 2006, November 17, 2006, March 28, 2014 and on November 11, 2014, and as further amended, restated or otherwise modified or varied from time to time);

“Holdco Priority Agreement” refers to the priority agreement dated January 27, 2014 (as amended on February 20, 2014, as amended and restated on July 4, 2014 and as further amended restated or otherwise modified or varied from time to time), between, among others, Zesko B.V., Ziggo Bondco, Deutsche Trustee Company Limited, as security agent, and certain parties as obligors thereunder;

“Indenture” refers to the indenture to be dated on or about the Issue Date governing the Notes, between, among others, the Issuer, the Trustee and the Security Trustee;

“Initial Purchasers” refers to Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, ING Bank N.V., London Branch, Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc;

“Initial Transactions” collectively refers to the Ziggo Acquisition, the Reorganization Transactions and the Acquisition Financing Transactions;

“Intercreditor Agreements” collectively refers to the Group Priority Agreement and the Collateral Sharing Agreement;

“Issue Date” refers to February 4, 2015;

“Issuer” refers to Ziggo Secured Finance B.V., a private limited company incorporated under the laws of The Netherlands;

“Liberty Global” refers to Liberty Global plc, with or without its consolidated subsidiaries, as the context requires;

“Merger Protocol” has the meaning ascribed to it under “*Summary—The Transactions*”;

“New Financing Transactions” has the meaning ascribed to it under “*Summary—The Transactions*”;

“New Senior Notes” refers to the €400 million aggregate principal amount of 4.625% senior notes due 2025 and the \$400 million aggregate principal amount of 5.875% senior notes due 2025 to be issued by Ziggo Bond Finance on or around January 29, 2015.

“New UPC Facilities” has the meaning ascribed to it under “*Summary—The Transactions*”;

“New Ziggo Group Senior Secured Credit Facility” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Note Guarantees” has the meaning ascribed to it under “*Summary—Summary of the Notes—Guarantees*”

“Note Guarantors” collectively refers to Ziggo Secured Finance II and the US SPV Partnership, each in its capacity as a guarantor under the Notes offered hereby;

“Notes Collateral” has the meaning ascribed to it under “*Summary—Summary of the Notes—Security*”;

“Notes Security Documents” refers to the security documents under which the security interests over the Notes Collateral have been or will be created;

“Notes” refers to €800 million aggregate principal amount of 3 <sup>3</sup>/<sub>4</sub>% Senior Secured Notes due 2025 offered hereby;

“Parent Affiliate Designation” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Parents” collectively refers to ABC and UPC Netherlands Holdco II;

“Post-Closing Settlement” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Public Offer” has the meaning ascribed to it under “*Summary—The Transactions*”;

“RCF” has the meaning ascribed to it under “*Description of Other Indebtedness—Existing Senior Secured Credit Facilities*”;

“Reorganization Transactions” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Rollover Loans” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Rollover Receivables” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Security Agent” refers to ING, N.V., as security agent under the Senior Secured Proceeds Loans and the Group Priority Agreement;

“Security Trustee” refers to Deutsche Trustee Company Limited, as security trustee under the Indenture and the Collateral Sharing Agreement;

“Senior Collateral Sharing Agreement” refers to the senior collateral sharing and voting instruction agreement to be dated on or about January 29, 2015 between, among others, Ziggo Bond Finance, as issuer, the Trustee and the Security Trustee;

“Senior Obligors” collectively refers to UPC Netherlands Bondco and Ziggo Bondco, each in their capacity as a Senior Proceeds Loan Borrower or Senior Proceeds Loan Guarantor, as the context may require;

“Senior Proceeds Loan Borrower” refers to UPC Netherlands Bondco or Ziggo Bondco, as the context may require, and “Senior Proceeds Loan Borrowers” collectively refers to UPC Netherlands Bondco and Ziggo Bondco;

“Senior Proceeds Loan Guarantor” refers to UPC Netherlands or Ziggo Bondco, as the context may require;

“Senior Proceeds Loans” refers to the facilities granted by Ziggo Bond Finance under a senior proceeds loan facility to the Senior Proceeds Loan Borrowers as described under “*Summary—The Transactions*”;

“Senior Secured Collateral Sharing Agreement” refers to the senior secured collateral sharing and voting instruction agreement to be dated on or about the Issue Date between, among others, the Issuer, the Trustee and the Security Trustee;

“Senior Secured Obligors” collectively refers to the Senior Secured Proceeds Loan Borrowers and the Senior Secured Proceeds Loan Guarantors.

“Senior Secured Proceeds Loan Borrower” refers to UPC Netherlands Holdco III or Ziggo BV, as the context may require, and “Senior Secured Proceeds Loan Borrowers” collectively refers to UPC Netherlands Holding III and Ziggo BV;

“Senior Secured Proceeds Loan Collateral” has the meaning ascribed to it under “*Summary—Summary of the Notes—Senior Secured Proceeds Loans Collateral*”;

“Senior Secured Proceeds Loan Facility” refers to the senior secured proceeds loan facility agreement to entered into between, among others, the Issuer, as lender, the obligors listed therein, and ING Bank N.V., as security agent;

“Senior Secured Proceeds Loan Guarantees” has the meaning ascribed to it under “*Summary— Summary of the Notes— Senior Secured Proceeds Loans*”;

“Senior Secured Proceeds Loan Guarantors” refers to, in respect of each Senior Secured Proceeds Loan, the Senior Secured Proceeds Loan Borrower that is not the borrower of such Senior Secured Proceeds Loan, ABC, UPC Nederland, UPC Netherlands Holdco II, , Torensplits II BV, Ziggo Deelnemingen B.V., Ziggo Financing Partnership, UPC Nederland Network 2 B.V., Ziggo Network B.V. and Ziggo Network II B.V.;

“Senior Secured Proceeds Loans” refers to the facilities granted by Ziggo Secured Finance under the Senior Secured Proceeds Loan Facility to the Senior Secured Proceeds Loan Borrowers in respect of the proceeds of the Notes.

“SPV Credit Facility Rollover” has the meaning ascribed to it under “*Summary—The Transactions*”;

“SPV Term Loans” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Statutory Squeeze-out” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Transactions” has the meaning ascribed to it under “*Summary—The Transactions*”;

“Trustee” refers to Deutsche Trustee Company Limited, as trustee under the Indenture;

“UPC Credit Agreement” has the meaning ascribed to it under “*Summary—The Transactions*”;

“UPC Nederland December 31, 2013 Consolidated Financial Statements” refers to UPC Nederland’s audited consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011 and the notes thereto included in this Offering Memorandum.

“UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements” refers to UPC Nederland’s unaudited condensed consolidated financial statements as of September 30, 2014 and December 31, 2013 and for the nine months ended September 30, 2014 and 2013 and the notes thereto included in this Offering Memorandum.

“UPC Nederland” refers to UPC Nederland B.V., a private limited company incorporated under the laws of The Netherlands, with or without its consolidated subsidiaries, as the case may be;

“UPC Netherlands Bondco” refers to UPC Nederland Holding I B.V., a private limited company incorporated under the laws of The Netherlands;

“UPC Netherlands Group” refers to (i) prior to the Reorganization Transactions, UPC Nederland and its subsidiaries and (ii) following the Reorganization Transactions, UPC Netherlands Bondco and its subsidiaries, as the context requires;

“UPC Netherlands Holdco II” refers to UPC Nederland Holding II B.V., a private limited company incorporated under the laws of The Netherlands;

“UPC Netherlands Holdco III” refers to UPC Nederland Holding III B.V., a private limited company incorporated under the laws of The Netherlands;

“U.S.” or “United States” refers to the United States of America;

“U.S. Exchange Act” refers to the U.S. Securities Exchange Act of 1934;

“U.S. Securities Act” refers to the U.S. Securities Act of 1933;

“Ziggo Acquisition” has the meaning ascribed to it under “*Summary—The Transactions*” and “*The Transactions*”;

“Ziggo Bond Finance” refers to Ziggo Bond Finance B.V., a private limited company incorporated under the laws of The Netherlands and the parent of the Issuer;

“Ziggo Bondco December 31, 2011 Consolidated Financial Statements” refers to Ziggo Bondco’s audited consolidated financial statements as of and for the year ended December 31, 2011 and the notes thereto included in this Offering Memorandum;

“Ziggo Bondco December 31, 2012 Consolidated Financial Statements” refers to Ziggo Bondco’s audited consolidated financial statements as of and for the year ended December 31, 2012 and the notes thereto included in this Offering Memorandum;

“Ziggo Bondco December 31, 2013 Consolidated Financial Statements” refers to Ziggo Bondco’s audited consolidated financial statements as of and for the year ended December 31, 2013 and the notes thereto included in this Offering Memorandum;

“Ziggo Bondco September 30, 2014 Interim Condensed Consolidated Financial Statements” refers to Ziggo Bondco’s unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2014 and the notes thereto included in this Offering Memorandum;

“Ziggo Bondco” refers to Ziggo Bond Company B.V., a private limited company incorporated under the laws of The Netherlands, with or without its consolidated subsidiaries, as the case may be;

“Ziggo BV” refers to Ziggo B.V., a private limited company incorporated under the laws of The Netherlands;

“Ziggo Fold-In Issuer” has the meaning ascribed to it under “*Summary—Summary of the Notes—Ziggo Group Combination and Ziggo Group Assumption*”;

“Ziggo Group” refers to Ziggo Holdco and its subsidiaries;

“Ziggo Group Assumption” has the meaning ascribed to it under “*Summary—Summary of the Notes—Ziggo Group Combination and Ziggo Group Assumption*”;

“Ziggo Group Combination” has the meaning ascribed to it under “*Summary—Summary of the Notes—Ziggo Group Combination and Ziggo Group Assumption*”;

“Ziggo Group Holding” refers to Ziggo Group Holding B.V. (formerly known as LGE Intermediate HoldCo B.V.), a private limited company incorporated under the laws of The Netherlands and an indirect wholly-owned subsidiary of Liberty Global, with or without its consolidated subsidiaries, as the context requires;

“Ziggo Holdco” refers to Ziggo Holding B.V. (formerly known as Ziggo N.V.), a private limited company incorporated under the laws of The Netherlands, with or without its consolidated subsidiaries, as the case may be;

Except as otherwise indicated, “we”, “us”, “our” or the “Group” refers to Ziggo Group Holding with or without its consolidated subsidiaries, following the completion of the Transactions (as the context may require). “Ziggo” and “UPC” refer to the “Ziggo” trademark and the “UPC” trademark, as applicable, where the context so requires.

For explanations or definitions of certain technical and industry terms relating to our business as used herein, see “Glossary”.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Historical Financial Information

Unless otherwise indicated, the financial information presented herein is the historical consolidated financial information of UPC Nederland and its subsidiaries and Ziggo Bondco and its subsidiaries.

This Offering Memorandum includes the (i) UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements and (ii) UPC Nederland December 31, 2013 Consolidated Financial Statements, each of which was prepared in compliance with accounting principles generally accepted in the United States (“**U.S. GAAP**”).

Also included in this Offering Memorandum are the (i) Ziggo Bondco September 30, 2014 Interim Condensed Consolidated Financial Statements, (ii) Ziggo Bondco December 31, 2013 Consolidated Financial Statements, (iii) Ziggo Bondco December 31, 2012 Consolidated Financial Statements and (iv) Ziggo Bondco December 31, 2011 Consolidated Financial Statements, each of which was prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (“**EU IFRS**”) and Part 9 of Book 2 of the Dutch Civil Code.

The Issuer was incorporated under the laws of The Netherlands on December 1, 2014 for the purpose of issuing the Notes and certain other future indebtedness. The Issuer has no material business operations of its own and has not engaged in any business activities or incurred any material liabilities since the date of its incorporation other than relating to the offering or the Notes and the Transactions. As of the date of this Offering Memorandum, the Issuer has not produced financial statements. The Issuer is a wholly-owned subsidiary of Ziggo Bond Finance. This Offering Memorandum also includes the opening balance sheet of Ziggo Bond Finance as of its date of incorporation (December 1, 2014) and December 10, 2014. Ziggo Bond Finance intends to publish its first annual financial statements for the year ended December 31, 2015. Financial statements will be published by Ziggo Bond Finance on an annual basis and Ziggo Bond Finance will not prepare interim financial statements.

The historical consolidated results of the Ziggo Bond Finance, UPC Nederland and Ziggo Bondco are not necessarily indicative of the consolidated results that may be expected for any future period.

Ziggo Bond Finance’s, UPC Nederland’s and Ziggo Bondco’s consolidated financial results are reported in euros. Unless otherwise indicated, convenience translations into euros have been calculated at the September 30, 2014 rate.

### Pro Forma Financial Information

We present in this Offering Memorandum certain unaudited condensed pro forma combined financial and operating data of Ziggo Group Holding as of and for the nine month period ended September 30, 2014 and for the year ended December 31, 2013. The unaudited condensed pro forma combined balance sheet as of September 30, 2014 gives effect to (i) the Ziggo Acquisition, (ii) the combination of UPC Nederland and Ziggo Holdco pursuant to the Reorganization Transactions, (iii) the Acquisition Financing Transactions (together with the Ziggo Acquisition and the Reorganization Transactions, the “**Initial Transactions**”) and (iv) the New Financing Transactions (together with the Initial Transactions, the “**Transactions**”), as if the Transactions had occurred on such date. The unaudited condensed pro forma combined statements of operations for the nine months ended September 30, 2014 and the year ended December 31, 2013 give effect to the Transactions, as if the Transactions had occurred on January 1, 2013. The unaudited condensed pro forma combined financial statements, which have been prepared on a U.S. GAAP basis, do not purport to be indicative of the financial position and results of operations that Ziggo Group Holding will obtain in the future, or that Ziggo Group Holding would have obtained if the Transactions were effective as of the dates indicated above. The pro forma adjustments are based upon currently available information and upon certain assumptions that Ziggo Group Holding believes are reasonable. The pro forma information has been derived from, and should be read in conjunction with, the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements, the UPC Nederland December 31, 2013 Consolidated Financial Statements, the Ziggo Bondco September 30, 2014 Interim Condensed Consolidated Financial Statements, the Ziggo Bondco December 31, 2013 Consolidated Financial Statements and the “*Unaudited Condensed Pro Forma Combined Financial Statement of Ziggo Group Holding*”, included elsewhere herein. 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. For additional information, see “*Unaudited Condensed Pro Forma Combined Financial Statement of Ziggo Group Holding*”.

### Other Financial Measures

In this Offering Memorandum, each of UPC Nederland and Ziggo Group Holding presents operating cash flow, or OCF, which is not required by, or presented in accordance with U.S. GAAP. OCF is the primary measure used by

management to evaluate the performance of UPC Nederland and Ziggo Group Holding. OCF is also a key factor that is used by the internal decision makers at UPC Nederland and Ziggo Group Holding to evaluate the effectiveness of their respective management for purposes of annual and other incentive compensation plans. As UPC Nederland and Ziggo Group Holding use the term, OCF is revenue less operating and selling, general and administrative expenses (excluding share-based compensation, related-party fees and allocations, depreciation and amortization and impairment, restructuring and other operating items). Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. The internal decision makers of UPC Nederland and Ziggo Group Holding believe OCF is a meaningful measure and is superior to available U.S. GAAP measures because it represents a transparent view of recurring operating performance that is unaffected by the capital structure of each of UPC Nederland and Ziggo Group Holding and allows management to readily view operating trends and identify strategies to improve operating performance. Both UPC Nederland and Ziggo Group Holding believe that their OCF measure is useful to investors because it is one of the bases for comparing its performance with the performance of other companies in the same or similar industries, although UPC Nederland's and Ziggo Group Holding's respective measure may not be directly comparable to similar measures used by other companies. OCF should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income (loss), net earnings (loss), cash flow from operating activities and other U.S. GAAP measures of income or cash flows. Each of UPC Nederland and Ziggo Group Holding provide a reconciliation of OCF to net earnings in this Offering Memorandum. See *"Summary Consolidated Financial and Operating Data of UPC Nederland"*, *"Selected Consolidated Financial and Operating Data of UPC Nederland"*, *"Summary Unaudited Condensed Pro Forma Combined Financial Statement and Operating Data of Ziggo Group Holding"*, and *"Unaudited Condensed Pro Forma Combined Financial Statement of Ziggo Group Holding"*.

In this Offering Memorandum Ziggo Bondco presents Adjusted EBITDA, which is not required by, or presented in accordance with, EU IFRS. Adjusted EBITDA is the primary measure used by management to evaluate Ziggo Bondco's performance. Adjusted EBITDA is also a key factor that is used by Ziggo Bondco's internal decision makers to evaluate the effectiveness of its management for purposes of annual and other incentive compensation plans. As Ziggo Bondco uses the term, Adjusted EBITDA is EBITDA adjusted to eliminate the effects of operating expenses incurred in connection with the acquisition of Ziggo Holdco and its subsidiaries (including Ziggo Bondco) by Liberty Global. EBITDA represents operating income plus depreciation and amortization. Ziggo Bondco's internal decision makers believe Adjusted EBITDA is a meaningful measure and is superior to available EU IFRS measures because it represents a transparent view of recurring operating performance that is unaffected by Ziggo Bondco's capital structure and allows management to readily view operating trends and identify strategies to improve operating performance. Ziggo Bondco believes that its Adjusted EBITDA measure is useful to investors because it is one of the bases for comparing its performance with the performance of other companies in the same or similar industries, although Ziggo Bondco's measure may not be directly comparable to similar measures used by other companies. Adjusted EBITDA should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income (loss), net earnings (loss), cash flow from operating activities and other EU IFRS measures of income or cash flows. Ziggo Bondco provides a reconciliation of Adjusted EBITDA to net earnings (loss) in this Offering Memorandum. See *"Summary Consolidated Financial and Operating Data of Ziggo Bondco"* and *"Selected Consolidated Financial and Operating Data of Ziggo Bondco"*.

### **Subscriber Data**

The subscriber data included in this Offering Memorandum, including revenue generating unit ("RGU") figures, penetration rates and average monthly subscription revenue per average RGU ("ARPU"), are determined by management, are not part of UPC Nederland's or Ziggo Bondco's financial statements and have not been audited or otherwise reviewed by an outside auditor, consultant or expert or by any of the Initial Purchasers. For more information on how Ziggo Group Holding, UPC Nederland and Ziggo Bondco each define and calculate their operating statistics, see *"Business of Ziggo Group Holding—Introduction"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations of Ziggo Bondco"*.

### **Third-Party Information**

The information provided in this Offering Memorandum on the market environment, market developments, growth rates, market trends and on the competitive situation in the markets and segments in which we operate are based (to the extent not otherwise indicated) on third-party data, statistical information and reports as well as our own internal estimates.

Market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward looking and speculative. This Offering Memorandum also contains estimates made by us based on third-party market data, which in turn is based on published market data or figures from publicly available sources.

Neither we nor the Initial Purchasers have verified the figures, market data or other information on which third parties have based their studies nor have such third parties verified the external sources on which such estimates are based. Therefore neither we nor the Initial Purchasers guarantee nor do we or the Initial Purchasers assume responsibility for the accuracy of the information from third-party studies presented in this Offering Memorandum or for the accuracy of the information on which such estimates are based.

This Offering Memorandum also contains estimates of market data and information derived therefrom which cannot be gathered from publications by market research institutions or any other independent sources. Such information is based on our internal estimates. In many cases there is no publicly available information on such market data, for example from industry associations, public authorities or other organizations and institutions. We believe that these internal estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which we operate as well as our position within this industry. Although we believe that our internal market observations are reliable, our estimates are not reviewed or verified by any external sources. We assume no responsibility for the accuracy of our estimates and the information derived therefrom. These may deviate from estimates made by our competitors or future statistics provided by market research institutes or other independent sources. We cannot assure you that our estimates or the assumptions are accurate or correctly reflect the state and development of, or our position in, the industry.

The Issuer, the Note Guarantors and UPC Netherlands Holdco III do, however, accept responsibility for the correct reproduction of this information and, as far as they are aware and are able to ascertain from information published, no facts have been omitted that would render the reproduced information inaccurate or misleading.

## EXCHANGE RATE INFORMATION

We present the consolidated financial statements for UPC Nederland and Ziggo Bondco in euro. We have set forth in the table below, for the periods and dates indicated, certain information regarding the exchange rates between U.S. dollars and the euro based on the market rates at 6 p.m. London time. The rates in the below table may differ from the actual rates used in the preparation of our consolidated financial statements and other financial information appearing in this Offering Memorandum. We have provided the below exchange rate information solely for your convenience and make no representation that any amount of currencies specified in the below table has been, or could be, converted into the applicable currency at the rates indicated or any other rate. The market rate at 6 p.m. London time of the euro on January 20, 2015 was \$1.15 = €1.00.

	U.S.\$ per €1.00			
	<u>Period Average</u>	<u>High</u>	<u>Low</u>	<u>Period End</u>
<b>Year ended December 31,</b>				
2009 .....	1.39	1.51	1.25	1.43
2010 .....	1.33	1.45	1.20	1.34
2011 .....	1.39	1.49	1.29	1.30
2012 .....	1.29	1.35	1.21	1.32
2013 .....	1.33	1.38	1.28	1.38
2014 .....	1.33	1.39	1.21	1.21
<b>Month</b>				
August 2014 .....	1.33	1.34	1.31	1.31
September 2014 .....	1.29	1.31	1.26	1.26
October 2014 .....	1.27	1.28	1.25	1.25
November 2014 .....	1.25	1.26	1.24	1.24
December 2014 .....	1.23	1.25	1.21	1.21
January 2015 (through January 20, 2015) .....	1.18	1.21	1.15	1.15

(1) Period Average means the average of the market rates at 6:00 pm London time during the relevant period.

Fluctuations in the exchange rate between the euro and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future.

## FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains “forward-looking statements” as that term is defined by the U.S. federal securities laws. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this Offering Memorandum, including, but without limitation, those regarding our future financial condition, results of operations and business, our product, acquisition, disposition and finance strategies, our capital expenditures, subscriber growth and retention rates, competitive, regulatory and economic factors, the maturity of our markets, anticipated cost increases, liquidity, credit risks, foreign currency risks and target leverage levels. In some cases, you can identify these statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “should”, and “will” and similar words used in this Offering Memorandum.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond our control. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. We caution readers not to place undue reliance on the statements, which speak only as of the date of this Offering Memorandum, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Offering Memorandum include those described under “Risk Factors”. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

The following are some but not all of the factors that could cause actual results or events to differ materially from those anticipated results or events:

- economic and business conditions and industry trends in the markets in which we operate;
- the competitive environment in the broadband communications and programming industries in The Netherlands, including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of our existing service offerings, including our digital video, broadband internet, fixed-line telephony, mobile and business service offerings and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;
- our ability to maintain or increase the number of subscriptions to our digital video, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the markets in which we operate and adverse outcomes from regulatory proceedings;
- government intervention that could open our broadband distribution networks to competitors;

- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions, including the impact of the conditions imposed in connection with the Ziggo Acquisition;
- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from, and implement our business plan with respect to, the businesses we acquire, such as with respect to the Ziggo Acquisition;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the markets in which we operate;
- changes in laws and government regulations that may impact the availability and cost of credit and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors to timely deliver quality products, equipment, software and services;
- the availability of attractive programming for our digital video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire, including in relation to the Ziggo Acquisition;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint venturers; and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

The broadband distribution services industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this Offering Memorandum are subject to a significant degree of risk. These forward-looking statements and the above-described risks, uncertainties and other factors speak only as of the date of this Offering Memorandum, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

We undertake no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Offering Memorandum.

We disclose important factors that could cause our actual results to differ materially from our expectations in this Offering Memorandum. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on us, it means to include effects upon business, financial and other conditions, results of operations and ability to make payments on the Senior Secured Proceeds Loans, which in turn would have an adverse effect on the ability of the Issuer to make payments under the Notes.

When we indicate that an event, condition or circumstance could or would have an adverse effect on us, it means to include effects upon business, financial and other conditions, results of operations and ability to make payments on the Notes.

## AVAILABLE INFORMATION

For so long as any of the Notes are “restricted securities” within the meaning of Rule 144A(a)(3) under the U.S. Securities Act, the Issuer will, during any period in which they are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act nor exempt from the reporting requirements of the U.S. Exchange Act under Rule 12g3-2(b) thereunder, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act.

The Issuer is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, the Issuer will furnish periodic information to holders of the Notes. See “*Description of the Notes—Certain Covenants—Reports*” and “*Description of the Fold-In Notes—Certain Covenants—Reports*”.

## SUMMARY

*The following is a summary of selected information contained in this Offering Memorandum. It does not contain all of the information that you should consider before making an investment decision. To understand this offering fully, you should read the entire Offering Memorandum, including the sections entitled “Risk Factors”, “Unaudited Condensed Pro Forma Combined Financial Statement of Ziggo Group Holding”, “Selected Consolidated Financial and Operating Data of Ziggo Bondco”, “Selected Financial and Operating Data of UPC Nederland”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Ziggo Bondco”, “Supplemental Discussion and Analysis of Certain Historical Financial Information and Results of Operations of UPC Nederland” and “Business of Ziggo Group Holding”, as well as the financial statements included herein.*

*In this section, unless the context otherwise requires, the terms “we”, “us”, “our”, “the company”, or the “Group” refer to Ziggo Group Holding with or without its consolidated subsidiaries prior to and/or, following the completion of the Transactions (as the context may require). Unless otherwise indicated, operational and statistical data, including subscriber statistics and product offering, are as of September 30, 2014. Please see “Glossary” for more information on the technical terms used in this Offering Memorandum.*

### Business Overview

We operate the largest cable network in the The Netherlands in terms of video subscribers. We provide video, broadband internet and fixed-line telephony services over our broadband communications network and mobile services as a mobile virtual network operator (“**MVNO**”). We estimate that our network covers 93% of the country by homes passed as of September 30, 2014. Our services are provided through the UPC Netherlands Group, which network covers six regional areas, including the cities Amsterdam, Rotterdam and Eindhoven (the “**UPC Nederland footprint**”), and the Ziggo Group, which network covers six regional areas, including the cities of The Hague, Utrecht, Maastricht, Groningen and Tilburg (the “**Ziggo footprint**”). Our network is almost fully bi-directional and Euro DOCSIS 3.0 enabled, and allows us to provide premium digital video services, including video-on-demand (“**VoD**”), digital video recorders (“**DVR**”) and high definition (“**HD**”), ultra high-speed broadband internet services and fixed-line telephony services. A cornerstone of our product offerings is our triple-play bundles, which provide subscribers the convenience of receiving digital video, broadband internet and fixed-line telephony services from us at a lower price when compared to three individual service subscriptions.

Our network passes approximately 7.0 million homes, of which almost 100% have two-way capability. We had approximately 4.3 million Customer Relationships as of September 30, 2014, including 943,000 Analog Cable Subscribers, 3.4 million Digital Cable Subscribers, 3.1 million Internet Subscribers and 2.6 million Telephony Subscribers (each as defined in “*Business of Ziggo Group Holding-Introduction*”). In addition, we had over 100,000 mobile subscribers as of September 30, 2014.

On a pro forma combined basis, Ziggo Group Holding’s revenue was €1.9 billion and €2.5 billion, respectively, for the nine months ended September 30, 2014 and for the year ended December 31, 2013 and its operating cash flow (“**OCF**”) was €1.1 billion and €1.4 billion, respectively, for the same periods. In addition, Ziggo Group Holding’s property and equipment additions were €398.2 million and €544.5 million for the nine months ended September 30, 2014 and the year ended December 31, 2013, respectively, in each case, on a pro forma combined basis. For a description and summary of Ziggo Group Holding’s pro forma combined financial statements and operating data, the definition of OCF and a reconciliation of OCF to operating income, see “*Unaudited Condensed Pro Forma Combined Financial Statement and Operating Data of Ziggo Group Holding*”.

### Our Strengths

We believe that we benefit from the following key strengths, which, combined with our direct relationships with subscribers, make us well-positioned to capture growth opportunities within the telecommunications market in The Netherlands.

***We have operations throughout The Netherlands, one of Europe’s most attractive markets for cable operators.***

Our video cable services are available to approximately 93% of the television households in The Netherlands and we serve approximately 58% of the total television market. The Netherlands has very attractive characteristics

for cable operators, including the relative prosperity of its population (in 2013, GDP per capita in The Netherlands amounted to €34,900, which was 31% above the EU-28 average in 2013, according to Eurostat), its high population density and its high cable penetration. We believe that higher disposable income translates into higher potential spending on media and communications services. In addition, we believe that high population density, cable network ubiquity and high customer penetration allow for efficient and profitable cable operations.

***We have a superior network.***

Our hybrid fiber coaxial cable network is almost fully bi-directional and Euro DOCSIS 3.0 enabled, and has a spectrum bandwidth capacity of at least 860 MHz across our footprints. Our network enables us to provide higher quality video and broadband internet services to subscribers than those offered by digital subscriber line (“DSL”), direct-to-home (“DTH”) and digital terrestrial television (“DTT”) operators. We are focused on maintaining our competitive network advantage through the continuous upgrading and expansion of our network and equipment. For example, in 2013, UPC Nederland and Ziggo B.V. each launched WiFiSpots, enabling broadband internet subscribers to access the internet experience outside of the home.

***We are a leader in offering triple-play services.***

As of September 30, 2014, we had a bundling ratio (RGU’s per Customer Relationship) of 2.3 in each of our footprints, which is one of the highest bundling ratios in Europe. Over 60% of our customers in our UPC Nederland footprint subscribed to our triple-play offering of video, broadband internet and fixed-line telephony, and approximately 57% of our customers in our Ziggo footprint subscribed to our triple-play offering (the All-in-1 bundle). Our triple-play bundles are used as a means of driving video, as well as other products, where convenience and price can be leveraged across the portfolio of services. Our bundle options give subscribers the option to select various combinations of services, including high-speed internet and fixed-line telephony options, to meet their needs. We also offer mobile services (voice and data).

***We offer leading video and broadband internet products.***

As a result of our network strength, highly competitive service offerings and customer focus, we have developed leading positions in digital video and broadband internet services within each of our footprints. Our video offerings include an extensive range of HD channels and VoD programming, as well as interactive services including DVR and HD DVR and our next-generation multimedia home gateway, “Horizon TV”, in the UPC Nederland footprint. We provide download speeds up to 180 Mbps in the Ziggo footprint and up to 200 Mbps in the UPC Nederland footprint, which has allowed us to achieve significant market share. Additionally, during 2013, the UPC Nederland Group and the Ziggo Group launched community WiFi branded “WiFiSpots”, to allow customers seamless access to WiFi when they are away from home. We currently have approximately 2.0 million WiFiSpots throughout The Netherlands and will continue adding WiFiSpots throughout our footprints. We are focused on providing our customers with attractive, highly competitive services that offer more content, higher speeds, greater functionality and better quality of service than our competitors.

***Experienced management team.***

Our management team has significant industry experience and a track record of increasing productivity and developing and maintaining strong customer relationships. Our Managing Directors of each of the Ziggo Group and the UPC Netherlands Group have served in various senior management roles within the industry prior to their current roles at the Ziggo Group and the UPC Netherlands Group and have developed strong relationships with our market partners. Our top management is supported by a broad base of experienced second-level managers. For more information on our management team and governance, see “*Management and Governance*”.

***Our Strategy***

The key components of our strategy are to:

***Drive growth from an integrated triple-play product strategy.***

We believe that our advanced hybrid coaxial cable network provides us with a superior technological infrastructure for delivering triple-play services as a high value consumer proposition. We plan to continue to

provide comprehensive, innovative multimedia and entertainment service bundles to existing and new customers, offering customers higher speeds and more value at competitive prices, especially as our two footprints are integrated. We believe that the competitive quality and price of our bundled services offer customers a superior value proposition and allow us to differentiate ourselves from our competitors.

***Increase our broadband internet penetration.***

We plan to grow our broadband internet subscriber base by emphasizing our bandwidth capabilities and compelling value proposition. We intend to acquire a substantial share of new broadband internet customers and win subscribers away from our competitors based on the superior speed of our offerings, especially vis-à-vis standard DSL, as well as our service quality and competitive pricing.

***Continue to innovate and to exploit next-generation technology.***

Customers are seeking increasing interactivity in their digital video experience, and we believe our next-generation multimedia home gateway, “Horizon TV”, currently offered in the UPC Nederland footprint, is the foundation of our response to this demand. Horizon TV is a family of media products that allows customers to view and share content across the television, computer, tablet and smartphone. We plan to further develop the Horizon TV platform and intend to expand its availability into the Ziggo footprint in 2015. In our Ziggo footprint, we offer a fully cloud-based interactive television service using existing set-top boxes. By combining IP protocol with the standard set-top box, devices without built-in hardware functionality for interactivity can make use of the Ziggo Group’s interactive services through the Ziggo cable network. We also currently offer a CI+ 1.3 module in the Ziggo footprint, which enables subscribers to the Ziggo Group’s digital video service to view such service without a set-top box and use a single remote control. See “*Business of Ziggo Group Holding—Our Services—Interactive Services*”.

Additionally, we recently deployed community WiFi branded “WiFiSpots”, to allow customers seamless access to WiFi when they are away from home. We believe we are well positioned to leverage our technology development in order to continue to deliver technologically advanced, competitive products and services to customers.

***Develop Mobile and Business-to-Business Opportunities.***

Beyond our core residential distribution business, we believe there are substantial growth opportunities in areas such as mobile services and business-to-business (“B2B”). Through the first three quarters of 2014, mobile services revenue and B2B revenue combined accounted for less than 15% of the UPC Nederland Group’s and Ziggo Group’s respective revenue. We intend to capitalize on these revenue growth opportunities by continuing to implement our MVNO-based mobile proposition and further developing our B2B operations and service capabilities.

***Maintain focus on operational excellence.***

We continuously monitor our customers’ perception of the quality of our services and aim to further improve our customer satisfaction. As an example, as the Group is integrated, we intend to further streamline our operations, automate and integrate various customer care and billing platforms, evolve channel mix towards online, and further harmonize and digitise our operations. We will continue to closely monitor key performance indicators to assess our operational processes, sales and marketing efficiency and the reliability of our infrastructure. We are focused on the continued training and development of our sales force and call center agents, so that we can efficiently provide high quality service to our customers.

***Maximize Synergies from the Ziggo Acquisition.***

We expect to realize a number of synergies as a result of the combination of the UPC Nederland Group and the Ziggo Group. The benefits to our company of the combination include an enhanced competitive position, greater financial resources, increased diversity and depth in the products offered and geographic areas served and the potential to realize cost savings and operational synergies as a result of, among other integration efforts, implementation of joint marketing and technology development efforts, integration of customer care and billing platforms and alignment of management. We expect our joint operations to realize scale advantages across core

functional areas and to also leverage Liberty Global's pan-European platform and integration expertise. For more information see "*Risk Factors—Risks Relating to Our Industry and Our Business—Although we expect that the Ziggo Acquisition will result in benefits to the Group, we may not realize those benefits because of various challenges.*"

### **Brief Description of Ziggo Group Holding, the Issuer and the Structure of the Offering**

Ziggo Group Holding, a private limited company incorporated under the laws of The Netherlands, is a subsidiary of Liberty Global that, after giving effect to the Reorganization Transactions described below, will be the parent company of both the UPC Netherlands Group and the Ziggo Group.

The Issuer, a private limited company incorporated under the laws of The Netherlands, was incorporated on December 1, 2014 for the purpose of issuing the Notes offered hereby, entering into the New Ziggo Group Senior Secured Credit Facility and incurring certain other future indebtedness that will rank *pari passu* with the Notes offered hereby. The Issuer is wholly-owned by Ziggo Bond Finance, a private limited company incorporated under the laws of The Netherlands, which is the issuer of the New Senior Notes. The Issuer is a special purpose financing company and is the parent company of Ziggo Secured Finance II and the managing partner of the US SPV Partnership. Proceeds from the issuance or incurrence of the Notes offered hereby, the loans under the New Ziggo Group Senior Secured Credit Facility and certain future indebtedness will be used to fund proceeds loans to members of the UPC Netherlands Group and the Ziggo Group as described in further detail below.

Pending consummation of the Reorganization Transactions, the Initial Purchasers (as defined herein) will, concurrently with the issuance of the Notes on the Issue Date (as defined below), deposit the Escrowed Proceeds into one or more Escrow Accounts pursuant to the Escrow Agreement for the benefit of holders of the Notes. For so long as such proceeds are held in the Escrow Accounts, the Notes will be secured by the Escrow Charge. The release of the Escrowed Proceeds will be subject to the satisfaction of certain conditions, including the certification that the Reorganization Transactions will be consummated within three business days following the release of the Escrowed Proceeds, and as further set out in the Escrow Agreement. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption—Escrow of Proceeds*".

The Notes will be senior obligations of the Issuer. On the Issue Date, the Notes will be guaranteed on a senior basis by each of Ziggo Secured Finance II and the US SPV Partnership. Prior to the Escrow Release Date (as defined below), the Notes will be secured by the Escrow Charge (as defined below). Following the Escrow Release Date, the Notes will be secured by a (i) a first-ranking security interest in the sole ordinary share of the Issuer, (ii) a first-ranking security interest in the sole ordinary share of Ziggo Secured Finance II, (iii) a first-ranking charge over all bank accounts of the Issuer, (iv) a first-ranking charge over any bank accounts of Ziggo Secured Finance II, (v) a first-ranking charge over all bank accounts of US SPV Partnership and (vi) a first-ranking assignment over the Issuer's rights to and benefits in the Senior Secured Proceeds Loan Facility including the Senior Secured Proceeds Loans and the Rollover Loans. For a description of the terms of the Notes, see "*Description of the Notes*".

Upon the Escrow Release Date, the Issuer will use the proceeds of the Notes to fund one or more Senior Secured Proceeds Loans to one or both of UPC Netherlands Holding III and Ziggo BV as Senior Secured Proceeds Loan Borrowers, subject to the terms of the Senior Secured Proceeds Loan Facility. The obligations of each Senior Secured Proceeds Loan Borrower under a Senior Secured Proceeds Loan will be guaranteed on a senior secured basis by the relevant Senior Secured Proceeds Loan Guarantors and will be *pari passu* in right of payment with any existing and future senior indebtedness of the relevant Senior Secured Proceeds Loan Guarantors. The Senior Secured Proceeds Loans will be secured, after giving effect to the Group Priority Agreement (as defined herein), on an equal and ratable basis with the Existing Senior Secured Credit Facility, the Existing 2020 Senior Secured Notes and, when funded, the Rollover Loans (as defined herein), by a first ranking security interest in the capital stock of each Senior Secured Obligor (other than ABC), all of the rights of the relevant creditors in relation to certain Subordinated Shareholder Loans (as defined in "*Description of the Notes*"), and the other property and assets that currently secure the Existing Senior Secured Credit Facility and the Existing 2020 Senior Secured Notes (see "*Summary—Summary of the Notes—Senior Secured Proceeds Loan Collateral*" and "*Description of the Notes—Proceeds Loans—Proceeds Loan Collateral*").

None of the Senior Secured Obligors or any of their respective subsidiaries will guarantee or provide any credit support for the Issuer's obligations under the Notes, other than the obligation of the relevant Senior Secured

Proceeds Loan Borrower to make payments to the Issuer pursuant to the applicable Senior Secured Proceeds Loan and the guarantee of such obligations by the Senior Secured Proceeds Loan Guarantors. The Senior Secured Obligors will agree in the Covenant Agreement (as defined herein) to be bound by the covenants in the Indenture that are applicable to them, as described in “*Description of the Notes—Covenant Agreement*”. However, the holders of the Notes will not have a direct claim on the cash flow or assets of the Senior Secured Obligors or any of their respective subsidiaries, and none of the Senior Secured Obligors or any of their respective subsidiaries has any obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments. The rights and remedies of the holders of the Notes against a Senior Secured Obligor upon any breach by such Senior Secured Obligor of its obligations under the Covenant Agreement are limited to a right to instruct the Issuer or the Security Trustee or their respective nominees, in accordance with the terms of the Indenture, to accelerate the Senior Secured Proceeds Loans and to vote in connection with any enforcement of the collateral securing the Senior Secured Proceeds Loans (together with any other secured creditors sharing in such collateral, including the holders of the Existing 2020 Senior Secured Notes, the lenders under the Existing Senior Secured Credit Facility, and, when funded, the New Ziggo Group Senior Secured Credit Facility), in accordance with the Group Priority Agreement.

## **The Transactions**

The “**Transactions**” include the issuance of the Notes offered hereby, the application of the proceeds of the Notes as described under “—*Brief Description of Ziggo Group Holding, the Issuer and the Structure of the Offering*” and “*Use of Proceeds*” and the various transactions described below.

### ***Liberty Global/Ziggo Transaction***

#### **Ziggo Acquisition**

On January 27, 2014, Ziggo Holding B.V. (“**Ziggo Holdco**”, formerly known as Ziggo N.V.) entered into a merger protocol (the “**Merger Protocol**”) with LGE Holdco VII B.V. (“**Bidco**”), our indirect wholly-owned subsidiary, and Liberty Global, as guarantor, in which Bidco agreed to make (*uitbrengen*), declare unconditional (*gestand doen*) and settle a public offer (the “**Public Offer**”) for all shares of Ziggo Holdco not already held by Liberty Global and its subsidiaries on the terms of and subject to the conditions of the Merger Protocol (the “**Ziggo Acquisition**”). On June 27, 2014, Bidco launched the Public Offer, which was declared unconditional by Bidco on November 5, 2014. Following completion of the Ziggo Acquisition, we, together with Liberty Global, completed certain transactions to consolidate our ownership interest in Ziggo Holdco into LGE HoldCo V B.V., a direct wholly owned subsidiary of Bidco. For further information regarding these transactions, see “*Business—History*” and “*Summary—Summary Corporate and Financing Structure*”.

Following consummation of the Public Offer, LGE Holdco V B.V. initiated a statutory squeeze-out procedure in accordance with article 2:359c and 2:92a of the Dutch Civil Code in order to acquire the remaining shares not owned by Liberty Global (the “**Statutory Squeeze-out**”). Upon completion of the Statutory Squeeze-out, Liberty Global will indirectly own 100% of the share capital of Ziggo Holdco. In addition, on December 22, 2014, Ziggo Holdco was delisted from the Euronext Amsterdam and converted to a private limited company.

#### **Acquisition Financing Transactions**

The Ziggo Acquisition, and the repayment of certain existing indebtedness of the Ziggo Group in connection with the Ziggo Acquisition, were financed from a combination of borrowings and cash on hand, as more fully described below under “*Unaudited Condensed Pro Forma Combined Financial Statement of Ziggo Group Holding—Initial Transactions—Acquisition Financing Transactions*.” The Acquisition Financing Transactions include (i) utilization by Ziggo BV of (a) €1,340.1 million (equivalent) of borrowings under a term loan facility B3 (“**Facility B3**”) and (b) €65.4 million (equivalent) of additional borrowings under a term loan facility B2 (“**Facility B2**”) of the Existing Senior Secured Credit Facility (as further described under “*Description of Other Indebtedness—Existing Senior Secured Credit Facility*”) and (ii) utilization by Bidco of €432.9 million of borrowings under a term loan facility B4 (“**Facility B4**”) of a senior credit facility agreement dated January 27, 2014 (the “**Bidco Facility Agreement**”). The proceeds from the additional borrowings under Facility B2 were used for the general corporate purposes of the Ziggo Group.

## **Debt Pushdown and Existing Senior Secured Credit Facility and Existing Notes Guarantor Accessions**

On December 23, 2014, the Ziggo Group effected the following transactions (collectively, the “**Debt Pushdown**”):

- (i) Ziggo Bondco assumed LGE Holdco VI B.V.’s obligations as issuer of the Existing 2024 Senior Notes (the “**Existing 2024 Senior Notes Debt Pushdown**”). In connection with the Existing 2024 Senior Notes Debt Pushdown, LGE Holdco VI B.V. was released from its obligations under the Existing 2024 Senior Notes Indenture, the Holdco Priority Agreement and the related security documents, and Ziggo Bondco and Zesko B.V., its immediate parent company, acceded to the Holdco Priority Agreement and granted a pledge over the capital stock of Ziggo Bondco in favor of the holders of the Existing 2024 Senior Notes; and
- (ii) Ziggo BV assumed Bidco’s obligations as borrower of Facility B4 (the “**B4 Facility Debt Pushdown**”). The B4 Facility Debt Pushdown was effected pursuant to an upsize of the Facility B3 commitments under the Existing Secured Senior Credit Facility. In connection with the B4 Facility Debt Pushdown, Bidco was released from its obligations under Bidco Facility Agreement, the intercreditor agreement related thereto and the related security documents.

## ***The Reorganization Transactions***

Following the completion of the Ziggo Acquisition, Liberty Global expects to complete an internal reorganization of its broadband and wireless communications businesses in The Netherlands whereby the UPC Netherlands Group and the Ziggo Group will become subsidiaries of Ziggo Group Holding (collectively, the “**Reorganization Transactions**”). See “*Summary—Summary Corporate and Financing Structure*”. The objective of the Reorganization Transactions is to establish the leading cable operator in The Netherlands in a single operational and financing group within the Liberty Global group of companies. As part of the Reorganization Transactions, the Group expects to enter into certain financing transactions, as described below under “*—The New Financing Transactions*”, the proceeds of which are expected to be used, in part, to repay certain indebtedness of UPC Broadband Holding B.V., the current indirect parent of UPC Nederland, (“**UPC Broadband Holding**”) and UPC Holding B.V. (“**UPC Holding**”).

## ***Parent Affiliate and Affiliate Issuer Designations***

Substantially concurrently with the Reorganization Transactions, UPC Nederland Holding II B.V. (“**UPC Netherlands Holdco II**”), UPC Nederland Holding III B.V. (“**UPC Netherlands Holdco III**”) and UPC Nederland and certain of its subsidiaries will execute one or more accession agreements and/or supplemental indentures whereby they will provide a guarantee of the Existing Senior Secured Credit Facility and the Existing 2020 Senior Secured Notes Indenture (the “**Parent Affiliate Designation**”). Furthermore, UPC Netherlands Bondco will execute one or more accession agreements and/or supplemental indentures to the Existing 2024 Senior Notes Indenture whereby it will become an “Affiliate Issuer” (as defined in the Existing 2024 Senior Notes Indenture) and provide a guarantee of the Existing 2024 Senior Notes (the “**Affiliate Issuer Designation**” and together with the Parent Affiliate Designation, the “**Affiliate Designations**”).

## ***The New Financing Transactions***

In addition to the offering of the Notes hereby, the Group may enter into the following financing transactions described below in connection with the Reorganization Transactions.

## **New Ziggo Group Senior Secured Credit Facility**

On January 12, 2015, UPC Financing Partnership launched a new euro denominated term loan (“**Facility AJ**”) and a new U.S. dollar denominated term loan (“**Facility AK**” and, together with the Facility AJ, the “**New UPC Facilities**”) under its credit facility agreement (the “**UPC Credit Agreement**”). The terms of the New UPC Facilities provide for the rollover of each of Facility AJ and Facility AK into a new senior secured credit facility agreement to be entered into by the Issuer, as further described below.

If the New UPC Facilities are entered into, the proceeds will be used to refinance one or more existing facilities under the UPC Credit Agreement. Pursuant to the terms of the New UPC Facilities, the lenders under the New UPC Facilities will, among other things, agree to provide new term loans to the Issuer under a new senior

secured facility (the “**New Ziggo Group Senior Secured Credit Facility**”) on a cashless basis by rolling their loans under the New UPC Facilities into new term loans (the “**SPV Term Loans**”) under the New Ziggo Group Senior Secured Credit Facility borrowed by the Issuer and/or US SPV Partnership (the “**SPV Credit Facility Rollover**”). As a result of the SPV Credit Facility Rollover, one or more receivables will be created owing from UPC Nederland to the Issuer and/or Ziggo Secured Finance Partnership (the “**Rollover Receivables**”). The Rollover Receivables will be funded on a cashless basis as one or more facilities (the “**Rollover Loans**”) subject to the terms of the Senior Secured Proceeds Loan Facility. Following the funding of the Rollover Loans, UPC Netherlands Holdco III will assume the obligations of UPC Nederland as borrower under the Rollover Loans. The final terms and structure of the New Ziggo Group Senior Secured Credit Facility have not yet been agreed but the expected terms of the New Ziggo Group Senior Secured Credit Facility are described further under “*Description of Other Indebtedness—New Ziggo Group Senior Secured Credit Facility*”. Any incurrence of indebtedness under the New Ziggo Group Senior Secured Credit Facility will comply with the covenants under the Notes and the Indenture. The New Ziggo Group Senior Secured Credit Facility, if any, will rank equally with the Notes, including with respect to the proceeds of enforcement of the Notes Collateral. No assurance can be given that the New Ziggo Group Senior Secured Credit Facility will be entered into, or if it is entered into, what the final terms will be, including the amount raised thereunder.

The aggregate principal amount of the SPV Term Loans, if any, together with the Notes is expected to be approximately €1.475 billion (equivalent) (the “**Senior Secured Debt Amount**”). However, as the New UPC Facilities are not yet finalized, and therefore the amount of the SPV Term Loans are unknown, the Senior Secured Debt Amount is subject to change. We do not expect any change to the Senior Secured Debt Amount to be material. Any incurrence of indebtedness under the SPV Term Loans will comply with the covenants under the Notes offered hereby, the Indenture and the New Senior Notes.

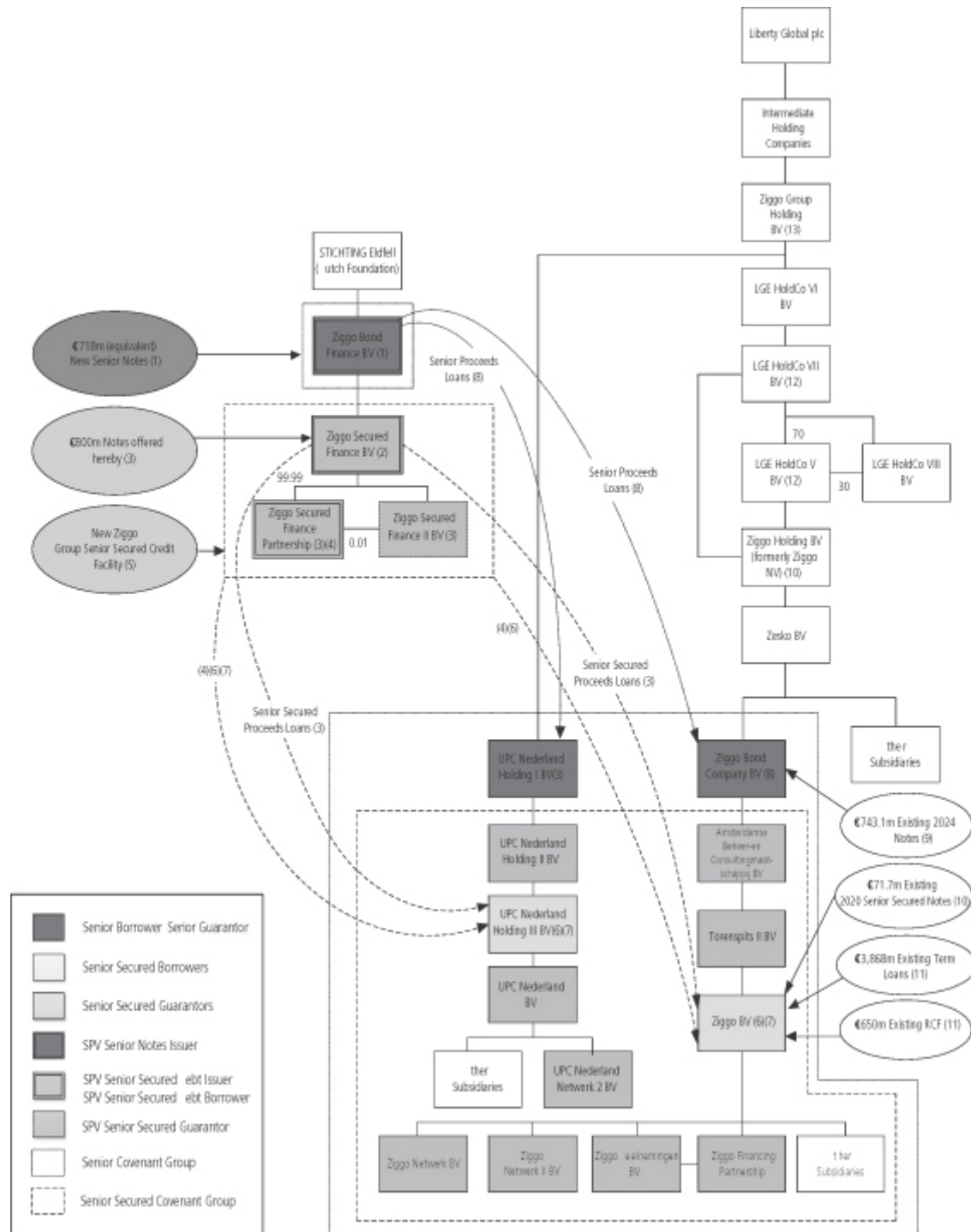
#### ***New Senior Notes***

On or around January 29, 2015, Ziggo Bond Finance, the parent of the Issuer, will issue (i) €400 million aggregate principal amount of 4.625% Senior Notes due 2025 (the “**New Euro Senior Notes**”) and (ii) \$400 million aggregate principal amount of 5.875% Senior Notes due 2025 (the “**New Dollar Senior Notes**”, and together with the New Euro Senior Notes, the “**New Senior Notes**”) in accordance with the offering memorandum dated January 14, 2015. Pending consummation of the Reorganization Transactions, the initial purchasers of the New Senior Notes will, concurrently with the issuance of the New Senior Notes, deposit the net proceeds of the New Senior Notes into one more escrow accounts pursuant to an escrow agreement among Ziggo Bond Finance, the Trustee and Deutsche Bank AG, London Branch, as escrow agent for the benefit of the holders of the New Senior Notes. Upon consummation of the Reorganization Transactions, Ziggo Bond Finance will use the proceeds from the New Senior Notes to fund one or more proceeds loans (the “**Senior Proceeds Loans**”) to one or both of UPC Netherlands Bondco and Ziggo Bondco (the “**Senior Proceeds Loan Borrowers**”) under one or more facilities subject to the terms of a senior proceeds loan facility agreement dated on or around the date on which the proceeds of the New Senior Notes are released from escrow, between, among others, Ziggo Bondco and UPC Netherlands Bondco, as obligors, and Deutsche Trustee Company Limited, as security agent. After giving effect to the Holdco Priority Agreement, the Senior Proceeds Loans will be secured over the capital stock of each of UPC Netherlands Bondco and Ziggo Bondco on an equal and ratable basis with the Existing 2024 Senior Notes. The obligations of each Senior Proceeds Loan Borrower under a Senior Proceeds Loan will be guaranteed on a senior basis by the other Senior Proceeds Loan Borrower that is not a borrower of such Senior Proceeds Loan (each in such capacity, a “**Senior Proceeds Loan Guarantor**”) and, together with the Senior Proceeds Loan Borrower, the “**Senior Obligors**”) and will be structurally subordinated to all indebtedness of the Senior Obligors’ respective subsidiaries, including indebtedness under the Senior Secured Proceeds Loans, the Existing Senior Secured Credit Facility and the Existing 2020 Senior Secured Notes.

None of the Senior Obligors or any of their respective subsidiaries will guarantee or provide any credit support for Ziggo Bond Finance’s obligations under the New Senior Notes, other than the obligation of the relevant Senior Proceeds Loan Borrower to make payments to Ziggo Bond Finance pursuant to the applicable Senior Proceeds Loans and the guarantee of such obligations by the applicable Senior Proceeds Loan Guarantor. The Senior Obligors will agree in a covenant agreement to be bound by the covenants in the Indenture that are applicable to them.

## SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram summarizes our expected corporate and financing structure after giving effect to the Transactions, including the offering of the Notes, and the application of the proceeds therefrom as described in “*The Transactions*” and “*Use of Proceeds*”. The following is provided for indicative and illustration purposes only and should be read in conjunction with the information contained elsewhere in this Offering Memorandum. For a summary of the debt obligations referred to in the following diagram, see “*Description of the Notes*” and “*Description of Other Indebtedness*”.



- 
- (1) Ziggo Bond Finance has been formed as a special purpose vehicle for the primary purpose of facilitating the offering of the New Senior Notes (and the issuance of any future indebtedness) and using the proceeds of the New Senior Notes to fund the Senior Proceeds Loans, as described below under note 8 (and using the proceeds from the offering of any future indebtedness to finance additional proceeds loans under the Senior Proceeds Loan Facility, as described below under note 8). See “*Summary—New Financing Transactions—New Senior Notes*” and “*Summary—The Transactions*”.
  - (2) The Issuer has been formed as a special purpose vehicle for the primary purpose of facilitating (i) the offering of the Notes (and the issuance of any future indebtedness) and (ii) the SPV Credit Facility Rollover (as defined under note 5 and using the proceeds of this offering and the SPV Credit Facility Rollover to fund the Senior Secured Proceeds Loans and the Rollover Loans, respectively, as described below under notes 3 and 6, respectively (and using the proceeds from the offering of any future indebtedness to finance additional proceeds loans under the Senior Secured Proceeds Loan Facility). See “*Summary—Brief Description of Ziggo Group Holding, the Issuer and the Structure of the Offering*” and “*Summary—The Transactions*”.
  - (3) On the Issue Date, the Notes will be guaranteed by each of US SPV Partnership and Ziggo Secured Finance II (together, the “**Note Guarantors**”) and will be secured by a first priority security interest in the rights of the Issuer under the Escrow Agreement and the assets held in each of the Escrow Accounts, as applicable. On the Escrow Release Date, the Notes will be secured directly by the Notes Collateral. The Notes will be senior obligations of the Issuer and will rank *pari passu* in right of payment with any future indebtedness of the Issuer that is not subordinated to the Notes and benefit indirectly from (i) the Senior Secured Proceeds Loan Collateral and (ii) the Senior Secured Proceeds Loan Guarantees. See “*Summary—Summary of the Notes—Ranking of the Notes*”, “*Summary—Summary of the Notes—Security*”, “*Summary—Summary of the Notes—Senior Secured Proceeds Loan Collateral*”, “*Summary—Summary of the Notes—Senior Secured Proceeds Loans*” elsewhere in this Offering Memorandum for details. The aggregate principal amount of the SPV Term Loans, if any, together with the Notes offered hereby is expected to be approximately €1.475 billion (equivalent) (the “**Senior Secured Debt Amount**”). However, as the New UPC Facilities are not yet finalized, and therefore the amount of the SPV Term Loans are unknown, the Senior Secured Debt Amount is subject to change. We do not expect any change to the Senior Secured Debt Amount to be material. Any incurrence of indebtedness under the SPV Term Loans will comply with the covenants under the Notes offered hereby, the Indenture and the New Senior Notes. See “*Summary—New Ziggo Group Senior Secured Credit Facility Agreement*”.
  - (4) Ziggo Secured Finance Partnership has been formed as a special purpose vehicle for the primary purpose of facilitating, together with the Issuer, the SPV Credit Facility Rollover (as defined in note 5 below) (and the incurrence of any future indebtedness) and using the proceeds thereof to fund the Rollover Loans, as described below under note 6 (and senior secured proceeds loans advanced to one or both of UPC Netherlands Holdco III and Ziggo BV related to any future indebtedness). Each of the Issuer and Ziggo Secured Finance Partnership will be a borrower and a guarantor under the New Ziggo Group Senior Secured Credit Facility.
  - (5) If the New UPC Facilities are entered into, the proceeds will be used to refinance one or more existing facilities under the UPC Credit Agreement. Pursuant to the terms of the New UPC Facilities, the lenders under the New UPC Facilities will, among other things, agree to provide new term loans to the Issuer and/or Ziggo Secured Finance Partnership under the New Ziggo Group Senior Secured Credit Facility on a cashless basis by rolling their loans under the New UPC Facilities into SPV Term Loans under the New Ziggo Group Senior Secured Credit Facility borrowed by the Issuer and/or Ziggo Secured Financing Partnership (the “**SPV Credit Facility Rollover**”). The final terms and structure of the New Ziggo Group Senior Secured Credit Facility have not yet been agreed but the expected terms of the New Ziggo Group Senior Secured Credit Facility are described further under “*Description of Other Indebtedness—New Ziggo Group Senior Secured Credit Facility*”. Any incurrence of indebtedness under the New Ziggo Group Senior Secured Credit Facility will comply with the covenants under the Notes and the Indenture. No assurance can be given that the New Ziggo Group Senior Secured Credit Facility will be entered into, or if it is entered into, what the final terms will be, including the amount raised thereunder. The aggregate principal amount of the SPV Term Loans, if any, together with the Notes offered hereby is expected to be approximately €1.475 billion (equivalent). However, as the New UPC Facilities are not yet finalized, and therefore the amount of the SPV Term Loans are unknown, the Senior Secured Debt Amount is subject to change. We do not expect any change to the Senior Secured Debt Amount to be material. Any incurrence of indebtedness under the SPV Term Loans will comply

with the covenants under the Notes offered hereby, the Indenture and the New Senior Notes. See “*Summary—New Ziggo Group Senior Secured Credit Facility Agreement*”.

- (6) On the Escrow Release Date, the Issuer will use the Notes proceeds to fund one or more Senior Secured Proceeds Loans to one or both Senior Secured Proceeds Loan Borrowers, subject to the terms of the Senior Secured Proceeds Loan Facility. After giving effect to the Group Priority Agreement, the Senior Secured Proceeds Loans will be secured on a first-ranking basis by the Senior Secured Proceeds Loan Collateral. The obligations of each Senior Secured Proceeds Borrower will be guaranteed on a senior basis by the Senior Secured Proceeds Loan Guarantors and will be *pari passu* in right of payment with any existing and future indebtedness of the relevant Senior Secured Proceeds Loan Borrower that is not subordinated to the Senior Secured Proceeds Loan. See “*Summary—Summary of the Notes—Ranking of the Senior Secured Proceeds Loans*” and *Summary—Summary of the Notes—Ranking of the Senior Secured Proceeds Loans*” and “*Use of Proceeds*”. The proceeds of any future indebtedness issued by the Issuer will be used to fund one or more senior secured proceeds loans under the Senior Secured Proceeds Loan Facility to either UPC Netherlands Holdco III and/or Ziggo BV as borrower and the Senior Secured Proceeds Loan Guarantors, as guarantors.
- (7) As a result of the SPV Credit Facility Rollover, one or more receivables will be created owing from UPC Nederland to Ziggo Secured Finance and/or Ziggo Secured Finance Partnership, which will be funded on a cashless basis as one or more Rollover Loans, subject to the Senior Secured Proceeds Loan Facility. Following the funding of the Rollover Loans, UPC Netherlands Holdco III will assume the obligations of UPC Nederland as borrower under the Rollover Loans. See “*Summary—The Transactions*”.
- (8) Pending consummation of the Reorganization Transactions, the initial purchasers of the New Senior Notes will, concurrently with the issuance of the New Senior Notes, deposit the net proceeds of the New Senior Notes into one more escrow accounts pursuant to an escrow agreement among Ziggo Bond Finance, the Trustee and Deutsche Bank AG, London Branch, as escrow agent for the benefit of the holders of the New Senior Notes. Upon consummation of the Reorganization Transactions, Ziggo Bond Finance will use the proceeds from the New Senior Notes to fund one or more Senior Proceeds Loans to one or both of the Senior Proceeds Loan Borrowers under one or more facilities subject to the terms of a senior proceeds loan facility agreement dated on or around the date on which the proceeds of the New Senior Notes are released from escrow, between, among others, Ziggo Bond Company as lender, the obligors listed therein and Deutsche Trustee Company Limited, as security agent. After giving effect to the Holdco Priority Agreement (as defined herein), the Senior Proceeds Loans will be secured over the capital stock of each of UPC Netherlands Bondco and of Ziggo Bondco on an equal and ratable basis with the Existing 2024 Senior Notes. The obligations of each Senior Proceeds Loan Borrower under a Senior Proceeds Loan will be guaranteed on a senior basis by the applicable Senior Proceeds Loan Guarantor and will be structurally subordinated to all indebtedness of the Senior Obligors’ respective subsidiaries.
- (9) On November 11, 2014, LGE Holdco VI B.V. issued €743,128,000 aggregate principal amount of 7<sup>1</sup>/<sub>8</sub>% Senior Notes due 2024. On December 23, 2014, Ziggo Bondco entered into an accession agreement among Ziggo Bondco, as acceding issuer, LGE Holdco VI B.V., as old issuer (the “**Old 2024 Notes Issuer**”), and the Trustee, whereby Ziggo Bondco acceded as issuer and assumed the obligations of the Old 2024 Notes Issuer under (i) the indenture dated as of November 11, 2014, between, among others the Old 2024 Notes Issuer and the Trustee (the “**2024 Notes Indenture**”) and (ii) the global notes representing the €743,128,000 aggregate principal amount of 7<sup>1</sup>/<sub>8</sub>% Senior Notes due 2024 issued under the 2024 Notes Indenture. See “*Description of other Indebtedness—Existing 2024 Senior Notes*” elsewhere in this Offering Memorandum for further details.
- (10) On March 28, 2013, Ziggo BV issued €750,000,000 aggregate principal amount of 3.625% senior secured notes due March 27, 2020, with an outstanding principal amount of €1,686,000 as of September 30, 2014. The Existing 2020 Senior Secured Notes are senior secured obligations of Ziggo BV and are guaranteed on a senior secured basis by certain of its subsidiaries who also guarantee the Existing Senior Secured Credit Facility. See “*Description of other Indebtedness—Existing 2020 Senior Notes*” elsewhere in this Offering Memorandum for further details.
- (11) The Existing Senior Secured Credit Facilities comprise €3,868.0 million term loan facilities and a €650,000,000 revolving credit facility pursuant to the Existing Senior Secured Credit Facilities Agreement. See “*Description of other Indebtedness—Existing Senior Secured Credit Facilities*” elsewhere in this Offering Memorandum for further details.
- (12) As at the date of this Offering Memorandum, LGE Holdco VII B.V. and LGE Holdco V B.V. collectively hold 98.4% of the outstanding share capital of Ziggo Holdco. Upon completion of the statutory squeeze-out,

LGE Holdco VII B.V. and LGE Holdco B.V. will own 100% of the outstanding share capital of Ziggo Holding B.V.

- (13) Ziggo Group Holding will be the reporting entity for the Notes. See “*Description of the Notes—Certain Covenants—Reports*”.

## SUMMARY UNAUDITED CONDENSED PRO FORMA COMBINED FINANCIAL STATEMENT AND OPERATING DATA OF ZIGGO GROUP HOLDING

The tables below set out certain summary unaudited pro forma combined financial and operating data of Ziggo Group Holding as of and for the nine months ended September 30, 2014 and the year ended December 31, 2013. The following summary unaudited condensed pro forma combined balance sheet as of September 30, 2014 gives effect to (i) the Ziggo Acquisition, (ii) the combination of UPC Nederland B.V. (“**UPC Nederland**”) and Ziggo Holding B.V. (“**Ziggo Holdco**”) pursuant to the Reorganization Transactions, (iii) the Acquisition Financing Transactions (together with the Ziggo Acquisition and the Reorganization Transactions, the “**Initial Transactions**”) and (iv) the New Financing Transactions (together with the Initial Transactions, the “**Transactions**”), as if the Transactions had occurred on such date. The following summary unaudited condensed pro forma combined statements of operations for the nine months ended September 30, 2014 and the year ended December 31, 2013 give effect to the Transactions, as if the Transactions had occurred on January 1, 2013. The unaudited condensed pro forma combined financial statements, which have been prepared on a U.S. GAAP basis, do not purport to be indicative of the financial position and results of operations that Ziggo Group Holding will obtain in the future, or that Ziggo Group Holding would have obtained if the Transactions were effective as of the dates indicated above. The pro forma adjustments are based upon currently available information and upon certain assumptions that Ziggo Group Holding believes are reasonable. The pro forma information has been derived from, and should be read in conjunction with, the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements, the UPC Nederland December 31, 2013 Consolidated Financial Statements, the Ziggo Bondco September 30, 2014 Interim Condensed Consolidated Financial Statements, the Ziggo Bondco December 31, 2013 Consolidated Financial Statements, and the “*Unaudited Condensed Pro Forma Combined Financial Statements of Ziggo Group Holding*”, included elsewhere herein.

	Nine months ended September 30, 2014	For the year ended December 31, 2013
	in millions	
<b>Ziggo Group Holding Summary Unaudited Pro Forma Combined Statement of Operations Data:</b>		
Revenue .....	€ 1,901.6	€ 2,503.5
Operating, selling, general and administrative expenses (other than depreciation and amortization) (including share-based compensation).....	844.2	1,092.9
Related party fees and allocations, net .....	65.7	84.3
Depreciation and amortization .....	676.3	865.3
Impairment, restructuring and other operating items, net.....	8.8	1.1
	1,595.0	2,043.6
Operating income.....	306.6	459.9
Net financial and other expense .....	(763.3)	(466.3)
Income tax benefit.....	86.3	4.7
Net loss .....	€ (370.4)	€ (1.7)
		<b>September 30, 2014</b>
		in millions
<b>Ziggo Group Holding Summary Unaudited Pro Forma Combined Balance Sheet Data:</b>		
Cash and cash equivalents .....	€	43.3
Total assets .....	€	15,478.5
Total current liabilities (excluding current portion of debt and capital lease obligations) .....	€	753.7
Total debt and capital lease obligations: .....		
Third party.....	€	6,905.6
Related party .....	€	4,864.1
Total liabilities .....	€	13,623.9
Total equity.....	€	1,854.6

	September 30, 2014
<b>Summary Combined Statistical and Operating Data of UPC Nederland and Ziggo Holdco (a):</b>	
<b>Footprint</b>	
Homes passed .....	6,967,400
Two-way homes passed .....	6,953,700
<b>Subscribers (RGUs)</b>	
Digital cable .....	3,390,700
Analog cable .....	943,400
Total video .....	4,334,100
Internet .....	3,050,200
Telephony .....	2,586,000
Total RGUs .....	9,970,300
<b>Penetration</b>	
Digital cable as a % of total video subscribers .....	78.2%
Internet as a % of two-way homes passed .....	43.9%
Telephony as a % of two-way homes passed .....	37.2%
<b>Customer relationships</b>	
Customer relationships .....	4,336,500
RGUs per customer relationship .....	2.3

- (a) For information concerning how Ziggo Group Holding defines and calculates its operating statistics, see *“Business of Ziggo Group Holding—Introduction”*.

	Nine months ended September 30, 2014		For the year ended December 31, 2013	
	in millions			
<b>Ziggo Group Holding Summary Unaudited Pro Forma Combined Operating Data:</b>				
Revenue .....	€	1,901.6	€	2,503.5
OCF (b).....	€	1,058.7	€	1,412.4
OCF margin .....		55.7%		56.4%
Property and equipment additions .....	€	398.2	€	544.5
Property and equipment additions as % of revenue .....		20.9%		21.7%

- (b) OCF is the primary measure used by the management to evaluate the Ziggo Group Holding’s performance. OCF is also a key factor that is used by our internal decision makers to evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, OCF is revenue less operating and selling, general and administrative expenses (excluding share-based compensation, related-party fees and allocations, depreciation and amortization and impairment, restructuring and other operating items). Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision makers believe OCF is a meaningful measure and is superior to available U.S GAAP measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance. We believe our OCF measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies. OCF should be viewed as a measure of operating

performance that is a supplement to, and not a substitute for, operating income (loss), net earnings (loss), cash flow from operating activities and other U.S. GAAP measures of income or cash flows. A reconciliation of OCF to net earnings is as follows:

	Nine months ended September 30, 2014	For the year ended December 31, 2013
OCF .....	€ 1,058.7	€ 1,412.4
Depreciation and amortization .....	(676.3)	(865.3)
Impairment, restructuring and other operating items, net .....	(8.8)	(1.1)
Share-based compensation .....	(1.3)	(1.8)
Related-party fees and allocations, net .....	(65.7)	(84.3)
Operating income .....	306.6	459.9
Net financial and other expense .....	(763.3)	(466.3)
Income tax benefit .....	86.3	4.7
Net loss .....	€ (370.4)	€ (1.7)

	As of and for the six-month period ended September 30, 2014
<b>Certain As Adjusted Combined Covenant Information:</b>	
Combined annualized EBITDA (1) .....	€ 1,445.9
As adjusted combined annualized EBITDA (2) .....	€ 1,466.8
As adjusted combined covenant senior net debt (3) .....	€ 5,221.4
As adjusted combined covenant total net debt (3) .....	€ 6,703.5
Ratio of as adjusted combined covenant senior net debt to as adjusted combined annualized EBITDA (2)(3) .....	3.56x
Ratio of as adjusted combined covenant total net debt to as adjusted combined annualized EBITDA (2)(3) .....	4.57x

- (1) Combined annualized EBITDA is calculated by multiplying the combined U.S. GAAP “Consolidated EBITDA” (as defined in the “Description of the Notes” section included in this Offering Memorandum) of UPC Nederland and Ziggo Bondco for the six months ended September 30, 2014 (€722.9 million) by two.
- (2) As adjusted combined annualized EBITDA reflects the impact of (i) an increase resulting from the estimated annual synergies of €95 million expected to be achieved upon the completion of the integration of UPC Nederland and Ziggo Holdco, (ii) a decrease resulting from the elimination of the estimated Consolidated EBITDA contributed by the COGAS N.V. (“COGAS”) partner network, Ziggo Holdco’s largest third-party network provider, to Ziggo Holdco for the six months ended September 30, 2014 (€6.0 million) multiplied by two, which adjustment gives effect to the termination of Ziggo Holdco’s contract with the COGAS partner network that occurred on December 31, 2014, and (iii) an estimated decrease resulting from the application of the 2015 Liberty Global Allocation Methodology for the six months ended September 30, 2014 (€31.0 million) multiplied by two. The related-party fees and allocations deducted from as adjusted combined annualized EBITDA pursuant to the 2015 Liberty Global Allocation Methodology are based on the amount and nature of costs incurred by the allocating entities during the period, the allocation methodologies in effect during the period and the size of the overall pool of entities who are charged fees and allocated costs, such that changes in any of these factors would result in changes to the related-party amounts charged and allocated to Ziggo Group Holding in future periods. For additional information concerning the 2015 Liberty Global Allocation Methodology, see “Certain Relationships and Related-Party Transactions”.
- (3) As adjusted combined covenant senior net debt and as adjusted combined covenant total net debt are calculated in accordance with the “Consolidated Net Leverage Ratio” (as defined in the “Description of the Notes” section included elsewhere in this Offering Memorandum) and are adjusted to reflect the Transactions. The amounts shown, which, if applicable, take into account currency swaps but do not include premiums or discounts, differ from the debt figures that are reported under “Capitalization” and “Selected Consolidated

*Financial and Operating Data of Ziggo Bondco*” and “*Selected Consolidated Financial and Operating Data of UPC Nederland*” included elsewhere in this Offering Memorandum.

## SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA OF ZIGGO BONDCO

The tables below set out summary financial data of Ziggo Bondco for the indicated periods. The summary condensed consolidated historical financial information as of September 30, 2014 and December 31, 2013 and 2012 and for the nine months ended September 30, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011 presented below is derived from the Ziggo Bondco September 30, 2014 Interim Condensed Consolidated Financial Statements, the Ziggo Bondco December 31, 2013 Consolidated Financial Statements, the Ziggo Bondco December 31, 2012 Consolidated Financial Statements and the Ziggo Bondco December 31, 2011 Consolidated Financial Statements included in this Offering Memorandum.

The Ziggo Bondco consolidated financial statements included in this Offering Memorandum have been prepared in accordance with EU IFRS and Part 9 of Book 2 of the Dutch Civil Code. The Ziggo Bondco consolidated interim financial statements included in this Offering Memorandum have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’. The following information should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of Ziggo Bondco*” and the Ziggo Bondco September 30, 2014 Interim Condensed Consolidated Financial Statements, the Ziggo Bondco December 31, 2013 Consolidated Financial Statements, the Ziggo Bondco December 31, 2012 Consolidated Financial Statements and the Ziggo Bondco December 31, 2011 Consolidated Financial Statements. Ziggo Bondco’s historical results do not necessarily indicate results that may be expected for any future period.

Ziggo Bondco’s ultimate parent is Liberty Global.

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011
	in millions				
<b>Consolidated Statements of Income Data:</b>					
Revenues.....	€ 1,202.0	€ 1,170.9	€ 1,564.8	€ 1,536.9	€ 1,478.2
Cost of goods sold .....	213.0	217.0	289.1	294.4	291.1
Personnel expenses .....	151.1	139.3	189.0	187.4	175.6
Contracted work .....	59.4	40.4	57.5	50.9	51.2
Materials & logistics.....	2.0	2.0	3.0	3.8	6.0
Marketing & sales.....	63.4	61.0	76.9	60.5	68.5
Office expenses .....	43.2	40.2	53.4	53.9	49.6
Other operating expenses.....	7.7	6.6	8.2	5.1	1.7
Amortisation and impairments .....	82.5	18.3	24.1	28.4	79.9
Depreciation and impairments .....	211.5	187.2	253.1	250.7	268.0
Total operating expenses .....	833.8	712.0	954.3	935.1	991.6
Operating income .....	368.2	458.9	610.5	601.8	486.6
Net financial expense.....	(470.2)	(173.3)	(222.3)	(232.7)	(248.3)
Result before income taxes.....	(102.0)	285.6	388.2	369.1	238.3
Net result of joint ventures and associates (after tax) .....	(5.5)	(4.9)	(9.1)	(9.4)	(0.1)
Income tax benefit (expense).....	44.2	(11.4)	(30.1)	(92.3)	(59.9)
Net result for the period.....	(63.3)	269.3	349.0	267.4	178.3
Net result attributable to equity holders.....	€ (63.3)	€ 269.3	€ 349.0	€ 267.4	€ 178.3

	September 30,		December 31,			
	2014		2013	2012		
	in millions					
<b>Consolidated Balance Sheet Data:</b>						
Cash and cash equivalents .....	€	339.7	€	77.2	€	92.4
Total assets .....	€	5,469.5	€	5,180.8	€	5,051.3
Total current liabilities: (excluding current portion of debt and finance lease obligations).....	€	510.3	€	407.9	€	521.9
Total interest-bearing loans and financial lease obligations.....	€	3,256.3	€	3,074.3	€	2,943.8
Total liabilities .....	€	4,290.3	€	3,939.2	€	3,960.1
Total equity .....	€	1,179.2	€	1,241.6	€	1,091.2

	Nine months ended September 30,		For the year ended December 31,							
	2014	2013	2013	2012	2011					
	in millions									
<b>Consolidated Cash Flow Data:</b>										
Cash provided by operating activities .....	€	683.8	€	491.6	€	667.6	€	974.0	€	819.9
Cash used by investing activities .....	€	(290.2)	€	(269.6)	€	(366.1)	€	(292.3)	€	(249.8)
Cash used by financing activities .....	€	(131.1)	€	(209.3)	€	(316.7)	€	(701.9)	€	(524.4)

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011
	in millions, except percentages				
Summary Operating Data:					
Revenue .....	€ 1,202.0	€ 1,170.9	€ 1,564.8	€ 1,536.9	€ 1,478.2
Adjusted EBITDA (a) .....	€ 668.3	€ 664.4	€ 887.7	€ 880.9	€ 834.5
Adjusted EBITDA margin .....	55.6%	56.7%	56.7%	57.3%	56.5%
Property, equipment and intangible asset additions .....	€ 228.9	€ 207.0	€ 355.3	€ 290.5	€ 253.0
Property, equipment and intangible asset additions as % of revenue .....	19.0%	17.7%	22.7%	18.9%	17.1%

(a) Adjusted EBITDA refers to EBITDA adjusted to eliminate the effects of operating expenses incurred in connection with the acquisition of Ziggo Holdco by Liberty Global, which amounted to €6.1 million and nil for the nine months ended September 30, 2014 and September 30, 2013, respectively, and nil for the years ended December 31, 2013, 2012 and 2011. EBITDA represents operating income plus depreciation and amortization. For additional information, see “*Presentation of Financial and Other Information*”. A reconciliation of Adjusted EBITDA to net result for the period is as follows:

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011
	in millions				
Adjusted EBITDA .....	€ 668.3	€ 664.4	€ 887.7	€ 880.9	€ 834.5
Acquisition-related costs.....	(6.1)	—	—	—	—
EBITDA.....	662.2	664.4	887.7	880.9	834.5
Amortisation and impairments .....	(82.5)	(18.3)	(24.1)	(28.4)	(79.9)
Depreciation and impairments .....	(211.5)	(187.2)	(253.1)	(250.7)	(268.0)
Operating income.....	368.2	458.9	610.5	601.8	486.6
Net financial expense .....	(470.2)	(173.3)	(222.3)	(232.7)	(248.3)
Result before income taxes .....	(102.0)	285.6	388.2	369.1	238.3
Net result of joint ventures and associates (after tax).....	(5.5)	(4.9)	(9.1)	(9.4)	(0.1)
Income tax benefit (expense) .....	44.2	(11.4)	(30.1)	(92.3)	(59.9)
Net result for the period .....	€ (63.3)	€ 269.3	€ 349.0	€ 267.4	€ 178.3

## SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA OF UPC NEDERLAND

The tables below set out summary financial data of UPC Nederland for the indicated periods. The summary condensed consolidated historical financial information as of September 30, 2014 and December 31, 2013 and 2012 and for the nine months ended September 30, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011 presented below is derived from the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements and the UPC Nederland December 31, 2013 Consolidated Financial Statements included in this Offering Memorandum.

The UPC Nederland consolidated financial statements included in this Offering Memorandum have been prepared in accordance with U.S. GAAP. The following information should be read in conjunction with “*Supplemental Discussion and Analysis of Certain Historical Financial Information and Results of Operations Of UPC Nederland*” and the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements and the UPC Nederland December 31, 2013 Consolidated Financial Statements. UPC Nederland’s historical results do not necessarily indicate results that may be expected for any future period.

UPC Nederland’s ultimate parent is Liberty Global.

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011
	in millions				
<b>Consolidated Statements of Operations Data:</b>					
Revenue .....	€ 690.4	€ 700.9	€ 935.3	€ 955.6	€ 914.9
Operating costs and expenses:					
Operating (other than depreciation and amortization) (including share-based compensation) .....	201.6	216.3	283.7	276.0	269.8
Selling, general and administrative (including share-based compensation) .....	89.7	82.5	111.0	108.1	103.8
Related-party fees and allocations, net .....	65.7	59.4	84.3	63.7	61.7
Depreciation and amortization .....	137.9	130.6	176.2	167.5	156.1
Impairment, restructuring and other operating items, net .....	—	(1.8)	1.1	1.6	0.7
	494.9	487.0	656.3	616.9	592.1
Operating income .....	195.5	213.9	279.0	338.7	322.8
Non-operating income (expense):					
Interest expense—third-party .....	(2.0)	(0.1)	(0.2)	(0.3)	(0.3)
Interest expense—related-party .....	(65.2)	(68.6)	(91.7)	(100.1)	(30.0)
Interest income—related-party .....	97.6	80.6	110.0	87.4	4.3
Other income (expense), net .....	—	—	(0.1)	0.3	0.1
	30.4	11.9	18.0	(12.7)	(25.9)
Earnings before income taxes .....	225.9	225.8	297.0	326.0	296.9
Income tax expense .....	(58.1)	(58.8)	(77.6)	(83.1)	(75.2)
Net earnings .....	€ 167.8	€ 167.0	€ 219.4	€ 242.9	€ 221.7

	September 30, 2014	December 31, 2013 2012	
	in millions		
<b>Consolidated Balance Sheet Data:</b>			
Cash .....	€ 12.2	€ 0.9	€ 0.6
Total assets .....	€ 3,922.9	€ 3,618.5	€ 3,425.4

	September 30, 2014	December 31, 2013      2012	
		in millions	
Total current liabilities (excluding current portion of debt and capital lease obligations) .....	€ 247.3	€ 275.1	€ 301.0
Total debt and capital lease obligations .....	€ 1,147.5	€ 1,111.8	€ 1,160.3
Total liabilities .....	€ 1,506.6	€ 1,415.6	€ 1,486.8
Total equity .....	€ 2,416.3	€ 2,202.9	€ 1,938.6

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011
	in millions				
<b>Consolidated Cash Flow Data:</b>					
Cash provided by operating activities .....	€ 325.7	€ 332.3	€ 476.5	€ 415.7	€ 175.0
Cash used by investing activities .....	€ (349.5)	€ (350.2)	€ (523.2)	€ (386.5)	€ (140.0)
Cash provided (used) by financing activities .....	€ 35.1	€ 18.7	€ 47.0	€ (30.8)	€ (33.9)

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011
	in millions, except percentages				
<b>Summary Operating Data:</b>					
Revenue .....	€ 690.4	€ 700.9	€ 935.3	€ 955.6	€ 914.9
OCF (a) .....	€ 400.0	€ 403.0	€ 541.9	€ 572.6	€ 542.3
OCF margin .....	57.9%	57.5%	57.9%	59.9%	59.3%
Property and equipment additions .....	€ 106.0	€ 139.5	€ 183.7	€ 172.7	€ 166.6
Property and equipment additions as % of revenue ..	15.4%	19.9%	19.6%	18.1%	18.2%

- (a) OCF is the primary measure used by UPC Nederland's management to evaluate UPC Nederland's performance. OCF is also a key factor that is used by UPC Nederland's internal decision makers to evaluate the effectiveness of UPC Nederland's management for purposes of annual and other incentive compensation plans. As UPC Nederland uses the term, OCF is revenue less operating and selling, general and administrative expenses (excluding share-based compensation, related-party fees and allocations, depreciation and amortization and impairment, restructuring and other operating items). Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. For additional information, see "*Presentation of Financial and Other Information*". A reconciliation of OCF to net earnings is as follows:

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011
	in millions				
OCF .....	€ 400.0	€ 403.0	€ 541.9	€ 572.6	€ 542.3
Depreciation and amortization.....	(137.9)	(130.6)	(176.2)	(167.5)	(156.1)
Impairment, restructuring and other operating items, net.....	—	1.8	(1.1)	(1.6)	(0.7)
Share-based compensation.....	(0.9)	(0.9)	(1.3)	(1.1)	(1.0)
Related-party fees and allocations, net .....	(65.7)	(59.4)	(84.3)	(63.7)	(61.7)
Operating income .....	195.5	213.9	279.0	338.7	322.8
Interest expense—third-party .....	(2.0)	(0.1)	(0.2)	(0.3)	(0.3)
Interest expense—related-party .....	(65.2)	(68.6)	(91.7)	(100.1)	(30.0)
Interest income—related-party .....	97.6	80.6	110.0	87.4	4.3
Other income (expense), net .....	—	—	(0.1)	0.3	0.1
	30.4	11.9	18.0	(12.7)	(25.9)
Earnings before income taxes .....	225.9	225.8	297.0	326.0	296.9
Income tax expense .....	(58.1)	(58.8)	(77.6)	(83.1)	(75.2)
Net earnings.....	€ 167.8	€ 167.0	€ 219.4	€ 242.9	€ 221.7

## SUMMARY OF THE NOTES

The summary below describes the principal terms of the Notes. It may not contain all the information that is important to you. Certain of the terms and conditions described below are subject to important limitations and exceptions. The “*Description of the Notes*” and the “*Description of the Fold-In Notes*” sections of this Offering Memorandum contain a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

<b>The Issuer</b> .....	Ziggo Secured Finance B.V.
	The Issuer is a special purpose financing company incorporated for the purpose of issuing the Notes and certain other future indebtedness and will depend upon payments under the Senior Secured Proceeds Loan to make payments under the Notes.
<b>Notes</b> .....	€800,000,000 aggregate principal amount of 3 <sup>3</sup> / <sub>4</sub> % Senior Secured Notes due 2025 (the “ <b>Notes</b> ”).
<b>Issue Date</b> .....	Delivery of the Notes in book-entry form will occur on or about February 4, 2015 (the “ <b>Issue Date</b> ”).
<b>Issue Price</b> .....	100.000%.
<b>Maturity Date</b> .....	January 15, 2025.
<b>Interest Rate</b> .....	3.750%.
<b>Interest Payment Dates</b> .....	Semi-annually in arrears on each January 15, and July 15, commencing on July 15, 2015. Interest will accrue from the Issue Date.
<b>Form of Denomination</b> .....	Each Note will have a minimum denomination of €100,000 and be in integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.
<b>Ranking of the Notes</b> .....	<p>The Notes will:</p> <ul style="list-style-type: none"> <li>• be senior obligations of the Issuer;</li> <li>• rank <i>pari passu</i> in right of payment with any future indebtedness of the Issuer that is not subordinated to the Notes;</li> <li>• be guaranteed by the Note Guarantors (as defined herein);</li> <li>• be secured directly by the Notes Collateral (as defined below under “—<i>Security</i>”);</li> <li>• benefit indirectly from the Senior Secured Proceeds Loan Collateral (as defined below under “—<i>Senior Secured Proceeds Loan Collateral</i>”); and</li> <li>• benefit indirectly from the Senior Secured Proceeds Loan Guarantees as defined below under “—<i>Senior Secured Proceeds Loans</i>”).</li> </ul>
<b>Limited Recourse</b> .....	Except under the limited circumstances specified under “ <i>Description of the Notes—Events of Default</i> ”, the obligations of the Issuer and the Note Guarantors under the Indenture, the Notes and the Notes Collateral will be solely to make payments of amounts in aggregate equivalent to the

amounts actually received by or for the account of the Issuer from the Senior Secured Proceeds Loan Borrowers under the Senior Secured Proceeds Loans, and agreements related thereto.

In addition, other than under the limited circumstances described under “*Description of the Notes—Events of Default*”, holders of the Notes will not have a direct claim on the cash flow or assets of the Ziggo Group and the UPC Netherlands Group, respectively, and neither the Ziggo Group nor the UPC Netherlands Group has any obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of each Senior Secured Proceeds Loans Borrower, to make payments to the Issuer under the applicable Senior Secured Proceeds Loan and agreements related thereto.

**Guarantees** .....

The Note Guarantee of each Note Guarantor will:

- be a senior obligation of the Note Guarantor;
- rank *pari passu* in right of payment with any existing and future indebtedness of that Note Guarantor that is not subordinated to the Note Guarantor’s Note Guarantee;
- rank senior in right of payment to any existing and future subordinated obligations of that Note Guarantor;
- be subject to the Limited Recourse Restrictions. See “*Description of Notes—Ranking of the Notes, Note Guarantees and Note Collateral—Limited Recourse Obligation*”.

**Security** .....

On the Issue Date, the Notes will be secured by a first priority security interest in the rights of the Issuer under the Escrow Agreement and the assets held in each of the Escrow Accounts, as applicable (the “**Escrow Charge**”). Upon release of the Escrowed Proceeds from the Escrow Accounts, the Notes will be secured directly by (the “**Notes Collateral**”):

- a first-ranking pledge over the sole ordinary share of the Issuer;
- a first-ranking charge over all bank accounts of the Issuer;
- a first-ranking pledge over all of the ordinary shares of Ziggo Secured Finance II;
- a first-ranking charge over all bank accounts of the US SPV Partnerships;
- a first-ranking charge over any bank accounts of Ziggo Secured Finance II; and
- a first-ranking assignment over of the Issuer’s rights to and benefit in the Senior Secured Proceeds Loan Facility, including the Senior Secured Proceeds Loans and the Rollover Loans, and the Issuer’s rights in respect of the Senior Secured Proceeds Loan Guarantees and the Senior Secured Proceeds Loan Collateral.

See “*Decription of the Notes—Ranking of the Notes, Note Guarantee*

and Note Collateral—Note Collateral”, “Description of the Fold-in Notes—Ranking of the Notes, Note Guarantees and Notes Collateral—Notes Collateral”.

**Senior Secured Proceeds Loans** ..... Upon release of the Escrow Proceeds from the Escrow Accounts, the Notes proceeds will be used by the Issuer to fund one or more Senior Secured Proceeds Loans to one or both of UPC Netherlands Holdco III and Ziggo BV, subject to the terms of the Senior Secured Proceeds Loan Facility. The obligations of each Senior Secured Proceeds Loan Borrower under a Senior Secured Proceeds Loan, will be guaranteed on a senior secured basis (the “**Senior Secured Proceed Loan Guarantees**”) by the Senior Secured Proceeds Loan Borrower that is not a borrower of such Senior Secured Proceeds Loans, the Parents, Torensplits II B.V., Ziggo Netwerk B.V., Ziggo Netwerk II B.V., UPC Nederland, UPC Nederland Netwerk 2 B.V., Ziggo Deelnemingen B.V. and Ziggo Financing Partnership (together, the “**Senior Secured Proceeds Loan Guarantors**”, and together with the Senior Secured Proceeds Loan Borrowers, the “**Senior Secured Obligors**”) and will be *pari passu* in right of payment with any existing and future indebtedness of the relevant Senior Secured Proceeds Loan Guarantors.

#### **Ranking of the Senior Secured Proceeds**

**Loans** ..... Each Senior Secured Proceeds Loan of the relevant Senior Secured Proceeds Loan Borrower will:

- be a senior obligation of the relevant Senior Secured Proceeds Loan Borrower;
- be guaranteed on a senior secured basis by the Senior Secured Proceeds Loan Guarantors;
- rank *pari passu* in right of payment with any existing and future indebtedness of the relevant Senior Secured Proceeds Loan Borrower that is not subordinated to the Senior Secured Proceeds Loan; and
- be secured directly by the Senior Secured Proceeds Loan Collateral (as defined below under “—*Senior Secured Proceeds Loan Collateral*”).

#### **Senior Secured Proceeds**

**Loan Collateral** ..... The obligations of the Senior Secured Obligors under each Senior Secured Proceeds Loan will be secured, after giving effect to the Group Priority Agreement, on an equal and ratable basis with the Existing Senior Secured Credit Facility, the Existing 2020 Senior Secured Notes and, when funded, the Rollover Loans, by a first ranking security interest in the capital stock of each Senior Secured Obligor (other than ABC), all of the rights of the relevant creditors in relation to certain Subordinated Shareholder Loans (as defined in “*Description of the Notes*”), and the other property and assets that currently secure the Existing Senior Secured Credit Facility and the Existing 2020 Senior Secured Notes (together, the “**Senior Secured Proceeds Loan Collateral**”). The Senior Secured Proceeds Loan Collateral initially includes security over certain property and assets (including network assets) of the Proceeds Loan Obligors, including certain real estate, bank accounts, intellectual property rights, receivables and movable and immovable assets; provided that the Asset Collateral will be

automatically released upon the redemption or purchase and cancellation of the Existing 2020 Senior Secured Notes. See “*Description of the Notes—Ranking of the Notes and Security—Senior Secured Proceeds Loan Collateral*”.

**Additional Amounts;**

**Tax Redemption .....**

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

If certain changes in the law of any relevant taxing jurisdiction become effective after the issuance of the Notes that would impose withholding taxes or other deductions on the payments on the Notes, the Senior Secured Proceeds Loan Borrowers may instruct the Issuer to redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See “*Description of the Notes—Redemption for Taxation Reasons*” and “*Description of the Fold-In Notes—Redemption for Taxation Reasons*”.

**Escrow of Proceeds; Special**

**Mandatory Redemption .....**

Pending consummation of the Reorganization Transactions, the Initial Purchasers will, concurrently with the issuance of the Notes on the Issue Date, deposit the net proceeds of the offering of the Notes (the “**Escrowed Proceeds**”) into the Escrow Accounts pursuant to the terms of the Escrow Agreement, for the benefit of holders of the Notes. For so long as such proceeds are held in the Escrow Accounts, the Notes will be secured by the Escrow Charge. The release of the Escrowed Proceeds will be subject to the satisfaction of certain conditions, including certification that the Reorganization Transactions will be consummated within three business days following the release of the Escrowed Proceeds, and as further set out in the Escrow Agreement. Upon delivery to the Escrow Agent of an officer’s certificate, on or prior to the date of such release, of the Issuer or its nominee stating that the conditions to the release of the proceeds from escrow are satisfied, the Escrowed Proceeds will be released and utilized as described in “*The Transactions*” and “*Use of Proceeds*”. If the conditions to the release of the Escrowed Proceeds have not been satisfied on or prior to the Longstop Date, the Notes will be subject to a special mandatory redemption at a redemption price equal to 100% of the aggregate initial issue price of the Notes plus accrued and unpaid interest from the Issue Date to such special mandatory redemption date and additional amounts, if any. See “*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*”.

**Optional Redemption .....**

The Senior Secured Proceeds Loan Borrowers may instruct the Issuer to redeem all or part of the Notes on or after January 15, 2020 at the redemption prices as described under “*Description of the Notes—Optional Redemption*” and “*Description of the Fold-In Notes—Optional Redemption*”.

Prior to January 15, 2020, the Senior Secured Proceeds Loan Borrowers may instruct the Issuer to redeem all or part of the Notes for the relevant “make whole” premium as described under “*Description of the Notes—Optional Redemption*” and “*Description of the Fold-In Notes—Optional Redemption*”.

Prior to January 15, 2018, the Senior Secured Proceeds Loan Borrowers may instruct the Issuer on one or more occasions to redeem up to 40% of the principal amount of the Notes at the redemption prices as set forth under “*Description of the Notes—Optional Redemption*” and “*Description of the Fold-In Notes—Optional Redemption*” from the net proceeds of specified equity offerings.

Prior to January 15, 2020, during each 12-month period commencing on the Issue Date, the Senior Secured Proceeds Loan Borrowers may instruct the Issuer to redeem up to 10% of the principal amount of the Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to (but excluding) the date of redemption. See “*Description of Notes—Optional Redemption*” and “*Description of the Fold-In Notes—Optional Redemption*”.

**Ziggo Group Combination and Ziggo  
Group Assumption .....**

After the Escrow Release Date, a Senior Secured Proceeds Loan Borrower, at its election, may complete a series of transactions whereby (the “**Ziggo Group Combination**”) (i) Ziggo Bondco and its subsidiaries are combined or consolidated with UPC Netherlands Bondco and its subsidiaries through one or more mergers, consolidations, contributions or similar transactions and/or (ii) the special purpose financing company structure whereby the Issuer issued the Notes and funded proceeds loans is terminated and the Senior Secured Obligors and their subsidiaries assume or otherwise acquire all of the outstanding indebtedness of the Issuer and its subsidiaries through the assumption, assignment or other transfer of such Indebtedness or the acquisition or other transfer of the Issuer and/or any of its subsidiaries to the Senior Secured Obligors. Following consummation of the Ziggo Group Combination (as defined herein), a Senior Secured Obligor, may, at its sole option, effect an assumption of the Notes and obligations thereunder by any Senior Secured Obligor (or its successor following the Ziggo Group Combination) (the “**Ziggo Fold-In Issuer**”) and a release of the Issuer from its obligations under the Notes and the Indenture (as defined herein) and such assumption and release will be a deemed repayment in full and cancellation of the Senior Secured Proceeds Loans (the “**Ziggo Group Assumption**”). Following the Ziggo Group Assumption, the terms and conditions of the Notes, including the covenants, will be automatically modified as set out under “*Description of the Fold-In Notes*” and the Notes will be secured directly by the Senior Secured Proceeds Loan Collateral that remains following the Ziggo Group Combination and guaranteed by the Senior Secured Obligors that remain following the Ziggo Group Combination. See “*Description of the Notes—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*”.

**Change of Control .....**

Upon the occurrence of a change of control (as defined in the Indenture) at any time, the Issuer will be required to offer to repurchase the Notes at 101% of their aggregate principal amount, plus accrued and unpaid

interest and additional amounts, if any, to the date of the purchase. See “*Description of the Notes—Certain Covenants—Change of Control*” and “*Description of the Fold-In Notes—Certain Covenants—Change of Control*”.

<b>Certain Covenants</b> .....	<p>The Indenture will limit, among other things, the ability of the Issuer, and the Covenant Agreement will limit, among other things, the ability of the Senior Secured Obligors and each of the Restricted Subsidiaries to:</p> <ul style="list-style-type: none"> <li>• incur or guarantee additional indebtedness and issue certain preferred stock;</li> <li>• pay dividends, redeem capital stock and make certain investments;</li> <li>• make certain other restricted payments;</li> <li>• create or permit to exist certain liens;</li> <li>• impose restrictions on the ability of subsidiaries of the Senior Secured Obligors to pay dividends or make other payments to the Senior Secured Obligors;</li> <li>• transfer, lease or sell certain assets including subsidiary stock</li> <li>• merge or consolidate with other entities;</li> <li>• enter into certain transactions with affiliates;</li> <li>• enter into unrelated businesses; and</li> <li>• impair the security interests for the benefit of the holders of the Notes.</li> </ul> <p>Each of these covenants is subject to a number of significant exceptions and qualifications. See “<i>Description of the Notes—Certain Covenants</i>”, “<i>Description of the Fold-In Notes—Certain Covenants</i>” and the related definitions.</p>
<b>Transfer Restrictions</b> .....	<p>The Notes and the Note Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. See “<i>Transfer Restrictions</i>”.</p>
<b>No Prior Market</b> .....	<p>The Notes will be new securities for which there is currently no market. Accordingly, the Issuer cannot assure you that an active trading market for the Notes will develop or be maintained.</p>
<b>Listing</b> .....	<p>Following consummation of the offering of the Notes, application was made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its Global Exchange Market. See “<i>Description of the Notes—Listing</i>” and “<i>Description of the Fold-In Notes—Listing</i>”.</p>
<b>Governing Law</b> .....	<p>The Notes and the Indenture will be governed by the laws of the State of New York. The pledges of ordinary shares and the pledge over the Issuer’s bank account included in the Notes Collateral will be governed</p>

by the laws of The Netherlands. The assignment of the Issuer's rights under the Senior Secured Proceeds Loan Facility, the Escrow Agreement and the Escrow Charge will be governed by English law.

<b>Trustee .....</b>	Deutsche Trustee Company Limited.
<b>Paying Agents .....</b>	Deutsche Bank AG, London Branch.
<b>Registrars and Transfer Agents .....</b>	Deutsche Bank Luxembourg, S.A.
<b>Use of Proceeds .....</b>	The Initial Purchasers will deposit the net proceeds of the Notes into the Escrow Accounts pending satisfaction of the conditions to the release of such proceeds. Upon release of the Escrowed Proceeds from the Escrow Accounts, the Issuer will use the Escrowed Proceeds to fund one or more Senior Secured Proceeds Loans to one or both of the Senior Secured Proceeds Loan Borrowers, subject to the Senior Secured Proceeds Loan Facility. The proceeds from the Senior Secured Proceeds Loans will be used to (i) fund a loan, dividend, or other distribution to Ziggo Group Holding, which proceeds will in turn be loaned or distributed by Ziggo Group Holding to other Liberty Global subsidiaries, to indirectly fund the Reorganization Transactions, and (ii) pay fees, costs and expenses related to the offering of the Notes. A portion of the net proceeds of the Senior Secured Proceeds Loans may also be used for general corporate purposes of the Senior Secured Obligors and their respective subsidiaries, including, without limitation, financing the operating and treasury activities of the Senior Secured Obligors and their respective subsidiaries.
<b>Risk Factors .....</b>	Investing in the Notes involves substantial risk. Please see the " <i>Risk Factors</i> " section for a description of certain of the risks you should carefully consider before deciding whether to invest in the Notes.
<b>Certain U.S. federal income tax consequences .....</b>	The Notes may be treated as having been issued with original issue discount for U.S. federal income tax purposes. An obligation generally is treated as having been issued with original issue discount if its stated redemption price at maturity exceeds its issue price by at least a <i>de minimis</i> amount. If a Note is treated as issued with original issue discount, U.S. investors will be subject to tax on that original issue discount as it accrues, in advance of the receipt of cash payments attributable to that income (and in addition to stated interest). See " <i>Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations</i> ".
<b>Certain ERISA considerations .....</b>	The Notes and/or any interest therein may, subject to certain restrictions described herein under " <i>Certain Employee Benefit Plan Considerations</i> ", be sold and transferred to ERISA Plans (as defined in this Offering Memorandum). See " <i>Certain Employee Benefit Plan Considerations</i> ".

## RISK FACTORS

An investment in the Notes involves risks. Before purchasing the Notes, you should consider carefully the specific risk factors set forth below, as well as the other information contained in this Offering Memorandum. If any of the events described below, individually or in combination, were to occur, this could have a material adverse impact on our business, prospects, results of operations and financial condition and the ability of the Senior Secured Proceeds Loan Borrowers, to make payments under the Senior Secured Proceeds Loans and could therefore have a negative effect on the trading price of the Notes and our ability to pay all or part of the interest or principal on the Notes. Although described below and elsewhere in this document are the risks considered to be the most material, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our results of operations, financial condition, business or operations in the future. In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

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

*In this section, unless the context otherwise requires, the terms “we”, “our”, “our company”, and “us” refer to Ziggo Group Holding and its consolidated subsidiaries prior to and /or following the completion of the Transactions (as the context may require).*

### **Risks Relating to Our Financial Profile**

***Our substantial leverage could adversely affect our business, financial condition and results of operations and prevent us from fulfilling our obligations under the Senior Secured Proceeds Loans, and in turn, prevent the Issuer from fulfilling its obligations under the Notes.***

We are highly leveraged. As of September 30, 2014, on a pro forma basis after giving effect to the Transactions, including the issuance of the Notes, the New Ziggo Group Senior Secured Credit Facility and the New Senior Notes, the incurrence of the related proceeds loans and the application of the proceeds thereof, the total third-party borrowings of the Ziggo Group would have been €6.9 billion (equivalent). We would also have had €50 million available to draw under the RCF (which represents the entire amount available thereunder).

We may incur substantial additional debt in the future. Although the Existing Senior Secured Credit Facility and the New Ziggo Group Senior Secured Credit Facility, when funded, and the indentures governing the Notes, the Existing 2024 Senior Notes and the New Senior Notes will and/or do contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our and our subsidiaries’ existing debt levels, the related risks that we now face would increase. In addition, the aforementioned indentures, the Existing Senior Secured Credit Facility and the New Ziggo Group Senior Secured Credit Facility, when funded, will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

Further, the indentures governing the Notes, the Existing 2024 Senior Notes and the New Senior Notes, the Existing Senior Secured Credit Facility and the New Senior Ziggo Group Senior Secured Credit Facility, when funded, each allow us, in certain circumstances, to make dividend payments and to make other distributions under the applicable covenants thereunder limiting restricted payments or to make minority investments or investments in joint ventures. See the discussions under the heading “*Description of Other Indebtedness*” for further information about our substantial debt.

Because the Issuer has no material operations and no material assets other than its rights under the Senior Secured Proceeds Loans, the Rollover Loans, when funded, and its interests in Ziggo Secured Finance II and US SPV Partnership, respectively, our high level of debt could have important consequences for you as a holder of the Notes including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Senior Secured Proceeds Loans, and in turn making it more difficult for the Issuer to satisfy its obligations under the Notes;
- requiring us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the funds available to us to finance our operations, capital expenditures, working capital, research and development and other general corporate purposes, including maintaining the quality of our network and product performance;
- placing us at a competitive disadvantage compared to other broadband communications providers in The Netherlands that have less debt than we do;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive and economic environment in which we operate; and
- impeding our ability to obtain additional debt or equity financing, and increasing the cost of any such financing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Senior Secured Proceeds Loans, and in turn, the Issuer's ability to satisfy its obligations under the Notes offered hereby.

In addition, the Existing Senior Secured Credit Facility, the New Ziggo Group Senior Secured Credit Facility, when funded, and the indentures governing the Notes, the Existing 2024 Senior Notes, the Existing 2020 Senior Secured Notes and the New Senior Notes contain financial and other restrictive covenants that will limit our ability to engage in activities that may be in our long term best interests, including, among other things, borrowing additional funds. These restrictions are subject to significant exceptions. Our failure to comply with such covenants could result in an event of default under the Existing Senior Secured Credit Facility, the New Ziggo Group Senior Secured Credit Facility, the Existing 2024 Senior Notes, the Existing 2020 Senior Secured Notes, the New Senior Notes and/or the Notes offered hereby, which, if not cured or waived, could result in the acceleration of all our debts or have a similar material adverse effect on us.

We may incur substantial additional debt in the future, including in connection with any future acquisition. In connection with our financial strategy, we continually evaluate different financing alternatives, and we may decide to enter into new credit facilities, or incur other indebtedness from time to time, including during the period following the consummation of this offering. If we incur new debt in addition to our current debt, the related risks that we now face, as described above and elsewhere in these “*Risk Factors*”, could intensify.

***Our substantial leverage could limit our ability to obtain additional financing and have other adverse effects.***

We seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk. In this regard, we generally seek to maintain our debt at levels that result in a consolidated debt balance that is between four and five times our OCF (see note (b) under “*Summary—Summary Unaudited Condensed Pro Forma Combined Financial Statement and Operating Data of Ziggo Group Holding—Ziggo Group Holding Summary Unaudited Pro Forma Combined Operating Data*”). At September 30, 2014, on a pro forma basis, after giving effect to the Transactions, including the issuance of the Notes offered hereby, the carrying value of our total third-party consolidated outstanding debt and finance lease obligations would have been approximately €6.9 billion (equivalent), none of which is due over the next 12 months. We believe that we have sufficient resources to repay or refinance the current portion of our debt and finance lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our debt maturities grow in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to refinance or otherwise extend our debt maturities in light of the current market conditions. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position.

Our ability to service or refinance our debt and to maintain compliance with our leverage covenants is dependent primarily on our ability to maintain or increase our Adjusted EBITDA and to achieve adequate returns on our capital expenditures and acquisitions. Accordingly, if our Adjusted EBITDA declines or we encounter other material liquidity requirements, we may be required to seek additional debt financing in order to meet our debt obligations and other liquidity requirements as they come due. In addition, our current debt levels may limit our ability to incur additional debt financing to fund capital expenditures, working capital needs, acquisitions, or other general corporate requirements. We can give no assurance that any additional debt financing will be available on terms that are as favorable as the terms of our existing debt or at all.

***We may not be able to generate sufficient cash to meet our debt service obligations.***

Our ability to make interest payments on the Senior Secured Proceeds Loans (which payments allow the Issuer to make interest payments on the Notes) and to meet our other debt service obligations, including under the Existing Senior Secured Credit Facility, the Existing 2024 Senior Notes, the Existing 2020 Senior Secured Notes and any proceeds loans funded from the proceeds of the Notes offered hereby, the New Ziggo Group Senior Secured Credit Facility, when funded, and the New Senior Notes, or to refinance our debt, depends on our future operating and financial performance, which will be affected by our ability to successfully implement our business strategy as well as general economic, financial, competitive, regulatory and other factors beyond our control. If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt, obtain additional financing, delay planned capital expenditures or investments or sell material assets.

If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including the Senior Secured Proceeds Loans, and in turn, the Issuer may not be able to satisfy its obligations under the Notes. In that event, borrowings under other debt agreements or instruments that contain cross default or cross acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all of our debts, including the Senior Secured Proceeds Loans, which would result in an inability of the Issuer to repay the Notes. See “*Description of Other Indebtedness*”.

***We are subject to debt covenants that could adversely affect our ability to finance our future operations and capital needs and to pursue business opportunities and activities.***

The indentures governing the Notes, the Existing 2024 Senior Notes, the Existing 2020 Senior Secured Note and the New Senior Notes and other agreements governing our indebtedness (including the Existing Senior Secured Credit Facility and the New Ziggo Group Senior Secured Credit Facility) contain covenants that significantly restrict our ability to, among other things:

- incur or guarantee additional debt or issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain liens;
- impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to us;
- transfer, lease or sell certain assets including subsidiary stock;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates;
- enter into unrelated businesses; and
- impair the security interests for the benefit of the holders of the Notes.

All of these limitations will be subject to significant exceptions and qualifications, including the ability to pay dividends, make investments or to make significant prepayments of related-party debt. However, these covenants could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition to limiting our flexibility in operating our business, the breach of any covenants or obligations under the agreements governing our debt will result in a default under the applicable debt agreement and could trigger acceleration of the related debt. Such a default or acceleration could in turn trigger defaults under other agreements governing our debt. A default under the agreements governing our other debt could materially adversely affect our growth, our financial condition and results of operations and result in us not having sufficient assets to make payments on the Senior Secured Proceeds Loans, and in turn, prevent the Issuer from fulfilling its obligations under the Notes. See “*Description of Other Indebtedness*”.

***We are exposed to interest rate risks. Shifts in such rates may adversely affect our debt service obligations.***

We are exposed to the risk of fluctuations in interest rates, primarily under the Existing Senior Secured Credit Facility and the proceeds loans related to the New Ziggo Group Senior Secured Credit Facility, which are indexed to EURIBOR, LIBOR or other base rates. Although we enter into various derivative transactions to manage exposure to movements in interest rates, there can be no assurance that we will be able to fully manage our exposure or to continue to do so at a reasonable cost. If we are unable to effectively manage our interest rate exposure through derivative transactions, any increase in market interest rates would increase our interest rate exposure and debt service obligations, which would exacerbate the risks associated with our leveraged capital structure.

***We are exposed to various foreign currency exchange rate risks.***

The functional currency of our operations is the euro. Accordingly, we are exposed to foreign currency exchange risk with respect to our dollar denominated debt. Although we generally seek to match the denomination of our borrowings, and the borrowings of our subsidiaries, with the euro, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in the euro.

**Risks Relating to Our Industry and Our Business**

***We operate in increasingly competitive markets, and there is a risk that we will not be able to effectively compete with other service providers.***

The markets for cable television, broadband internet, fixed-line telephony and mobile services in The Netherlands are highly competitive. We experience most of our competition from other fixed-line telecommunications carriers and broadband providers, including the incumbent telephony operator Royal KPN NV (“KPN”), offering (a) internet protocol television (“IPTV”) through broadband internet connections using DSL, asymmetric digital subscriber line (“ADSL”) or very high-speed DSL technology (“VDSL”) or enhancements to VDSL called, for instance, “vectoring”, “paring” or “bonding”, (b) IPTV over fiber optic lines of fiber to the home, cabinet or building or to the node networks (fiber-to-the-home/-cabinet/-building/-node is referred to herein as “FTTx”), (c) DTT, which transmits digital signals over the air providing a greater number of channels and better quality than traditional analog broadcasting, and (d) long-term evolution wireless service, next generation of ultra high-speed mobile data (“LTE”) services. In addition, we experience competition from (1) DTH satellite service providers; (2) over-the-top video content aggregators utilizing our or our competitors’ high-speed internet connections; and (3) movie theaters, video stores, video websites and home video products. KPN, which has a nationwide network, has strong positions in fixed-line telephony, broadband internet and digital television. Many of our competitors are now offering double-play, triple-play and quadruple-play bundles of services. We also compete with other operators using the unbundled local loop to provide these services, other facilities-based operators and wireless providers. Furthermore, we compete with operators who offer digital services making use of an FTTx wholesale offer from another network operator. Developments in the DSL technology used by KPN and alternative providers have improved the attractiveness of our competitor’s products and services and strengthened their competitive position. Developments in wireless technology, such as LTE (the next generation of ultra high-speed mobile data), are creating additional competitive challenges.

We expect the level and intensity of competition to continue to increase from both existing competitors and new market entrants as a result of changes in the Dutch and European regulatory framework of the industries in

which we operate, advances in technology, the influx of new market entrants and strategic alliances and cooperative relationships among industry participants. Increased competition could result in increased customer churn, reductions of customer acquisition rates for some services and significant price competition. In combination with difficult economic environments, these competitive pressures could adversely impact our ability to increase, or in certain cases, maintain the revenue, ARPU, RGUs, operating cash flow, operating cash flow margin and liquidity of our operating segments.

***Our business is concentrated in The Netherlands.***

We operate exclusively in the Dutch market and our success is therefore closely tied to general economic developments in The Netherlands and cannot be offset by developments in other markets. Negative developments in or the general weakness of the Dutch economy, in particular increasing levels of unemployment and a weak housing market coupled with relatively high mortgage rates, including any negative developments arising from the ongoing struggles in Europe relating to sovereign debt issues, may have a direct adverse impact on the spending patterns of retail consumers, both in terms of the products they subscribe for and usage levels. Unfavorable economic conditions may impact a significant number of our current and potential subscribers and, as a result, it may be (i) more difficult to attract new subscribers, (ii) more likely that subscribers will downgrade or disconnect their services and (iii) more difficult to maintain our existing ARPU level. Accordingly, our ability to increase or maintain our revenue, ARPU, RGUs, operating cash flow, operating cash flow margin and liquidity could be adversely affected if the economic environment remains uncertain or declines further. Negative changes in demand as a result of a declining economic environment could have a material adverse effect on our revenue and operating cash flow.

***Our property and equipment additions may not generate a positive return.***

The video, broadband internet and telephony businesses in which we operate are capital intensive. Significant additions to our property and equipment are required to add customers to our networks and to upgrade our broadband communications networks and customer premises equipment to enhance our service offerings and improve the customer experience. Such expansion and improvements also require expenditures for equipment and labor. Significant competition, the introduction of new technologies, the expansion of existing technologies, such as FTTx and advanced DSL, or adverse regulatory developments could cause us to decide to undertake previously unplanned upgrades of our networks and customer premises equipment. In addition, no assurance can be given that any future upgrades will generate a positive return or that we will have adequate capital available to finance such future upgrades. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding or upgrading our networks or making our other planned or unplanned additions to our property and equipment, our growth could be limited or negative, and our competitive position could be harmed.

***Changes in technology may limit the competitiveness of and demand for our products and services.***

Technology in the video, telecommunications and data services industries is changing rapidly, including advances in current technologies and the emergence of new technologies. New technologies, products and services may impact customer behavior and therefore demand for our products and services. The ability to anticipate changes in technology and consumer tastes and to develop and introduce new and enhanced products on a timely basis will affect our ability to continue to grow, increase our revenue and number of subscribers and remain competitive. New products and services, once marketed, may not meet consumer expectations or demand, can be subject to delays in development and may fail to operate as intended. A lack of market acceptance of new products and services which we may offer, or the development of significant competitive products or services by others, could have a material adverse impact on our revenue and operating cash flow.

***We depend almost exclusively on our relationships with third-party programming providers and broadcasters for programming content, and a failure to acquire a wide selection of popular programming on acceptable terms could adversely affect our business.***

The success of our video subscription business depends, in large part, on our ability to provide a wide selection of popular programming to our subscribers. We generally do not produce our own content and we depend on our agreements, relationships and cooperation with public and private broadcasters and collective rights associations to obtain such content. If we fail to obtain a diverse array of popular programming for our pay

television services, including a sufficient selection of high-definition channels, out-of-home rights and non-linear content (such as video-on-demand and digital video recorder capability), on satisfactory terms, we may not be able to offer a compelling video product to our customers at a price they are willing to pay. Additionally, we are frequently negotiating and renegotiating programming agreements and our annual costs for programming can vary. There can be no assurance that we will be able to renegotiate or renew the terms of our programming agreements on acceptable terms or at all. We expect that programming and copyright costs will continue to rise in future periods as a result of, among other factors, higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and retransmission or copyright fees payable to public broadcasters.

If we are unable to obtain or retain attractively priced competitive content, demand for our existing and future television services could decrease, thereby limiting our ability to attract new customers, maintain existing customers and/or migrate customers from lower tier programming to higher tier programming, thereby inhibiting our ability to execute our business plans. Furthermore, we may be placed at a competitive disadvantage if certain of our competitors obtain exclusive programming rights, particularly with respect to popular sports and movie programming. In addition, “must carry” requirements may consume channel capacity otherwise available for more attractive programming.

***We depend on third-party suppliers and licensors to supply necessary equipment, software and certain services required for our businesses.***

We rely on third-party vendors for the equipment, software and services that we require in order to provide services to our customers. Our suppliers often conduct business worldwide and their ability to meet our needs are subject to various risks, including political and economic instability, natural calamities, interruptions in transportation systems, terrorism and labor issues. As a result, we may not be able to obtain the equipment, software and services required for our businesses on a timely basis or on satisfactory terms. Any shortfall in customer premises equipment could lead to delays in connecting customers to our services, and accordingly, could adversely impact our ability to maintain or increase our RGUs, revenue and cash flows. Also, if demand exceeds the suppliers’ and licensors’ capacity or if they experience financial difficulties, the ability of our businesses to provide some services may be materially adversely affected, which in turn could affect our businesses’ ability to attract and retain customers. Although we actively monitor the creditworthiness of our key third-party suppliers and licensors, the financial failure of a key third-party supplier or licensor could disrupt our operations and have an adverse impact on our revenue and cash flows. Additionally, we rely upon intellectual property that is owned or licensed by us to use various technologies, conduct our operations and sell our products and services. Legal challenges could be made against our use of our or our licensed intellectual property rights (such as trademarks, patents and trade secrets) and we may be required to enter into licensing arrangements on unfavorable terms, incur monetary damages or be enjoined from use of the intellectual property rights in question.

***We rely on the radio access networks of third-party wireless network providers to carry our mobile communications traffic.***

Our services to mobile customers rely on the use of MVNO arrangements in which we utilize the radio access networks of third-party wireless network providers to carry our mobile communications traffic. If either of our MVNO arrangements are terminated, or if the respective third-party wireless network provider fails to provide the services required under an MVNO arrangement, or if a third-party wireless network provider fails to deploy and maintain its network, and we are unable to find a replacement network operator on a timely and commercial basis or at all, we could be prevented from continuing the mobile services relying on such MVNO arrangement. Additionally, as our MVNO arrangements come to term, we may not be able to renegotiate renewal or replacement MVNO arrangements on the same or more favorable terms.

***Failure in our technology or telecommunications systems or leakage of sensitive customer data could significantly disrupt our operations, which could reduce our customer base and result in lost revenue.***

Our success depends, in part, on the continued and uninterrupted performance of our information technology and network systems as well as our customer service centers. The hardware supporting a large number of critical systems for our cable network is housed in a relatively small number of locations. Our systems are vulnerable to damage from a variety of sources, including telecommunications failures, power loss, malicious human acts and

natural disasters. Moreover, despite security measures, our servers and systems are potentially vulnerable to physical or electronic break-ins, computer viruses, worms, phishing attacks and similar disruptive actions. Furthermore, our operating activities could be subject to risks caused by misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in our information technology systems and networks and those of our third-party vendors, including customer, personnel and vendor data. As a result of the increasing awareness concerning the importance of safeguarding personal information, the potential misuse of such information and legislation that has been adopted or is being considered in the EU and The Netherlands regarding the protection, privacy and security of personal information, information-related risks are increasing, particularly for businesses like ours that handle a large amount of personal customer data. Failure to comply with these data protection laws may result in, among other consequences, fines.

Despite the precautions we have taken, unanticipated problems affecting our systems could cause failures in our information technology systems or disruption in the transmission of signals over our networks or similar problems. Any disruptive situation that causes loss, misappropriation, misuse or leakage of data could damage our reputation and the credibility of our operations. Further, sustained or repeated system failures that interrupt our ability to provide service to our customers or otherwise meet our business obligations in a timely manner would adversely affect our reputation, could trigger claims for payment of damages or contractual remedies and could result in a loss of customers and net revenue.

***Strikes, work stoppages and other industrial actions could disrupt our operations or make it more costly to operate our businesses.***

We are exposed to the risk of strikes, work stoppages and other industrial actions. In the future we may experience lengthy consultations with labor unions and works councils or strikes, work stoppages or other industrial actions. During 2014, renegotiations of a collective labor agreement took place between several labor unions in The Netherlands and the employers' organization, *Werkgeversvereniging Energie en Nutsbedrijven*, of which we are a member. The new collective labor agreement covers the period from April 1, 2014 to April 1, 2016 and applies to approximately 99% of our employees (including non-union employees). It provides, among other things, for a salary increase of 1.0% as of April 1, 2015 and an additional 1.0% as of October 1, 2015. Strikes and other industrial actions, as well as the negotiation of new collective bargaining agreements or salary increases in the future, could disrupt our operations and make it more costly to operate our facilities. In addition, strikes called by employees of any of our key providers of materials or services could result in interruptions in the performance of our services. The occurrence of any of the above risks could have a material adverse effect on our business, financial condition and results of operations.

***Although we expect that the Ziggo Acquisition will result in benefits to the Group, we may not realize those benefits because of various challenges.***

The success of the Ziggo Acquisition will depend, in part, on our ability to successfully combine the businesses of the Ziggo Group and the UPC Netherlands Group, one of which previously operated as an independent public company. There is no assurance that we will be able to complete the integration process smoothly or successfully or within the anticipated time frame, or at all. Our management will face challenges in the coordination of separate and disparate personnel, properties, facilities, systems, technologies, procedures and policies, and may also need to address differences in business backgrounds and corporate cultures. The success of the Group will also depend in part upon our ability to retain key employees of both legacy companies. If the Group is not successfully integrated, the anticipated benefits of the Ziggo Acquisition may not be realized fully or at all or may take longer to realize than expected. In addition, the integration process could divert the attention of our management, disrupt or interrupt, or result in the loss of momentum of, our ongoing businesses, or cause inconsistencies in standards, controls, procedures and policies, any of which could adversely affect the Group's ability to maintain relationships with its customers and employees, or the Group's ability to achieve the anticipated benefits of the Ziggo Acquisition, or could reduce the Group's earnings or otherwise adversely affect our business and financial position, operating results and liquidity.

Additionally, we currently own 98.4% of Ziggo Holdco and, on December 3, 2014 commenced the Statutory Squeeze-out, pursuant to which we expect to acquire the remaining Ziggo Holdco ordinary shares. Achieving the expected benefits and synergies of the Ziggo Acquisition will depend, to a large extent, on us owning 100% of the

outstanding Ziggo Holdco ordinary shares so the two businesses can be integrated in an efficient and effective manner.

***We cannot be certain that we will be successful in acquiring new businesses or integrating acquired businesses with our existing operations.***

In addition to the Ziggo Acquisition, we expect to seek to continue growing our business through acquisitions in order to take advantage of existing networks, local service offerings and industry or market-specific management expertise. Our ability to acquire new businesses may be limited by many factors, including availability of financing, debt covenants, the prevalence of complex ownership structures among potential targets and government regulation and competition from other potential acquirers. Even if we are successful in acquiring new businesses, the integration of new businesses may present significant costs and challenges, including: realizing economies of scale in interconnection, programming and network operations; eliminating duplicative overheads; and integrating personnel, networks, financial systems and operational systems. There can be no assurance that we will be successful in acquiring new businesses or realizing the anticipated benefits of any completed acquisition.

***We may not be successful at entering new businesses or broadening the scope of our existing product and service offerings.***

From time to time we may enter or have recently entered into new businesses that are adjacent or complementary to our existing businesses and that broaden the scope of our existing product and service offerings, such as providing mobile services and B2B services. We may not achieve our expected growth if we are not successful in these efforts. In addition, entering into new businesses and broadening the scope of our existing product and service offerings may require significant upfront expenditures that we may not be able to recoup in the future. These efforts may also divert management's attention and expose us to new risks and regulations, which may have a material adverse effect on our business, results of operations and financial condition.

***Changes in value-added or similar revenue based tax rates could adversely affect our cash flows.***

Most of our revenue is derived from The Netherlands, which administer value-added or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating expenses and corresponding declines in our operating cash flow and operating cash flow margin to the extent of any such tax increases. In this regard, value-added tax rates have increased effective October 1, 2012 in The Netherlands. Any additional future increases in value-added tax rates or similar revenue based taxes could affect our operating expenses and have an adverse impact on our cash flows.

***Adverse decisions of tax authorities or changes in tax treaties, laws, rules or interpretations could have a material adverse effect on our results of operations and cash flow.***

The tax laws and regulations in The Netherlands may be subject to change and there may be changes in interpretation and enforcement of tax law. As a result, we may face increases in taxes payable if tax rates increase, or if tax laws and regulations are modified by the competent authorities in an adverse manner. In addition, the tax authorities in The Netherlands may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness, including the Notes, existing and future intercompany loans and guarantees or the deduction of interest expenses. As a result, we may face increases in taxes payable if tax rates increase, or if tax laws and regulations are modified by the competent authorities in an adverse manner.

We regularly assess the likelihood of such outcomes and have established tax allowances which represent management's best estimate of the potential assessments. The resolution of any of these tax matters could differ from the amount reserved, which could have a material adverse effect on our cash flows, business, financial condition and results of operations for any affected reporting period.

***We are exposed to sovereign debt and currency instability risks in Europe that could have an adverse impact on our liquidity, financial condition and cash flows.***

Our operations are subject to macro economic and political risks that are outside of our control. For example, high levels of sovereign debt in the U.S. and certain European countries combined with weak growth and high unemployment, could lead to fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility, and potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact us. With regard to currency instability issues, concerns exist in the eurozone with respect to individual macro-fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European monetary union and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual eurozone countries. The realization of these concerns could lead to the exit of one or more countries from the European monetary union and the re-introduction of individual currencies in these countries, or, in more extreme circumstances, the possible dissolution of the euro entirely, which could result in the redenomination of a portion, or in the extreme case, all of our euro-denominated assets, liabilities and cash flows to the new currency of the country in which they originated. This could result in a mismatch in the currencies of our assets, liabilities and cash flows. Any such mismatch, together with the capital market disruption that would likely accompany any such redenomination event, could have a material adverse impact on our liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the eurozone countries, which in turn could have an adverse impact on demand for our products, and accordingly, on our revenue and cash flows. Moreover, any changes from euro to non-euro currencies in The Netherlands would require us to modify our billing and other financial systems. No assurance can be given that any required modifications could be made within a timeframe that would allow us to timely bill our customers or prepare and file required financial reports. In light of the significant exposure that we have to the euro through our euro-denominated borrowings, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on us.

#### **Risks Relating to Legislative and Regulatory Matters**

***We are subject to significant government regulation and supervision, which may increase our costs and otherwise adversely affect our business, and further changes could also adversely affect our business.***

The television, broadband internet, mobile and telephony markets in which we operate are regulated more extensively than many other industries. We are subject to extensive supervision and regulation by various Dutch regulatory authorities, namely the Authority for Consumers and Markets (“**ACM**”, *Autoriteit Consument en Markt*), formerly Dutch National Regulatory Authority (“**OPTA**”, *Onafhankelijke Post en Telecommunicatie Autoriteit*), the Dutch Data Protection Agency (“**Cbp**”, *College bescherming persoonsgegevens*), the Dutch Radiocommunications Agency (“**AT**”, *Agentschap Telecom*) and the Dutch Media Authority (“**CvdM**”, *Commissariaat voor de Media*), as well as EU authorities. Such governmental regulation and supervision, as well as future changes in laws, regulations or government policy (or in the interpretation of existing laws or regulations) that affect us, our competitors or our industry, generally strongly influence how we operate and will operate our business. Adverse regulatory developments could expose our business to a number of risks. Regulation could limit growth, revenues and the number and types of services offered and could lead to increased operating costs and capital expenditures. In addition, regulation may restrict our operations and subject us to further competitive pressure, including pricing restrictions, interconnection and other access obligations, obligations to protect consumer interests, and restrictions or controls on content. Failure to comply with current or future regulation could expose our business to various sanctions, including fines.

Regulation of our services includes and may include, inter alia, price controls, service quality standards requirements to protect consumers’ interests and to carry specified programming, requirements to grant network access to competitors and content providers and programming content restrictions. In particular, we are subject to:

- rules regarding licensing, authorizations, declarations, frequency allocations and other regulatory permits, certificates and notices;
- rules regarding the interconnection of our network with those of other network operators;
- requirements that a network operator carry certain channels (the “must carry” obligation);
- rules relating to data protection, consumer protection and e-commerce;
- rules in relation to ISPs;

- rules regarding the fair, reasonable and non-discriminatory treatment of broadcasters; and
- other requirements covering a variety of operational areas such as environmental protection, wiretapping, data retention and technical standards.

Complying with existing regulations is burdensome, and future changes may increase our operational and administrative expenses and limit our revenues, which in turn could have a material adverse effect on our business, financial condition and results of operations.

In December 2011, ACM completed a market assessment of the television market in The Netherlands, concluding that there were no grounds for regulation of that market. On December 22, 2011, referring to its final assessment of the television market, ACM rejected previously filed requests from a number of providers to perform a new market analysis of the television market. This decision by ACM was appealed by the providers to the Dutch Supreme Administrative Court. On November 5, 2012, the Dutch Supreme Administrative Court rejected the appeals against ACM's decision.

In May 2012, the Dutch Parliament adopted laws that provide, among other matters, the power to ACM to impose an obligation for the mandatory resale of television services and to CvdM to supervise such resale obligation. These laws became effective on January 1, 2013 notwithstanding the above-described November 5, 2012 decision of the Dutch Supreme Administrative Court. On January 29, 2014, the district court of The Hague, in a proceeding initiated by UPC Nederland, declared the resale obligation non-binding because it infringes EU law. The Dutch Government did not appeal the January 2014 decision, and the resale obligation law has now been formally withdrawn by an Act of November 26, 2014.

Following the European Commission's clearance decision regarding the acquisition of Ziggo Holdco by Liberty Global, ACM published a draft market analysis decision on unbundled (local loop) access (wholesale local network access at a fixed location) on October 31, 2014. In this draft decision ACM found that there is a risk of joint dominance of KPN and the Group in the related retail broadband internet access market, to be remedied on the wholesale market for local network access, where ACM found that KPN has significant market power. This draft decision is subject to national consultation, which closed on December 12, 2014, followed in a later stage by notification to the European Commission. The final decision is expected to be published by ACM in the Spring of 2015.

Regulatory changes in relation to certain other markets, including, for example, the call termination market as further described below under "*Regulatory—The Netherlands—ACM Call Termination Market Analysis Decisions*," are ongoing and could adversely affect our competitive position and profits in the future. Further, any finding that we have significant market power in one or more of the markets in which we operate or limitations on our ability to expand could have a material adverse effect on our business, financial condition and results of operations.

## **Risks Relating to Our Management, Principal Shareholders and Related Parties**

### ***The loss of certain key personnel could harm our business.***

We have experienced employees at both the corporate and operational levels who possess substantial knowledge of our business and operations and are important to the success of our business. Furthermore, the success of the Ziggo Acquisition will depend in part on our ability to retain key legacy employees of the Ziggo Group and UPC Netherlands Group, respectively, who continue employment with the Group. There can be no assurance that we will be successful in retaining the services of these employees or that we would be successful in hiring and training suitable replacements without undue costs or delays. As a result, the loss of any of these key employees could cause significant disruptions to our integration efforts and our business operations generally, which could materially adversely affect our results of operations.

### ***The interests of Liberty Global, our indirect parent company, may conflict with our interests.***

Liberty Global is our parent, indirectly owning all of the voting interests in us, with the exception of 1.6% of Ziggo Holdco that will be acquired in the Dutch statutory squeeze-out procedures. When business opportunities, or risks and risk allocation arise, the interests of Liberty Global (or other Liberty Global controlled entities) may be different from, or in conflict with, our interests on a stand-alone basis. Because we are indirectly controlled by the

parent entity, Liberty Global may allocate certain or all of its risks to us and there can be no assurance that Liberty Global will permit us to pursue certain business opportunities.

### **Risks Relating to the Notes and the Structure**

***The Issuer is an unaffiliated special purpose financing company which will depend on payments under the Senior Secured Proceeds Loans to provide it with funds to meet its obligations under the Notes.***

The Issuer has been formed as a special purpose financing company for the primary purpose of facilitating the offering of the Notes. The Issuer has no material business operations and no employees. The only material asset of the Issuer on the Issue Date (other than the shares it holds in Ziggo Secured Finance II and Ziggo Secured Finance Partnership) will consist of its interest in the Escrow Agreement and the assets held in each of the Escrow Accounts. Upon release of the Escrowed Proceeds from the Escrow Accounts, the Issuer's only material assets (other than the shares it holds in Ziggo Secured Finance Partnership and Ziggo Secured Finance II B.V.) will be its right under the Senior Secured Proceeds Loan Facility and the Senior Secured Proceeds Loans and its rights under certain related agreements. Furthermore, the Indenture will prohibit the Issuer from engaging in any activities other than certain limited activities permitted under the heading "*Description of the Notes—Certain Covenants—Limitation on Issuer Activities*". As such, the Issuer will be wholly dependent upon payments from the applicable Senior Secured Proceeds Loan Borrower, under the Senior Secured Proceeds Loans, as borrower of the Senior Secured Proceeds Loans, and, with respect to certain amounts that may become due on the Notes (such as prepayment premiums and additional amounts following certain tax events), payments from the Senior Secured Obligors pursuant to the Expenses Agreement, in order to service its obligations under the Notes.

***UPC Netherlands Holdco III does not conduct business operations of its own. Each of the Senior Secured Proceeds Loan Borrowers will depend on the payments from their respective subsidiaries to make payments on the Senior Secured Proceeds Loans.***

UPC Netherlands Holdco III does not conduct business operations of its own. The ability of the Senior Secured Proceeds Loan Borrowers' direct or indirect subsidiaries to pay dividends or to make other payments or advances to the Senior Secured Proceeds Loan Borrowers, depends on their individual operating results and any statutory, regulatory or contractual restrictions to which they may be or may become subject, and in some cases the Senior Secured Proceeds Loan Borrowers' receipt of such payments or advances may be subject to onerous tax consequences. Most of the Senior Secured Proceeds Loan Borrowers' operating subsidiaries are subject to the limitations and restrictions in the Senior Secured Proceeds Loans and/or other debt facilities that restrict sales of assets and prohibit or limit the payment of dividends or the making of distributions, loans or advances to stockholders and partners, including the Senior Secured Proceeds Loan Borrowers, as applicable. In addition, because these subsidiaries are separate and distinct legal entities they have no obligation to provide the Senior Secured Proceeds Loan Borrowers funds for payment obligations, whether by dividends, distributions, loans or other payments. If any of the Senior Secured Proceeds Loan Borrowers direct or indirect subsidiaries are unable to make distributions or other payments to them, UPC Netherlands Holdco III expects to have no other sources of funds and Ziggo BV expects to have limited sources of other funds that would, in each case, allow it to make payments under the Senior Secured Proceeds Loans, and in turn, allow the Issuer to make payments under the Notes.

There can be no assurance that arrangements with the Senior Secured Proceeds Loan Borrowers' subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of the Senior Secured Proceeds Loan Borrowers' subsidiaries, as applicable, will provide the Senior Secured Proceeds Loan Borrowers with sufficient dividends, distributions or loans to fund payments under the Senior Secured Proceeds Loans, and in turn, fund payments by the Issuer under the Notes, when due.

***The security interest in the Senior Secured Proceeds Loan Collateral securing the Senior Secured Proceeds Loans will not be granted directly to the holders of the Notes.***

The security interests in the Senior Secured Proceeds Loan Collateral securing the Senior Secured Proceeds Loans will not be granted directly to holders of the Notes. Instead, these security interests will be granted in favour of the Security Agent in respect of the Senior Secured Proceeds Loans for the benefit of the Issuer as lender under the Senior Secured Proceeds Loans Facility, and the Issuer's rights under the Senior Secured Proceeds Loans will in turn serve as Notes Collateral for the obligation of the Issuer under the Notes.

As a result, upon the occurrence of an event of default under the Notes, the Security Trustee on behalf of the Trustee and the holders of the Notes will not have the right to enforce the Senior Secured Proceeds Loan Collateral directly but, instead, must enforce the security interest in respect of the Notes Collateral granted by the Issuer in favour of the Security Trustee on behalf of the Trustee and holders of the Notes if so instructed to do so by the Instructing Group (who may give or refrain from giving instructions to the Security Trustee to enforce or refrain from enforcing the Notes Collateral as it sees fit). The “Instructing Group” with respect to the Notes Collateral, means, at any time, those creditors (including the holders of the Notes and the lenders under the New Ziggo Group Senior Secured Credit Facility) which represent more than 50% of the outstanding senior debt of the Issuer and the Note Guarantors. Subject to the terms of the Collateral Sharing Agreement, upon any such enforcement in respect of the Notes Collateral, the Security Trustee will instruct the Issuer to enforce the Senior Secured Proceeds Loan Collateral granted in favor of the Issuer as lender under the Senior Secured Proceeds Loans in accordance with the Group Priority Agreement. This indirect claim over the Senior Secured Proceeds Loan Collateral could delay or make more costly any realization of such collateral.

Notwithstanding the above, the Issuer as lender under the Senior Secured Proceeds Loans may independently accelerate each Senior Secured Proceeds Loan which is the result of on-lending of the proceeds of the Notes on the instructions of the holders of the Notes.

***The Notes will be indirectly secured by the Senior Secured Proceeds Loan Collateral and will share in any enforcement proceeds on a pari passu basis with other senior secured creditors under the Group Priority Agreement, and actions with respect to the Senior Secured Proceeds Loan Collateral may be subject to enforcement instructions being received from the other senior secured creditors under the Group Priority Agreement.***

The Notes will be indirectly secured by the Senior Secured Proceeds Loan Collateral and will share in any enforcement proceeds on a *pari passu* basis with the other senior secured creditors under the Group Priority Agreement, and actions with respect to the Senior Secured Proceeds Loan Collateral will be subject to enforcement instructions being received by the Security Agent for the Group Priority Agreement from at least 50% of the Pari Passu Creditors (as defined under the Group Priority Agreement) in accordance with the terms of the Group Priority Agreement.

Upon release of the proceeds of the offering of the Notes from escrow and the on loan of the proceeds pursuant to the Senior Secured Proceeds Loans, the Pari Passu Creditors (as defined under the Group Priority Agreement) under the Group Priority Agreement will comprise the Issuer, as lender of the Senior Secured Proceeds Loans and Rollover Loans, the holders of the Existing 2020 Senior Secured Notes, the lenders under the Existing Senior Secured Credit Facility, certain hedging counterparties and the Issuer as lender under the Rollover Loans. Furthermore, the Group Priority Agreement permits, subject to certain conditions, additional Pari Passu Debt (as defined under the Group Priority Agreement) to be incurred which may result in further Pari Passu Creditors (as defined under the Group Priority Agreement) being entitled to vote on enforcement decisions under the Group Priority Agreement, thus further limiting the Issuer’s (and indirectly the holders of the Notes’) ability to control those decisions.

The other Pari Passu Creditors may have interests that are different from the interests of the holders of the Notes and they may not elect to enforce the Senior Secured Proceeds Loan Collateral at a time when it would otherwise be advantageous for the holders of the Notes to do so.

***Holders of the Notes have limited recourse to the Issuer and the Note Guarantors, as payments under the Notes are limited to the amount of certain payments received by the Issuer and the Note Guarantors under the Senior Secured Proceeds Loans and the related agreements.***

The obligations of the Issuer and the Note Guarantors under the Indenture, the Notes or the Note Guarantees, as applicable, and the Notes Security Documents will be limited as set forth in the Indenture. All payments to be made by the Issuer and the Note Guarantors under the Indenture, the Notes and the Notes Security Documents will be made only from and to the extent of such sums received or recovered by or on behalf of the Issuer, the Trustee or the Security Agent under the Senior Secured Proceeds Loans and the Expenses Agreement, and other than under the limited circumstances described below under “*Description of the Notes—Events of Default*”, none of the Trustee, the Security Trustee, the Security Agent, the Paying Agents, the Registrars or the holders of Notes will have any further

recourse to the Issuer in respect thereof in the event that the amount due and payable by the Issuer and the Note Guarantors under the Indenture, the Notes and the Notes Security Documents exceeds the amounts so received under the Senior Secured Proceeds Loans and the Expenses Agreement.

The Trustee and the holders of the Notes will not be permitted to take any action, commence any proceeding or petition a court for the liquidation of the Issuer and the Note Guarantors, nor will they be permitted to enter into any arrangement, reorganization or insolvency proceeding in relation to the Issuer and the Note Guarantors, whether under the laws of The Netherlands or other applicable bankruptcy laws. The obligations of the Issuer and the Note Guarantors are solely obligations of the Issuer and the Note Guarantors, and the Trustee and the holders of the Notes will not have any recourse against any of the directors, officers or employees (if any) of the Issuer and the Note Guarantors for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with any transactions contemplated by the Indenture, the Notes Security Documents and the related documents. Having realized the Notes Collateral securing the Notes and distributed the net proceeds thereof, in each case in accordance with the Indenture, the Notes Security Documents and the Collateral Sharing Agreement, none of the Trustee, the Security Trustee, the Security Agent, the Paying Agents, the Registrars and the holders of the Notes may take any further steps to recover any sum still unpaid in respect of the Notes, the Indenture or any of the Notes Security Documents or otherwise and all claims against the Issuer and the Note Guarantors in respect of any such sum due but still unpaid shall be extinguished.

***There are circumstances other than repayment or discharge of the Notes under which certain Senior Secured Proceeds Loan Collateral will be released, without your consent.***

On the Escrow Release Date, the Senior Secured Proceeds Loan Collateral will include security over (the “Asset Collateral”) certain property and assets (including network assets) of the Senior Secured Obligors, including certain real estate, bank accounts, intellectual property rights, receivables and moveable and immovable assets. The Asset Collateral will, however, be automatically released without the need for any consent from holders of the Notes upon the redemption or purchase and cancellation of the Existing 2020 Senior Secured Notes as permitted under the Existing Senior Secured Credit Facility. The Indenture also permits amendments to any Senior Secured Proceeds Loan Collateral or the provisions of the Indenture dealing with Senior Secured Proceeds Loan Collateral, which are, taken as a whole, materially adverse to the holders or otherwise release of all or substantially all of the Senior Secured Proceeds Loan Collateral with the consent of at least 75% of the aggregate principal amount of the Notes. In addition, in connection with any additional secured indebtedness that can be incurred, the security may be released and retaken which may lead to renewed hardening periods in various jurisdictions and may limit your recovery in an enforcement proceeding.

***Holders of the Notes have no recourse to the Group.***

None of the Senior Secured Obligors or any of their respective subsidiaries or any member of the Group will guarantee or provide any credit support to the Issuer’s obligations under the Notes, other than the obligations of the relevant Senior Secured Proceeds Loan Borrower to make payments to the Issuer pursuant to the Senior Secured Proceeds Loans. The Senior Secured Obligors will agree in the Covenant Agreement to be bound by the covenants in the Indenture that are applicable to them. However, the holders of the Notes will not have a direct claim on the cash flow or assets of any member of the Group, and no member of the Group has any obligation, contingent or otherwise, to pay amounts due under the Notes or to make funds available to the Issuer for those payments other than the obligation of the relevant Senior Secured Obligor to make payments to the Issuer pursuant to the Senior Secured Proceeds Loans. The rights and remedies of the holders of the Notes against a Senior Secured Obligor upon any breach by such Senior Secured Obligor of its obligations under the Covenant Agreement are limited to a right to instruct the Issuer or the Security Trustee or their respective nominees to accelerate the Senior Secured Proceeds Loans and to vote in connection with any enforcement of the collateral securing the Senior Secured Proceeds Loans (together with any other senior creditors sharing in such collateral) in accordance with the Group Priority Agreement.

***The Notes, the Note Guarantees and the security interests in the Notes Collateral and the Senior Secured Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the security interests in the Senior Secured Proceeds Loan Collateral may be voidable under Dutch fraudulent conveyance laws.***

Dutch law contains specific provisions dealing with fraudulent conveyance both in and outside of bankruptcy, the so-called *actio pauliana* provisions. The *actio pauliana* offers creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside bankruptcy of the relevant person and may be nullified by the bankruptcy trustee in a bankruptcy of the relevant person or by any of the creditors of the relevant person outside bankruptcy, if: (i) the person performed such acts without an obligation to do so (*onverplicht*); (ii) the creditor concerned or, in the case of the person's bankruptcy, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of its creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration (*om niet*) in which case such knowledge of the counterparty is not necessary for a successful challenge on grounds of fraudulent conveyance.

If a Dutch court found that the issuance of the Notes or the Note Guarantees and the granting by the Issuer or the Note Guarantors of the Notes Collateral or the granting of a Senior Secured Proceeds Loan (and any guarantee thereof) or the Senior Secured Proceeds Loan Collateral involved a fraudulent conveyance that did not qualify for any defense under Dutch law, then the issuance of the Notes, the grant of the Note Guarantees, the granting of the Notes Collateral, the Senior Secured Proceeds Loans, the Senior Secured Proceeds Loan Guarantees or the Senior Secured Proceeds Loan Collateral could be nullified. As a result of such successful challenges, holders of the Notes or the Note Guarantees may not enjoy the benefit of the Notes, the Note Guarantees or the Notes Collateral and the Issuer may not enjoy the benefit of the Senior Secured Proceeds Loans, the Senior Secured Proceeds Loan Guarantees or the Senior Secured Proceeds Loan Collateral, and the value of any consideration that holders of the Notes or the Issuer, as applicable, received with respect to the Notes, and the Note Guarantors and the Notes Collateral or the Senior Secured Proceeds Loans, Senior Secured Proceeds Loan Guarantees and the Senior Secured Proceeds Loan Collateral, as applicable, could also be subject to recovery from the holders of the other creditors of the Issuer or the Senior Secured Obligors, as applicable, and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes and the Issuer might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Senior Secured Obligors, as applicable, as a result of the fraudulent conveyance.

***Corporate benefit and financial assistance laws and other limitations on the obligations under the Notes, the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantees may adversely affect the validity and enforceability of the Notes, the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantees.***

The Notes provide the holders of the Notes with a right of recourse against the assets of the Issuer and the Note Guarantors, the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantees provide the Issuer with a right of recourse against the Senior Secured Obligors through a share pledge held over the ordinary shares of each of the Senior Secured Obligors (other than ABC). The Notes and the Senior Secured Proceeds Loans and the obligations thereunder may be voidable or otherwise ineffective under applicable law. Enforcement of the obligations under the Notes against the Issuer and the Note Guarantors and enforcement of the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loans Guarantees against a Senior Secured Obligor will be subject to certain defenses available to the Issuer or the relevant Senior Secured Obligor, as the case may be. These laws and defenses may include those that relate to fraudulent conveyance, financial assistance, corporate benefit and regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, the Issuer, the Note Guarantors or a Senior Secured Obligor may have no liability or decreased liability under the Notes or the Senior Secured Proceeds Loan or any guarantee of the Notes or the Senior Secured Proceeds Loans may be unenforceable.

***The Notes will be effectively subordinated to any of the Issuer's or the Note Guarantors' existing and future obligations that are secured by assets or property that do not secure the Notes, and the Senior Secured Proceeds Loans will be structurally subordinated to all indebtedness of the Senior Secured Obligors' respective subsidiaries***

***that do not guarantee the Senior Secured Proceeds Loans and will be effectively subordinated to any of the Senior Secured Obligors' existing and future obligations that are secured by assets or property that do not secure the Senior Secured Proceeds Loans or the Senior Secured Proceeds Loan Guarantees.***

The Notes will be effectively subordinated to any of the Issuer's and the Note Guarantor's existing and future obligations that are secured by assets or property that do not secure the Notes.

The Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantees will be structurally subordinated to all indebtedness of the respective subsidiaries of the Senior Secured Obligors that do not guarantee the Senior Secured Proceeds Loan and will be effectively subordinated to any indebtedness of the Senior Secured Obligors that is secured by property or assets that do not secure the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantees to the extent of the value of the property and assets securing such indebtedness. Although the Indenture and the Covenant Agreement contain restrictions on the ability of the respective subsidiaries of the Senior Secured Obligors to incur additional debt, any additional debt incurred may be substantial. See "*Risk Factors—Risks relating to Our Financial Profile—Our substantial leverage could adversely affect our business, financial condition and results of operations and prevent us from fulfilling our obligations under the Senior Secured Proceeds Loans, and in turn, prevent the Issuer from fulfilling its obligations under the Notes*".

***The creation of certain security interests in the Notes Collateral and the Senior Secured Proceeds Loan Collateral and the enforcement thereof is subject to certain uncertainties under Dutch law.***

Under Dutch law, it is uncertain as to whether security interests can be granted to a party other than the creditor of the claim which is purported to be secured by such security interests. For that reason, the Indenture and the Senior Secured Proceeds Loan Facility will provide for the creation of so called "parallel debt obligations". Pursuant to the parallel debt obligations included in the Indenture, the Security Trustee will become the holder of a separate and independent claim equal to the total amount payable by the Issuer and the Note Guarantors under the Indenture and the security agent under the Senior Secured Proceeds Loans will become the holder of a separate and independent claim equal to the total amount payable by the Senior Secured Obligors under the Senior Secured Proceeds Loan Facility, as applicable. The parallel obligation is secured by certain security interests in the Notes Collateral and the Senior Secured Proceeds Loan Collateral, as the case may be, that are governed by Dutch law. The parallel obligation structure may be subject to uncertainties as to its validity and enforceability. There can be no assurance that the parallel obligation structure will eliminate or mitigate the risk of enforceability of security interests which exists under Dutch law.

***The insolvency and administrative laws of The Netherlands and the E.U. may not be favorable to creditors, including holders of the Notes and the Issuer as lender under the Senior Secured Proceeds Loans, and may limit enforcement of holders' rights under the Notes, the Issuer's rights under the Senior Secured Proceeds Loan and the security interests in the Notes Collateral and the Senior Secured Proceeds Loan Collateral.***

The Issuer, Ziggo Bond Finance, Ziggo Secured Finance II, the Senior Secured Obligors and each parent of a Senior Secured Obligor are incorporated under the laws of The Netherlands and have their statutory seat (*statutaire zetel*) in The Netherlands. Consequently, in the event of a bankruptcy or insolvency event with respect to the Issuer, Ziggo Secured Finance II, the Senior Secured Obligors or their subsidiaries, primary proceedings would likely be initiated in The Netherlands. Dutch insolvency laws may make it difficult or impossible to effect a restructuring.

There are two primary insolvency regimes under Dutch law. The first, suspension of payments (*surseance van betaling*), is intended to facilitate the reorganization of a debtor's debts and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is designed to liquidate and distribute the assets of a debtor to its creditors.

Upon commencement of suspension of payments proceedings, the court will grant a provisional suspension. A definitive suspension will generally be granted in a creditors' meeting called for that purpose, unless a qualified minority (more than one-quarter in amount of claims held by creditors represented at the creditors' meeting or one-third in number of creditors represented at such creditors' meeting) of the unsecured non-preferential creditors withholds its consent or if there is no prospect that the debtor will in the future be able to pay its debts as they fall due (in which case the debtor will generally be declared bankrupt). During a suspension of payments, unsecured and non-preferential creditors will be precluded from attempting to recover their claims from the assets of the debtor. A suspension of payments is subject to exceptions, the most important of which excludes secured creditors and

preferential creditors (such as tax and social security authorities and employees) from the application of the suspension. This implies that during suspension of payments proceedings secured creditors may proceed against the assets that secure their claims to satisfy their claims, and preferential creditors are also not barred from seeking to recover their claims. However, the court may order a “cooling down period” (*afkoelingsperiode*) for a maximum period of four months during which enforcement actions by secured or preferential creditors are barred. In a suspension of payments, a composition (*akkoord*) may be offered by the debtor to its creditors. Such a composition will be binding on all unsecured and non-preferential creditors, irrespective whether they voted in favor or against it or whether they were represented at the creditor’s meeting called for the purpose of voting on the composition plan, if (i) it is approved by more than 50% in number of the general unsecured and non-preferential creditors present or represented at the creditor’s meeting, representing at least 50% in amount of the general unsecured and non-preferential claims admitted for voting purposes and (ii) it is subsequently ratified (*gehomologeerd*) by the court. Consequently, Dutch insolvency laws could reduce the recovery of holders of the Notes and the Issuer, as lender under the Senior Secured Proceeds Loans, in a Dutch insolvency proceeding.

Under Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor’s creditors on a *pari passu* basis. Certain creditors (such as secured creditors and preferential creditors) have special rights that may adversely affect the interests of holders of the Notes and the Issuer, as lender under the Senior Secured Proceeds Loans. For example, a Dutch bankruptcy does not prohibit secured creditors from taking recourse against the encumbered assets of the bankrupt debtor to satisfy their claims. However, the court may order a “cooling down period” (*afkoelingsperiode*) for a maximum period of four months during which enforcement actions by secured or preferential creditors are barred. Consequently, Dutch insolvency laws could reduce the potential recovery of a holder of the Notes or the Issuer under the Senior Secured Proceeds Loans in Dutch bankruptcy proceedings. To obtain payment on unsecured non-preferential claims, such claims need to be submitted to the trustee in bankruptcy (*curator*) for verification. “Verification” under Dutch law means that the trustee verifies the value of the claim and whether and to what extent it may be admitted in the bankruptcy proceedings. The claim of a creditor may be limited depending on the date the claim becomes due and payable in accordance with its terms. Generally, claims of holders of the Notes which were not due and payable by their terms on the date of a bankruptcy of the Issuer or, in the case of the Senior Secured Proceeds Loans, the date of a bankruptcy of the relevant Senior Secured Obligor, are only admissible for verification for their net present value if they mature more than one year after opening of the bankruptcy. Each of these claims will have to be submitted to the trustee of the Issuer or the trustee of the relevant Senior Secured Obligor for verification. Creditors that wish to dispute the valuation of their claims by the trustee will need to commence a court proceeding. These verification procedures could result in holders of the Notes and the Issuer, as lender under the Senior Secured Proceeds Loans, receiving a right to recover less than the principal amount of their Notes or amounts owed under the Senior Secured Proceeds Loans, as the case may be. In addition, in a Dutch bankruptcy in practice usually no or little funds remain available for the payment of unsecured and non-preferential creditors.

In a bankruptcy, a composition (*akkoord*) may be offered to the unsecured and non-preferential creditors. Such a composition will be binding upon all unsecured and non-preferential creditors if (i) it is approved by a simple majority of a meeting of the recognized and admitted creditors representing at least 50% of the amount of the recognized and of the admitted claims and (ii) it is subsequently ratified (*gehomologeerd*) by the court.

***The value of the Notes Collateral securing the Notes may not be sufficient to satisfy the Issuer’s obligations under the Notes and the value of the Senior Secured Proceeds Loan Collateral securing the Senior Secured Proceeds Loans may not be sufficient to satisfy the Senior Secured Obligors’ obligations under the Senior Secured Proceeds Loans and, in each case, such collateral may be released, reduced or diluted under certain circumstances.***

Following the Escrow Release Date, the Notes will be secured by a (i) a first ranking security interest in the sole ordinary share of the Issuer, (ii) a first-ranking security interest in the sole ordinary share of Ziggo Secured Finance II, (iii) a first-ranking charge over all bank accounts of the Issuer, (iv) a first-ranking charge over any bank accounts of Ziggo Secured Finance II, (v) a first-ranking charge over all bank accounts of US SPV Partnership and (vi) a first-ranking assignment over the Issuer’s rights to and benefits in the Senior Secured Proceeds Loan Facility including the Senior Secured Proceeds Loans and the Rollover Loans. The Senior Secured Proceeds Loans will be secured, after giving effect to the Group Priority Agreement (as defined herein), on an equal and ratable basis with the Existing Senior Secured Credit Facility, the Existing 2020 Senior Secured Notes and, when funded, the Rollover

Loans (as defined herein), by a first ranking security interest in the capital stock of each Senior Secured Obligor (other than ABC), all of the rights of the relevant creditors in relation to certain Subordinated Shareholder Loans (as defined in “Description of the Notes”), and the other property and assets that currently secure the Existing Senior Secured Credit Facility and the Existing 2020 Senior Secured Notes.

Any enforcement of Dutch law governed security will have to take place in accordance with Dutch law and will be by means of public auction or, if so arranged, by private sale of the secured assets. In the event of foreclosure on the Notes Collateral and the Senior Secured Proceeds Loan Collateral, the proceeds from the sale of the Senior Secured Proceeds Loan Collateral may not be sufficient to satisfy the Senior Secured Obligors’ obligations under the Senior Secured Proceeds Loans and in turn the Issuer’s obligations under the Notes. The value of the Notes Collateral and the Senior Secured Proceeds Loan Collateral and the amount to be received upon a sale of such collateral will depend upon many factors, including, among others, the ability to sell shares of the Senior Secured Obligors in an ordinary sale and the availability of buyers. In addition, the shares of the Senior Secured Obligors may be illiquid and may have no readily ascertainable market value.

The Indenture and the Covenant Agreement permit the granting of certain liens other than those in favor of the holders of the Notes on the Notes Collateral and the Issuer on the Senior Secured Proceeds Loan Collateral. To the extent that holders of other secured indebtedness or third parties have the benefit of liens, including statutory liens, whether or not permitted by the Indentures, the Covenant Agreement or the security documents, such holders or third parties may have rights and remedies with respect to the Notes Collateral and the Senior Secured Proceeds Loan Collateral that, if exercised, could reduce the proceeds available to satisfy Senior Secured Obligors’ obligations under the Senior Secured Proceeds Loans and consequently the Issuer’s obligations under the Notes. Moreover, if the Issuer issues additional Notes under the Indenture and on lends these proceeds as additional Senior Secured Proceeds Loans under the Senior Secured Proceeds Loan Facility, the holders of such additional Notes and the Issuer as lender under the additional Senior Secured Proceeds Loans would benefit from the same collateral as the holders of the Notes being offered hereby, thereby diluting your ability to benefit from the liens on the collateral.

***You may not be able to enforce the security interests in the Notes Collateral or the Senior Secured Proceeds Loan Collateral due to restrictions on enforcement contained in Dutch corporate law.***

Under Dutch law, the enforcement of the security interests in the Notes Collateral or the Senior Secured Proceeds Loan Collateral may, in whole or in part, also be limited to the extent that the obligations of the Issuer, the Ziggo Bond Finance, the Ziggo Secured Finance II, the Senior Secured Obligors or the Senior Secured Obligors’ parents, as applicable, under the security are not within the scope of its objects and the counterparty under the security was aware or ought to have been aware (without inquiry) of this fact. The articles of association of each of the Issuer, the Ziggo Bond Finance, the Ziggo Secured Finance II, the Senior Secured Obligors or the Senior Secured Obligors’ parents, as applicable, permit the provision of security for, among others, group companies. However, the determination of whether a legal act is within the objects of a company may not be based solely on the description of the articles of association, but must take into account all relevant circumstances, including, in particular, the question whether the interests of such company are served by the relevant legal act. If the granting of the applicable security in the light of the benefits, if any, derived by Issuer, the Ziggo Bond Finance, the Ziggo Secured Finance II, the Senior Secured Obligors or the Senior Secured Obligors’ parents, as applicable, from creating such interests, would have an adverse effect on the interests of the Issuer, the Ziggo Bond Finance, the Ziggo Secured Finance II, the Senior Secured Obligors or the Senior Secured Obligors’ parents, as applicable, the relevant security may be found to be voidable or unenforceable upon the request of the Issuer, the Ziggo Bond Finance, the Ziggo Secured Finance II, the Senior Secured Obligors or the Senior Secured Obligors’ parents, as applicable, or any administrator in bankruptcy. As a result, notwithstanding the foregoing provisions of the articles of association of the Issuer, the Ziggo Bond Finance, the Ziggo Secured Finance II, the Senior Secured Obligors or the Senior Secured Obligors’ parents, and notwithstanding that the board of directors of the Issuer, the Ziggo Bond Finance, the Ziggo Secured Finance II, the Senior Secured Obligors or the Senior Secured Obligors’ parents has resolved that the granting of the applicable security is within the objects of and in the interest of the Issuer, the Ziggo Bond Finance, the Ziggo Secured Finance II, the Senior Secured Obligors or the Senior Secured Obligors’ parents, as applicable, no assurance can be given that a court would conclude that the granting of the security is within the objects of Issuer, the Ziggo Bond Finance, the Ziggo Secured Finance II, the Senior Secured Obligors or the Senior Secured Obligors’ parents, as applicable. To the extent the Issuer, the Ziggo Bond Finance, the Ziggo Secured Finance II, the Senior Secured Obligors or the Senior Secured Obligors’ parents or any administrator

successfully invokes the voidability or non-enforceability of the security, such security would be limited to the extent any portion of it is not nullified and remains enforceable.

***The Senior Secured Obligors may not be able to obtain enough funds necessary to finance prepayment of the Senior Secured Proceeds Loans, and the Issuer therefore may not have funds to repurchase the Notes, upon the occurrence of certain events constituting a change of control (as defined in the Indenture) as required by the Indenture.***

Upon the occurrence of certain events constituting a change of control (as defined in the Indenture), the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. If a change of control were to occur, the Issuer cannot assure you that the Senior Secured Obligors will have sufficient funds to fund a prepayment of the Senior Secured Proceeds Loans such that the Issuer would have sufficient funds available at such time to pay the purchase price of the outstanding Notes, or that other then-existing contractual obligations of the Issuer would allow the Issuer to make such required repurchases. A change of control may also result in an event of default under, or an acceleration of, Notes and other indebtedness or trigger a similar obligation to offer to repurchase loans or notes thereunder. The mandatory prepayment of the Senior Secured Proceeds Loans or the repurchase of the Notes pursuant to such an offer, could cause a default under such indebtedness, even if the change of control itself does not. The Issuer's ability to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by the Issuer's then-existing financial resources. Sufficient funds may not be available when necessary to make any required prepayment of the Senior Secured Proceeds Loans or the repurchases of the Notes. If an event constituting a change of control (as defined in the Indenture) occurs at a time when the Senior Secured Obligors are prohibited from prepaying the Senior Secured Proceeds Loans or the Issuer is prohibited from repurchasing Notes, the Senior Secured Obligor or the Issuer may seek the consent of the lenders under such indebtedness to the prepayment of the Senior Secured Proceeds Loans or purchase of Notes or may attempt to refinance the borrowings that contain such prohibition. If the Senior Secured Obligor or the Issuer does not obtain such a consent or repay such borrowings, the Issuer will remain prohibited from repurchasing any tendered Notes. In addition, the Issuer expects that it would require third party financing to make an offer to repurchase the Notes upon a change of control. The Issuer cannot assure you that it would be able to obtain such financing. Any failure by the Issuer to offer to purchase Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Notes. See "*Description of the Notes—Certain Covenants—Change of Control*".

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

The definition of "change of control" contained in the Indenture includes a disposition of all or substantially all of the assets of the Issuer or the Senior Secured Obligors and their restricted subsidiaries, in each case, taken as whole to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer or the Senior Secured Obligors and their restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

***Transfers of the Notes are restricted, which may adversely affect the value of the Notes.***

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws. Therefore you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of

the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture governing the Notes contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the U.S. Securities Act, or other exemptions under the U.S. Securities Act. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000. Furthermore, the Issuer has not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "Notice to Investors".

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

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

***Certain covenants may be suspended upon the occurrence of a change in the Issuer's ratings.***

The Indenture provides, that, if at any time following the date of the relevant indenture, the Notes receive a rating of Baa3 or better by Moody's and a rating of BBB or better by S&P and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time, if any, at which such Notes cease to have such ratings, certain covenants will cease to be applicable to such notes. See "Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status". If these covenants were to cease to be applicable, the Issuer, the Senior Secured Obligors and their restricted subsidiaries would be able to incur additional debt or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

***You may be unable to recover in civil proceedings for U.S. securities laws violations.***

Each of the Issuer, Ziggo Bond Finance, Ziggo Secured Finance II, the Senior Secured Obligors and each parent of a Senior Secured Obligor is incorporated under the laws of The Netherlands and does not have any assets in the United States. It is anticipated that some or all of the directors and executive officers of the Issuer will be non-residents of the United States and that all or a majority of their assets will be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or its directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. In addition, the Issuer cannot assure you that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in The Netherlands. See "Enforcement of Judgments".

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

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream.

Interests in the global notes will trade in book-entry form only, and the Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners of the Notes. The common depository, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be

made to Deutsche Bank AG, London Branch, as paying agent for the Notes, which will make payments to Euroclear and Clearstream respectively. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under an Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form of Notes*".

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

Following the issuance of the Notes, application has been made to the Irish Stock Exchange for the Notes to be admitted to listing on the Official List of the Irish Stock and trading on the Global Exchange Market. There may be no active trading market for the Notes.

Furthermore, the Issuer cannot assure you as to:

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

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

Although the Issuer will, in the Indenture, agree to use its reasonable best efforts to have the Notes listed on the Official List of the Irish Stock and trading on the Global Exchange Market within a reasonable period after the issue date of the Notes, and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will become, or remain listed. If the Issuer can no longer maintain the listing on the Official List of the Irish Stock Exchange and the admission to trading on the Global Exchange Market or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Irish Stock Exchange, provided that the Issuer will use reasonable best efforts to obtain and maintain the listing of the Notes on another stock exchange, although there can be no assurance that the Issuer will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Irish Stock Exchange or another recognized listing exchange for high yield issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Official List of the Irish Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

***Upon the occurrence of the Ziggo Group Combination, the Notes may be automatically folded in to the Group at the sole option of the Senior Secured Obligors.***

The Indenture will provide that, in the event that the Ziggo Group Combination occurs, a Senior Secured Obligor may, at its sole option and its sole discretion, instruct the Issuer to assign (or otherwise transfer) its obligations under the Notes to the Ziggo Fold-In Issuer, at which time the terms and conditions of the Notes, including the covenants, will be automatically modified as set forth in “*Description of the Fold-In Notes*”. See “*Description of the Notes—Certain Covenants—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*”. When the fold-in is effected, the Issuer will be released from its obligations under the Notes and the Indenture and such assumption and release will be a deemed repayment in full and cancellation of the Senior Secured Proceeds Loans, and the Notes will be the sole obligation of a Senior Secured Obligor (or its successor following the Ziggo Group Combination), with a guarantee to be provided by any additional Senior Secured Obligor that remains following the Ziggo Group Combination. The Notes will be secured directly by the Senior Secured Proceeds Loan Collateral that remains following the Ziggo Group Combination. However, there can be no assurance that the Ziggo Group Combination will be completed prior to the maturity date of the Notes, or that we will effect the Ziggo Group Assumption subsequent to the Ziggo Group Combination.

### **Risks Relating to the Transactions**

***If the conditions to the escrow release are not satisfied, the Issuer will be required to redeem all of the Notes, which means that you may not obtain the return you expect on the Notes.***

The net proceeds from the offering will be held in escrow pending the satisfaction of certain conditions including the completion of the Reorganization Transactions, some of which are outside of our control. If the conditions to the release of the escrow proceeds as described in “*Description of Notes—Escrow of Proceeds; Special Mandatory Redemption*” are not satisfied by the Longstop Date for any reason, including any legal challenge to the Reorganization Transactions, or in the event of certain other events that trigger an escrow termination to occur, the Notes will be subject to a special mandatory redemption and you may not obtain the return you expect to receive on such Notes. See “*Description of Notes—Escrow of Proceeds; Special Mandatory Redemption*”. The Escrowed Proceeds will be limited to the net proceeds of the offering of the Notes and will not be sufficient to pay the special mandatory redemption price, which is equal to 100% of the initial issue price of each of the Notes plus accrued and unpaid interest and additional amounts, if any, from the Issue Date to the date of the special mandatory redemption. In addition, the Issuer will be entitled to direct that the Escrow Proceeds be invested or reinvested between principal and income, in certain cash and/or offshore money market funds. Any such investments may suffer a negative yield or be subject to other losses further reducing the proceeds available to pay the special mandatory redemption price. Your decision to invest in the Notes is made at the time of purchase. Changes in our business or financial condition or the terms of the Reorganization Transactions or the financing thereof, between the closing of this offering and the release of the Escrowed Proceeds, will have no effect on your rights as a purchaser of the Notes.

### ***The fold-in of the Notes following the Ziggo Group Assumption may be a taxable event for U.S. Holders***

It is possible that a Ziggo Group Combination will be followed, at the sole option of a Senior Secured Obligor, by a Ziggo Group Assumption. In that case, the Ziggo Group Assumption will potentially result in a significant modification of the Notes, which would cause a deemed exchange of the Notes for “new” Notes for U.S. federal income tax purposes, though it may be possible for a holder to take a contrary position. Assuming a significant modification results, U.S. Holders may recognize gain or loss on the amount realized with respect to the deemed exchange. Additionally, U.S. Holders may be treated as acquiring the “new” Notes with original issue discount and may be required to accrue original issue discount following the deemed exchange. For additional discussion of this matter, see “*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations—Possible Effect of a Ziggo Group Combination and Ziggo Group Assumption or Certain Other Transactions Including Reorganizations, Mergers and Consolidations*.” Holders should consult their tax advisors regarding the tax consequences to them of the potential Ziggo Group Combination and Ziggo Group Assumption as well as other potential reorganizations in their respective tax jurisdictions.

## THE ISSUER

The Issuer is a private limited company incorporated under the laws of The Netherlands on December 1, 2014. The registered office of the Issuer is at Naritaweg 165, Telestone 8, 1043 BW, Amsterdam, The Netherlands. The Issuer's telephone number is + 31 (0)20 5722300. The Issuer is registered with the Dutch Commercial Register under number 61998907.

The Issuer has been formed as a special purpose vehicle for the primary purpose of facilitating the offering of the Notes, entering into the New Ziggo Group Senior Secured Credit Facility, issuing or incurring certain other future indebtedness that will rank *pari passu* with the Notes offered hereby and the New Ziggo Group Senior Secured Credit Facility and using the proceeds of the foregoing to fund proceeds loans under the Senior Secured Proceeds Loan Facility. Prior to the date hereof, the Issuer has not engaged in any business other than in preparation for the offering of the Notes and the Reorganization Transactions. Upon completion of this offering of the Notes, the Issuer's only material assets (other than the shares it holds in Ziggo Secured Finance II and the partnership interest it holds in US SPV Partnership) will be the net proceeds of the Notes offered hereby, which will be held in escrow and pledged under the Escrow Charge to secure the obligations under the Notes. Upon release of the Escrowed Proceeds from the Escrow Accounts, the Issuer's only material assets (other than the shares it holds in Ziggo Secured Finance II and the partnership interest it holds in US SPV Partnership) will be its rights under the Senior Secured Proceeds Loan Facility and the Senior Secured Proceeds Loans and its rights under certain related agreements and, when funded, the Issuer's rights under the Rollover Loans. See "*Summary—Brief Description of the Ziggo Group Holding, the Issuer and the Structure of the Offering*" and "*The Transactions*".

The Issuer will be dependent on payments by the Senior Secured Proceeds Loans Borrowers under the Senior Secured Proceeds Loans in order to service its obligations under the Notes. The payment obligations under the Notes will not be guaranteed by the Senior Secured Proceeds Loan Borrowers. Accordingly, the Issuer will depend on payments by the Senior Secured Proceeds Loan Borrowers under the Senior Secured Proceeds Loans in order to service its obligations under the Notes. Although none of the Senior Secured Proceeds Loan Borrowers has any equity or voting interest in the Issuer, the Senior Secured Proceeds Loans create a variable interest in the Issuer (for which the Senior Secured Proceeds Loan Borrowers are the primary beneficiary), as contemplated by U.S. GAAP. As such, the Senior Secured Proceeds Loan Borrowers and their respective parent entities, including Ziggo Group Holding, will be required by the provisions of U.S. GAAP to consolidate the Issuer following completion of the issuance of the Notes and the Transactions. Accordingly, following the completion of the issuance of the Notes and the Transactions, the Senior Secured Proceeds Loans will be eliminated for financial reporting purposes through the consolidation of the Issuer within Ziggo Group Holding's consolidated financial statements. The Senior Secured Proceeds Loans will be secured, after giving effect to the Group Priority Agreement (as defined herein), on an equal and ratable basis with the Existing Senior Secured Credit Facility, the Existing 2020 Senior Secured Notes and, when funded, the Rollover Loans (as defined herein), by a first ranking security interest in the capital stock of each Senior Secured Obligor (other than ABC), all of the rights of the relevant creditors in relation to certain Subordinated Shareholder Loans (as defined in "*Description of the Notes*"), and the other property and assets that currently secure the Existing Senior Secured Credit Facility and the Existing 2020 Senior Secured Notes See "*Summary—Summary of the Notes—Senior Secured Proceeds Loans*".

The Issuer may also issue or incur certain senior secured indebtedness in the future to finance one or more additional loans to each of the Senior Secured Obligors. Any issuance incurrence of such future indebtedness will comply with the covenants under the Notes and the Indenture.

The Notes will be offered by the Issuer on a limited recourse basis. The holders of the Notes will not have a direct claim against the cash flow or assets of any member of the Ziggo Group or the UPC Netherlands Group, respectively, and no member of the Ziggo Group or the UPC Netherlands Group, respectively, will have any direct obligation to holders of the Notes to pay amounts due under the Notes. The Issuer will also be dependent on payments by the Senior Secured Proceeds Loan Borrowers under the Fee Letter and by the Senior Secured Obligors under the Expense Agreement intended to cover non-recurring and recurring expenses and fees of the Issuer in connection with the offering of the Notes and subsequently, the Senior Secured Proceeds Loans.

Immediately following the issuance of the Notes, the Issuer's only material liabilities will be under the Notes, the Notes Security Documents, the New Ziggo Group Senior Secured Credit Facility and the Collateral Sharing Agreement, and the Issuer will have no material business operations, no direct subsidiaries and no employees.

Since the date of the incorporation of the Issuer, the Issuer is not and has not been involved in any governmental, legal or arbitration proceedings that may have, or have had in the recent past, a significant effect on the Issuer's financial position or profitability, nor is the Issuer aware that any such proceedings are pending or threatened.

## THE TRANSACTIONS

The “**Transactions**” include the issuance of the Notes offered hereby, the application of the proceeds of the Notes as described under “—*Brief Description of Ziggo Group Holding, the Issuer and the Structure of the Offering*” and “*Use of Proceeds*” and the various transactions described below.

### ***Liberty Global/Ziggo Transaction***

#### **Ziggo Acquisition**

On January 27, 2014, Ziggo Holdco entered into a the Merger Protocol in with with Bidco agreed to make (*uitbrengen*), declare unconditional (*gestand doen*) and settle the Public Offer for the Ziggo Acquisition. On June 27, 2014, Bidco launched the Public Offer, which was declared unconditional by Bidco on November 5, 2014. Following completion of the Ziggo Acquisition, we, together with Liberty Global, completed certain transactions to consolidate our ownership interest in Ziggo Holdco into LGE HoldCo V B.V., a direct wholly owned subsidiary of Bidco. For further information regarding these transactions, see “*Business—History*” and “*Summary—Summary Corporate and Financing Structure*”.

Following consummation of the Public Offer, LGE Holdco V B.V. initiated the Statutory Squeeze-out. Upon completion of the Statutory Squeeze-out, Liberty Global will indirectly own 100% of the share capital of Ziggo Holdco. In addition, on December 22, 2014, Ziggo Holdco was delisted from the Euronext Amsterdam and converted to a private limited company.

#### **Acquisition Financing Transactions**

The Ziggo Acquisition, and the repayment of certain existing indebtedness of the Ziggo Group in connection with the Ziggo Acquisition, were financed from a combination of borrowings and cash on hand, as more fully described below under “*Unaudited Condensed Pro Forma Combined Financial Statement of Ziggo Group Holding—Initial Transactions—Acquisition Financing Transactions*.” The Acquisition Financing Transactions include (i) utilization by Ziggo BV of (a) €1,340.1 million (equivalent) of borrowings under Facility B3 and (b) €65.4 million (equivalent) of additional borrowings under Facility B2 of the Existing Senior Secured Credit Facility (as further described under “*Description of Other Indebtedness—Existing Senior Secured Credit Facility*”) and (ii) utilization by Bidco of €432.9 million of borrowings Facility B4 of the Bidco Facility Agreement. The proceeds from the additional borrowings under Facility B2 were used for the general corporate purposes of the Ziggo Group.

#### **Debt Pushdown and Existing Senior Secured Credit Facility and Existing Notes Guarantor Accessions**

On December 23, 2014, the Ziggo Group effected the Debt Pushdown:

- (i) In connection with the Existing 2024 Senior Notes Debt Pushdown, LGE Holdco VI B.V. was released from its obligations under the Existing 2024 Senior Notes Indenture, the Holdco Priority Agreement and the related security documents, and Ziggo Bondco and Zesko B.V., its immediate parent company, acceded to the Holdco Priority Agreement and granted a pledge over the capital stock of Ziggo Bondco in favor of the holders of the Existing 2024 Senior Notes; and
- (ii) The B4 Facility Debt Pushdown was effected pursuant to an upsize of the Facility B3 commitments under the Existing Secured Senior Credit Facility. In connection with the B4 Facility Debt Pushdown, Bidco was released from its obligations under Bidco Facility Agreement, the intercreditor agreement related thereto and the related security documents.

### ***The Reorganization Transactions***

Following the completion of the Ziggo Acquisition, Liberty Global expects to the Reorganization Transactions. See “*Summary—Summary Corporate and Financing Structure*”. The objective of the Reorganization Transactions is to establish the leading cable operator in The Netherlands in a single operational and financing group within the Liberty Global group of companies. As part of the Reorganization Transactions, the Group expects to enter into certain financing transactions, as described below under “—*The New Financing Transactions*”, the proceeds of which are expected to be used, in part, to repay certain indebtedness of UPC Broadband Holding B.V., the current indirect parent of UPC Nederland, UPC Broadband Holding and UPC UPC Holding.

### ***Parent Affiliate and Affiliate Issuer Designations***

Substantially concurrently with the Reorganization Transactions, UPC Netherlands Holdco II, UPC UPC Netherlands Holdco III and UPC Nederland and certain of its subsidiaries will give effect to the Parent Affiliate Designation. Furthermore, UPC Netherlands Bondco will execute one or more accession agreements and/or supplemental indentures to the Existing 2024 Senior Notes Indenture whereby it will become an “Affiliate Issuer” (as defined in the Existing 2024 Senior Notes Indenture) and will give effect to the Affiliate Designations.

### ***The New Financing Transactions***

In addition to the offering of the Notes hereby, the Group may enter into the following financing transactions described below in connection with the Reorganization Transactions.

#### **New Ziggo Group Senior Secured Credit Facility**

On January 12, 2015, UPC Financing Partnership launched the New UPC Facilities under the UPC Credit Agreement. The terms of the New UPC Facilities provide for the rollover of each of Facility AJ and Facility AK into a new senior secured credit facility agreement to be entered into by the Issuer, as further described below.

If the New UPC Facilities are entered into, the proceeds will be used to refinance one or more existing facilities under the UPC Credit Agreement. Pursuant to the terms of the New UPC Facilities, the lenders under the New UPC Facilities will, among other things, agree to provide new term loans to the Issuer under the New Ziggo Group Senior Secured Credit Facility into new the SPV Term Loans giving effect to the SPV Credit Facility Rollover. As a result of the SPV Credit Facility Rollover, one or more receivables will be created. The Rollover Receivables will be funded on a cashless basis as one or more facilities subject to the terms of the Senior Secured Proceeds Loan Facility. Following the funding of the Rollover Loans, UPC Netherlands Holdco will assume the obligations of UPC Nederland as borrower under the Rollover Loans. The final terms and structure of the New Ziggo Group Senior Secured Credit Facility have not yet been agreed but the expected terms of the New Ziggo Group Senior Secured Credit Facility are described further under “*Description of Other Indebtedness—New Ziggo Group Senior Secured Credit Facility*”. Any incurrence of indebtedness under the New Ziggo Group Senior Secured Credit Facility will comply with the covenants under the Notes and the Indenture. The New Ziggo Group Senior Secured Credit Facility, if any, will rank equally with the Notes, including with respect to the proceeds of enforcement of the Notes Collateral. No assurance can be given that the New Ziggo Group Senior Secured Credit Facility will be entered into, or if it is entered into, what the final terms will be, including the amount raised thereunder.

The aggregate principal amount of the SPV Term Loans, if any, together with the Notes is expected to be approximately €1.475 billion (equivalent) (the “**Senior Secured Debt Amount**”). However, as the New UPC Facilities are not yet finalized, and therefore the amount of the SPV Term Loans are unknown, the Senior Secured Debt Amount is subject to change. We do not expect any change to the Senior Secured Debt Amount to be material. Any incurrence of indebtedness under the SPV Term Loans will comply with the covenants under the Notes offered hereby, the Indenture and the New Senior Notes.

#### ***New Senior Notes***

On or around January 29, 2015, Ziggo Bond Finance, the parent of the Issuer, will issue the New Senior Notes in accordance with the offering memorandum dated January 14, 2015. Pending consummation of the Reorganization Transactions, the initial purchasers of the New Senior Notes will, concurrently with the issuance of the New Senior Notes, deposit the net proceeds of the New Senior Notes into one more escrow accounts pursuant to an escrow agreement among Ziggo Bond Finance, the Trustee and Deutsche Bank AG, London Branch, as escrow agent for the benefit of the holder of the New Senior Notes. Upon consummation of the Reorganization Transactions, Ziggo Bond Finance will use the proceeds from the New Senior Notes to fund one or more Senior Proceeds Loans to one or both of the Senior Proceeds Loan Borrowers under one or more facilities subject to the terms of a senior proceeds loan facility agreement dated on or around the date on which the proceeds of the New Senior Notes are released from escrow, between, among others, Ziggo Bondco and UPC Netherlands Bondco, as obligors, and Deutsche Trustee Company Limited, as security agent. After giving effect to the Holdco Priority Agreement, the Senior Proceeds Loans will be secured over the capital stock of each of UPC Netherlands Bondco and of Ziggo Bondco on an equal and ratable basis with the Existing 2024 Senior Notes. The obligations of each Senior Proceeds Loan Borrower

under a Senior Proceeds Loan will be guaranteed on a senior basis by the Senior Proceeds Loan Guarantor and will be structurally subordinated to all indebtedness of the Senior Obligors' respective subsidiaries.

None of the Senior Obligors or any of their respective subsidiaries will guarantee or provide any credit support for Ziggo Bond Finance's obligations under the New Senior Notes, other than the obligation of the relevant Senior Proceeds Loan Borrower, to make payments to Ziggo Bond Finance pursuant to the applicable Senior Proceeds Loans and the guarantee of such obligations by the applicable Senior Proceeds Loan Guarantor. The Senior Obligors will agree in a covenant agreement to be bound by the covenants in the Indenture that are applicable to them.

## **USE OF PROCEEDS**

The proceeds from the sale of the Notes offered hereby will be €800 million. Fees and expenses associated with the Notes are expected to be €5.9 million. The Initial Purchasers will deposit the net proceeds of the Notes into the Escrow Accounts pending satisfaction of the conditions to release such proceeds. Pending the release of the Escrowed Proceeds, the Notes will be secured by the Escrow Charge. Upon release of the Escrowed Proceeds from the Escrow Accounts, the Issuer will use the Escrowed Proceeds to fund one or more Senior Secured Proceeds Loans to one or both of the Senior Secured Proceeds Loan Borrowers, subject to the Senior Secured Proceeds Loan Facility. The proceeds from the Senior Secured Proceeds Loans will be used to (i) fund a loan, dividend, or other distribution to Ziggo Group Holding, which proceeds will in turn be loaned or distributed by Ziggo Group Holding to other Liberty Global subsidiaries, to indirectly fund the Reorganization Transactions, and (ii) pay fees, costs and expenses related to the offering of the Notes. A portion of the net proceeds of the Senior Secured Proceeds Loans may also be used for general corporate purposes of the Senior Secured Obligors and their respective subsidiaries, including, without limitation, financing the operating and treasury activities of the Senior Secured Obligors and their respective subsidiaries.

## CAPITALIZATION OF ZIGGO GROUP HOLDING

The following table sets forth, in each case as of September 30, 2014, (i) the historical consolidated cash and cash equivalents and capitalization of UPC Nederland, (ii) the historical consolidated cash and cash equivalents and capitalization of Ziggo Holdco, (iii) the combined historical consolidated cash and cash equivalents and capitalization of UPC Nederland and Ziggo Holdco, (iv) the consolidated cash and cash equivalents and capitalization of Ziggo Group Holding on an as adjusted basis after giving effect to the Initial Transactions and (v) the consolidated cash and cash equivalents and capitalization of Ziggo Group Holding on an as adjusted basis after giving effect to (a) the Initial Transactions, (b) the New Financing Transactions and (c) the issuance of the Notes offered hereby.

This table should be read in conjunction with “Use of Proceeds”, “Unaudited Condensed Pro Forma Combined Financial Statement of Ziggo Group Holding”, “Selected Consolidated Financial and Operating Data of Ziggo Bondco”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Ziggo Bondco”, “Supplemental Discussion And Analysis of Certain Historical Financial Information And Results of Operations Of UPC Nederland”, “Certain Relationships and Related-Party Transactions—Related-Party Transactions Impacting Ziggo Bondco’s Operating Results and, “—Related-Party Transactions Impacting UPC Nederland’s Operating Results”, “Description of Other Indebtedness”, “Description of the Notes”, “Description of the Fold-In Notes” “Summary—The Transactions”, the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements and the Ziggo September 30, 2014 Interim Condensed Consolidated Financial Statements included elsewhere in this Offering Memorandum.

We have included the historical cash and capitalization of Ziggo Holdco and not Ziggo Bondco because, for accounting purposes, the Ziggo Acquisition will be treated as the acquisition of Ziggo Holdco by Bidco, with the impacts of the acquisition accounting pushed down into the financial statements of Ziggo Holdco.

Any changes to the derivative instruments that Ziggo Group Holding uses to manage foreign currency or interest rate risk that may occur as a result of the issuance of the New Financing Transactions have not been reflected in the as adjusted data presented in this table. Except as set forth in the footnotes to this table, (i) there have been no material changes to Ziggo Group Holding’s cash and cash equivalents and third-party capitalization since September 30, 2014 and (ii) all translations into euros have been calculated at the September 30, 2014 exchange rate.

CASH AND CASH EQUIVALENTS AND CAPITALIZATION OF ZIGGO GROUP HOLDING	September 30, 2014				
	Historical			As Adjusted	
	UPC Nederland	Ziggo Holdco	Combined historical	Initial Transactions (1)	The Transactions (2)
			in millions		
<b>Total cash and cash equivalents (3)</b> .....	€ 12.2	€ 340	€ 352.2	€ 373	€ 31.3
<b>Third-party debt (4):</b>					
Senior secured debt:					
Existing Senior Secured Credit Facility (5).....	€ —	€ 2,022	€ 2,022.3	€ 3,809	€ 3,809.3
Existing 2020 Senior Secured Notes (6).....	—	71.6	71.6	73.9	73.9
SPV Term Loans (7) .....	—	—	—	—	675.0
Notes offered hereby (8).....	—	—	—	—	800.0
Total senior secured debt .....	—	2,093.9	2,093.9	3,883.2	5,358.2
Senior debt:.....					
Exchanged 2018 Senior Notes (9).....	—	743.1	743.1	—	—
8% Unsecured Senior Notes (10) .....	—	463.9	463.9	—	—
Existing 2024 Senior Notes (9) .....	—	—	—	816.9	816.9
New Senior Notes (11).....	—	—	—	—	718.0
Total senior debt .....	—	1,207.0	1,207.0	816.9	1,534.9
Total third-party debt .....	—	3,300.9	3,300.9	4,700.1	6,893.1
Capital lease obligations.....	—	0.5	0.5	0.5	0.5

CASH AND CASH EQUIVALENTS AND CAPITALIZATION OF ZIGGO GROUP HOLDING	September 30, 2014				
	Historical			As Adjusted	
	UPC Nederland	Ziggo Holdco	Combined historical	Initial Transactions (1)	The Transactions (2)
			in millions		
Total debt and capital lease obligations .....	—	3,301.4	3,301.4	4,700.6	6,893.6
UPC Nederland related-party loans payable (12) ...	1,147.5	—	1,147.5	5,894.1	4,089.1
Total parent's equity (13).....	2,416.3	853.0	3,269.3	3,329.6	2,629.6
Total capitalization .....	€ 3,563.8	€ 4,154.4	€ 7,718.2	€ 13,924.3	€ 13,612.3

- (1) The “As Adjusted—Initial Transactions” amounts reflect (i) the Ziggo Acquisition, (ii) the combination of UPC Nederland and Ziggo Holdco pursuant to the Reorganization Transactions and (iii) the Acquisition Financing Transactions.
- (2) The “As Adjusted—The Transactions” amounts further adjust the “As Adjusted—Initial Transactions” amounts to reflect (i) the New Financing Transactions and (ii) the issuance of the Notes offered hereby and assumes that €700.0 million of SPV Term Loans will be issued. To the extent that the principal amount of the issued SPV Term Loans is greater (less) than €700.0 million, the amount of the Notes offered hereby will decrease (increase) by a corresponding amount, such that the aggregate amount of senior secured debt issued pursuant to the SPV Terms Loans and the Notes offered hereby will be €1,475.0 million. To the extent that the amount of Notes issued hereby is greater (less) than €75.0 million, the resulting difference in cash proceeds would increase (decrease) the amount to be loaned to Ziggo Group Holding's parent to fund the repayment of debt at UPC Broadband Holding.
- (3) The “As Adjusted—Initial Transactions” amount reflects (i) a decrease related to the estimated cash consideration of €1,836.4 million to be paid in connection with the Ziggo Acquisition, (ii) a decrease related to the payment of estimated direct acquisition costs of €70.9 million associated with the Ziggo Acquisition, (iii) a net increase of €1,314.4 million related to the Acquisition Financing Transactions and (iv) an increase related to the proceeds from certain related-party loans from a subsidiary of Liberty Global to Ziggo Group Holding (the “**Acquisition Related-Party Loans**”) of €614.0 million. The “As Adjusted—The Transactions” amount further adjusts the “As Adjusted—Initial Transactions” amount to reflect the assumed net impact of the New Financing Transactions and the issuance of the Notes offered hereby, including (a) an increase of €1,493.0 million related to the gross proceeds from the issuance of the New Senior Notes (€18.0 million) and the Notes (€75.0 million), (b) a decrease of €1,805.0 million related to the partial repayment of a related-party loan payable from Ziggo Group Holding to its parent (the “**Share Issuance Related-Party Loan**”) and (c) a decrease of €30.0 million related to the payment of estimated fees and expenses associated with the New Financing Transactions and the issuance of the Notes offered hereby. The “As Adjusted” amounts have not been reduced for the payment of applicable accrued interest on the debt refinanced in connection with the Acquisition Financing Transactions. For additional information, see “*Summary—The Transactions*” and “*Use of Proceeds*”.
- (4) The “Historical” amounts for the Existing 2020 Senior Secured Notes (€11.7 million principal amount outstanding) and the 8% Unsecured Senior Notes (€463.9 million principal amount outstanding) are presented together with the applicable discount. In the “As Adjusted” columns, such discounts have been eliminated through the application of acquisition accounting in connection with the Initial Transactions.
- (5) The “As Adjusted” amounts reflect the Acquisition Financing Transactions and the application of acquisition accounting in connection with the Ziggo Acquisition.
- (6) The “As Adjusted” amounts reflect the application of acquisition accounting in connection with the Ziggo Acquisition.
- (7) The “As Adjusted—The Transactions” amount reflects the estimated gross principal amount of the SPV Term Loans assumed to be issued by Ziggo Group Holding via a cashless rollover of the New UPC Facilities.
- (8) The “As Adjusted—The Transactions” amount reflects the issuance of the Notes. To the extent that the principal amount of the issued SPV Term Loans is greater (less) than €75.0 million, the amount of the Notes offered hereby will decrease (increase) by a corresponding amount, such that the aggregate amount of senior secured debt issued pursuant to the SPV Terms Loans and the Notes offered hereby will be approximately €1,475.0 million (the “**Senior Secured Debt Amount**”). However, as the New UPC Facilities are not yet finalized, and therefore the amount of the SPV Term Loans are unknown, the Senior Secured Debt Amount is

subject to change. We do not expect any change to the Senior Secured Debt Amount to be material. Any incurrence of indebtedness under the SPV Term Loans will comply with the covenants under the Notes offered hereby, the Indenture and the New Senior Notes. As further described under “*Summary—Summary of the Notes—The Issuer*”, the Issuer is a special purpose financing entity that will be consolidated by Ziggo Group Holding following the issuance of the Notes.

- (9) The “As Adjusted” amounts reflect the November 11, 2014 exchange of the Exchanged 2018 Senior Notes for Existing 2024 Senior Notes and the application of acquisition accounting in connection with the Ziggo Acquisition.
- (10) The “As Adjusted” amounts reflect the redemption of the 8% Senior Notes due 2018 completed as part of the Acquisition Financing Transactions.
- (11) The “As Adjusted—The Transactions” amount reflects the issuance of the New Senior Notes.
- (12) The “Historical” amounts represent certain related-party notes payable by UPC Nederland to other subsidiaries of Liberty Global. For additional information concerning these related-party loans, see “*Certain Relationships and Related-Party Transactions*”. The “As Adjusted—Initial Transactions” amount reflects (i) an increase of €614.0 million related to the Acquisition Related-Party Loans, (ii) an increase of €4,478.7 million related to the Share Issuance Related-Party Loan, (iii) an increase of €678.5 million related to the issuance of related-party loans from subsidiaries of Liberty Global to Ziggo Group Holding (the “**Ziggo Shares Related-Party Loans**”) and (iv) a decrease of €1,024.6 million related to UPC Nederland’s non-cash settlement of an existing related-party loan payable against an offsetting related-party loan receivable assumed to occur in connection with the Reorganization Transactions. The “As Adjusted—The Transactions” amount further adjusts the “As Adjusted—Initial Transactions” amount to reflect the partial repayment of the Share Issuance Related-Party Loan of €1,805.0 million.
- (13) The “As Adjusted—Initial Transactions” amount reflects (i) a decrease of €70.9 million related to the payment of estimated direct acquisition costs associated with the Ziggo Acquisition, net of an assumed tax benefit of €17.7 million, and (ii) an increase of €13.5 million, representing the net adjustment to Ziggo Group Holding equity that is required to reflect the push down of the equity consideration paid by Liberty Global and its subsidiaries in connection with the Ziggo Acquisition and the value of Liberty Global’s pre-existing investment in Ziggo Holdco, net of the related Share Issuance Related-Party Loan and Ziggo Shares Related-Party Loans. The “As Adjusted—The Transactions” amount further adjusts the “As Adjusted—Initial Transactions” amount to reflect a decrease of €700.0 million related to the impact of the New Financing Transactions. As no cash will be received by Ziggo Group Holding in connection with the SPV Credit Facility Rollover, the issuance of the SPV Term Loans will be treated as an equity distribution and, accordingly, will result in a direct reduction of parent’s equity of Ziggo Group Holding. To the extent that the principal amount of the issued SPV Term Loans is greater (less) than €700.0 million, the amount of the Notes offered hereby will decrease (increase) by a corresponding amount, such that the aggregate amount of senior secured debt issued pursuant to the SPV Terms Loans and the Notes offered hereby will be €1,475.0 million. To the extent that the amount of Notes issued hereby is greater (less) than €775.0 million, the resulting difference in cash proceeds would increase (decrease) the amount to be used to repay a portion of the Share Issuance Related-Party Loan to fund the repayment of debt at UPC Holding and its subsidiaries and, accordingly, the reduction of parent’s equity would be lower (higher) by a corresponding amount.

## UNAUDITED CONDENSED PRO FORMA COMBINED FINANCIAL STATEMENT OF ZIGGO GROUP HOLDING

### General

Ziggo Group Holding B.V. (“**Ziggo Group Holding**”) is an indirect wholly-owned subsidiary of Liberty Global plc. The accompanying unaudited condensed pro forma combined balance sheet as of September 30, 2014 gives effect to (i) the Ziggo Acquisition (as defined and described below), (ii) the combination of UPC Nederland B.V. (“**UPC Nederland**”) and Ziggo Holding B.V. (“**Ziggo Holdco**,” formerly known as Ziggo N.V.) pursuant to the Reorganization Transactions (as defined and described below), (iii) the Acquisition Financing Transactions (as defined and described below, and together with the Ziggo Acquisition and the Reorganization Transactions, the “**Initial Transactions**”) and (iv) the New Financing Transactions (as defined and described below, and together with the Initial Transactions, the “**Transactions**”), as if the Transactions had occurred on such date. The accompanying unaudited condensed pro forma combined statements of operations for the nine months ended September 30, 2014 and the year ended December 31, 2013 give effect to the Transactions, as if the Transactions had occurred on January 1, 2013.

The unaudited condensed pro forma combined financial statements, which have been prepared on a U.S. GAAP basis, do not purport to be indicative of the financial position and results of operations that Ziggo Group Holding will obtain in the future, or that Ziggo Group Holding would have obtained if the Transactions were effective as of the dates indicated above. The pro forma adjustments are based upon currently available information and upon certain assumptions that Ziggo Group Holding believes are reasonable. These unaudited condensed pro forma combined financial statements have been derived from, and should be read in conjunction with, the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements, the UPC Nederland December 31, 2013 Consolidated Financial Statements, the Ziggo Bondco September 30, 2014 Interim Condensed Consolidated Financial Statements, and the Ziggo Bondco December 31, 2013 Consolidated Financial Statements, included elsewhere herein. For purposes of these unaudited condensed pro forma combined results, the U.S. GAAP financial statement information that is presented under the Ziggo Holdco columns has been derived from the EU IFRS financial statement information included in the Ziggo Bondco September 30, 2014 Interim Condensed Consolidated Financial Statements and the Ziggo Bondco December 31, 2013 Consolidated Financial Statements. This Ziggo Bondco financial statement information has been adjusted to include the EU IFRS financial position and results of operations of Ziggo Holdco and other intermediary holding companies between Ziggo Holdco and Ziggo Bondco and this EU IFRS Ziggo Holdco financial information has been further adjusted and reclassified to reflect the amounts and presentation on a U.S. GAAP basis.

Convenience translations into euros are calculated as of September 30, 2014. In these unaudited condensed pro forma combined financial statements, the terms “we,” “our” and “us” may refer, as the context requires, to Ziggo Group Holding or collectively to Ziggo Group Holding and its subsidiaries. Liberty Global may refer, as the context requires, to Liberty Global plc or collectively to Liberty Global plc and its subsidiaries.

### Initial Transactions

#### *Ziggo Acquisition*

On January 27, 2014, Ziggo Holdco entered into a merger protocol (the “**Merger Protocol**”) with LGE Holdco VII B.V. (“**Bidco**”), an indirect wholly-owned subsidiary of Liberty Global, in which Bidco agreed to make, declare unconditional, and settle a public offer (the “**Public Offer**”) for all shares of Ziggo Holdco not already held by Liberty Global and its subsidiaries on the terms of and subject to the conditions of the Merger Protocol (the “**Ziggo Acquisition**”). On June 27, 2014, Bidco launched the Public Offer, which was declared unconditional by Bidco on November 5, 2014. On November 11, 2014, Bidco completed the initial settlement (the “**Initial Settlement**”) of the Public Offer and acquired 67.2% of the shares of Ziggo Holdco which, together with the shares already held by Liberty Global represented approximately 87.9% of the outstanding shares of Ziggo Holdco, thereby consummating the Ziggo Acquisition in accordance with the Merger Protocol. Following completion of the Public Offer’s post-closing acceptance period (the “**Post-Closing Acceptance Period**”) on November 24, 2014, Bidco completed the final settlement (the “**Post-Closing Settlement**”) of the Public Offer, acquiring additional shares representing approximately 10.6% of the outstanding shares of Ziggo Holdco during the Post-Closing Acceptance Period, which, together with the shares already held by Liberty Global represented approximately 98.4% of the outstanding shares of Ziggo Holdco. Under the terms of the Public Offer, tendering Ziggo Holdco shareholders

received (i) 0.2282 Class A ordinary shares of Liberty Global, (ii) 0.5630 Class C ordinary shares of Liberty Global and (iii) €1.00 in cash for each Ziggo Holdco ordinary share that they tendered (the **“Ziggo Offer Price”**). Following the completion of the Public Offer, Bidco, LGE Holdco V B.V., a subsidiary of Bidco, and Ziggo Holdco initiated a statutory squeeze-out procedure in accordance with the Dutch Civil Code in order to acquire the remaining shares not owned by Liberty Global (the **“Statutory Squeeze-out”**). Under the Statutory Squeeze-out, Ziggo Holdco shareholders other than Liberty Global will receive cash consideration, with the amount of cash consideration subject to confirmation by the applicable court in The Netherlands. For purposes of the accompanying unaudited condensed pro forma combined financial statements, we have assumed that cash consideration of €39.78 per share will be payable in the Statutory Squeeze-out. This assumed per share consideration is equal to the reference price at the end of the Post-Closing Acceptance Period, as submitted by Liberty Global to the applicable court in The Netherlands as the suggested amount of per share cash consideration that will be payable in the Statutory Squeeze-out. Upon completion of the Statutory Squeeze-out, Liberty Global will indirectly own 100% of the share capital of Ziggo Holdco. As such, the accompanying unaudited condensed pro forma combined financial statements were prepared assuming Liberty Global had acquired 100% of Ziggo Holdco as of the indicated dates. On December 22, 2014, Ziggo Holdco was delisted from the Euronext Amsterdam and converted to a Dutch private limited company.

For accounting purposes, the Ziggo Acquisition will be treated as the acquisition of Ziggo Holdco by Bidco, with the impacts of the acquisition accounting pushed down into the financial statements of Ziggo Holdco. In this regard, the estimated equity and cash consideration that Liberty Global paid or will pay to acquire Ziggo Holdco through the Public Offer and the Statutory Squeeze-out, plus the value of Liberty Global’s pre-existing investment in Ziggo Holdco, will be used as the basis for the push-down accounting adjustments. The details of the total push-down consideration assuming the Ziggo Acquisition had occurred on September 30, 2014 are set forth below (in millions):

Liberty Global Class A ordinary shares (a) .....	€ 1,322.7
Liberty Global Class C ordinary shares (a) .....	3,156.0
Cash (b) .....	1,836.4
Total equity and cash consideration .....	6,315.1
Fair value of pre-existing investment in Ziggo Holdco (c).....	1,645.0
Total push-down consideration .....	€ 7,960.1

- (a) Represents the estimated value to be assigned to the 35.5 million Liberty Global Class A ordinary shares and 87.5 million Liberty Global Class C ordinary shares, as applicable, issued to tendering Ziggo Holdco shareholders through the Initial Settlement and Post-Closing Settlement. These amounts are based on (i) the exchange ratios specified in the Merger Protocol, (ii) the November 11, 2014 closing prices of the Liberty Global Class A and Class C ordinary shares of \$46.46 and \$44.93, respectively, and (iii) 155.5 million ordinary shares of Ziggo Holdco tendered in the Public Offer, including 15.7 million shares previously owned by Liberty Global that were used to settle an equity collar derivative instrument prior to the Ziggo Acquisition. Bidco entered into an “undertaking to pay” with Liberty Global to compensate Liberty Global for the shares issued to tendering Ziggo Holdco shareholders on its behalf. The obligations and benefits associated with the “undertaking to pay” were subsequently transferred through a series of related-party transactions that ultimately resulted in a related-party loan payable from Ziggo Group Holding to its parent. (the **“Share Issuance Related-Party Loan”**)
- (b) Represents the cash consideration to be paid in connection with the Ziggo Acquisition. This amount is based on (i) the €1.00 per share cash consideration specified in the Merger Protocol, (ii) 155.5 million ordinary shares of Ziggo Holdco tendered in the Public Offer, including 15.7 million shares previously owned by Liberty Global that were used to settle an equity collar derivative instrument prior to the Ziggo Acquisition, (iii) an estimated €39.78 per share cash consideration for shares acquired through the Statutory Squeeze-out and (iv) 3.2 million ordinary shares of Ziggo Holdco acquired through the Statutory Squeeze-out.
- (c) Represents the fair value of the 41.3 million shares of Ziggo Holdco held by Liberty Global and its subsidiaries immediately prior to the Ziggo Acquisition.

### ***Reorganization Transactions***

Following completion of the Ziggo Acquisition, Liberty Global expects to complete an internal reorganization of its broadband and wireless communications businesses in The Netherlands whereby, among other matters, UPC Nederland and its subsidiaries, Ziggo Holdco and its subsidiaries, and Bidco will become subsidiaries of Ziggo Group Holding (the “**Reorganization Transactions**”). The Reorganization Transactions represent transactions between entities under common control; and therefore, the Reorganization Transactions are accounted for at the applicable carryover basis in these accompanying unaudited condensed pro forma combined financial statements.

In connection with the Reorganization Transactions, UPC Nederland will settle a €1,024.6 million related-party loan receivable against an offsetting related-party loan payable (collectively the “**Existing Related-Party Loans**”). The €1,024.6 million related-party loan receivable bears interest at a rate of 6.80% per annum. The €1,024.6 million related-party loan payable bears interest at a rate of 7.72% per annum.

### ***Acquisition Financing Transactions***

To finance a portion of the Ziggo Acquisition, Ziggo Holdco completed certain financing transactions (the “**Acquisition Financing Transactions**”) in January 2014 and November 2014. The Acquisition Financing Transactions were launched in connection with the announcement of the Merger Protocol and were completed to enable Ziggo Holdco to (i) repay in full and terminate its senior credit facility consisting of (a) a €50.0 million term loan due March 2018 and (b) a €400.0 million revolving credit facility due March 2018, of which €255.0 million was outstanding at the time, (ii) repay in full €750.0 million 6.125% Senior Secured Notes due 2017 (the “**2017 Senior Secured Notes**”) issued by Ziggo Finance B.V., (iii) finance the purchase of €678.3 million of Ziggo B.V.’s 3.625% Senior Secured Notes due 2020 (the “**Existing 2020 Senior Secured Notes**”), (iv) refinance €1,208.8 million of Ziggo Bond Company B.V.’s (“**Ziggo Bondco**”) 8.0% Senior Notes due 2018 (the “**2018 Senior Notes**”) through the combination of an exchange offer and the redemption of non-exchanging 2018 Senior Notes, and (v) pay certain fees, costs and expenses associated with the Ziggo Acquisition and Acquisition Financing Transactions.

The Acquisition Financing Transactions include:

- Ziggo B.V., an indirect wholly-owned subsidiary of Ziggo Bondco, entering into a new credit facility (the “**Existing Senior Secured Credit Facility**”) consisting of (i) a €579.0 million B1 credit facility (the “**Euro Facility B1**”), (ii) an \$869.0 million (€688.1 million) B1 credit facility (the “**Dollar Facility B1**”, and together with the Euro Facility B1, “**Facility B1**”), (iii) a €373.0 million B2 credit facility (the “**Euro Facility B2**”), (iv) a \$560.0 million (€443.4 million) B2 credit facility (the “**Dollar Facility B2**”, and together with the Euro Facility B2, “**Facility B2**”), (v) a €614.0 million B3 credit facility (the “**Euro Facility B3**”), and (vi) a \$921.0 million (€729.3 million) B3 credit facility (the “**Dollar Facility B3**”, and together with the Euro Facility B3, “**Facility B3**”);
- Bidco entering into a €434.0 million B4 credit facility (“**Facility B4**”);
- On January 27, 2014, the issuance of €743.1 million aggregate principal amount of Ziggo Bondco’s 8% Senior Notes due 2018 (the “**Exchanged 2018 Senior Notes**”), which following the completion of the Ziggo Acquisition were automatically exchanged into an equal aggregate principal amount of 7.125% Senior Notes due 2024 (the “**Existing 2024 Senior Notes**”) issued by LGE HoldCo VI B.V., which is the parent company of Bidco and a subsidiary of Ziggo Group Holding;
- On November 6, 2014, the issuance of related-party loans from subsidiaries of Liberty Global to Ziggo Group Holding totaling €678.5 million (the “**Ziggo Shares Related-Party Loans**”); and
- A related-party loan from a subsidiary of Liberty Global to Ziggo Group Holding of €347.5 million on November 11, 2014, with incremental funding on the related-party loan of €266.5 million on November 24, 2014 (the “**Acquisition Related-Party Loans**”).

The Facility B1 was fully drawn when issued by Ziggo B.V. in February 2014. The Facility B2 was substantially drawn when issued by Ziggo B.V. with the exception of an additional €30.0 million of availability under Euro Facility B2 and an additional \$45.0 million (€35.6 million) of availability under Dollar Facility B2.

On November 10, 2014, (i) Ziggo B.V. utilized (a) the additional €30.0 million of availability under Euro Facility B2, (b) the additional \$45.0 million (€35.6 million) of availability under the Dollar Facility B2,

(c) €14.0 million of borrowings under Euro Facility B3, and (d) \$921.0 million (€729.3 million) of borrowings under Dollar Facility B3 and (ii) Bidco utilized €434.0 million of borrowings under Facility B4.

From November 11, 2014 through November 24, 2014, Bidco used proceeds from Facility B2, Facility B3, Facility B4 and the Acquisition Related-Party Loans together with cash on hand to fund the cash consideration for the Initial Settlement and the Post-Closing Settlement paid to existing shareholders of Ziggo Holdco pursuant to the Public Offer.

On November 13, 2014, Ziggo Bondco redeemed the remaining €465.7 million aggregate principal amount of its existing 2018 Senior Notes (the **“8% Unsecured Senior Notes”**) originally issued on May 7, 2010.

On December 23, 2014, Ziggo Bondco assumed LGE Holdco VI B.V.’s obligations as issuer of the Existing 2024 Senior Notes. Additionally, through a series of transactions, Ziggo B.V. assumed an obligation to repay the €434.0 million of borrowings that were previously drawn by Bidco under Facility B4 through an upsize of the Facility B3 commitments.

As Facility B1 and Facility B2 were drawn by Ziggo B.V. prior to September 30, 2014, the accompanying unaudited condensed pro forma combined balance sheet will include adjustments for the incremental borrowings that occurred upon closing of the Ziggo Acquisition. The adjustments in the accompanying unaudited condensed pro forma combined statements of operations will include the necessary adjustments to reflect the post-acquisition financing structure, as if such transactions had occurred on January 1, 2013.

## **New Financing Transactions**

### ***New Senior Secured Debt***

In connection with the Reorganization Transactions, Ziggo Group Holding and its consolidated subsidiaries intend to complete a series of financing transactions. Ziggo Group Holding and its subsidiaries intend to raise €1,475.0 million of new senior secured borrowings through a combination of one or more of (i) cashless rollovers by holders of certain senior secured term loans of UPC Broadband Holding B.V. (**“UPC Broadband Holding”**), an indirect wholly-owned subsidiary of Liberty Global, into new senior secured term loans (the **“SPV Term Loans”**) and (ii) the issuance of new senior secured notes offered hereby (the **“Notes”**), and collectively with the SPV Term Loans, the **“New Senior Secured Debt”**). These unaudited condensed pro forma combined financial statements assume that 100% of the New Senior Secured Debt will be financed through cashless rollovers into the SPV Term Loans. The impact of the issuance of the Notes offered hereby as part of the New Senior Secured Debt is referenced in notes 8 and 16 below. See “Capitalization of Ziggo Group Holding” for additional information.

### ***New Senior Notes***

Ziggo Group Holding and its consolidated subsidiaries also intend to raise €730.0 million (equivalent) of new senior borrowings through the issuance of new senior notes (the **“New Senior Notes”**).

The proceeds from the New Senior Notes, together with excess cash on hand, will be used to repay a portion of the Share Issuance Related-Party Loan and ultimately to repay certain borrowings of UPC Holding B.V. (**“UPC Holding”**), an indirect wholly-owned subsidiary of Liberty Global, and its subsidiaries.

**ZIGGO GROUP HOLDING B.V.**  
**UNAUDITED CONDENSED PRO FORMA COMBINED BALANCE SHEET**  
**SEPTEMBER 30, 2014**

	Historical			Pro forma					
	UPC Nederlan d	Ziggo Holdco	Combined historical	Pro forma adjustments for Initial Transactions		As adjusted for Initial Transaction s	Pro forma adjustments for New Financing Transactions		As adjusted for the Transactions
				in millions					
ASSETS									
Cash and cash equivalents .....	€12.2	€340.0	€352.2	€(1,836.4)	(1)	€373.3	€(330.0)	(8)	€43.3
				(70.9)	(2)				
				1,314.4	(6)				
				614.0	(7)				
Receivables and other current assets .....	78.2	97.4	175.6	—		175.6	—		175.6
Property and equipment, net .....	849.5	1,622.4	2,471.9	593.3	(4)	3,065.2	—		3,065.2
Goodwill .....	914.3	1,793.8	2,708.1	5,100.3	(4)	7,808.4	—		7,808.4
Intangible assets subject to amortization, net....	15.8	925.0	940.8	2,142.0	(4)	3,082.8	—		3,082.8
Loans receivable— related-party .....	1,806.2	—	1,806.2	(1,024.6)	(5)	781.6	—		781.6
Other noncurrent assets, net .....	246.7	219.7	466.4	(74.5)	(4)	491.6	30.0	(8)	521.6
				60.0	(4)				
				39.7	(6)				
Total assets .....	€3,922.9	€4,998.3	€8,921.2	€6,857.3		€15,778.5	€(300.0)		€15,478.5
LIABILITIES AND EQUITY									
Liabilities:									
Current portion of debt and capital lease obligations — related-party .....	€17.7	€—	€17.7	€—		€17.7	€—		€17.7
Other current liabilities .....	247.3	524.1	771.4	(17.7)	(2)	753.7	—		753.7
Long-term debt and capital lease obligations:									
Third-party .....	—	3,301.4	3,301.4	45.1	(4)	4,700.6	2,205.0	(8)	6,905.6
				1,354.1	(6)				
Related-party .....	1,129.8	—	1,129.8	5,157.2	(3)	5,876.4	(1,030.0)	(8)	4,846.4
				(1,024.6)	(5)				
				614.0	(7)				
Other noncurrent liabilities .....	111.8	319.8	431.6	668.9	(4)	1,100.5	—		1,100.5
Total liabilities .....	1,506.6	4,145.3	5,651.9	6,797.0		12,448.9	1,175.0		13,623.9
Equity:									
Parent’s equity ....	2,416.3	853.0	3,269.3	(53.2)	(2)	3,329.6	(1,475.0)	(8)	1,854.6
				113.5	(3)				
Total equity .....	2,416.3	853.0	3,269.3	60.3		3,329.6	(1,475.0)		1,854.6
Total liabilities and equity .....	€3,922.9	€4,998.3	€8,921.2	€6,857.3		€15,778.5	€(300.0)		€15,478.5

**ZIGGO GROUP HOLDING B.V.**  
**UNAUDITED CONDENSED PRO FORMA COMBINED STATEMENT OF OPERATIONS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2014**

	Historical			Pro forma			
	UPC Nederla nd	Ziggo Holdco	Combined historical	Pro forma adjustments for Initial Transactions	As adjusted for Initial Transaction s	Pro forma adjustments for New Financing Transactions	As adjusted for the Transactions
				in millions			
Revenue .....	€690.4	€ 1,211.2	€ 1,901.6	€ —	€ 1,901.6	€ —	€ 1,901.6
Operating, selling, general and administrative expenses (other than depreciation and amortization) (including stock- based compensation) ....	291.3	552.9	844.2	—	844.2	—	844.2
Related-party fees and allocations....	65.7	—	65.7	—	65.7	—	65.7
Depreciation and amortization ...	137.9	355.1	493.0	133.9 49.4	(9) (10) 676.3	—	676.3
Impairment, restructuring and other operating items, net .....	—	8.8	8.8	—	8.8	—	8.8
Operating income ..	195.5	294.4	489.9	(183.3)	306.6	—	306.6
Non-operating income (expense):							
Interest expense:							
Interest expense— third-party .....	(2.0)	(127.7)	(129.7)	91.6 (95.9) (1.1) 5.9	(11) (11) (11) (12) (129.2)	(82.7)	(16) (211.9)
Interest expense— related-party ....	(65.2)	—	(65.2)	(212.3) 60.4	(13) (14) (217.1)	37.4	(17) (179.7)
Interest income— related-party ...	97.6	0.3	97.9	(52.8)	(14) 45.1	—	45.1
Realized and unrealized losses on derivative instruments, net.....	—	(194.7)	(194.7)	—	(194.7)	—	(194.7)
Other expenses, net	—	(153.7)	(153.7)	(68.4)	(15) (222.1)	—	(222.1)
	30.4	(475.8)	(445.4)	(272.6)	(718.0)	(45.3)	(763.3)
Earnings (loss) from continuing operations before income taxes .....	225.9	(181.4)	44.5	(455.9)	(411.4)	(45.3)	(456.7)
Income tax benefit (expense) .....	(58.1)	62.7	4.6	61.0	(18) 65.6	20.7	(18) 86.3
Earnings (loss) from continuing operations .....	€167.8	€118.7	€49.1	€394.9	€345.8	€24.6	€370.4

**ZIGGO GROUP HOLDING B.V.**  
**UNAUDITED CONDENSED PRO FORMA COMBINED STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2013**

	Historical			Pro forma				
	UPC Nederlan d	Ziggo Holdco	Combined historical	Pro forma adjustments for Initial Transactions		As adjusted for Initial Transactions	Pro forma adjustments for New Financing Transactions	As adjusted for the Transaction s
				in millions				
Revenue.....	€935.3	€1,568.2	€ 2,503.5	€ —		€ 2,503.5	€—	€2,503.5
Operating costs and expenses:								
Operating, selling, general and administrative expenses (other than depreciation and amortization) (including stock-based compensation) .....	394.7	698.2	1,092.9	—		1,092.9	—	1,092.9
Related-party fees and allocations ..	84.3	—	84.3	—		84.3	—	84.3
Depreciation and amortization .....	176.2	444.7	620.9	178.5	(9)	865.3	—	865.3
				65.9	(10)		—	
Impairment, restructuring and other operating items, net .....	1.1	—	1.1	—		1.1	—	1.1
Operating income .....	279.0	425.3	704.3	(244.4)		459.9	—	459.9
Non-operating income (expense):								
Interest expense:								
Interest expense—third-party .....	—	(176.5)	(176.5)	177.1	(11)	(170.9)	(110.3)	(16) (281.2)
				(180.5)	(11)			
				(1.4)	(11)			
				10.4	(12)			
Interest expense—related-party .....	(91.7)	—	(91.7)	(283.1)	(13)	(286.2)	49.9	(17) (236.3)
				88.6	(14)			
Interest income—related-party .....	110.0	1.0	111.0	(77.8)	(14)	33.2	—	33.2
Realized and unrealized losses on derivative instruments, net .....	—	(5.2)	(5.2)	—		(5.2)	—	(5.2)
Other income (expense), net .....	(0.3)	(51.8)	(52.1)	75.3	(15)	23.2	—	23.2
	18.0	(232.5)	(214.5)	(191.4)		(405.9)	(60.4)	(466.3)
Earnings (loss) from continuing operations before income taxes .....	297.0	192.8	489.8	(435.8)		54.0	(60.4)	(6.4)
Income tax benefit (expense) .....	(77.6)	16.5	(61.1)	38.2	(18)	(22.9)	27.6	(18) 4.7
Earnings (loss) from continuing operations .....	€ 219	€ 209.3	€ 428.7	€ (397.6)		€ 31.1	€ (32.8)	€(1.7)



**ZIGGO GROUP HOLDING B.V.**  
**Notes to Unaudited Condensed Pro Forma Combined Financial Statements**  
**September 30, 2014**

- (1) Represents the estimated cash consideration of €1,836.4 million to be paid in connection with the Ziggo Acquisition. For additional information regarding how we determined the estimated cash consideration, see the headnote to these unaudited condensed pro forma combined financial statements.
- (2) Represents the cash paid for the estimated direct acquisition costs associated with the Ziggo Acquisition of €70.9 million that were incurred by Ziggo Holdco and its subsidiaries or by other subsidiaries of Ziggo Group Holding. These estimated direct acquisition costs are reflected as a decrease in cash and cash equivalents and a direct reduction of parent's equity, net of an assumed tax benefit of €17.7 million based on the application of a 25.0% Dutch statutory rate. For purposes of these unaudited condensed pro forma combined financial statements, we have assumed that 100% of these costs will be deductible for tax purposes. Due to their nonrecurring nature, the estimated direct acquisition costs have not been reflected in the accompanying unaudited condensed pro forma combined statements of operations.
- (3) Represents an increase in parent's equity resulting from the push-down of the equity consideration paid by Liberty Global and its subsidiaries in connection with the Ziggo Acquisition and the fair value of Liberty Global's pre-existing investment in Ziggo Holdco, less the related-party loans, as set forth below (in millions):

Total equity consideration (a) .....	€ 4,478.7
Fair value of pre-existing investment in Ziggo Holdco (b) .....	1,645.0
Share Issuance Related-Party Loan .....	(4,478.7)
Ziggo Shares Related-Party Loans .....	(678.5)
Historical equity of Ziggo Holdco .....	(853.0)
Estimated increase in parent's equity .....	<u>€ 113.5</u>

- (a) For additional information regarding how we determined the estimated equity consideration, see the headnote to these unaudited condensed pro forma combined financial statements.
- (b) Represents the fair value of the 41.3 million shares of Ziggo Holdco held by Liberty Global immediately prior to the Ziggo Acquisition, which excludes the 15.7 million shares previously owned by Liberty Global that were used to settle an equity collar derivative instrument prior to the Ziggo Acquisition.
- (4) Represents the application of acquisition accounting which will be pushed down to Ziggo Holdco's financial statements in connection with the Ziggo Acquisition. For purposes of these unaudited condensed pro forma combined financial statements, it has been assumed that, with the exception of the preliminary fair value adjustments reflected in the table below, the historical cost bases of Ziggo Holdco's existing assets and liabilities approximate their fair value. The details of the preliminary acquisition accounting are set forth below (in millions):

Total consideration .....	€ 7,960.1
Historical equity of Ziggo Holdco .....	<u>853.0</u>
Preliminary fair value adjustments to existing Ziggo Holdco carrying values:	
Customer relationships intangible asset (a) .....	2,142.0
Property and equipment, net (b) .....	593.3
Tradename indefinite-lived intangible asset (c) .....	60.0
Long-term debt and capital lease obligations (d) .....	(45.1)
Elimination of deferred financing costs (e) .....	(74.5)
Deferred tax adjustments (f) .....	(668.9)
Total fair value adjustments .....	<u>2,006.8</u>
Estimated incremental increase to goodwill .....	<u>€ 5,100.3</u>

- (a) Represents the preliminary estimate of the fair value adjustment to Ziggo Holdco's customer relationship intangible assets.
- (b) Represents the preliminary estimate of the fair value adjustment to Ziggo Holdco's property and equipment, net.

- (c) Represents the preliminary fair value estimate of the indefinite-lived intangible asset associated with Ziggo Holdco's tradename.
- (d) Represents preliminary fair value adjustments associated with Ziggo Holdco's existing Facility B1, Facility B2, Facility B3, the Existing 2020 Senior Secured Notes and the 2018 Senior Notes that were automatically exchanged into Existing 2024 Senior Notes or repaid subsequent to November 11, 2014. These fair value adjustments are based on market conditions in effect as of November 11, 2014. The fair value adjustment for the 2018 Senior Notes includes €18.6 million of call premiums incurred after the Ziggo Acquisition in connection with the redemption of the 8% Unsecured Senior Notes that were not exchanged.
- (e) Represents the elimination in acquisition accounting of (i) Ziggo Holdco's deferred financing costs as of September 30, 2014 and (ii) the €29.5 million of deferred financing costs for exchange premiums paid by Ziggo Holdco after September 30, 2014, but before the Ziggo Acquisition, related to the Exchanged 2018 Senior Notes.
- (f) Represents the deferred tax impacts associated with the incremental differences in book and tax bases created from the preliminary application of acquisition accounting based on a 25.0% Dutch statutory rate.

The final allocation of the purchase price will be based upon appraisals and may differ from the preliminary allocation reflected herein. Finalization of the valuation process will likely lead to changes in property and equipment, customer relationships, tradename, goodwill and income taxes. To the extent that additional consideration is allocated to assets with finite lives, the final allocation of the purchase price could result in additional depreciation and/or amortization expense that in turn would result in lower operating income and earnings from continuing operations. For example, a €100.0 million increase in the value allocated to property and equipment with an average remaining estimated useful life of ten years would result in additional annual depreciation expense of €10.0 million.

- (5) Represents the decrease in loans receivable—related-party and long-term debt and capital lease obligations—related-party of €1,024.6 million attributable to the settlement of the Existing Related-Party Loans in connection with the Reorganization Transactions. The Existing Related-Party Loans will be settled on a net basis, such that there is no impact to the cash and cash equivalents balance included in these unaudited condensed pro forma combined financial statements.
- (6) Represents the assumed net impact of the Acquisition Financing Transactions, as further described in the headnote to these unaudited condensed pro forma combined financial statements. The Acquisition Financing Transactions include drawings on Ziggo Holdco's Facility B2, Facility B3 and Facility B4, the issuance of the Existing 2024 Senior Notes in exchange for the Exchanged 2018 Senior Notes, as well as the payment of repurchase premiums and deferred financing costs from the Acquisition Financing Transactions that had not been paid as of September 30, 2014. For further information regarding the Acquisition Financing Transactions, see the headnote to these unaudited condensed pro forma combined financial statements.

The details of the assumed net increase to cash and cash equivalents and long-term debt and capital lease obligations—third-party related to the Acquisition Financing Transactions are set forth below (in millions):

Proceeds from Acquisition Financing Transactions (a):

Facility B2.....	€ 65.4
Facility B3.....	1,340.1
Facility B4.....	432.9
	<u>1,838.4</u>

Repayment of Ziggo's existing debt:

8% Unsecured Senior Notes (b) .....	<u>484.3</u>
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Net increase to long-term debt and capital lease obligations—third-party .....	1,354.1
Payment of deferred financing costs (c) .....	<u>39.7</u>
Net increase to cash and cash equivalents .....	<u>€ 1,314.4</u>

- (a) Represents the gross proceeds from Facility B2, Facility B3 and Facility B4, net of an original issue discount of 0.25% applicable to the facilities.
- (b) Amount includes €18.6 million of call premiums that were paid to redeem the 8% Unsecured Senior Notes.

- (c) Represents estimated deferred financing costs associated with (i) €10.2 million of fees for Facility B4 that were paid upon successful closing of the Acquisition Financing Transactions and (ii) €29.5 million of exchange premiums related to the Exchanged 2018 Senior Notes. The deferred financing costs associated with Facility B4 are reflected as an increase to other noncurrent assets, net, in the accompanying unaudited condensed pro forma combined balance sheet. The deferred financing costs associated with the Exchanged 2018 Senior Notes were eliminated in acquisition accounting as described in note 4.
- (7) Represents proceeds from the Acquisition Related-Party Loans of €614.0 million from a subsidiary of Liberty Global that were used together with the proceeds of Ziggo Holdco's Facility B2, Facility B3 and Facility B4, as well as the issuance of the Existing 2024 Senior Notes, to repay or refinance Ziggo Holdco's existing 2018 Senior Notes and to pay cash consideration in the Ziggo Acquisition.
- (8) Represents the assumed net impacts of the New Financing Transactions, which are further described in the headnote to these unaudited condensed pro forma combined financial statements, as set forth below (in millions):

Proceeds from the New Financing Transactions:

New Senior Secured Debt (a).....	€ 1,475.0
New Senior Notes (b).....	730.0
	<u>2,205.0</u>
Excess cash of Ziggo Group Holding (c).....	330.0
	<u>2,535.0</u>
Reduction of equity from cashless rollover of debt from UPC Broadband Holding (a).....	(1,475.0)
Payment of deferred financing costs (d).....	(30.0)
	<u>€ 1,030.0</u>

- (a) Represents the estimated gross principal amount of the SPV Term Loans assumed to be issued by Ziggo Group Holding via a cashless rollover of senior secured term loans of UPC Broadband Holding. As no cash will be received by Ziggo Group Holding in connection with the issuance of the SPV Term Loans, the issuance of these loans will be treated as an equity distribution, and accordingly, will result in a direct reduction of parent's equity of Ziggo Group Holding. As further discussed in the headnote to these unaudited condensed pro forma combined financial statements, to the extent that the principal amount of the issued SPV Term Loans falls short of €1,475.0 million, Notes will be issued in principal amounts sufficient to result in total New Senior Secured Debt of €1,475.0 million. To the extent Notes are issued instead of SPV Term Loans, the resulting cash proceeds would be applied to repay a portion of the Share Issuance Related-Party Loan and, accordingly, the reduction of parent's equity would be lower by a corresponding amount. The principal amounts of the SPV Term Loans and Notes that ultimately will be issued will be dependent on market conditions and other factors.
- (b) Represents the estimated gross proceeds from the New Senior Notes as further discussed in the headnote to these unaudited condensed pro forma combined financial statements.
- (c) Represents excess cash at Ziggo Group Holding that will applied to repay a portion of the Share Issuance Related-Party Loan to reduce the cash and cash equivalents held by Ziggo Group Holding to an amount representative of its ongoing working capital requirements. To the extent that the principal amount of the New Senior Secured Debt includes Notes instead of the SPV Term Loans, the amount of the cash repayment will be increased and the resulting balance of the Share Issuance Related-Party Loan will be decreased by a corresponding amount. To the extent that the principal amount of the Share Issuance Related-Party Loan is decreased, we would record corresponding decreases to interest expense—related-party. For additional information, see note 15.
- (d) Represents the assumed amount of deferred financing costs to be incurred in connection with the issuance of €1,475.0 million principal amount of New Senior Secured Debt and €730.0 million principal amount of New Senior Notes.
- (9) Represents incremental amortization of €133.9 million and €178.5 million for the nine months ended September 30, 2014 and the year ended December 31, 2013, respectively, to reflect amortization of the €2,142.0 million increase to Ziggo Holdco's customer relationships intangible asset as a result of the application of acquisition accounting. The amortization is computed on a straight-line basis using a weighted average estimated useful life of 12 years. An increase (decrease) in the estimated fair value allocated to the

customer relationships intangible assets of €200.0 million would result in higher (lower) annual amortization expense of €16.7 million. An increase in the estimated useful life used to amortize the acquisition accounting adjustment to customer relationships intangible assets of one year would result in lower annual amortization expense of €13.7 million, while a decrease of one year would result in higher annual amortization expense of €16.2 million.

- (10) Represents incremental depreciation of €49.4 million and €55.9 million for the nine months ended September 30, 2014 and the year ended December 31, 2013, respectively, to reflect depreciation of the €93.3 million increase to Ziggo Holdco's property and equipment, net, as a result of the application of acquisition accounting. The depreciation is computed on a straight-line basis using an estimated weighted average useful life of nine years. An increase (decrease) in the estimated fair value allocated to property and equipment, net, of €100.0 million would result in higher (lower) annual depreciation expense of €1.1 million. An increase in the estimated weighted average useful life used to amortize the acquisition accounting adjustment to property and equipment, net, of one year would result in lower annual depreciation expense of €6.6 million, while a decrease of one year would result in higher annual depreciation expense of €8.2 million.
- (11) Represents the assumed net increase in interest expense—third-party resulting from the Acquisition Financing Transactions as set forth below:

	Nine months ended September 30, 2014	Year ended December 31, 2013
	in millions	
Assumed incremental increase in interest expense — third-party associated with the Acquisition Financing Transactions (a):		
Facility B1 .....	€ 6.8	€ 41.5
Facility B2 .....	5.3	26.8
Facility B3 .....	32.7	44.0
Facility B4 .....	11.4	15.2
Existing 2024 Senior Notes .....	39.7	53.0
	<u>95.9</u>	<u>180.5</u>
Assumed decrease in interest expense—third-party associated with Ziggo Holdco's financing structure prior to the Acquisition Financing Transactions:		
8% Unsecured Senior Notes .....	(27.9)	(96.7)
Exchanged 2018 Senior Notes .....	(44.6)	—
2017 Senior Secured Notes .....	(8.2)	(46.0)
Existing 2020 Senior Secured Notes .....	(3.8)	(18.1)
Credit facilities and other .....	(7.1)	(16.3)
	<u>(91.6)</u>	<u>(177.1)</u>
Increase associated with amortization of deferred financing costs (b) .....	1.1	1.4
Assumed net increase to interest expense—third-party associated with the Acquisition Financing Transactions .....	<u>€ 5.4</u>	<u>€ 4.8</u>

- (a) Interest expense on borrowings under Facility B1, Facility B2, Facility B3, and Facility B4 accrues at floating rates. The pro forma adjustment to reflect interest expense on Facility B1, Facility B2, Facility B3, and Facility B4 is based on the average actual interest rate of 3.50% for the euro-denominated facilities and 3.25% for the U.S. dollar-denominated facilities as of September 30, 2014. A change in the interest rate of 0.125% on these facilities would result in a corresponding change to annual interest expense of €4.7 million.
- (b) Represents amortization of the €10.2 million of deferred financing costs incurred in connection with the Acquisition Financing Transactions. Deferred financing costs are amortized over the term of the related debt on a straight-line basis, which approximates the effective interest method.
- (12) Represents the estimated impact on acquisition accounting on interest expense—third-party as set forth below:

	Nine months ended September 30, 2014	Year ended December 31, 2013
	in millions	
Amortization of debt premium on long-term debt (a).....	€ 1.0	€ 1.3
Elimination of amortization of deferred financing costs (b).....	4.9	9.1
Total estimated decrease to interest expense—third-party .....	€ 5.9	€ 10.4

- (a) Represents amortization of the €24.7 million net premium that is assumed to be recorded in acquisition accounting to reflect Facility B1, Facility B2, Facility B3, the Existing 2020 Senior Secured Notes, and the Existing 2024 Senior Notes at their estimated fair values. The debt premiums (discounts) are amortized over the term of the related debt instruments on a straight-line basis, which approximates the effective interest method.
- (b) Represents the amortization of deferred financing costs reflected in Ziggo Holdco's historical results of operations for the respective periods. Such deferred financing costs will be eliminated in acquisition accounting.
- (13) Represents the assumed increases in interest expense—related-party to reflect interest expense on the Share Issuance Related-Party Loan, the Ziggo Shares Related-Party Loans and the Acquisition Related-Party Loans. The details of the adjustments, which were calculated using the annual interest rates of 4.84% for the Share Issuance Related-Party Loan and 5.13% for the Ziggo Shares Related-Party Loans and the Acquisition Related-Party Loans that were in effect upon issuance of the loans, are set forth below:

	Nine months ended September 30, 2014	Year ended December 31, 2013
	in millions	
Assumed incremental increase in interest expense—related-party associated with:		
Share Issuance Related-Party Loan.....	€ 162.6	€ 216.8
Ziggo Shares Related-Party Loans.....	26.1	34.8
Acquisition Related-Party Loans .....	23.6	31.5
Total estimated increase to interest expense—related-party.....	€ 212.3	€ 283.1

- (14) Represents the assumed decreases in interest expense—related-party and interest income—related-party resulting from the settlement of the Existing Related-Party Loans in connection with the Reorganization Transactions as set forth below:

	Nine months ended September 30, 2014	Year ended December 31, 2013
	in millions	
Decrease in interest expense—related-party resulting from the settlement of the Existing Related-Party Loans .....	€ 60.4	€ 88.6
Decrease in interest income—related-party resulting from the settlement of the Existing Related-Party Loans .....	€ 52.8	€ 77.8

- (15) Represents foreign currency transaction gains (losses) that are included in other income (expense), net. Pursuant to the Acquisition Financing Transactions, Dollar Facility B1, Dollar Facility B2 and Dollar Facility B3 became obligations of Ziggo Holdco, with the euro as its functional currency. Assuming Dollar Facility B1, Dollar Facility B2 and Dollar Facility B3 were obligations of Ziggo Holdco effective January 1, 2013, we would have recognized incremental foreign currency gains (losses) of (€68.4 million) and €75.3 million for the nine months ended September 30, 2014 and the year ended December 31, 2013, respectively, in connection with the remeasurement of these notes into the euro.
- (16) Represents the assumed net increases in interest expense—third-party resulting from the New Financing Transactions as set forth below:

	Nine months ended September 30, 2014	Year ended December 31, 2013
	in millions	
Assumed interest expense—third-party associated with the New Financing Transactions (a):		
New Senior Secured Debt .....	€ 49.8	€ 66.4
New Senior Notes .....	30.1	40.1
	79.9	106.5
Increase associated with amortization of deferred financing costs (b) .....	2.8	3.8
Assumed increase to interest expense—third-party associated with the New Financing Transactions .....	€ 82.7	€ 110.3

- (a) Represents an increase to interest expense—third-party based upon the assumption that upon finalization of the New Financing Transactions, Ziggo Group Holding and its consolidated subsidiaries will have issued €1,475.0 million of SPV Term Loans with a weighted-average interest rate of 4.5% and €730.0 million of New Senior Notes with a fixed interest rate of 5.5%. A change in the weighted-average interest rate of 0.125% on the New Senior Secured Debt and the New Senior Notes would result in an aggregate change to annual interest expense of €2.8 million.
- (b) Represents the amortization of the assumed amount of deferred financing costs to be incurred in connection with the issuance of €1,475.0 million principal amount of New Senior Secured Debt and €730.0 million principal amount of New Senior Notes. Deferred financing costs are amortized over the term of the related debt on a straight-line basis, which approximates the effective interest method.
- (17) Represents the decreases to interest expense—related party that result from the utilization of the proceeds from the New Financing Transactions to fund the repayment of a portion of the Share Issuance Related-Party Loan as further described in note 7. The decreases to interest expense—related party are set forth below:

	Nine months ended September 30, 2014	Year ended December 31, 2013
	in millions	
Decreases in interest expense—related party .....	€ 37.4	€ 49.9

- (18) The income tax impacts of the pro forma adjustments have been computed based on a Dutch statutory tax rate of 25.0%. We have not assumed any tax deductions for the pro forma adjustments to interest expense—related-party attributable to the Share Issuance Related-Party Loan, the Ziggo Shares Related-Party Loans and the Acquisition Related-Party Loans for purposes of these unaudited condensed pro forma combined financial statements.

## SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF ZIGGO BONDCO

The tables below set out selected financial data of Ziggo Bondco for the indicated periods. The selected condensed consolidated historical financial information as of September 30, 2014 and December 31, 2013 and 2012 and for the nine months ended September 30, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011 presented below is derived from the Ziggo Bondco September 30, 2014 Interim Condensed Consolidated Financial Statements, the Ziggo Bondco December 31, 2013 Consolidated Financial Statements, the Ziggo Bondco December 31, 2012 Consolidated Financial Statements and the Ziggo Bondco December 31, 2011 Consolidated Financial Statements included in this Offering Memorandum.

The Ziggo Bondco consolidated financial statements included in this Offering Memorandum have been prepared in accordance with EU IFRS and Part 9 of Book 2 of the Dutch Civil Code. The Ziggo Bondco consolidated interim financial statements included in this Offering Memorandum have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’. The following information should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of Ziggo Bondco*” and the Ziggo Bondco September 30, 2014 Interim Condensed Consolidated Financial Statements, the Ziggo Bondco December 31, 2013 Consolidated Financial Statements, the Ziggo Bondco December 31, 2012 Consolidated Financial Statements and the Ziggo Bondco December 31, 2011 Consolidated Financial Statements. Ziggo Bondco’s historical results do not necessarily indicate results that may be expected for any future period.

Ziggo Bondco’s ultimate parent is Liberty Global.

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011
	in millions				
<b>Consolidated Statements of Income Data:</b>					
Revenues .....	€ 1,202.0	€ 1,170.9	€ 1,564.8	€ 1,536.9	€ 1,478.2
Cost of goods sold.....	213.0	217.0	289.1	294.4	291.1
Personnel expenses .....	151.1	139.3	189.0	187.4	175.6
Contracted work.....	59.4	40.4	57.5	50.9	51.2
Materials & logistics .....	2.0	2.0	3.0	3.8	6.0
Marketing & sales .....	63.4	61.0	76.9	60.5	68.5
Office expenses.....	43.2	40.2	53.4	53.9	49.6
Other operating expenses .....	7.7	6.6	8.2	5.1	1.7
Amortisation and impairments .....	82.5	18.3	24.1	28.4	79.9
Depreciation and impairments .....	211.5	187.2	253.1	250.7	268.0
Total operating expenses.....	833.8	712.0	954.3	935.1	991.6
Operating income.....	368.2	458.9	610.5	601.8	486.6
Net financial expense .....	(470.2)	(173.3)	(222.3)	(232.7)	(248.3)
Result before income taxes .....	(102.0)	285.6	388.2	369.1	238.3
Net result of joint ventures and associates (after tax) .....	(5.5)	(4.9)	(9.1)	(9.4)	(0.1)
Income tax benefit (expense) .....	44.2	(11.4)	(30.1)	(92.3)	(59.9)
Net result for the period .....	(63.3)	269.3	349.0	267.4	178.3
Net result attributable to equity holders .....	€ (63.3)	€ 269.3	€ 349.0	€ 267.4	€ 178.3
			September 30, 2014	December 31, 2013	December 31, 2012
			in millions		
<b>Consolidated Balance Sheet Data:</b>					
Cash and cash equivalents .....	€	339.7	€	77.2	€ 92.4
Total assets .....	€	5,469.5	€	5,180.8	€ 5,051.3

		September 30, 2014	December 31, 2013      2012	
			in millions	
Total current liabilities: (excluding current portion of debt and finance lease obligations) .....	€	510.3	€ 407.9	€ 521.9
Total interest-bearing loans and financial lease obligations .....	€	3,256.3	€ 3,074.3	€ 2,943.8
Total liabilities .....	€	4,290.3	€ 3,939.2	€ 3,960.1
Total equity .....	€	1,179.2	€ 1,241.6	€ 1,091.2

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011
	in millions				
<b>Consolidated Cash Flow Data:</b>					
Cash provided by operating activities .....	€ 683.8	€ 491.6	€ 667.6	€ 974.0	€ 819.9
Cash used by investing activities .....	€ (290.2)	€ (269.6)	€ (366.1)	€ (292.3)	€ (249.8)
Cash used by financing activities .....	€ (131.1)	€ (209.3)	€ (316.7)	€ (701.9)	€ (524.4)

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011
	in millions, except percentages				
<b>Summary Operating Data:</b>					
Revenue .....	€ 1,202.0	€ 1,170.9	€ 1,564.8	€ 1,536.9	€ 1,478.2
Adjusted EBITDA (a) .....	€ 668.3	€ 664.4	€ 887.7	€ 880.9	€ 834.5
Adjusted EBITDA margin .....	55.6%	56.7%	56.7%	57.3%	56.5%
Property, equipment and intangible asset additions .....	€ 228.9	€ 207.0	€ 355.3	€ 290.5	€ 253.0
Property, equipment and intangible asset additions .....	19.0	17.7			
additions as % of revenue .....	%	%	22.7%	18.9%	17.1%

- (a) Adjusted EBITDA refers to EBITDA adjusted to eliminate the effects of operating expenses incurred in connection with the acquisition of Ziggo Holdco by Liberty Global, which amounted to €6.1 million and nil for the nine months ended September 30, 2014 and September 30, 2013, respectively, and nil for the years ended December 31, 2013, 2012 and 2011. EBITDA represents operating income plus depreciation and amortization. For additional information, see “*Presentation of Financial and Other Information*”. A reconciliation of Adjusted EBITDA to net result for the period is as follows:

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011
	in millions				
Adjusted EBITDA .....	€ 668.3	€ 664.4	€ 887.7	€ 880.9	€ 834.5
Acquisition-related costs .....	(6.1)	—	—	—	—
EBITDA .....	662.2	664.4	887.7	880.9	834.5
Amortisation and impairments .....	(82.5)	(18.3)	(24.1)	(28.4)	(79.9)
Depreciation and impairments .....	(211.5)	(187.2)	(253.1)	(250.7)	(268.0)
Operating income .....	368.2	458.9	610.5	601.8	486.6
Net financial expense .....	(470.2)	(173.3)	(222.3)	(232.7)	(248.3)
Result before income taxes .....	(102.0)	285.6	388.2	369.1	238.3
Net result of joint ventures and associates (after tax) .....	(5.5)	(4.9)	(9.1)	(9.4)	(0.1)
Income tax benefit (expense) .....	44.2	(11.4)	(30.1)	(92.3)	(59.9)
Net result for the period .....	€ (63.3)	€ 269.3	€ 349.0	€ 267.4	€ 178.3



## SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF UPC NEDERLAND

The tables below set out selected financial data of UPC Nederland for the indicated periods. The selected condensed consolidated historical financial information as of September 30, 2014 and December 31, 2013 and 2012 and for the nine months ended September 30, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011 presented below is derived from the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements and the UPC Nederland December 31, 2013 Consolidated Financial Statements included in this Offering Memorandum.

The UPC Nederland consolidated financial statements included in this Offering Memorandum have been prepared in accordance with U.S. GAAP. The following information should be read in conjunction with “*Supplemental Discussion and Analysis of Certain Historical Financial Information and Results of Operations Of UPC Nederland*” and the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements and the UPC Nederland December 31, 2013 Consolidated Financial Statements. UPC Nederland’s historical results do not necessarily indicate results that may be expected for any future period.

UPC Nederland’s ultimate parent is Liberty Global.

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013	2012	2011
	in millions				
<b>Consolidated Statements of Operations Data:</b>					
Revenue .....	€ 690.4	€ 700.9	€ 935.3	€ 955.6	€ 914.9
Operating costs and expenses:					
Operating (other than depreciation and amortization) (including share-based compensation) .....	201.6	216.3	283.7	276.0	269.8
Selling, general and administrative (including share- based compensation) .....	89.7	82.5	111.0	108.1	103.8
Related-party fees and allocations, net .....	65.7	59.4	84.3	63.7	61.7
Depreciation and amortization .....	137.9	130.6	176.2	167.5	156.1
Impairment, restructuring and other operating items, net .....	—	(1.8)	1.1	1.6	0.7
	494.9	487.0	656.3	616.9	592.1
Operating income .....	195.5	213.9	279.0	338.7	322.8
Non-operating income (expense):					
Interest expense—third-party .....	(2.0)	(0.1)	(0.2)	(0.3)	(0.3)
Interest expense—related-party .....	(65.2)	(68.6)	(91.7)	(100.1)	(30.0)
Interest income—related-party .....	97.6	80.6	110.0	87.4	4.3
Other income (expense), net .....	—	—	(0.1)	0.3	0.1
	30.4	11.9	18.0	(12.7)	(25.9)
Earnings before income taxes .....	225.9	225.8	297.0	326.0	296.9
Income tax expense .....	(58.1)	(58.8)	(77.6)	(83.1)	(75.2)
Net earnings .....	€ 167.8	€ 167.0	€ 219.4	€ 242.9	€ 221.7

	September 30, 2014	December 31, <div>20132012</div>	
		in millions	
<b>Consolidated Balance Sheet Data:</b>			
Cash .....	€ 12.2	€ 0.9	€ 0.6
Total assets .....	€ 3,922.9	€ 3,618.5	€ 3,425.4
Total current liabilities (excluding current portion of debt and capital lease obligations) .....	€ 247.3	€ 275.1	€ 301.0

		September 30, 2014	December 31, 2013	December 31, 2012
			in millions	
Total debt and capital lease obligations .....	€	1,147.5	€ 1,111.8	€ 1,160.3
Total liabilities .....	€	1,506.6	€ 1,415.6	€ 1,486.8
Total equity .....	€	2,416.3	€ 2,202.9	€ 1,938.6

		Nine months ended September 30,		For the year ended December 31,		
		2014	2013	2013	2012	2011
				in millions		
<b>Consolidated Cash Flow Data:</b>						
Cash provided by operating activities .....	€	325.7	€ 332.3	€ 476.5	€ 415.7	€ 175.0
Cash used by investing activities .....	€	(349.5)	€ (350.2)	€ (523.2)	€ (386.5)	€ (140.0)
Cash provided (used) by financing activities .....	€	35.1	€ 18.7	€ 47.0	€ (30.8)	€ (33.9)

		Nine months ended September 30,		For the year ended December 31,		
		2014	2013	2013	2012	2011
				in millions, except percentages		
<b>Summary Operating Data:</b>						
Revenue .....	€	690.4	€ 700.9	€ 935.3	€ 955.6	€ 914.9
OCF (a) .....	€	400.0	€ 403.0	€ 541.9	€ 572.6	€ 542.3
OCF margin .....		57.9	57.5			
		%	%	57.9%	59.9%	59.3%
Property and equipment additions .....	€	106.0	€ 139.5	€ 183.7	€ 172.7	€ 166.6
Property and equipment additions as % of revenue .....		15.4%	19.9%	19.6%	18.1%	18.2%

- (a) OCF is the primary measure used by UPC Nederland's management to evaluate UPC Nederland's performance. OCF is also a key factor that is used by UPC Nederland's internal decision makers to evaluate the effectiveness of UPC Nederland's management for purposes of annual and other incentive compensation plans. As UPC Nederland uses the term, OCF is revenue less operating and selling, general and administrative expenses (excluding share-based compensation, related-party fees and allocations, depreciation and amortization and impairment, restructuring and other operating items). Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. For additional information, see "Presentation of Financial and Other Information". A reconciliation of OCF to net earnings is as follows:

		Nine months ended September 30,		For the year ended December 31,		
		2014	2013	2013	2012	2011
				in millions		
OCF .....	€	400.0	€ 403.0	€ 541.9	€ 572.6	€ 542.3
Depreciation and amortization .....		(137.9)	(130.6)	(176.2)	(167.5)	(156.1)
Impairment, restructuring and other operating items, net .....		—	1.8	(1.1)	(1.6)	(0.7)
Share-based compensation .....		(0.9)	(0.9)	(1.3)	(1.1)	(1.0)
Related-party fees and allocations, net .....		(65.7)	(59.4)	(84.3)	(63.7)	(61.7)
Operating income .....		195.5	213.9	279.0	338.7	322.8
Interest expense—third-party .....		(2.0)	(0.1)	(0.2)	(0.3)	(0.3)
Interest expense—related-party .....		(65.2)	(68.6)	(91.7)	(100.1)	(30.0)
Interest income—related-party .....		97.6	80.6	110.0	87.4	4.3
Other income (expense), net .....		—	—	(0.1)	0.3	0.1

	Nine months ended September 30,		For the year ended December 31,		
	2014	2013	2013 in millions	2012	2011
	30.4	11.9	18.0	(12.7)	(25.9)
Earnings before income taxes .....	225.9	225.8	297.0	326.0	296.9
Income tax expense .....	(58.1)	(58.8)	(77.6)	(83.1)	(75.2)
Net earnings.....	€ 167.8	€ 167.0	€ 219.4	€ 242.9	€ 221.7

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

*The following discussion and analysis, which should be read in conjunction with the Ziggo Bondco September 30, 2014 Interim Condensed Consolidated Financial Statements, the Ziggo Bondco December 31, 2013 Consolidated Financial Statements, the Ziggo Bondco December 31, 2012 Consolidated Financial Statements and the Ziggo Bondco December 31, 2011 Consolidated Financial Statements, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations.*

*In the foregoing text, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to Ziggo Bondco or collectively to Ziggo Bondco and its subsidiaries. Unless otherwise indicated, operating and statistical data, including subscriber statistics and product offerings, are as of September 30, 2014 and are based on Ziggo Bondco’s methodologies prior to the Ziggo Acquisition and do not reflect any changes to such methodologies as a result of implementing Liberty Global’s policies following the Ziggo Acquisition.*

### **Overview**

On November 22, 2014, we became a subsidiary of Liberty Global. We provide video, broadband internet, fixed-line telephony and mobile services to consumers and businesses in The Netherlands. As at September 30, 2014, our network covered an estimated 55% of the country by homes passed. A cornerstone of our strategy is to offer a combination of services in packages, in particular our triple-play offering, the “All-in-1” bundle, which offers subscribers the convenience of receiving video, broadband internet and telephony services from us at a lower price when compared to three individual service subscriptions.

Our high penetration of homes passed with standard TV allows us to market our other services directly to our subscribers and supports our strong market positions. Standard TV subscribers includes basic analog subscribers (including access to 25 analog TV channels) and subscribers who have installed digital receivers and activated a smart card, who have access to 60 digital TV channels (including 20 HD channels). Our residential broadband internet services subscribers generally access the internet via cable modems connected to their personal computers at various download speeds ranging up to 180 Mbps, depending on the tier of service selected. We determine pricing for each tier of broadband internet service through analysis of speed, market conditions and other factors. On September 16, 2013, we launched our mobile voice and data service: Ziggo Mobile. We offer three SIM only subscription options for consumers and three for business clients.

### **Key Factors Affecting Our Businesses and Results of Operations**

Our operations and the operating metrics discussed below have been, and may continue to be, affected by certain key factors as well as certain historical events and actions. The key factors affecting our business and our results of operations include, in particular, our range of products and services, including digital TV pay services and higher broadband internet access speeds, changes in our pricing, subscriber churn, our cost structure, network upgrades and maintenance and regulation. Each of these factors is discussed in more detail below.

### **Products and Services**

We offer subscribers within our service area standard TV, digital pay TV, broadband internet, mobile and fixed-line telephony services. We frequently upgrade our product offerings and service quality, including the increase of our broadband internet speeds in order to stay competitive and increase RGUs and ARPUs. In September 2013, we introduced mobile to our service offerings. However, our growth prospects could be impacted by an increased level of competition in the Dutch market and weakness in the Dutch economy. In particular, increased levels of unemployment and a weak housing market coupled with relatively high mortgages which we experienced in recent years, could have a negative impact on the spending patterns of consumers and small businesses.

#### ***All-in-1 Bundle***

As at September 30, 2014, 1.51 million subscribers in the consumer market, or 56.4% of our total subscribers, subscribed to our All-in-1 bundle, compared to 1.50 million subscribers in the consumer market, or 54.8% of our total subscribers, as at December 31, 2013, 1.40 million subscribers in the consumer market, or 49.1% of our total subscribers, as at December 31, 2012 and 1.26 million subscribers in the consumer market, or 42.3% of our total

subscribers, as at December 31, 2011. Our All-in-1 product has helped drive an increase in Internet RGUs, which increased by 98,000 RGUs, or 5.4%, between September 30, 2013 and September 30, 2014. In addition, subscribers to our bundled products generate higher ARPU on average than our other subscribers. The increase in bundle subscribers and the increase in revenues for internet and digital pay TV were the primary drivers of the increase in blended consumer ARPU, which increased from €36.72 for the year ended December 31, 2011 to €43.79 for the twelve months ended September 30, 2014.

### *Digital Pay TV Services*

We provide digital TV services, for no additional fee, to all of our subscribers who have activated a digital smart card. Such subscribers then have access to our digital pay TV services, which, depending on the service, can be utilized through subscriptions or on an on-demand basis through either VoD or pay-per-event. While a customer had to have an interactive receiver in order to use our VoD service, the introduction of pay-per-event offerings in the second quarter of 2011 enabled customers to order a single match from the Dutch, Spanish or English premier football leagues (the “Premier Leagues”) without the need for an interactive receiver. The percentage of our total subscribers who have activated a smart card has steadily increased over the past several years, from 73.7% as at December 31, 2011 to 84.7% as at December 31, 2013 and to 87.1% as at September 30, 2014. From December 31, 2011 to September 30, 2014, the percentage of total subscribers who have purchased digital pay TV subscriptions has decreased from 31.4% to 29.7%. The number of subscribers possessing an interactive receiver has increased from 235,000 subscribers at the end of 2011 to almost 604,000 subscribers at September 30, 2014. Because digital pay TV subscriptions can be cancelled each month, we may see periodic changes as a result of the start and the end of the football season and as a result of campaigns in which digital pay TV packages are offered with free-view periods or discounts during the first months of use. Digital pay TV services are lower gross margin services than some of our other products and services. Digital pay TV ARPU increased from €13.71 in the year ended December 31, 2011 to €14.97 in the year ended December 31, 2012, to €16.04 in the year ended December 31, 2013 and to €16.44 in the twelve months ended September 30, 2014.

During 2012, 2013 and the nine months ended September 30, 2014, we experienced a year-on-year increase in on-demand transactions. This increase resulted from three factors: (i) a new TV offering launched in September 2011 which provides all of our digital TV customers with access to our library of films and series; (ii) our introduction of a pay-per-event offering in the second quarter of 2011 which enables our customers to order a single match from the Dutch, Spanish or English Premier Leagues without the need for an interactive set-top box or an additional subscription to digital pay TV; and (iii) the increase in the total number of our subscribers who have used interactive services through an interactive set-top box in the last 30 days to almost 604,000 subscribers as at September 30, 2014, as compared to 566,000 such subscribers as at December 31, 2013, 359,000 such subscribers as at December 31, 2012 and 235,000 such subscribers as at December 31, 2011.

Due to our high level of penetration of standard TV services (we served approximately 63.5% of our homes passed (excluding third party networks) as at September 30, 2014), increasing our revenues is dependent upon increasing our revenue per subscriber through the offer of additional and enhanced services rather than increasing penetration of standard TV. Since the beginning of 2011, our standard TV subscribers have fallen from 2.9 million to 2.6 million as at September 30, 2014. The general decline in the number of total standard TV subscribers is primarily attributable to a broader customer migration from analog to digital TV (digital TV is subject to greater competition), increased competition from IPTV providers and the increased availability of triple play options from competitors in a market which is rapidly developing towards triple play, as well as our own focus on higher value services such as digital pay TV and our All-in-1 bundle.

### **COGAS**

As of January 1, 2015, COGAS N.V., a partner network, has terminated the contract with Ziggo for the delivery of digital television, telephony and internet services over the network of COGAS N.V. This contract represents a revenue contribution of approximately €19 million and an EBITDA contribution of approximately €12 million in 2014.

### **Cost Structure**

A majority of our cost elements, such as a portion of our network operations, customer care, billing and administration costs, is relatively fixed, while a portion of our marketing and customer services costs are relatively

variable, and a part of cost of goods sold is variable, as these costs are related to our revenues. Our most significant costs include author rights, signal costs and royalties (distribution/license fees which we pay to several broadcasters in order to distribute their programs and content), interconnection fees, costs of materials sold to customers, costs for marketing and sales and payroll costs. As a result of our operating leverage and operational benefits, operating expenditures (excluding integration operating expenditures and depreciation and amortization) per RGU (excluding digital pay TV) has increased over the period from December 31, 2011 through December 31, 2013 at a compound rate of 2.3% compared to an increase in blended ARPU at a compound rate of 7.1% over the same period.

RGU acquisition costs include campaign costs, sales costs, costs of promotions and discounts during an introduction period for new subscribers and negative gross margins on set-top boxes, which are sold to subscribers as part of our campaigns to promote digital TV and All-in-1 bundles and encourage our subscribers to activate digital TV. As a result of increased competition in our markets, the costs of marketing, sales and promotions increased over the period from December 31, 2011 through December 31, 2013 at a compound annual rate of 5.9%.

One of our various new sales and subscriber retention campaigns introduced during the nine months ended September 30, 2014 includes an offer of an interactive recorder or receiver in combination with a one-year subscription contract. Currently, the interactive receivers and recorders included within such a one-year subscription contract are capitalized and depreciated over a period of two years. During the nine months ended September 30, 2014, we capitalized €21.1 million in relation to interactive recorders and receivers.

We do not produce our own content and are dependent on broadcasters and other content providers for programming. We pay distribution/license fees to several broadcasters in order to distribute their programs on our network. We generally pay such license fees on a per subscriber basis. Some broadcasters (local and regional commercial broadcasters and commercial radio) still pay a marginal transmission fee to Ziggo. We have signed agreements (or in some cases are in the process of renewing existing agreements) with large commercial broadcasters in the Netherlands under which we are to pay them for the right to distribute their content and are to receive new content rights, including high definition, video-on-demand and “TV Everywhere” rights. For on-demand content purchased by our subscribers, we generally pay a revenue share of the retail price, subject, for certain on-demand content, to fixed minimum guarantees. For packaged on-demand content we pay on a per-subscriber basis, sometimes with minimum guarantees. We clear third party copyrights with various copyright collection societies.

We also incur costs in procuring set-top boxes and other products (such as telephones and routers) that we sell or provide to our customers. Through various sales channels, we sell set-top boxes and other products directly to our subscribers. We accounted for the costs of set-top boxes and other products as cost of goods sold during the years ended December 31, 2011, 2012 and 2013, with such costs during these periods amounting to €56.4 million, €55.3 million and €37.5 million, respectively. In 2013, however, we began offering customers a choice in the duration of their contracts. For customers with a one-year contract or longer we capitalize the cost of set-top boxes and depreciate these boxes over a two-year period. The amount capitalized for set-top boxes during the nine months ended September 30, 2014 amounted to €21.1 million versus €8.5 million in the nine months ended September 30, 2013. For customers with a monthly contract, we account for the cost of set-top boxes as a cost of goods sold. These costs amounted to €8.4 million during the nine months ended September 30, 2014 versus €25.4 million in the nine months ended September 30, 2013. Our cost of goods sold is affected by the percentage of our subscribers that choose to purchase set-top boxes and other products directly from us rather than from independent retailers. The overall growth of our internet, telephony and business services had a positive impact on our gross margin during the years ended December 31, 2011, 2012 and 2013. In addition, during the nine months ended September 30, 2014, our gross margin improved as a result of higher gross margins on our internet, telephony and business services (excluding Esprit Telecom), with a lower negative margin contribution realized on the sale of set-top boxes. The lower negative margin contribution from the sale of set-top boxes was the result of a lower volume of set-top boxes recognized as sales (54,400 during the nine months ended September 30, 2014 versus 192,100 during the nine months ended September 30, 2013) at a lower negative margin contribution per set-top box. In addition, a relatively flat average sales price during the third quarter of 2014 compared to the third quarter of 2013 was more than offset by a lower average purchase price.

## ***Network***

Our ability to provide new high definition and on-demand digital TV services, broadband internet access at higher speeds and telephony services to subscribers depends in large part on our ability to upgrade and maintain our network and to reduce the number of analog channels to free up capacity.

We carefully monitor success based capital expenditures by applying strict investment return and payback criteria. For the year ended December 31, 2013, we incurred non-integration and non-acquisition capital expenditures of €342.6 million, compared to non-integration and non-acquisition capital expenditures of €279.7 million and €242.9 million during the years ended December 31, 2012 and 2011, respectively. For the nine months ended September 30, 2014, we incurred non-integration and non-acquisition capital expenditures of €282.5 million, compared to non-integration and non-acquisition capital expenditures of €246.5 million for the nine months ended September 30, 2013. The increase in capital expenditures since 2011 is in large part attributable to an investment program which we started during the second half of 2011 to better position Ziggo to offer converged services, including mobility, TV Everywhere and, since converged services and mobility are individual services, to make changes to our business support systems to be able to move from supporting households to supporting individuals. In addition, since January 31, 2013, we have capitalized the costs of set-top boxes provided to new customers with a one-year subscription contract or to customers extending contracts by one year as part of our subscriber retention campaigns.

## ***Integration of Acquisitions***

The results of operations of an acquired business are reflected in our historical consolidated financial information only from the date of its acquisition. We did not make any significant acquisitions during the year ended December 31, 2012. On October 13, 2011, we acquired Breezz, a provider of telecom services for the Dutch SME market for a total cash consideration of €7.9 million. During the last three months of 2011, Breezz contributed €1.5 million in revenues and €0.5 million in EBITDA. During the year ended December 31, 2012, Breezz contributed €6.1 million in revenues and €2.2 million in EBITDA.

On May 1, 2013, we acquired Esprit Telecom, a leading provider of voice and data services for the SME market in the Netherlands. The acquisition includes Zoranet, an ICT service provider that focuses on the retail sector. During the year ended December 31, 2012, Esprit Telecom generated revenues of €5 million and a normalized EBITDA of approximately €5 million. The acquisition is valued at €18.3 million. From the date of acquisition, Esprit Telecom contributed €25.2 million in revenues and €3.5 million to the operating income of the company for the year ended December 31, 2013.

## ***Key Operating Measures***

We use several key operating measures, including RGUs and ARPU, to track the performance of our business. Neither of these terms is a measure of financial performance under IFRS, nor have these measures been reviewed by an outside auditor, consultant or expert. These measures are derived from management information systems. As these terms are defined by our management, they may not be comparable to similar terms used by other companies.

## ***RGUs***

We classify our RGUs according to our main subscription based product lines. The following table sets forth our RGUs for our standard TV, digital pay TV, broadband internet and telephony businesses as at December 31, 2011, 2012 and 2013 and September 30, 2013 and 2014.

	As at December 31,			As at September 30,	
	2011	2012	2013	2013	2014
	(thousands, except percentages)				
<b>Footprint</b>					
Homes passed (1) .....	4,202	4,213	4,247	4,237	4,233
<b>RGUs (consumer) (2)</b>					
<i>Analog TV</i> .....	768	545	408	436	338
<i>Digital TV</i> (3) .....	2,152	2,231	2,253	2,247	2,278
<b>Total standard TV</b> .....	<b>2,920</b>	<b>2,776</b>	<b>2,661</b>	<b>2,683</b>	<b>2,616</b>
<b>Digital pay TV</b> (4) .....	<b>940</b>	<b>917</b>	<b>853</b>	<b>848</b>	<b>804</b>
<b>Broadband internet</b> .....	<b>1,662</b>	<b>1,751</b>	<b>1,855</b>	<b>1,831</b>	<b>1,929</b>
<b>Telephony</b> .....	<b>1,332</b>	<b>1,464</b>	<b>1,565</b>	<b>1,553</b>	<b>1,576</b>
<b>Total RGUs (consumer)</b> .....	<b>6,854</b>	<b>6,908</b>	<b>6,935</b>	<b>6,914</b>	<b>6,924</b>
<i>Of which All-in-1 bundle subscribers (service delivered through the Ziggo network)</i> .....	1,235	1,363	1,459	1,448	1,475
<i>Of which All-in-1 bundle subscribers (service delivered through 3<sup>rd</sup> party network)</i> .....	26	32	35	35	37
<i>Of which non-bundle triple-play subscribers</i> .....	17	15	11	12	9
<b>Total triple-play subscribers (5)</b> .....	<b>1,278</b>	<b>1,410</b>	<b>1,506</b>	<b>1,495</b>	<b>1,521</b>
<b>RGUs (business) (2)</b>					
Total standard TV .....	97	116	135	128	142
Digital pay TV .....	—	12	18	16	20
Broadband internet .....	23	37	55	47	65
Telephony .....	17	28	43	37	52
<b>Total RGUs (business)</b> .....	<b>138</b>	<b>194</b>	<b>251</b>	<b>228</b>	<b>279</b>
<i>Of which Office Basis subscribers</i> .....	17	27	42	35	50
<i>Office Plus</i> .....	—	1	2	2	2
<i>Of which Internet Plus subscribers</i> .....	6	9	11	11	13
<i>ToM &amp; ToM Interactive</i> (6) .....	69	76	77	78	74
<b>Total RGUs (consolidated)</b> .....	<b>6,991</b>	<b>7,102</b>	<b>7,186</b>	<b>7,142</b>	<b>7,204</b>
<b>Penetration (consumer)</b>					
Standard TV subscribers as % of homes passed (7) .....	71.7%	68.0%	65.1%	65.3%	63.5%
Digital TV subscribers as % of standard TV subscribers .....	73.7%	80.4%	84.7%	83.8%	87.1%
Digital pay TV subscribers as % of standard TV subscribers .....	31.4%	32.1%	31.0%	30.6%	29.7%
Broadband internet subscribers as % of standard TV subscribers .....	55.4%	61.4%	67.8%	66.4%	71.8%
Telephony subscribers as % of standard TV subscribers .....	44.6%	51.5%	57.3%	56.5%	58.7%
All-in-1 bundle subscribers as % of standard TV subscribers .....	42.3%	49.1%	54.8%	54.0%	56.4%
Total triple-play subscribers as % of standard TV subscribers .....	43.8%	50.8%	56.6%	55.7%	58.1%

(1) Homes passed represents all homes connected to our network directly and through third party networks. We provide our services to subscribers directly over our network and over certain cable networks owned by third parties with whom we have entered into exclusive or non-exclusive agreements to provide our services over their networks. The table presents total homes passed and includes 127,000, 128,000 and 128,000 homes passed by third party cable networks as at December 31, 2011, 2012 and 2013, respectively, and 128,000 and 113,000 homes passed by third party cable networks as at September 30, 2013 and 2014.

(2) RGUs, or revenue generating units. One RGU represents one service subscription for any of the following services: standard TV, digital pay TV, broadband internet or telephony. Total RGUs are not equal to the total number of subscribers. For example, one subscriber who receives standard TV and telephony services over

our network is counted as two RGUs, and one subscriber who receives standard TV, digital pay TV, broadband internet and telephony services over our network is counted as four RGUs. Based on the growth of our business revenues, we have decided to separate the reporting of consumer and business RGUs for HFC based products from January 2012 onwards.

- (3) Digital TV subscribers equal the total number of standard TV subscribers who have activated a smart card as at the dates indicated. Only subscribers who have activated a smart card have access to our digital pay TV services.
- (4) Digital pay TV RGUs equal the total number of subscribers who subscribe for one or more digital pay TV subscriptions. For purposes of this calculation, digital pay TV services purchased on a one-off basis, such as video-on-demand, are not counted as a digital pay TV RGU.
- (5) Triple-play subscribers comprise (i) All-in-1 bundle subscribers (who subscribe for our All-in-1 bundle of standard TV, broadband internet and telephony services as a package) and (ii) non-bundle triple-play subscribers (who subscribe for standard TV, broadband internet and telephony through individual service subscriptions rather than through our All-in-1 bundle).
- (6) Expressed as standard TV equivalents (calculated as ToM and ToM Interactive revenues divided by the consumer price for standard TV (excluding VAT)).
- (7) Standard TV subscribers as a percentage of homes passed is calculated by excluding homes connected to our network through third party cable networks. Although we provide certain of our services over third party networks, we generally do not offer standard TV services over third party networks, as those are provided by the third parties, and our standard TV RGUs do not include subscribers in third party service areas.

### **Results of Operations**

The following table sets forth, for the years indicated, our results of operations.

	For the year ended December 31,			For the nine months ended September 30,	
	2011	2012	2013	2013	2014
			(€in thousands)		
Standard cable subscriptions.....	481,602	464,533	447,363	337,011	327,284
Digital pay television.....	151,269	168,139	167,497	126,493	122,893
Total video revenues.....	632,871	632,672	614,860	463,504	450,177
Broadband internet subscriptions.....	415,878	442,419	464,354	346,124	371,445
Telephony subscriptions.....	113,485	129,048	136,978	101,999	106,304
Telephony usage.....	170,800	179,701	174,666	130,969	129,863
Total telephony revenues.....	284,285	308,749	311,644	232,968	236,167
Out-of-home.....	—	—	480	6	9,575
Revenues from other sources.....	57,436	47,461	31,805	27,132	9,519
Total consumer market.....	1,390,470	1,431,301	1,423,144	1,069,734	1,076,883
Business services.....	87,699	105,564	141,699	101,157	125,132
<b>Total revenues.....</b>	<b>1,478,169</b>	<b>1,536,865</b>	<b>1,564,843</b>	<b>1,170,891</b>	<b>1,202,015</b>
Cost of goods sold.....	(291,147)	(294,407)	(289,114)	(216,955)	(213,011)
Personnel expenses.....	(175,574)	(187,434)	(189,000)	(139,296)	(151,050)
Contracted work.....	(51,162)	(50,876)	(57,461)	(40,445)	(59,443)
Materials and logistics.....	(6,035)	(3,750)	(3,033)	(2,010)	(1,959)
Marketing and sales.....	(68,514)	(60,531)	(76,885)	(60,964)	(63,415)
Office expenses.....	(49,564)	(53,901)	(53,415)	(40,180)	(43,152)
Other operating expenses.....	(1,572)	(5,091)	(8,254)	(6,710)	(7,747)
Amortization and impairments.....	(79,939)	(28,407)	(24,121)	(18,263)	(82,541)
Depreciation and impairments.....	(268,014)	(250,707)	(253,068)	(187,211)	(211,500)
Total operating expenses.....	(991,521)	(935,111)	(954,351)	(712,034)	(833,818)
<b>Operating income.....</b>	<b>486,648</b>	<b>601,754</b>	<b>610,492</b>	<b>458,857</b>	<b>368,197</b>
Net financial income (expense).....	(248,311)	(232,623)	(222,291)	(173,268)	(470,183)

	For the year ended December 31,			For the nine months ended September 30,	
	2011	2012	2013	2013	2014
	(€in thousands)				
<b>Result before income taxes</b> .....	<b>238,337</b>	<b>369,131</b>	<b>388,201</b>	<b>285,589</b>	<b>(101,986)</b>
Net result from joint ventures and associates .....	(168)	(9,389)	(9,111)	(4,868)	(5,511)
Income tax benefit (expense) .....	(59,866)	(92,307)	(30,057)	(11,439)	44,223
<b>Net result</b> .....	<b>178,303</b>	<b>267,435</b>	<b>349,033</b>	<b>269,282</b>	<b>(63,274)</b>
<b>Other financial information:</b>					
EBITDA (1) .....	834,601	880,868	887,681	664,331	662,238
Non recurring costs (2) .....	—	—	—	—	6,062
Adjusted EBITDA (3) .....	834,601	880,868	887,681	664,331	668,300
Adjusted EBITDA margin (4) .....	56.5%	57.3%	56.7%	56.7%	55.6%

- (1) EBITDA represents operating income plus depreciation and amortization and is a non-IFRS measure. Although EBITDA should not be considered a substitute measure for trading profit, net cash flow from operating activities or any other measure of performance under IFRS, we believe that it provides useful information regarding our ability to meet future debt service requirements. The EBITDA measure presented in the table above may not be comparable to similarly titled measures used by other companies. For a reconciliation of our net result for the period to EBITDA, please see *Summary Consolidated Financial and Operating Data of Ziggo Bondco*.
- (2) Non recurring costs (which are included within total operating expenses for 2014) relate to expenses incurred in connection with the acquisition by Liberty Global and costs related to the preparations for the intended merger, including, among other things, consultancy fees, restructuring and redundancy costs.
- (3) Adjusted EBITDA refers to EBITDA as adjusted to remove the effects of operating expenses incurred in connection with the acquisition by Liberty Global and costs related to the preparations for the intended merger, which was €6.1 million in the nine month period ended September 30, 2014. Although EBITDA should not be considered a substitute measure for trading profit, net cash flow from operating activities or any other measure of performance under IFRS, we believe that it provides useful information regarding our ability to meet future debt service requirements. The Adjusted EBITDA measure presented in the table above may not be comparable to similarly titled measures used by other companies. For a reconciliation of our net result for the period to Adjusted EBITDA, please see *“Selected Consolidated Financial and Operating Data of Ziggo Bondco”*.
- (4) Adjusted EBITDA margin represents Adjusted EBITDA divided by revenues and is a non-IFRS measure which may not be comparable to similarly titled measures used by other companies.

### **Description of Key Line Items**

**Total revenues.** Total revenues comprise total video revenues, revenues from broadband internet subscriptions, revenues from telephony subscriptions and telephony usage, revenues from other sources and revenues from business services, all of which are described below. Revenues generated from our All-in-1 bundle subscriptions are allocated to the individual products of standard cable, broadband internet and telephony subscriptions based on the individual product prices for each product as a percentage of the sum of the individual product prices.

**Total video revenues.** Total video revenues include revenues from subscriptions to our standard TV service and revenues from subscriptions for digital pay television services and transaction based video-on-demand and pay-per-view.

**Broadband internet subscription revenues.** Broadband internet subscription revenues include revenues from subscriptions to our broadband internet service and value added services, such as online backup, internet security and anti-virus services.

**Total telephony revenues.** Total telephony revenues include telephony services revenues, which are revenues from subscriptions to our telephony services, revenues from telephony usage fees, which include revenues from flat

fee fixed-line subscriptions, and revenues from value added services subscriptions, such as second line telephony subscriptions.

**Revenues from other sources.** Revenues from other sources primarily comprise reconnection fees, other initial fees such as smart card fees, charges for billing, collection fees and the sale of products, including set-top boxes.

**Business services revenues.** Revenues from business services include revenues from the provision of voice and internet access services to business subscribers, revenues from business bundles for home offices and small and mid-sized businesses as well as revenues from the provision of TV services to operators of multi dwelling units, including hospitals, hotels and dormitories, where it is not possible for us to contract directly with the user.

**Total operating expenses.** Total operating expenses include personnel expenses, contracted work, materials and logistics, marketing and sales expenses, office expenses and other operating expenses, each of which is described below.

**Cost of goods sold.** Cost of goods sold includes the costs for purchases of materials and services directly related to revenues and consists of video (author rights, signal costs and royalties that we pay to procure our content), telephony (interconnection fees that we pay to other network operators), internet (internet service provider fees) and other (material and logistics costs relating to the sale of set-top boxes, other products, such as telephones and routers, and materials used to connect subscribers to our network).

**Personnel expenses.** Personnel expenses include wages and salaries, social security costs, pension costs and other post-employment benefits and the cost of temporary and external personnel, adjusted for own work capitalized based on direct labor hours spent on projects which are capitalized.

**Contracted work.** Contracted work expenses include the costs of outsourced work, which primarily relates to outsourced network maintenance, outsourced IT, consultancy costs, amounts paid to operators of external call centers that we use and the cost of other outsourced work.

**Materials and logistics.** Materials and logistics expenses include costs related to technical maintenance activities done by our technical service departments which are not allowed to be capitalized under IFRS.

**Marketing and sales.** Marketing and sales expenses include costs for branding and marketing campaigns, media productions and sales costs related to direct and indirect sales activities.

**Office expenses.** Office expenses include costs for housing, leasing, energy, office IT, banking & billing and printing & postage, adjusted for directly attributable office expenses based on direct labor hours which are capitalized.

**Other operating expenses.** Other operating expenses include costs related to the provision of bad debt and insurance fees.

**Amortization and impairments.** Amortization and impairments relate to the amortization and impairment of our intangible assets (including software) and the amortization of our customer lists, which originated from the acquisition of the Casema, Multikabel and @Home Businesses, over their useful lives.

**Depreciation and impairments.** Depreciation and impairments relate to the depreciation and impairment of our property, plant and equipment over their useful lives.

**Net financial income (expense).** Net financial income (expense) includes interest income less interest expense, fair value gains and losses on derivative financial instruments, commitment, amend and extend fees for our credit facilities, amortization on capitalized funding costs in relation to our credit facilities and senior notes and exchange rate gains and losses.

**Operating income.** Operating income represents the amount of profit from business operations, and includes total revenues less total operating expenses (which contains cost of goods sold, personnel expenses, contracted work, materials and logistics, marketing and sales, office expenses, other operating expenses, amortization, depreciation and impairments).

***Nine months ended September 30, 2014 compared to the nine months ended September 30, 2013***

**Total revenues.** Total revenues increased by €1.1 million, or 2.7%, to €1.20 billion for the nine months ended September 30, 2014 from €1.17 billion for the nine months ended September 30, 2013. Excluding revenues from other sources, revenues increased by 4.3% over this period. The most important drivers for the growth in revenues were continued growth in internet and telephony RGUs, partly driven by an increased focus on the dual play bundle, the revenue contribution from Ziggo Mobile (launched in September 2013), a price increase for consumer products which came into effect on April 1, 2014 and growth in the subscriptions to business bundles. The number of All-in-1 bundle subscribers increased by 1.9% and together with an increased focus on our dual play proposition resulted in growth in both broadband internet and telephony revenues of 7.3% and 1.4%, respectively. All-in-1 bundle revenues, which are included on a pro rata basis in each of standard TV, broadband internet and telephony revenues, increased by 5.2% to €69.7 million for the nine months ended September 30, 2014 from €41.7 million for the nine months ended September 30, 2013, due to an increase in All-in-1 bundle subscribers from 1.48 million as at September 30, 2013 to 1.51 million as at September 30, 2014. All-in-1 bundle subscribers represented 56% of our standard cable subscribers in the nine months ended September 30, 2014, compared with 54% in the nine months ended September 30, 2013. In recent periods, the number of subscribers to All-in-1 declined slightly resulting from customers not using their fixed landline anymore and downgrading to our 2P proposition TV and Internet. Revenue growth in business services was driven by further growth in our business bundles.

**Total video revenues.** Total video revenues in the residential market decreased by €3.3 million to €40.2 million for nine months ended September 30, 2014 from €43.5 million for the nine months ended September 30, 2013. The decrease in total video revenues was primarily attributable to the decline in revenues from standard TV as a result of a decline of 45,000 RGUs. Driven by a decline in the number of subscribers to digital pay TV from 848,000 at September 30, 2013 to 804,000 at September 30, 2014, revenue from digital pay TV declined by 2.8%, despite an increase of 22.4% in the number of VoD transactions in that same period and an increase in ARPU for digital pay TV of 3.3%, from €16.05 during the nine months ended September 30, 2013 to €16.58 during the nine months ended September 30, 2014. We believe that the decline in digital pay TV RGUs was attributable to depressed consumer confidence resulting from the current macro environment in the Dutch market, the growing popularity of VoD transactions (which contribute to revenue but have a somewhat negative impact on subscriptions to premium TV) and the availability of various alternatives to our customers such as OTT-providers.

**Broadband internet subscription revenues.** Broadband internet subscription revenues increased by €25.3 million, or 7.3%, to €371.4 million for the nine months ended September 30, 2014 from €346.1 million for nine months ended September 30, 2013. This increase was primarily due to an increase in broadband internet subscribers by 5.4% from 1.8 million subscribers as at September 30, 2013 to 1.9 million subscribers as at September 30, 2014. ARPU for broadband internet subscriptions was relatively stable as compared to the same period during the previous year (€21.76 for the nine month period ended September 30, 2014 versus €21.56 for the nine month period ended September 30, 2013).

**Total telephony revenues.** Total telephony revenues increased by €3.2 million, or 1.4%, to €236.2 million for the nine months ended September 30, 2014 from €233.0 million for the nine months ended September 30, 2013. This increase was due to an increase in telephony subscription revenues from €102.0 million for the nine months ended September 30, 2013 to €106.3 million for the nine months ended September 30, 2014. Revenues from telephony usage over the first nine months ended September 30, 2014 were €129.9 million and are almost flat compared to the revenue of €131.0 million that we earned during the nine months ended September 30, 2013. The increase in subscription revenues was primarily the result of growth in the number of All-in-1 bundle subscribers which includes telephony. The decline in telephony usage is mainly driven by the decline in the average number of call minutes per telephony subscriber, a trend which has been visible in the last few years and which has been partly offset by the increase in the number of All-in-1 bundle subscribers. Furthermore, the development in telephony usage revenue is positively impacted by the introduction of an adjusted fixed telephony rate plan effective April 1, 2014. Under this new rate plan, on-net calls, or calls between Ziggo subscribers, are chargeable and the flat fee bundle covers calls to all Dutch landlines and Dutch mobile numbers. The potential positive revenue contribution from on-net calls was offset by the growth of 57.2% year-on-year in the number of subscribers that selected the flat fee bundle 'VolopBellen Altijd' on top of their telephony subscription. However, revenue from flat fee bundles for the nine months ended September 30, 2014 increased by 33.7% compared to the nine months ended September 30, 2013.

**Revenues from other sources.** Revenues from other sources decreased by €17.6 million, or 64.9%, to €9.5 million for the nine months ended September 30, 2014 from €27.1 million for the nine months ended September 30, 2013. Part of this decline, an amount of €8.4 million, was related to a change in accounting for costs of tablets, which are now accounted for as a reduction of revenue over the contract period. Excluding this adjustment, revenue from other sources decreased by €9.2 million, or 34.0%, mainly caused by a lower number of set-top boxes sold.

**Business services revenues.** Business services revenues increased by €24.0 million, or 23.7%, to €125.1 million for the nine months ended September 30, 2014 from €101.2 million for the nine months ended September 30, 2013. Growth was fully attributable to the increase in the number of subscriptions to our business bundles for home offices and small enterprises. In the nine months ended September 30, 2014, almost 10,000 new subscribers subscribed to one of our business bundle products, Internet Plus, Office Basis and Office Plus, reaching a total of nearly 65,000 subscribers by September 30, 2014. Total revenues from the coaxial products TOM and TOMi, our collective TV contracts and business bundles in the nine months ended September 30, 2014 grew by €12.2 million, or 34.9%, compared to the nine months ended September 30, 2013, totaling €47.3 million and now representing 37.8% of total business services revenues.

**Cost of goods sold.** During the nine months ended September 30, 2014, cost of goods sold decreased to €113.0 million, down 1.8% from the nine months ended September 30, 2013. Our gross margin during the nine months ended September 30, 2014 was 82.3% of revenue versus 81.5% of revenue during the nine months ended September 30, 2013. Excluding the acquisition of Esprit Telecom (first five months COGS of €9.7 million), which has been consolidated since May 1, 2013, cost of goods sold would have declined by 5.6%. Our gross margin during the nine months ended September 30, 2014 was 83.3% of revenue versus 82.1% of revenue during the nine months ended September 30, 2013. The gross margin of Esprit is dilutive to the total gross margin. Margin improvement was mainly the result of higher growth in higher gross margin services such as internet and a decline in revenue from the sale of set-top boxes which comes at a negative gross margin. The latter is the result of a lower volume of set-top boxes recognized as sales (54,400 in the first nine months of 2014 versus 192,100 in the same period of 2013) at a gross margin contribution which was less negative for each individual set-top box compared to previous year. In addition, 178,200 set-top boxes were capitalized (65,900 in 2013), as these boxes were provided to customers as part of our sales and retention promotions covered by a one-year contract, with the ownership of the set-top boxes remaining with Ziggo. These capitalized set-top boxes represented a total value of €21.1 million in the nine months ended September 30, 2014 (€8.5 million in the nine months ended September 30, 2013).

**Personnel expenses.** Personnel expenses increased by 8.4%. Excluding non-recurring costs, personnel expenses increased by 8.3% from €139.3 million during the nine months ended September 30, 2013 to €150.9 million during the year ended nine months ended September 30, 2014. The increase in internal personnel costs was partly due to higher accrued bonuses of €2.0 million in the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013. Excluding this increase in accrued bonuses, internal personnel costs increased by 6.1%, driven by a slight increase in the average headcount of 69 FTEs, representing 2.6% growth in personnel costs, a salary increase per employee of approximately 3.0% and an increase in the employer contribution to social security charges, representing 2.3% growth in personnel expenses. The increase was partly offset by lower other staff related expenses, like costs for education and training of employees and costs for traveling. The salary increase of approximately 3.0% was driven by both discretionary individual salary increases as at January 1 and a general salary increase in line with the collective labor agreement in the course of 2013 and as at April 1. Total headcount increased by 5.1% in the nine months ended September 30, 2014, as compared to the nine months ended September 30, 2013. The increase in costs resulting from the increased headcount was partly offset by an increase in capitalized personnel costs of approximately €13.5 million, or 22.3%. The increased headcount is primarily the result of an increase in external personnel for projects relating to investments in innovation and our core infrastructure and service platforms, facilitating the addition of new services such as mobility, converged services and TV Everywhere.

**Contracted work.** Costs of contracted work increased by 47.0%. Excluding non-recurring costs, costs for contracted work increased by 38.4% from €40.4 million during the nine months ended September 30, 2013 to €56.0 million during the nine months ended September 30, 2014. This increase was predominantly driven by higher costs of our external call centers. Call volumes rose by approximately 25% compared to the nine months ended September 30, 2013, predominantly driven by Ziggo Mobile, with an increase in costs per call of approximately 12% as assurance calls represented a higher percentage of total calls compared to the comparable prior year nine

month period and a relatively higher percentage of the call volume being outsourced. In addition, higher consultancy costs and higher costs for maintenance of network and technology also contributed to the growth of contracted work. The increase in costs for maintenance and technology resulted from an increase in the capacity of our infrastructure, as well as rising maintenance costs following investments in our core infrastructure and systems facilitating the addition of new services, such as mobility and TV Everywhere.

**Materials and logistics.** Material and logistics expenses decreased by €0.1 million to €1.9 million for the nine months ended September 30, 2014 from €2.0 million for the nine months ended September 30, 2013.

**Marketing and sales.** Marketing and sales expenses increased by €2.5 million, or 4.0%, to €63.4 million for the nine months ended September 30, 2014 from €61.0 million for the nine months ended September 30, 2013. The increase was mainly the result of an increased spend on Ziggo Mobile, introduced in September 2013.

**Office expenses.** Office expenses increased by 7.4% to €43.2 million during the nine months ended September 30, 2014 from €40.2 million during the nine months ended September 30, 2013. Excluding non-recurring costs, office expenses increased slightly by 1.2% as compared to the same period in 2013. Excluding the coverage for office expenses resulting from hours capitalized, office expenses increased by 2.2%.

**Amortization and impairments.** Amortization and impairments increased by €4.3 million, to €2.5 million in the nine months ended September 30, 2014 from €18.3 million in the nine months ended September 30, 2013. Following our discussion with the Netherlands Authority for the Financial Markets (AFM) and taking into consideration current market circumstances, we assessed our current accounting treatment of the customer relationships in order to reflect the changed market conditions Ziggo operates in. The changed market conditions mainly relate to the rapid changes within the telecom market, technology and the recent entrance of new competitors and increase in competition. Based on our assessment, we came to the conclusion that the intangible asset “customer relationship” contains two components that are closely related: the “access right” to provide our cable-related services in our footprint for an indefinite period and the “active clients”, the active customer base. The useful life of active clients is estimated at 14 years and the useful life for the access rights at 30 years. Based on this analysis, as of the second quarter of 2014, the company accounts for an amortization charge of €30 million on a quarterly basis prospectively as a change in estimate. In addition, the amortization of capitalized software increased by €3.9 million resulting from the investment program we started in late 2011 around our core infrastructure and systems facilitating the addition and continued expansion of new services, such as mobility and TV Everywhere, and the replacement of legacy systems.

**Depreciation and impairments.** Depreciation and impairments increased by €24.3 million, or 13.0%, from €187.2 million in the nine months ended September 30, 2013 to €211.5 million in the nine months ended September 30, 2014. This is the result of the current investment program around our core infrastructure and systems and the replacement of legacy systems facilitating the addition and continued expansion of services, such as mobility and TV Everywhere. Based on this investment program, which started in late 2011, depreciation and amortization increased.

**Operating income.** Operating income decreased €0.7 million, or 19.8%, to €68.2 million for the nine months ended September 30, 2014 from €458.9 million for the nine months ended September 30, 2013, primarily due to the amortization of customer relationships and the increase of depreciation and amortization of software.

**Net financial expenses.** Net financial expenses increased by €296.9 million to an expense of €470.2 million for the nine months ended September 30, 2014 from an expense of €173.3 million for the nine months ended September 30, 2013. This increase is primarily driven by fair value losses on our interest rate and cross currency hedges following the decline in interest rates, as well as an increase in financing and banking fees resulting from early tender and consent fees and call premiums resulting from the early redemption of the Senior Secured Notes.

**Interest income and expenses.** Interest expenses decreased by €2.0 million, or 1.4%, to €146.9 million for the nine months ended September 30, 2014 from €148.9 million for the nine months ended September 30, 2013. In the first nine months of 2014, €0.2 million was allocated as borrowing costs to work in progress, resulting in an interest credit, almost flat compared to the same period last year (+0.8%).

**Banking and financing fees.** Banking and financing fees, including commitment fees, increased by €37.0 million to €38.7 million for the nine months ended September 30, 2014 from €1.1 million for the nine months

ended September 30, 2013. This increase is attributable to the refinancing which was executed as a result of the intended acquisition. For the refinancing of the 3.625% Senior Secured Notes early tender and consent fees a 1.5% premium was paid on the notional amount as a compensation for the early redemption (€10.2 million). In addition, a call premium of 3.063% (€23.0 million) on the 6.125% €750 million Senior Secured Notes was paid as compensation to the holders of these notes for early redemption in March. In addition, a new revolving credit facility of €650 million replaced the €400 million revolving credit facility, resulting in an increase in commitment fees.

**Amortization of funding costs.** The amortization of funding costs decreased by €18.2 million to €31.2 million for the nine months ended September 30, 2014 from €49.4 million for the nine months ended September 30, 2013. In the prior-year period, the €1.1 billion senior credit facility was refinanced, resulting in an impairment of the remaining balance of the capitalized financing costs of €42.7 million relating to this senior credit facility. As a result of the refinancing in Q1 2014 of the majority of our outstanding debt, following the announcement of the intended acquisition by Liberty Global, the capitalized financing fees relating to these notes and credit facility were impaired for an amount of €26.3 million. The capitalized financing fees of €28.5 million relating to the new credit facility result in a quarterly amortization charge of approximately €1.0 million going forward.

**Other income (i.e., fair value gains and losses on interest rate swaps).** As Ziggo does not apply hedge accounting for interest rate swaps under IFRS, any change in fair value is recognized as financial income and expense. As a result of the refinancing in January following the offer for all of the outstanding shares of Ziggo by Liberty Global, we settled all of our interest rate swaps relating to the former capital structure. For the new term loans we entered into new interest rate swaps to fully hedge the variable interest rate, and cross currency swaps to fully hedge the currency risk on the notional amount and all future interest payments on the USD denominated term loans. In the nine months ended September 30, 2014, Ziggo recorded a €253.5 million loss on other income due to a negative revaluation of our USD denominated loans which is offset by a fair value gain from the FX result of our hedges, combined with a fair value loss from the interest result of our hedges following a further decline in the underlying interest rates. In the same period of 2013, Ziggo reported a fair value gain of €26.2 million.

**Net result from joint ventures and associates (after tax).** The €5.5 million net loss from joint ventures during the nine months ended September 30, 2014 predominantly relates to our 50% share in the results of HBO NL, our joint venture with HBO. Investments in and results from this joint venture are accounted for using the equity method. Our share in the funding of this joint venture amounted to approximately €7.5 million in total during the nine months ended September 30, 2014.

**Income tax benefit (expense).** In the nine months ended September 30, 2014, Ziggo reported an income tax benefit of €44.2 million, compared to a tax charge of €1.4 million in the same period in 2013. The loss before income taxes of €102.0 million would have led to a corporate income tax benefit of €25.5 million at a statutory tax rate of 25%. The effective tax rate calculated in the nine months ended September 30, 2014 is affected by the impact of the innovation box facility. The innovation box is a tax facility under Dutch corporate income tax law which taxes profits attributable to innovation at an effective tax rate of 5% instead of the statutory rate of 25%. In the nine months ended September 30, 2013 the application of the innovation box resulted in reduced corporate income tax charges of €24.9 million, as well as a one off benefit of €35.1 million reflecting the period 2010 to 2012. The higher fair value losses and banking and finance fees do not affect the effective tax rate directly as the fair value losses cause a temporary difference instead of a permanent difference. Banking and financing fees are deductible for tax purposes. The only effect of these two items is on the impact of the innovation box; as the innovation box income is calculated based on EBIT, the relative impact compared to the commercial result is higher if you have higher fair value losses and financing fees. For 2013 the impact of the higher fair value losses and banking and financing fees was not as significant as in 2014.

**Net result.** As a result of the foregoing, the net result amounted to a loss of €63.3 million for the nine months ended September 30, 2014 from a profit of €69.3 million for the nine months ended September 30, 2013, a decrease of €332.6 million.

#### ***Year ended December 31, 2013 compared to the Year ended December 31, 2012***

**Total revenues.** Total revenues increased by €28.0 million, or 1.8%, to €1,564.8 million for the year ended December 31, 2013 from €1,536.9 million for the year ended December 31, 2012. Excluding 'other revenues', revenues increased by 2.9% and by 1.2% excluding the revenue contribution from Esprit Telecom. Esprit Telecom

was consolidated as of May 1, 2013 and has contributed €25.2 million in revenues in 2013 since its consolidation as of May 1, 2013. The main drivers of growth in revenues were continued growth in RGUs for internet and telephony, driven by a further uptake of our All-in-1 bundle, and revenues from business services. The number of triple-play subscribers increased by 7.1% and resulted in growth in both broadband internet and telephony revenues of 6.0% and 6.9%, respectively. All-in-1 bundle revenues, which are included on a pro rata basis in each of standard TV, broadband internet and telephony revenues, increased by 8.3% to €727.5 million for the year ended December 31, 2013 from €672.0 million for the year ended December 31, 2012, due to an increase in All-in-1 bundle subscribers from 1.4 million as at December 31, 2012 to 1.5 million as at December 31, 2013. All-in-1 bundle subscribers represented 54.8% of standard cable subscribers in 2013, compared with 49.1% in 2012. Revenues from business services were spurred by organic growth of 10.3% in the business market which, combined with a €25.2 million revenue contribution from Esprit Telecom, reported total revenue growth of 34.2%.

**Total video revenues.** Total video revenues decreased by €17.8 million to €614.9 million for the year ended December 31, 2013 from €632.7 million for the year ended December 31, 2012. The decrease in total video revenues was primarily attributable to a decrease of €17.2 million in standard TV subscription revenues as a result of a decrease in our standard TV subscriber base in the consumer market of 4.1%. Revenues from digital pay TV, including video on demand (VOD), declined by 0.4%, driven by a decline in the number of subscribers to digital pay TV from 917,000 at the end of 2012 to 853,000 at the end of 2013, which was partly offset by an increase in ARPU for digital pay TV by 7.1%, from €4.97 in 2012 to €6.04 in 2013. The ARPU increase was driven by a strong increase in the number of VOD transactions by 48%. The decline in RGUs for digital pay TV was driven by (a) depressed consumer confidence given the macro environment, (b) the growing popularity of VOD which does not count as an RGU, and (c) our marketing focus on customer retention and All-in-1, and the launch of Ziggo Mobile instead of premium pay TV. The growth in VOD transactions was negatively impacted by the price increase for watching live football per match from €6.95 to €11.95 in the second half of 2013. In addition to the growing popularity of VOD, growth was also supported by the rise in the number of customers with an interactive set top box to 566,000 at the end of 2013, compared to 359,000 at the end of 2012.

**Broadband internet subscription revenues.** Broadband internet subscription revenues increased by €21.9 million, or 4.9%, to €464.4 million for the year ended December 31, 2013 from €442.4 million for the year ended December 31, 2012. This increase was primarily due to an increase in broadband internet subscribers by 5.9% from 1.8 million subscribers as at December 31, 2012 to 1.9 million subscribers as at December 31, 2013, partly offset by a small decrease of €0.02 per month, or 0.1%, in our broadband internet ARPU.

**Total telephony revenues.** Total telephony revenues increased by €3.4 million, or 1.1%, from €308.7 million for the year ended December 31, 2012 to €312.1 million for the year ended December 31, 2013. This increase was due to an increase in telephony subscription revenues from €129.0 million for the year ended December 31, 2012 to €137.4 million for the year ended December 31, 2013, partly offset by a decrease of 2.8% in telephony usage revenues from €179.7 million for the year ended December 31, 2012 to €174.8 million for the year ended December 31, 2013. The increase in subscription revenues was primarily the result of an increase in the number of telephony subscribers from 1.46 million as at December 31, 2012 to 1.57 million subscribers as at December 31, 2013, primarily due to an increased number of subscriptions to our All-in-1 bundle. Excluding interconnection revenues, revenues from telephony usage were flat. Enacted by the ACM, interconnection rates were reduced by approximately 20% as at August 1, 2012, negatively affecting revenue in 2012 by approximately €5 million. A 6.9% increase in the number of telephony subscribers was more than offset by a lower ARPU for telephony usage, as more subscribers selected a flat-fee subscription for calls within the Netherlands and several foreign countries. The lower ARPU for telephony was also attributable to a higher share of free on-net calls following growth in the number of telephony subscribers. When a Ziggo telephony customer makes a fixed-line call to another Ziggo telephony customer, the call qualifies as on-net, with no costs being charged as a result. Both trends resulted in a higher percentage of non-billable calling minutes compared with the previous year, as well as an overall decline in average usage per fixed-line telephony subscriber.

Total call minutes excluding interconnection decreased by 1.0% compared to 2012. On-net calling grew by 4.5%, with the number of billable minutes declining by almost 9.4% as a result of growth in on-net calling and growth in the number of flat-fee subscriptions by 13%. Average call minutes per subscriber declined by 8.4%. The gross margin on telephony usage improved by over 2.3%, supported by reduced FTA rates.

**Revenues from other sources.** Revenues from other sources decreased by €15.7 million, or 33.0%, to €31.8 million for the year ended December 31, 2013 from €47.5 million for the year ended December 31, 2012. Part of this decline was the result of accounting for costs of tablets, which are provided to new subscribers to All-in-1 or our dual-play proposition TV plus internet with a one-year contract. The costs of these tablets are deferred and allocated as a discount for the contract period to other revenues, rather than being expensed. This resulted in a discount as a result of deferred tablet costs of €3.2 million during 2013. Excluding this adjustment, revenues from other sources decreased by €12.5 million, or 26.2%. Although we shipped a higher number of set top boxes, we recorded a decline in revenues due to a lower average sales price per set top box and the capitalization of set top boxes covered by a subscription period of 12 months for which the ownership of the set top boxes remains with Ziggo.

**Business services revenues.** Business services revenues increased by €36.1 million to €41.7 million for the year ended December 31, 2013 from €05.6 million for the year ended December 31, 2012, or by 34.2%. This was the result of strong growth in revenues from subscriptions to business bundles and the acquisition and consolidation of Esprit Telecom effective May 1, 2012. Excluding Esprit Telecom, revenues grew organically by 10.3%. In 2013, Ziggo added almost 18,000 new subscribers to its main B2B bundles products Internet Plus, Office Basis and Office Plus bundle, reaching a total of over 54,800 subscribers by December 31, 2013. Total revenues from coaxial products TOM and TOMi, our collective TV contracts, and business bundles for the year grew by over 37% compared to 2012 to €48.9 million, representing 42.0% of total B2B revenues (2012 – 33.7%), excluding revenues from Esprit Telecom.

**Cost of goods sold.** During the year ended December 31, 2013, cost of goods sold decreased to €289.1 million, down 1.8% from the year ended December 31, 2012. Our gross margin during the year ended December 31, 2013 was 81.5% of revenue versus 80.8% of revenue during the previous year. Excluding the acquisition of Esprit Telecom (2013 COGS of €15.5 million), which has been consolidated since May 1, cost of goods sold would have declined by 7.1% and the gross margin would have been 82.2%.

Margin improvement was mainly the result of higher gross margins on internet, telephony and business services (excluding Esprit Telecom) and a lower negative margin contribution realized on the sale of set top boxes. The lower negative margin contribution from the sales of set top boxes is the result of a lower volume of set top boxes recognized as sales (233,000 in 2013 versus 279,000 in 2012, and 16,000 CI+ modules in 2013 versus 25,000 in 2012) at a lower negative margin contribution per set top box. A lower average sales price during the year compared to 2012 was more than offset by a lower average purchase price. In addition, 116,000 set top boxes were capitalized, as these boxes were provided to customers as part of our sales and retention promotions covered by a one-year contract, with the ownership of the set top boxes remaining with Ziggo. These capitalized set top boxes represented a total value of €14.5 million in 2013.

**Personnel expenses.** Personnel expenses increased by 0.8% from €187.4 million during the year ended December 31, 2012 to €189.0 million during the year ended December 31, 2013. Excluding Esprit Telecom (€4.3 million), personnel costs decreased by 1.5%, or €2.7 million. Although headcount increased by 7.7%, excluding Esprit Telecom, and average salary costs by 3.3%, the resulting increase in personnel expenses was offset by higher capitalized personnel costs and a reduction of accrued bonuses by approximately €4.8 million as company targets were only partially achieved. The increase in average salary costs was driven by both discretionary individual salary increases and a general salary increase in line with the collective labour agreement, including an increased employer's contribution to the pension premium, which was partly offset by a decrease in employer charges for social securities. The increase in headcount was predominantly the result of an increase in the number of external resources, an increase that was more than offset by an increase in capitalized personnel costs of approximately €29.5 million, or 52%. The increased headcount is the result of an increase in external personnel hired for projects relating to investments in innovation and in our core infrastructure and service platforms, facilitating the addition of new services such as mobility and converged services and TV Everywhere.

**Contracted work.** Costs of contracted work increased by 12.9% from €50.9 million during the year ended December 31, 2012 to €57.5 million during the year ended December 31, 2013. Excluding Esprit Telecom, contracted work increased by 12.8% compared to 2012. This increase was mainly driven by higher costs of our external call centres and costs of customer maintenance & visits. As a result of a strong growth in RGUs in the second half of 2013 and the roll-out of Ziggo WifiSpots, call volumes rose by approximately 5% compared to 2012. In combination with an increase in the average handling time of approximately 23% and a relatively higher

percentage of the call volume being outsourced, external call centre costs and costs of customer maintenance and visits rose by almost 30%. Consultancy costs and costs of maintenance of network and technology were stable. The higher costs of our external call centres and customer maintenance and visits was partly offset by lower consultancy costs. Costs of maintenance of our network and technology rose slightly compared to 2012 as a result of an increase in the capacity of our infrastructure, as well as rising maintenance costs following investments in our core infrastructure and systems facilitating the addition of new services, such as mobility and TV Everywhere.

**Materials and logistics.** Material and logistics expenses decreased by €0.7 million to €3.0 million for the year ended December 31, 2013 from €3.8 million for the year ended December 31, 2012.

**Marketing and sales.** Marketing and sales expenses increased by €16.4 million, or 27.0%, to €76.9 million for the year ended December 31, 2013 from €60.5 million for the year ended December 31, 2012. This increase was mainly driven by higher costs of the All-in-1 campaigns, higher costs regarding Ziggo Mobile and costs for retention campaigns driven by the FTTH counter campaigns.

**Office expenses.** Office expenses decreased by 0.9% from €53.9 million during the year ended December 31, 2012 to €53.4 million during the year ended December 31, 2013. Excluding Esprit Telecom, office expenses decreased by 2.0% compared to 2012 to €52.8 million. Costs of housing and sites increased by almost 1.6% as a result of the opening of a new data centre in the third quarter to support the new IT infrastructure and service platforms, facilitating the addition of new services such as mobility and converged services and TV Everywhere. Investments in innovations for our converged platform and business applications resulted in additional license and maintenance costs on top of recurring costs of existing IT business applications. The increase was more than offset by a refund of energy tax for prior years and an increase in coverage of office expenses and office IT as a result of the increase in the headcount and hours capitalized. Excluding the coverage of office expenses and the refund of energy tax, office expenses increased by 4.6%.

**Other operating expenses.** Other operating expenses increased by €3.2 million to €8.3 million for the year ended December 31, 2013 from €5.1 million for the year ended December 31, 2012. Excluding Esprit Telecom, other operating expenses increased by €3.0 million or 59.3% to €8.1 million, mainly as a result of a release relating to the provision for bad debts in 2012 due to improved quality and aging of our trade accounts receivable at the time. Other expenses also include the proceeds and gain of €6.9 million from the sale of our transmission towers and an impairment of €6.5 million. This impairment was due to our decision to replace certain components of a project to build our new video platform. Moreover, management fees increased by €1.2 million, which has been charged to Ziggo by Ziggo N.V. for services rendered by the members of the Board of Management of Ziggo N.V. as a result of the fact that the last management fee was charged from the first quarter of 2012.

**Amortization and impairments.** Amortization and impairments decreased by €4.3 million, or 15.1%, from €28.4 million in the year ended December 31, 2012 to €24.1 million in the year ended December 31, 2013. Amortization on software decreased as a result of high historical investments during our merger which had led to relatively high amortization charges in previous years.

**Depreciation and impairments.** Depreciation and impairments increased by €2.4 million, or 0.9%, from €250.7 million in the year ended December 31, 2012 to €253.1 million in the year ended December 31, 2013. This increase was the result of increasing capital investments in our core systems in the previous years to enable the provision of new services to our customers.

**Operating income.** Operating income increased €8.7 million, or 1.5%, to €10.5 million for the year ended December 31, 2013 from €601.8 million for the year ended December 31, 2012. Excluding the acquisition of Esprit Telecom, operating income increased by 0.9% to €607.0 million due to the increase in EBITDA of 0.8% and lower depreciation and amortization expenses.

**Net financial expenses.** Net financial expenses decreased by €10.3 million, or 4.4%, to an expense of €22.3 million for the year ended December 31, 2013 from an expense of €32.6 million for the year ended December 31, 2012.

**Interest income and expenses.** Interest income and expenses decreased by €8.2 million, or 4.0%, to €199.1 million for the year ended December 31, 2013 from €207.3 million for the year ended December 31, 2012. In 2013, €12.6 million was allocated as borrowing costs to work in progress, resulting in an interest credit, compared to

€10.4 million in 2012. Excluding borrowing costs, interest costs decreased by 2.8% or €6.1 million. A reduction in our average debt by approximately €160 million lowered our interest expenses compared to 2012. The blended interest rate for 2013 was 6.9% versus approximately 6.8% for 2012.

**Banking and financing fees.** Banking and financing fees, including commitment fees, increased to €1.4 million for the year ended December 31, 2013 from €1.0 million for the year ended December 31, 2012. This increase is mainly attributable to the new revolving credit facility of €400 million, which was put into place in March 2013, replacing a revolving credit facility of €50 million.

**Amortization of funding costs.** The amortization of funding costs increased to €1.0 million for the year ended December 31, 2013 from €3.2 million for the year ended December 31, 2012. As a result of the refinancing of the old €1.1 billion senior credit facility in March 2013, we impaired the remaining balance of the capitalized financing costs of €42.7 million related to this old senior credit facility. The total financing fees of €12.7 million relating to the new €750 million 3.625% senior secured notes issue, the new €150 million term loan A and the new €400 million revolving credit facility, were capitalized and will be amortized over the terms of the senior secured notes, the term loan and revolving credit facility.

**Other income (i.e., fair value gains and losses on interest rate swaps).** We recognized a fair value loss on interest rate hedges of €10.8 million for the year ended December 31, 2012 versus a fair value gain of €29.1 million for the year ended December 31, 2013 due to the periodic amortization of our negative hedge reserve of €4.6 million, a fair value gain on IRS contracts of €33.7 million as a result of shortened expiration periods of underlying hedges and an increase in the underlying interest. A foreign exchange gain on US dollar-denominated purchases of €0.2 million was recognised in 2013.

**Net result from joint ventures and associates (after tax).** The €9.1 million net loss from joint ventures predominantly relates to our 50% share in the results of HBO NL, our joint venture with HBO. Investments in and results from the joint venture are accounted for using the equity method. Our share in the funding of this joint venture amounts to approximately €7.9 million in 2013.

**Income tax benefit (expense).** Income tax expense decreased by €62.2 million to an expense of €30.1 million for the year ended December 31, 2013 from an expense of €92.3 million for the year ended December 31, 2012. Higher operating income, combined with reduced interest costs, partly offset by the impairment of capitalized financing costs, resulted in a strong increase in the result before income taxes to €388.2 million, compared to €369.1 million for the prior year. The result before income taxes of €388.2 million would have led to a corporate income tax charge of €97.1 million at an effective tax rate of 25%, however, we formalized an agreement with the Dutch tax authorities in the first quarter of 2013 regarding the innovation box, which will reduce the effective tax rate going forward, as well as reducing it retrospectively for the period 2010 to 2012.

The innovation box is a tax facility under Dutch corporate income tax law, which taxes profits attributable to innovation at an effective tax rate of 5% instead of the statutory rate of 25%. The application of the innovation box resulted in a one-off benefit of €35.1 million reflecting the period 2010 to 2012, as well as reducing corporate income tax charges for 2013 by €31.9 million.

**Net result.** As a result of the foregoing, the net result amounted to a profit of €349.0 million for the year ended December 31, 2013 from a profit of €267.4 million for the year ended December 31, 2012, an increase of €81.6 million.

#### ***Year ended December 31, 2012 compared to the Year ended December 31, 2011***

**Total revenues.** Total revenues increased by €58.7 million, or 4.0%, to €1,536.9 million for the year ended December 31, 2012 from €1,478.2 million for the year ended December 31, 2011. Excluding revenues from other sources, revenues increased by 4.8% over this period. The most important drivers for the growth in revenues were continued growth in RGUs for broadband internet and telephony driven by further uptake of our All-in-1 bundle, increased revenues from digital pay TV and increased revenues from business services. The number of triple-play subscribers increased by 10.3% and resulted in growth in both broadband internet and telephony revenues of 6.4% and 8.6%, respectively. All-in-1 bundle revenues, which are included on a pro rata basis in each of standard TV, broadband internet and telephony revenues, increased by 14.5% to €672 million for the year ended December 31, 2012 from €587.0 million for the year ended December 31, 2011, due to an increase in All-in-1 bundle subscribers

from 1.3 million as at December 31, 2011 to 1.4 million as at December 31, 2012. All-in-1 bundle subscribers represented 49.1% of standard cable subscribers in 2012, compared with 42.3% in 2011. Revenue growth in business services was driven by organic growth of 15.4% which, combined with a €6.1 million revenue contribution from Breezz (acquired on October 13, 2011 and consolidated since that date), resulted in total revenue growth of 20.4%.

**Total video revenues.** Total video revenues decreased by €0.2 million to €32.7 million for the year ended December 31, 2012 from €32.9 million for the year ended December 31, 2011. The decrease in total video revenues was primarily attributable to a decrease of €7.1 million in standard TV subscription revenues as a result of a decrease in our standard TV subscriber base in the consumer market of 4.9%, which was offset by a €6.9 million, or 11.2%, increase in digital pay TV revenues despite a decline in the number of subscribers to digital pay TV by 23,000. ARPU for digital pay TV increased by 9.2% from €13.71 during the year ended December 31, 2011 to €14.97 during the year ended December 31, 2012, driven by an increase in the number of packages per subscriber due in part to the launch of HBO in February 2012 and growth in on demand transactions. During 2012, we experienced a strong year-on-year increase in on demand transactions of more than 125%, albeit from a small base. This increase resulted from three factors: (i) a new TV proposition launched in September 2011 which provides our digital TV customers with access to our library of films and series; (ii) our introduction of a pay-per-event proposition in the second quarter of 2011 which enables our customers to order a single match from the Dutch, Spanish or English Premier Leagues without the need for an interactive set-top box or a subscription to digital pay TV; and (iii) the increase in the total number of our subscribers with an interactive set-top box to almost 360,000 as at December 31, 2012 as compared to 235,000 as at December 31, 2011.

**Broadband internet subscription revenues.** Broadband internet subscription revenues increased by €6.5 million, or 6.4%, to €42.4 million for the year ended December 31, 2012 from €45.9 million for the year ended December 31, 2011. This increase was primarily due to an increase in broadband internet subscribers by 5.4% from 1.7 million subscribers as at December 31, 2011 to 1.8 million subscribers as at December 31, 2012, partly offset by a small decrease of €0.10 per month, or 0.5%, in our broadband internet ARPU.

**Total telephony revenues.** Total telephony revenues increased by €24.5 million, or 8.6%, from €284.3 million for the year ended December 31, 2011 to €308.7 million for the year ended December 31, 2012. This increase was due to an increase in telephony subscription revenues from €13.5 million for the year ended December 31, 2011 to €29.0 million for the year ended December 31, 2012 and an increase of 5.2% in telephony usage revenues from €170.8 million for the year ended December 31, 2011 to €179.7 million for the year ended December 31, 2012. The increase in subscription and usage revenues was primarily the result of an increase in the number of telephony subscribers from 1.3 million as at December 31, 2011 to 1.5 million subscribers as at December 31, 2012, primarily due to an increased number of subscriptions to our All-in-1 bundle, which was partly offset by a decrease in the telephony usage ARPU of €0.82 per month. Excluding interconnection revenues, telephony usage revenues increased by approximately 7.6% during this period. In addition, a 9.9% increase in the number of telephony subscribers was more than offset by a lower ARPU for telephony usage as more subscribers selected a flat-fee subscription for calls within the Netherlands and several foreign countries. This increase was also attributable to a higher share of free on-net calls as a result of growth in the number of All-in-1 subscribers. Both trends resulted in a higher percentage of non-billable calling minutes as compared with the previous year, in addition to an overall decline in average usage per fixed-line telephony subscriber.

Total call minutes increased by 6.6% during the year ended December 31, 2012 over the year ended December 31, 2011, with on-net calling growing by 17.0% over this period. However, the number of total billable minutes declined by almost 12% due to such growth in on-net as well as growth of 24.9% in the number of flat-fee subscriptions.

**Revenues from other sources.** Revenues from other sources decreased by €10.0 million, or 17.4%, to €47.5 million for the year ended December 31, 2012 from €57.4 million for the year ended December 31, 2011, primarily as a result of decreased revenues from the sale of set-top boxes and other products to subscribers. The decreased revenues were in turn attributable to fewer set-top boxes sold at lower average sales prices and lower volumes of other products sold, including telephones. During the year ended December 31, 2012, approximately 279,000 set-top boxes and 25,000 CI+ modules were shipped, compared to approximately 373,000 and 37,000 set-top boxes and CI+ modules, respectively, during 2011.

**Business services revenues.** Business services revenues increased by €17.9 million to €105.6 million for the year ended December 31, 2012 from €87.7 million for the year ended December 31, 2011, or by 20.4%. This includes a €6.1 million revenue contribution from Breezz, which we acquired in October 2011. Excluding Breezz, revenues grew organically by 15.4%. During the year ended December 31, 2012, almost 13,400 new subscribers subscribed to our main B2B bundles (Internet Plus, Office Basis and the new Office Plus bundle), resulting in a total of almost 36,900 subscribers by December 31, 2012. Coaxial products TOM and TOMi, our collective TV contracts, and our business bundles grew by over 45.6% between December 31, 2011 and December 31, 2012 to €35.4 million during the year ended December 31, 2012, representing 33.6% of total B2B revenues during that period.

**Cost of goods sold.** During the year ended December 31, 2012, cost of goods sold increased to €295.0 million, up 1.3% from the year ended December 31, 2011. Our gross margin during the year ended December 31, 2012 was 80.8% of revenue versus 80.3% of revenue during the previous year. During the year ended December 31, 2012, we supplied 190,000 iTV set-top boxes, 89,000 HD set-top boxes and 25,000 CI+ modules, versus 151,000 iTV set-top boxes, 207,000 HD set-top boxes, 15,000 SD set-top boxes and 37,000 CI+ modules in 2011. The boxes are typically sold at a negative gross margin as part of our promotional campaigns to support further penetration of digital TV and triple play and we consider them an investment in our customer base.

The relatively high growth in digital pay TV, which has a lower gross margin than other products, in combination with the higher negative gross margin on set-top boxes as a result of an increased number of interactive set-top boxes shipped during the year ended December 31, 2012 compared to the previous year, was more than offset by higher gross margins on internet as well as telephony and business services.

**Personnel expenses.** Personnel expenses increased by 6.8% from €175.6 million during the year ended December 31, 2011 to €187.4 million during the year ended December 31, 2012. This increase was primarily attributable to an increase in headcount and an increase in the average salary costs for our employees during this period. The increase in average salary costs was in turn driven by discretionary individual salary raises, the collective labor agreement and higher employer charges for social security and pension contributions. The increase in both headcount and average salary costs was partly offset by an increase in capitalized personnel expenses. In addition, since the IPO of Ziggo N.V. in March 2012, the personnel costs for the Management Board and Supervisory Board have been incurred at the level of Ziggo N.V., the entity which, since its listing in 2012, employs the four members of the Management Board and at whose level the Supervisory Board now sits, resulting in a slight decrease in personnel expenses of 0.8% or €1.4 million over this period.

**Contracted work.** Costs of contracted work remained relatively stable, decreasing by 0.6% from €51.2 million during the year ended December 31, 2011 to €50.9 million during the year ended December 31, 2012. Lower consultancy costs and slightly lower costs incurred for customer services were offset by higher costs for the maintenance of our network and technology. Due to a decline of nearly 25% in volumes in our customer services department during the second half of 2012, total external call center and customer services costs decreased slightly over the previous year. During the comparable period of 2011, we experienced a peak in customer service activity, customer installations and inbound sales following successful pre-summer campaigns at the end of the second quarter of 2011, as well as the introduction of our new TV proposition and the related migration of all our customers to the new offering in September 2011.

The higher network maintenance and technology costs we incurred during the year ended December 31, 2012 compared to the year ended December 31, 2011 were due to an increase in RGUs and in the capacity of our infrastructure, as well as rising maintenance costs, following investments in our core infrastructure and systems to facilitate the addition of new services such as mobility and TV Everywhere.

**Materials and logistics.** Material and logistics expenses decreased by €2.3 million to €3.8 million for the year ended December 31, 2012 from €6.0 million for the year ended December 31, 2011. This decrease was mainly the result of costs related to returns and repair for set-top boxes covered by our warranty provision being included in the cost of goods sold during the year ended December 31, 2012, while during the year ended December 31, 2011 these costs were recognized as materials and logistics and amounted to €0.9 million.

**Marketing and sales.** Marketing and sales expenses decreased by €8.0 million, or 11.7%, to €60.5 million for the year ended December 31, 2012 from €68.5 million for the year ended December 31, 2011. The year-on-year decline in marketing and sales expenses must be considered in combination with a higher negative gross margin on

set-top boxes. The decline was also the result of lower spending on branding during the year ended December 31, 2012. During the second half of 2011, we launched a major branding event for the Entertainment Experience.

**Office expenses.** Office expenses increased by 7.5% from €49.6 million during the year ended December 31, 2011 to €53.3 million during the year ended December 31, 2012. This was due to increased costs of licenses and maintenance for applications as a result of increases in user numbers and in the size of various databases. In addition, investments in innovations for our converged platform and business applications resulted in additional license and maintenance costs on top of the existing IT environment.

**Other operating expenses.** Other operating expenses increased by €3.5 million to €5.1 million for the year ended December 31, 2012 from €1.6 million for the year ended December 31, 2011. This increase is primarily attributable to a charge of €2.0 million for management fees for services rendered by the Management Board of Ziggo N.V. and a lower release from the provision for bad debt by €1.2 million during the year ended December 31, 2012 as compared to the year ended December 31, 2011.

**Amortization and impairments.** Amortization and impairments decreased by €1.5 million, or 64.5%, from €9.9 million in the year ended December 31, 2011 to €8.4 million in the year ended December 31, 2012. This was mainly due to the fact that since the second quarter of 2011 we no longer amortize our customer list, resulting in a decrease in amortization of €4.1 million. In addition, amortization on software decreased by €7.4 million during the year ended December 31, 2012 as a result of high historical investments during our merger which had led to relatively high amortization charges in previous years.

**Depreciation and impairments.** Depreciation and impairments decreased by €17.3 million, or 6.5%, from €268.0 million in the year ended December 31, 2011 to €250.7 million in the year ended December 31, 2012. This decrease was the result of high historical investments during our merger which had led to relatively high depreciation charges in previous years.

**Operating income.** Operating income increased €15.1 million, or 23.7%, to €601.8 million for the year ended December 31, 2012 from €486.6 million for the year ended December 31, 2011, primarily as a result of a 4% increase in revenues and a €6.4 million, or 5.7%, decrease in operating expenses. The decrease in operating expenses resulted from a decrease in amortization and depreciation expenses and the cancellation of the amortization of our customer list. Excluding amortization and depreciation expenses, operating expenses increased by €12.4 million, or 1.9%, over this period.

**Net financial expenses.** Net financial expenses decreased by €15.7 million, or 6.3%, to an expense of €32.6 million for the year ended December 31, 2012 from an expense of €48.3 million for the year ended December 31, 2011.

**Interest income and expenses.** Interest expenses decreased by €48.8 million, or 19.0%, to €207.8 million for the year ended December 31, 2012 from €256.6 million for the year ended December 31, 2011. During the year ended December 31, 2012, €10.4 million was allocated as borrowing costs on work in progress, resulting in an interest credit, compared to €9.4 million during the year ended December 31, 2011. Excluding capitalized borrowing costs, interest expenses decreased by €47.7 million. This decrease was the result of a reduction in our average debt by approximately €207 million and a reduction in our blended interest rate from 7.7% during the year ended December 31, 2011 to 7.0% during the year ended December 31, 2012. The percentage of our hedged floating rate borrowings increased to 94% as at December 31, 2012 from approximately 72% as at December 31, 2011 as a result of prepayments of €320 million under our Old Senior Credit Agreement during the year ended December 31, 2012. As at December 31, 2012, only 2% of our gross debt was exposed to a floating interest rate, taking into consideration the IRS position.

**Banking and financing fees.** Banking and financing fees, including commitment fees, decreased to €1.0 million for the year ended December 31, 2012 from €2.4 million for the year ended December 31, 2011, mainly due to a reduction in the committed ancillary facility from €150 million to €50 million since the fourth quarter of 2011.

**Amortization of funding costs.** The amortization of funding costs decreased to €13.2 million for the year ended December 31, 2012 from €14.4 million for the year ended December 31, 2011. During the year ended December 31, 2012, a consent fee of €7.6 million became payable to the lenders of our Old Senior Credit

Agreement upon the completion of Ziggo N.V.'s IPO in March 2012. The consent fee has been capitalized and will be amortized over the remaining term of the facility agreement.

**Other income (i.e., fair value gains and losses on interest rate swaps).** We recognized a fair value gain on interest rate hedges of €26.2 million for the year ended December 31, 2011 versus a fair value loss of €10.8 million for the year ended December 31, 2012 which was a result of a decline in three-year swap rates, partly offset by shortened expiration periods of underlying hedges.

**Net result from joint ventures and associates (after tax).** The €9.4 million net loss from joint ventures during the year ended December 31, 2012 predominantly relates to our 50% share in the results of HBO NL, our joint venture with HBO. Investments in and results from this joint venture are accounted for using the equity method. Our share in the funding of this joint venture amounts to approximately €13.0 million in total.

**Income tax benefit (expense).** Income tax expense increased by €32.4 million to an expense of €92.3 million for the year ended December 31, 2012 from an expense of €59.9 million for the year ended December 31, 2011. This was primarily the result of an increase in the result before income taxes for the period.

**Net result.** As a result of the foregoing, the net result amounted to a profit of €267.4 million for the year ended December 31, 2012 from a profit of €178.3 million for the year ended December 31, 2011, an increase of €89.1 million.

## **Liquidity and Capital Resources**

We maintain cash and cash equivalents to fund the day-to-day requirements of our business. We hold cash primarily in euro. Historically, we have relied primarily upon bank borrowings under the Existing Credit Facility and cash flow from operations to provide funds required for acquisitions and operations.

Our principal source of liquidity on an on-going basis has been, and will be, our operating cash flows and borrowings under the New RCF.

Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control.

As at September 30, 2014, we had €339.7 million in cash and cash equivalents and €3,255.8 million of carrying amount of debt under the Existing Credit Facility, the 2020 Notes, the Original 2018 Notes and the New 2018 Notes resulting in a net debt position of €2,916.1 million.

## **Overview of Financing Instruments**

As of September 30, 2014, our indebtedness consisted of the following:

- €743.1 million aggregate principal amount of New 2018 Notes;
- €465.7 million aggregate principal amount of Original 2018 Notes;
- €71.7 million aggregate principal amount of the 2020 Notes; and
- €922 million and \$1,384 million outstanding under the Senior Secured Credit Facilities.

We believe that our operating cash flows will be sufficient to fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due for the next twelve months following the date of this Offering Memorandum.

We may in the future acquire the Notes in open market purchases, individually negotiated transactions or otherwise, or enter into certain other financing transactions.

## **Cash Flow**

The table below summarizes our consolidated cash flow for the years ended December 31, 2011, 2012 and 2013 and the nine months ended September 30, 2013 and 2014.

	For the year ended December 31,			For the nine months ended September 30,	
	2011	2012	2013	2013	2014
	(€in thousands)				
Cash flow from operating activities.....	819,875	973,995	667,664	491,643	683,846
Cash flow used in investing activities.....	(249,839)	(292,335)	(366,145)	(269,570)	(290,167)
Cash flow used in financing activities .....	(524,396)	(701,931)	(316,725)	(209,311)	(131,097)
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>45,640</b>	<b>(20,271)</b>	<b>(15,206)</b>	<b>12,761</b>	<b>262,582</b>

**Cash flow from operating activities.** Cash flow from operating activities increased by €192.2 million from a cash inflow of €491.6 million for the nine months ended September 30, 2013 to a cash inflow of €683.8 million for the nine months ended September 30, 2014. This increase was primarily driven by a change in working capital excluding accrued interest. As at September 30, 2013, this change in working capital amounted to (€168.4 million) compared to a change in working capital as at September 30, 2014 of €29.1 million. This is mainly the result of the settlement of the intracompany current account position of our company to Ziggo N.V. in an amount of €167.9 million in conjunction with the dividend distribution in an amount of €190 million by Ziggo N.V. in 2013.

Cash flow from operating activities decreased by €306.3 million from a cash inflow of €974.0 million for the year ended December 31, 2012 to a cash inflow of €667.7 million for the year ended December 31, 2013. This decrease was primarily driven by a cash outflow of €15.9 million as a result of the increase in working capital excluding accrued interest in 2013, versus a €94.1 million cash inflow from a decrease in working capital excluding accrued interest in 2012, partly offset by an increase in EBITDA of €6.8 million. The increase in working capital excluding accrued interest in 2013 compared to the decrease in working capital excluding accrued interest in 2012 is mainly explained by a settlement of the intracompany current account position with Ziggo N.V. in an amount of €167.9 million in conjunction with the dividend distribution by Ziggo N.V. Additionally, whereas changes in inventories, trade accounts receivable and other current assets led each to a cash inflow in 2012 of €13.7 million combined, each of these led to a cash outflow in 2013 of €6.2 million combined.

Cash flow from operating activities increased by €154.1 million from a cash inflow of €819.9 million for the year ended December 31, 2011 to a cash inflow of €974.0 million for the year ended December 31, 2012. This increase was primarily driven by a €46.3 million improvement in adjusted EBITDA and a cash inflow of €94.1 million as a result of the decrease in working capital, versus a €6.8 million cash outflow from an increase in net working capital and a €6.9 million lower cash outflow from a movement in provisions. The decrease in working capital in 2012 can mainly be attributed to VAT being payable on a quarterly rather than on a monthly basis (effective as at January 1, 2012), resulting in a reduction in net working capital since the VAT is payable in the month after the applicable period. In addition, the relatively high capital expenditures during the fourth quarter compared to the rest of the year resulted in a relatively high balance for trade accounts payable and other current liabilities and contributed to the decrease in net working capital compared to 2011. Both the balance for trade accounts receivable and deferred revenue declined as the billing of quarterly subscriptions was postponed from the end of December 2012 to the beginning of January 2013. This reduced the balance for trade receivables during the year ended December 31, 2012 by approximately €8.0 million and for deferred revenue by €6.5 million.

**Cash flow used in investing activities.** Cash flow used in investing activities increased by €20.6 million from a cash outflow of €269.6 million for the nine months ended September 30, 2013 to a cash outflow of €290.2 million for the nine months ended September 30, 2014. Excluding acquisition capital expenditures related to our acquisition of Esprit Telecom, cash flow used in investing activities increased by €35.8 million, or 14.1%, from €254.4 million for nine months ended September 30, 2013 to €290.2 million for the nine months ended September 30, 2014. The increase of €35.8 million compared to the corresponding period in 2013 was mainly driven by investments in core infrastructure and systems and the replacement of our legacy systems to facilitate the addition and continued expansion of services, such as mobility and TV Everywhere, and the capitalization of set-top boxes. Since 2013, we began offering customers a choice in the duration of their contracts. To customers with a one-year contract or longer, we provide a set-top box as part of the contract and capitalize the cost of set-top boxes and depreciate these boxes over a two-year period.

Cash flow used in investing activities increased by €73.8 million from a cash outflow of €292.3 million for the year ended December 31, 2012 to a cash outflow of €366.1 million for the year ended December 31, 2013. Excluding acquisition capital expenditures related to our acquisition of Esprit Telecom, capital expenditures increased by €58.6 million or 20.1% from €292.3 million for the year ended December 31, 2012 to €351.0 million for the year ended December 31, 2013. The increase of €58.6 million compared to 2012 was mainly driven by investments in core infrastructure and systems to facilitate the addition of new services such as mobility and TV Everywhere. Investments in network capacity grew by €26.9 million or 22.4% compared to 2012, mainly due to the additional capacity required to process an approximately 40% annual increase in internet traffic. The increase in investments for customer installations in 2013 compared to 2012 is predominantly due to the capitalization of set top boxes, partly offset by a lower number of modems installed at customer premises.

Cash flow used in investing activities increased by €42.5 million from a cash outflow of €249.8 million for the year ended December 31, 2011 to a cash outflow of €292.3 million for the year ended December 31, 2012. Excluding acquisition capital expenditures related to our acquisition of Breezz, capital expenditures increased by €36.8 million, or 15.1%, from €42.9 million for the year ended December 31, 2011 to €79.7 million for the year ended December 31, 2012. The increase of €36.8 million compared to 2011 was mainly driven by investments in core infrastructure and systems to facilitate the addition of new services such as mobility and TV Everywhere. Network capacity grew by 6% compared to 2011, mainly due to the additional capacity required to process an approximately 40% increase in internet traffic. The decrease in customer installations in 2012 compared to 2011 is predominantly due to fewer number of modems swapped compared to the previous year.

For additional information on our capital expenditures, please see “Capital Expenditures” below.

***Cash flow used in financing activities.*** Cash flow used in financing activities decreased by €78.2 million from a cash outflow of €209.3 million for the nine months ended September 30, 2013 to a cash outflow of €131.1 million for the nine months ended September 30, 2014. Excluding the dividend of €202.1 million paid in two installments in April and September of 2013, the cash flow used in financing activities increased by €123.9 million. This decrease resulted from the unwind of swap contracts of €48.4 million, higher financing fees and ‘other financing activities’. Following the announcement of the intended public offer from Liberty Global in January 27, 2014, we refinanced the majority of our existing financing facilities in February and March 2014. The proceeds of newly issued term loans B1 and B2 of €1,936.5 million were used to repay an amount of €1,833.3 million of existing facilities.

Cash flow used in financing activities decreased by €385.2 million from a cash outflow of €701.9 million for the year ended December 31, 2012 to a cash outflow of €316.7 million for the year ended December 31, 2013. The main reason for this decrease is a substantial repayment of our loans in 2012 to bring down our net debt, whereas in 2013 we had reached our targeted leverage rate. Interest paid during the year ended December 31, 2013 decreased by €27.1 million from €217.9 million in 2012 to €190.8 million in 2013, as a result of a reduction of the average net debt in 2013 compared to 2012. At the end of 2013, accrued interest was €38.8 million compared to €18.0 million at the end of 2012.

Cash flow used in financing activities increased by €177.5 million from a cash outflow of €524.4 million for the year ended December 31, 2011 to a cash outflow of €701.9 million for the year ended December 31, 2012. Interest paid during the year ended December 31, 2012 decreased by €49.1 million from €267.0 million in 2011 to €217.9 million in 2012, as a result of prepayments of €320.0 million we made on our senior debt as compared to €248.4 million in the year ended December 31, 2011. The blended interest rate declined from 7.7% in 2011 to 6.8% in 2012. At the end of 2012, accrued interest for the 2017 Senior Secured Notes and the 2018 Senior Notes was €17.8 million, equal to the amount at the end of 2011.

### ***Other Obligations***

We have obligations under defined benefit and defined contribution pension schemes. Our cash outflow from these obligations will vary with a number of factors. Payments to these pension schemes are recognized on the income statement under personnel expenses as employee benefit expenses when they are due. In the nine months ended September 30, 2014 and 2013 and the years ended December 31, 2011, 2012 and 2013, these expenses amounted to €15.7 million, €15.5 million, €15.4 million, €18.1 million and €20.7 million, respectively. For more information, see note 6 of the Ziggo Bond Company B.V. December 31, 2013 Consolidated Financial Statements.

During the year ended December 31, 2012, the year ended December 31, 2013 and the nine months ended September 30, 2014, we provided guarantees to unrelated parties in an amount of €3.9 million, €3.9 million and €1.6 million respectively.

## Capital Expenditures

Our capital expenditures relates primarily to the purchase of property and equipment, including expansion of the network in terms of capacity and new homes connected, growth in RGUs and maintenance of our network and infrastructure, purchase of intangible assets such as software, investments in our core infrastructure and systems and the replacement of legacy systems to facilitate the addition and continued expansion of services such as mobility and TV Everywhere and acquisitions. Therefore, capital expenditures is primarily driven by extending, upgrading and maintaining our network, the installation and in-home wiring for new subscribers and the cost of cable modems, including high-speed modems for our subscribers for our high-speed broadband internet. Our capital expenditures historically also related to the integration costs of our predecessor businesses.

In the nine months ended September 30, 2014, we rolled out approximately 320,000 high-speed modems to existing and new customers which were WiFi enabled. Each such high-speed modem/WiFi router costs us approximately €65 to €75. The costs of the modems and modem/WiFi routers are depreciated over three years. In total, as at September 30, 2014, approximately 2.0 million high speed modems were activated in our network, of which 1.4 million were WiFi enabled.

Capital expenditures also includes increases in intangible assets (except our customer list) and does not include financial assets. As part of our strategy to focus capital expenditures on improving returns, we have instituted measures to ensure a more efficient usage of capital investment. We intend to manage capital expenditures to maintain our well-invested asset base. The members of our Management Board review all existing capital expenditures program and plan to review and approve future programs.

The table below sets forth our capital expenditures and our capital expenditures ratio (as defined below) for the years ended December 31, 2011, 2012 and 2013 and the nine months ended September 30, 2013 and 2014.

	For the year ended December 31,			For the nine months ended September 30,	
	2011	2012	2013	2013	2014
	(€in millions, except percentages)				
<b>Capital Expenditures:</b>					
Non-integration capital expenditures .....	242.9	279.7	342.6	246.5	282.5
Acquisition capital expenditures .....	7.4	—	15.2	15.2	—
<b>Total capital expenditures.....</b>	<b>250.3</b>	<b>279.7</b>	<b>357.8</b>	<b>261.7</b>	<b>282.5</b>
Capital expenditures ratio (1) .....	16.4%	18.2%	21.9%	21.0%	23.5%

(1) Capital expenditures ratio represents non-integration capital expenditures as a percentage of total revenues.

In the nine months ended September 30, 2014, total capital expenditures were €282.5 million, an increase of €20.8 million from €261.7 million in the nine months ended September 30, 2013. Excluding integration and acquisition capital expenditures, capital expenditures increased by €36.0 million, or 14.6%, from €246.5 million for the nine months ended September 30, 2013 to €282.5 million for the nine months ended September 30, 2014. The increase of €36.0 million compared to the corresponding period in 2013 was driven by investments in our core systems and the capitalization of set-top boxes. Investments in network growth declined by 4.1%. The increase in investments in customer installations compared to the corresponding period in 2013 is predominantly due to the capitalization of set top boxes and the strong uptake of our internet subscriptions as a result of successful marketing and sales campaigns during 2014. During the nine months ended September 30, 2014, we shipped a total of 320,000 dual-band WiFi-enabled EuroDocsis 3.0 modems to new All-in-1 and broadband internet subscribers and to existing customers as an upgrade.

In the year ended December 31, 2013, total capital expenditures were €357.8 million, an increase of €78.1 million from €279.7 million in the year ended December 31, 2012. Excluding integration and acquisition capital expenditures, capital expenditures increased by €62.9 million, or 22.5%, from €279.7 million for the year

ended December 31, 2012 to €42.6 million for the year ended December 31, 2013. The increase of €62.9 million compared to 2012 was mainly driven by investments in our core infrastructure and systems to facilitate the addition and the continued expansion of services such as mobility and TV Everywhere. Investments in network capacity grew by 22.4% compared to 2012, mainly due to the additional capacity required to process an approximately 40% annual increase in internet traffic. The increase in investments in customer installations compared to 2012 of 19.2% is predominantly due to the capitalization of set top boxes and the number of modems installed at customer premises.

In the year ended December 31, 2012, total capital expenditures were €279.7 million, an increase of €29.4 million from €250.3 million in the year ended December 31, 2011. Excluding integration and acquisition capital expenditures, capital expenditures increased by €36.8 million, or 15.1%, from €42.9 million for the year ended December 31, 2011 to €279.7 million for the year ended December 31, 2012. The increase of €36.8 million compared to 2011 was mainly driven by investments in core infrastructure and systems to facilitate the addition of new services such as mobility and TV Everywhere. Network capacity grew by 6% compared to 2011, mainly due to the additional capacity required to process an approximately 40% increase in internet traffic. The decrease in customer installations compared to 2011 is predominantly due to a limited number of modems swapped compared to the previous year. During the year ended December 31, 2012, we swapped approximately 137,000 modems versus 480,000 modems in 2011. In addition, we shipped 338,000 dual-band WiFi-enabled EuroDocsis 3.0 modems to new All-in-1 and broadband internet subscribers and upgrades in 2012.

### **Off-Balance Sheet Arrangements**

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources, except with respect to our interest rate hedging.

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

In the ordinary course of our business, we are exposed to market risk arising from fluctuations in interest rates. To manage this risk effectively, we have in the past and expect to continue to enter into hedging transactions and use derivative financial instruments, pursuant to established internal guidelines and policies, to mitigate the adverse effects of this risk. We do not enter into financial instruments for trading or speculative purposes.

We manage our exposure to interest rate risk and overall financing costs by entering into interest rate swap agreements. As at September 30, 2014, we had fully hedged our exposure from our floating rate debt as well as the currency exposure related to our US dollar denominated debt. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income.

Following the refinancing after the announcement of the intended offer by Liberty Global on Ziggo on January 27, 2014, we have fully unwound the interest rate swaps in relation to the floating rate debt we had in place prior to that refinancing in the first quarter of 2014. In connection with the new Senior Credit Facilities which we became effective in February 2014, we entered into a new set of interest rate swaps and cross currency swaps to fully hedge our exposure to interest rates and the US dollar. These interest rate swaps at an amount of €1,566 million and cross currency swaps at an amount of \$2,350 million have a maturity date of January 15, 2022, similar to the maturity date of the underlying Senior Credit Facilities.

### **Critical Accounting Policies**

Our financial information included in this Offering Memorandum has been prepared and presented in accordance with IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Please see “Presentation of Financial and Other Information and Certain Definitions—Presentation of Financial Information” and note 3 “Significant Accounting Policies” to the financial statements for the year ended December 31, 2013 included elsewhere in this Offering Memorandum.

The preparation of financial statements requires our management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a

basis for certain estimates within our financial statements represent good-faith assessments of our future performance for which our management believes there is a reasonable basis.

These estimates and assumptions represent our view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause our actual future results, performance and achievements to differ materially from those forecasted. The estimates and assumptions that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. We have discussed the development and selection of these critical accounting policies and estimates with our independent auditors.

### ***Purchase Price Allocation***

We applied purchase price allocation in accordance with IFRS 3 “Business Combinations” in several past acquisitions. The fair values allocated to the individual identified assets are based on management’s estimates of the replacement value of the assets. The intangibles are valued using management’s estimates of our future cash flows and operating results.

### ***Impairment of Goodwill***

We determine whether goodwill needs to be impaired at least on an annual basis. This requires an estimation of the “value in use” of the cash-generating units to which the goodwill is allocated. Estimating a value in use requires management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

### ***Deferred Tax Assets***

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

### ***Fair Value of Financial Instruments***

Where the fair value of financial assets or financial liabilities cannot be derived from active markets, it is determined using other valuation techniques such as the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of factors such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### ***Other Long-Term Employee Benefits***

The calculation of other long term employee benefits, along with the related net periodic benefit costs for the periods presented, requires management to estimate, among other things, employee benefits claims, future benefit levels and appropriate discount rates. Due to the long-term nature of these plans, such estimates are subject to considerable uncertainties and may require adjustments in future periods, which can affect future liabilities and expenses.

### ***Provision for Legal Proceedings and Other Provisions***

We are party to a number of legal proceedings arising out of business operations. Such legal proceedings are subject to inherent uncertainties. Where appropriate and where supported by internal and external legal counsels, management determines whether it is more likely than not that an outflow of resources will be required to settle an obligation. If management determines an outflow of resources is required, and a reliable estimate of that outflow can be made, a provision is recognized for the best estimate of the expenditures required to settle the obligation.

In addition, we have obligations related to leasehold improvements and returns for customer premises equipment, such as modems. Such obligations must also be estimated.

All the assumptions, anticipations, expectations and forecasts used as a basis for such estimates represent good-faith assessments of our future performance for which management believes there is a reasonable basis. These estimates represent management's view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause our future results, performance and achievements to differ materially from those forecasted.

### ***Treatment of Customer Lists***

Customer lists, which are initially measured at fair value, were recognised as an asset with an indefinite life in 2012. In the first quarter of 2011, management concluded it was no longer able to estimate the useful life of the customer relationships as a result of low attrition rates and increased number of products per active connection, and consequently assessed it to be indefinite. The change was accounted for prospectively as from April 1, 2011 as a change in accounting estimates.

For determining the fair value at acquisition date the asset identified as customer relationships contains two components, that are closely related:

1. The "Access Right", representing the license to operate, maintain, update and expand the network. This ensures that the respective customers can be serviced through the cable-related assets;
2. The "Active Clients", representing the active customer base at the moment of acquisition.

As of Q2 2014 Ziggo has separated the carrying amount of the two components within the intangible asset that was previously presented as customer relationships based on relative fair values. Based on analysis of available data and taking into consideration current market circumstances, Ziggo is now able to estimate the remaining useful life of these intangible assets as the assessment showed a foreseeable limit to the period over which the asset is expected to generate net cash inflows. Based on this assessment the useful life of Active Clients is estimated at 14 years and the useful life for the Access Rights at 30 years. Based on the assessment no impairment needs to be recognized regarding the carrying amount of these assets and the company started amortizing these assets on this basis as from April 1, 2014. This results in an annual amortization charge of €120 million to reflect the remaining useful lives of 7 and 23 years, respectively, for Active Clients and Access Right. Our company accounts for the amortization charges as of the second quarter of 2014 prospectively as a change in an accounting estimate.

## SUPPLEMENTAL DISCUSSION AND ANALYSIS OF CERTAIN HISTORICAL FINANCIAL INFORMATION AND RESULTS OF OPERATIONS OF UPC NEDERLAND

The following discussion and analysis, which should be read in conjunction with the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements and the UPC Nederland December 31, 2013 Consolidated Financial Statements, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Overview.* This section provides a general description of our business and recent events.
- *Results of Operations.* This section provides an analysis of our historical results of operations for the nine months ended September 30, 2014 and 2013 and for the years ended December 31, 2013, 2012 and 2011.
- *Liquidity and Capital Resources.* This section provides an analysis of our liquidity and consolidated statements of cash flows.
- *Critical Accounting Policies, Judgments and Estimates.* This section discusses those material accounting policies that contain uncertainties and require significant judgment in their application.

The capitalized terms used below have been defined in the notes to the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements and the UPC Nederland December 31, 2013 Consolidated Financial Statements. In the following text, the terms, “we,” “our,” “our company” and “us” may refer, as the context requires, to UPC Nederland or collectively to UPC Nederland and its subsidiaries.

### Overview

We are a subsidiary of Liberty Global that provides video, broadband internet, fixed-line telephony and mobile services in The Netherlands.

In September 2012, we launched Horizon TV. Horizon TV is a family of media products that allows customers to view and share content across the television, computer, tablet and smartphone. Horizon TV is powered by a user interface that provides customers a seamless intuitive way to access linear, time-shifted, on-demand and web-based content on the television. It also features an advanced set-top box that delivers not only video, but also internet and voice connections along with a wireless network for the home. For our Horizon TV customers, we also offer applications for various services. We intend to continue to improve the Horizon TV user experience with new functionality and software updates.

Our basic digital television channels are unencrypted which allows subscribers, who have the necessary equipment and who pay the monthly subscription fee for our analog package, to watch our basic digital television channels. Expanded channel packages and premium channels and services continue to be available for an incremental monthly fee in all of our markets. We generally expect unencryption of our networks to result in a positive impact on our subscriber disconnect levels and a somewhat negative impact on demand for lower tiers of digital cable services.

Our residential broadband internet services subscribers generally access the internet via cable modems connected to their personal computers at various download speeds ranging up to 200 Mbps, depending on the market and the tier of service selected. We determine pricing for each tier of broadband internet service through analysis of speed, data limits, market conditions and other factors.

We offer fixed-line telephony services to all of our broadband communications subscribers, primarily using voice-over-internet-protocol or “VoIP” technology. In addition, we offer mobile services using third-party networks.

We completed a small acquisition in 2012 that impacts the comparability of our 2013, 2012 and 2011 results of operations.

From a strategic perspective, we are seeking to build broadband communications businesses that have strong prospects for future growth in revenue and operating cash flow.

We strive to achieve organic revenue and customer growth in our operations by developing and marketing bundled entertainment and information and communications services, and extending and upgrading the quality of our networks where appropriate. As we use the term, organic growth excludes the estimated impact of acquisitions. While we seek to obtain new customers, we also seek to maximize the average revenue we receive from each household by increasing the penetration of our digital cable, broadband internet and fixed-line telephony services with existing customers through product bundling and upselling.

At September 30, 2014, we owned and operated networks that passed 2,847,100 homes and served 3,693,300 revenue generating units (RGUs), consisting of 1,590,100 video subscribers (including 1,125,800 digital cable subscribers), 1,107,400 broadband internet subscribers and 995,800 fixed-line telephony subscribers. We also offer mobile services using third-party networks, but do not currently include subscriptions to mobile services in our reported RGU statistics.

We added a total of 10,300 RGUs on an organic basis during the nine months ended September 30, 2014, as compared to a net decline of 1,800 RGUs on an organic basis during the nine months ended September 30, 2013. The organic RGU growth during the nine months ended September 30, 2014 is attributable to the net effect of (i) a decrease of 59,600 analog cable RGUs, (ii) an increase of 39,300 broadband internet services RGUs, (iii) an increase of 17,700 digital cable services RGUs and (iv) an increase of 12,900 fixed-line telephony services RGUs.

As of December 31, 2013, we served 1,632,000 video RGUs (including 1,108,100 digital cable RGUs), 1,068,100 broadband internet RGUs and 982,900 fixed-line telephony RGUs over a broadband communications network that passed 2,838,600 homes. As noted above, we also offer mobile services using third-party networks, but do not currently include subscriptions to mobile services in our reported RGU statistics.

We experienced a net decline of 1,700 RGUs on an organic basis during 2013. The RGU decline during 2013 is primarily attributable to analog cable services, which lost 127,800 RGUs. This decline in our analog cable services was substantially offset by the growth in our (i) fixed-line telephony services, which added 52,800 RGUs, (ii) broadband internet services, which added 43,200 RGUs, and (iii) digital cable services, which added 30,100 RGUs.

We are experiencing significant competition from (i) an incumbent telecommunications operator where the incumbent telecommunications operator is overbuilding our networks with fiber-to-the-home, -cabinet, -building or -node (referred to herein as FTTx) and advanced digital subscriber line technologies, (ii) direct-to-home operators and/or (iii) other providers in all of our broadband communications markets. This significant competition, together with the maturation of our market, has contributed to organic declines in revenue, RGUs and/or average monthly subscription revenue per average RGU (ARPU), the more notable of which include:

- (i) organic declines in overall revenue during the third quarter of 2014, as compared to the third quarter of 2013 and the second quarter of 2014;
- (ii) organic declines during the third quarter of 2014 in (a) video RGUs as net declines in our analog cable RGUs exceeded net additions to our digital cable RGUs (including migrations from analog cable) and (b) our total RGUs; and
- (iii) an organic decline in overall ARPU during the third quarter of 2014, as compared to the third quarter of 2013.

In addition to competition, our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in certain European countries, combined with weak growth and high unemployment, could lead to fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company. With regard to currency instability issues, concerns exist in the eurozone with respect to individual macro-fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European monetary union and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual eurozone countries. The realization of these concerns could lead to the exit of one or more countries from the European monetary union and the re-introduction of individual currencies in these countries, or, in more extreme circumstances, the possible dissolution of the European monetary union entirely, which could result in the redenomination of a portion, or in the extreme case, all of our euro-denominated assets, liabilities and cash flows to

the new currency of the country in which they originated. This could result in a mismatch in the currencies of our assets, liabilities and cash flows. Any such mismatch, together with the capital market disruption that would likely accompany any such redenomination event, could have a material adverse impact on our liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the eurozone countries, which in turn could have an adverse impact on demand for our products and, accordingly, on our revenue and cash flows. Moreover, any changes from euro to non-euro currencies within The Netherlands would require us to modify our billing and other financial systems. No assurance can be given that any required modifications could be made within a timeframe that would allow us to timely bill our customers or prepare and file required financial reports. In light of the significant exposure that we have to the euro through our euro-denominated borrowings, cash balances and cash flows, a redenomination event could have a material adverse impact on our company.

The video, broadband internet and fixed-line telephony businesses in which we operate are capital intensive. Significant additions to our property and equipment are required to add customers to our networks and to upgrade our broadband communications networks and customer premises equipment to enhance our service offerings and improve the customer experience, including expenditures for equipment and labor costs. Significant competition, the introduction of new technologies, the expansion of existing technologies such as FTTx and advanced digital subscriber line technologies, or adverse regulatory developments could cause us to decide to undertake previously unplanned upgrades of our networks and customer premises equipment in the impacted markets. In addition, no assurance can be given that any future upgrades will generate a positive return or that we will have adequate capital available to finance such future upgrades. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding or upgrading our networks or making our other planned or unplanned additions to our property and equipment, our growth could be limited and our competitive position could be harmed. For information regarding our property and equipment additions, see “*Liquidity and Capital Resources—Consolidated Statements of Cash Flows*”: below.

We rely on third-party vendors for the equipment, software and services that we require in order to provide services to our customers. Our suppliers often conduct business worldwide and their ability to meet our needs are subject to various risks, including political and economic instability, natural calamities, interruptions in transportation systems, terrorism and labor issues. As a result, we may not be able to obtain the equipment, software and services required for our businesses on a timely basis or on satisfactory terms. Any shortfall in customer premises equipment could lead to delays in connecting customers to our services, and accordingly, could adversely impact our ability to maintain or increase our RGUs, revenue and cash flows.

## **Results of Operations—Nine Months ended September 30, 2014 compared to Nine Months ended September 30, 2013**

### **Revenue**

Revenue includes revenue earned from (i) subscribers for broadband communications and mobile services and (ii) B2B services, interconnect fees, installation fees, channel carriage fees and late fees. Consistent with the presentation of our revenue categories in note 9 to the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements, we use the term “subscription revenue” in the following discussion to refer to amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. In the following table, mobile subscription revenue excludes the related interconnect revenue.

We pay interconnection fees to other telephony providers when calls or text messages from our subscribers terminate on another network, and we receive similar fees from such providers when calls or text messages from their customers terminate on our network or networks that we access through mobile virtual network operator arrangements. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnection fees are subject to regulatory oversight. To the extent that regulatory authorities introduce fixed-line or mobile termination rate changes, we would experience prospective changes in our interconnect revenue and/or costs. The ultimate impact of any such changes in termination rates on our operating cash flow would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

Our revenue is earned in The Netherlands and is subject to applicable VAT. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers.

Our revenue by major category is set forth below:

	Nine months ended September 30,		Increase (decrease)	
	2014	2013	€	%
	in millions			
Subscription revenue (a):				
Video.....	€ 346.4	€ 343.6	€ 2.8	0.8
Broadband internet .....	149.6	166.8	(17.2)	(10.3)
Fixed-line telephony.....	134.9	126.1	8.8	7.0
Cable subscription revenue .....	630.9	636.5	(5.6)	(0.9)
Mobile subscription revenue .....	0.2	0.2	—	—
Total subscription revenue .....	631.1	636.7	(5.6)	(0.9)
B2B revenue (b).....	42.1	43.6	(1.5)	(3.4)
Other revenue (c) .....	17.2	20.6	(3.4)	(16.5)
Total revenue.....	€ 690.4	€ 700.9	€ (10.5)	(1.5)

- (a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (b) B2B revenue includes revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €18.6 million and €12.7 million during the nine months ended September 30, 2014 and 2013, respectively, is included in cable subscription revenue.
- (c) Other revenue includes, among other items, installation, interconnect and late fees revenue.

Our consolidated revenue decreased €10.5 million during the nine months ended September 30, 2014, as compared to the corresponding period in 2013. The details of the decreases in our subscription and non-subscription revenue during the nine months ended September 30, 2014, as compared to the corresponding period in 2013, are as follows:

	Subscription revenue	Non-subscription revenue	Total
	in millions		
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs (a) .....	€ 1.5	€ —	€ 1.5
ARPU (b) .....	(7.1)	—	(7.1)
	)	—	)
Total decrease in cable subscription revenue .....	(5.6)	—	(5.6)
	)	—	)
Decrease in B2B revenue.....		(1.5)	(1.5)
	—	)	)
Decrease in other non-subscription revenue (c).....		(3.4)	(3.4)
	—	)	)
Total .....	€ (5.6)	€ (4.9)	€ (10.5)

Subscription revenue	Non-subscription revenue	Total
	in millions	
)	)	)

- (a) The increase in our cable subscription revenue related to a change in the average number of RGUs is attributable to increases in the average number of broadband internet, fixed-line telephony and digital cable RGUs that were mostly offset by a decline in the average number of analog cable RGUs.
- (b) The decrease in our cable subscription revenue related to a change in ARPU is due to the net effect of (i) a net decrease resulting primarily from the following factors: (a) lower ARPU due to the impact of an increase in the proportion of subscribers receiving lower-priced tiers of broadband internet and fixed-line telephony services in our bundles, (b) higher ARPU due to the impact of lower bundling discounts, (c) higher ARPU from digital cable services and (d) lower ARPU due to a decrease in fixed-line telephony call volumes and (ii) an improvement in RGU mix.
- (c) The decrease in our other non-subscription revenue is primarily due to a decrease in installation revenue.

For information concerning certain regulatory developments that could have an adverse impact on our revenue, see note 8 to the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements.

### ***Operating expenses***

*General.* Operating expenses include programming and copyright, network operations, interconnect, customer operations, customer care, share-based compensation and other costs related to our operations. Programming and copyright costs, which represent a significant portion of our operating costs, are expected to rise in future periods as a result of (i) growth in the number of our digital video subscribers, (ii) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (iii) rate increases. In addition, we are subject to inflationary pressures with respect to our labor and other costs. Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

Our operating expenses decreased €14.7 million or 6.8% during the nine months ended September 30, 2014, as compared to the corresponding period in 2013. Our operating expenses include share-based compensation expense, which was relatively unchanged. Excluding the effects of share-based compensation, our operating expenses decreased €14.7 million or 6.8%. This decrease includes the following factors:

- A decrease in interconnect costs of €6.3 million or 17.6%, primarily due to (i) lower rates and (ii) lower call volumes;
- A decrease in network-related expenses of €4.6 million or 17.1%, primarily due to (i) lower outsourced labor costs associated with customer-facing activities and (ii) decreased network and customer premises equipment maintenance costs;
- An increase in personnel costs of €4.4 million or 11.6%, primarily due to the net effect of (i) annual wage increases, (ii) increased costs related to lower proportions of capitalizable activities and (iii) decreased staffing levels;
- A decrease in outsourced labor and professional fees of €2.3 million or 15.9%, primarily due to lower call center costs; and
- A decrease in programming and copyright costs of €1.9 million or 2.2%, primarily due to the net effect of (i) lower costs related to digital video services and (ii) a net increase due to the impact of accrual releases associated with the reassessment of operational contingencies of (a) €3.2 million in the first and second quarters of 2013 and (b) €1.2 million in the third quarter of 2014.

### ***SG&A expenses***

*General.* SG&A expenses include human resources, information technology, general services, management, finance, legal and sales and marketing costs, share-based compensation and other general expenses. As noted under Operating Expenses above, we are subject to inflationary pressures with respect to our labor and other costs.

Our SG&A expenses increased €7.2 million or 8.7% during the nine months ended September 30, 2014, as compared to the corresponding period in 2013. Our SG&A expenses include share-based compensation expense, which was relatively unchanged. Excluding the effects of share-based compensation expense, our SG&A expenses increased €7.2 million or 8.8%. This increase includes the following factors:

- An increase in personnel costs of €6.7 million or 16.4%, primarily due to (i) higher incentive compensation costs, (ii) annual wage increases and (iii) increased staffing levels;
- An increase in sales and marketing costs of €3.4 million or 14.9%, primarily due to (i) higher third-party sales commissions and (ii) higher costs associated with advertising campaigns; and
- A decrease in outsourced labor and professional fees of €1.7 million or 38.6%, primarily due to lower consulting costs associated with certain strategic initiatives.

#### ***Depreciation and amortization expense***

Our depreciation and amortization expense increased €7.3 million or 5.6% during the nine months ended September 30, 2014, as compared to the corresponding period in 2013. This increase is primarily due to the net effect of (i) an increase in property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives, and (ii) a decrease associated with certain assets becoming fully depreciated.

#### ***Impairment, restructuring and other operating items, net***

We recognized impairment, restructuring and other operating credits, net, of nil and €1.8 million during the nine months ended September 30, 2014, and 2013, respectively. The 2014 amount relates to the net effect of (i) gains on the disposal of fixed assets of €1.2 million and (ii) restructuring charges of €1.2 million related to severance costs incurred in anticipation of Liberty Global's acquisition of Ziggo. The 2013 amount primarily relates to gains on the disposal of fixed assets. For additional information regarding Liberty Global's acquisition of Ziggo, see note 10 to the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements.

If, among other factors, (i) our enterprise value or Liberty Global's equity value were to decline significantly or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

#### ***Interest expense—related-party***

Our related-party interest expense decreased €3.4 million or 5.0% during the nine months ended September 30, 2014, as compared to the corresponding period in 2013. This decrease is primarily attributable to a lower average outstanding debt balance and a slightly lower weighted average interest rate. For additional information regarding our related-party debt, see note 5 to the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements.

#### ***Interest income—related-party***

Our related-party interest income increased €17.0 million or 21.1% during the nine months ended September 30, 2014, as compared to the corresponding period in 2013. This increase is primarily due to a higher average outstanding balance and a higher weighted average interest rate. For additional information regarding our related-party loans receivable, see note 7 to the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements.

#### ***Income tax expense***

We recognized income tax expense of €58.1 million and €58.8 million during the nine months ended September 30, 2014 and 2013, respectively. Each of these amounts approximates the income tax expense that would result from the application of the Dutch income tax rate of 25.0% to our earnings before income taxes.

## Net earnings

During the nine months ended September 30, 2014 and 2013, we reported net earnings of €167.8 million and €167.0 million, respectively, including (i) operating income of €195.5 million and €213.9 million, respectively, (ii) net non-operating income of €30.4 million and €1.9 million, respectively, and (iii) income tax expense of €58.1 million and €58.8 million, respectively.

Our ability to achieve earnings from operations is largely dependent on our ability to increase our operating cash flow to a level that more than offsets the amount of our (i) share-based compensation expense, (ii) related-party fees and allocations, (iii) depreciation and amortization, (iv) impairment, restructuring and other operating items, (v) interest expense, (vi) other net non-operating expenses and (vii) income tax expenses. As we use the term, operating cash flow is defined as revenue less operating expenses and SG&A expenses (excluding share-based compensation, related-party fees and allocations, depreciation and amortization and impairment, restructuring and other operating items).

## Results of Operations—2013 compared to 2012 and 2012 compared to 2011

As noted under Overview above, the comparability of our operating results during 2013, 2012 and 2011 is affected by an acquisition. In the following discussion, we quantify the estimated impact of acquisitions on our operating results. The acquisition impact represents our estimate of the difference between the operating results of the periods under comparison that is attributable to an acquisition. In general, we base our estimate of the acquisition impact on an acquired entity's operating results during the first three months following the acquisition date such that changes from those operating results in subsequent periods are considered to be organic changes. Accordingly, in the following discussion, variances attributed to an acquired entity during the first twelve months following the acquisition date represent differences between the estimated acquisition impact and the actual results.

### 2013 compared to 2012

#### Revenue

Our revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2013	2012	€	%	%
	in millions				
Subscription revenue:					
Video.....	€ 456.7	€ 472.7	€ (16.0)	(3.4)	(3.4)
Broadband internet.....	221.3	216.9	4.4	2.0	2.0
Fixed-line telephony .....	169.1	175.5	(6.4)	(3.6)	(3.7)
Cable subscription revenue .....	847.1	865.1	(18.0)	(2.1)	(2.1)
Mobile subscription revenue .....	0.3	0.2	0.1	50.0	50.0
Total subscription revenue.....	847.4	865.3	(17.9)	(2.1)	(2.1)
B2B revenue (a).....	58.7	62.2	(3.5)	(5.6)	(5.6)
Other revenue .....	29.2	28.1	1.1	3.9	5.5
Total revenue .....	€ 935.3	€ 955.6	€ (20.3)	(2.1)	(2.2)

(a) Revenue from SOHO subscribers, which aggregated €17.7 million and €12.0 million, respectively, is included in cable subscription revenue.

Our consolidated revenue decreased €20.3 million during 2013, as compared to 2012. The details of the decrease in our subscription and non-subscription revenue during 2013, as compared to 2012, are as follows:

	Subscription revenue	Non-subscription revenue in millions	Total
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs (a) .....	€ 2.3	€ —	€ 2.3
Average monthly subscription revenue per RGU (ARPU) (b).....	(20.7)	—	(20.7)
Total decrease in cable subscription revenue .....	(18.4)	—	(18.4)
Increase in mobile subscription revenue.....	0.1	—	0.1
Total decrease in subscription revenue .....	(18.3)	—	(18.3)
Decrease in B2B revenue (c) .....	—	(3.5)	(3.5)
Increase in other non-subscription revenue (d).....	—	1.1	1.1
Total organic decrease.....	(18.3)	(2.4)	(20.7)
Impact of acquisition .....	0.4	—	0.4
Total .....	€ (17.9)	€ (2.4)	€ (20.3)

- (a) The increase in our cable subscription revenue related to a change in the average number of RGUs is attributable to the net effect of (i) increases in the average numbers of fixed-line telephony, broadband internet and digital cable RGUs and (ii) a decline in the average number of analog cable RGUs. The decline in the average number of analog cable RGUs led to a decline in the average number of total video RGUs during 2013, as compared to 2012.
- (b) The decrease in our cable subscription revenue related to a change in ARPU is due to the net effect of (i) a decrease resulting primarily from the following factors: (a) lower ARPU due to a decrease in fixed-line telephony call volume and (b) lower ARPU due to the impact of higher bundling and promotional discounts that more than offset the positive impacts of (1) the inclusion of higher-priced tiers of digital cable, broadband internet and fixed-line telephony services in our promotional bundles and (2) July 2012 price increases for bundled services and a January 2013 price increase for certain analog cable services and (ii) an improvement in RGU mix, attributable to higher proportions of digital cable, broadband internet and fixed-line telephony RGUs.
- (c) The decrease in our B2B revenue is primarily related to lower revenue from fixed-line telephony and data services.
- (d) The increase in our other non-subscription revenue is primarily attributable to the net effect of (i) an increase in installation revenue, (ii) a decrease in interconnect revenue, due primarily to the impact of reductions in fixed termination rates that became effective on August 1, 2012 and September 1, 2013, and (iii) a decrease in revenue from late fees.

### *Operating expenses*

Our operating expenses increased €7.7 million or 2.8% during 2013, as compared to 2012. Our operating expenses include (i) share-based compensation expense, which increased €0.2 million, and (ii) €0.1 million attributable to the impact of an acquisition. Excluding the effects of share-based compensation and an acquisition, our operating expenses increased €7.4 million or 2.7%. This increase includes the following factors:

- A decrease in interconnect costs of €5.8 million or 12.1%, due primarily to lower rates;
- An increase in programming and copyright costs of €5.3 million or 5.1%, due primarily to growth in digital video services. In addition, accrual releases related to the settlement or reassessment of operational contingencies gave rise to a decrease in programming and copyright costs of €0.8 million, as the impact of net accrual releases that reduced the 2013 costs more than offset the impact of net accrual releases that reduced the 2012 costs;
- An increase in personnel costs of €4.4 million or 9.4%, due primarily to (i) increased staffing levels and (ii) annual wage increases;
- An increase in network-related expenses of €3.1 million or 9.2%, due primarily to (i) increased network and customer premises equipment maintenance costs and (ii) an increase of €0.9 million due to the net impact of favorable settlements during 2013 and 2012 for claims of costs incurred in connection with faulty customer premises equipment;

- A decrease in bad debt and collection expenses of €2.7 million, due to improved collection experience; and
- An increase in outsourced labor and professional fees of €1.9 million or 11.6%, due primarily to higher call center costs.

#### *SG&A expenses*

Our SG&A expenses increased €2.9 million or 2.7% during 2013, as compared to 2012. Our SG&A expenses include (i) share-based compensation expense, which was relatively unchanged, and (ii) €0.2 million attributable to the impact of an acquisition. Excluding the effects of share-based compensation expense and an acquisition, our SG&A expenses increased €2.7 million or 2.5%. This increase includes the following factors:

- A decrease in sales and marketing costs of €2.4 million or 7.9%, due primarily to lower third-party sales commissions;
- An increase in outsourced labor and professional fees of €2.0 million, due primarily to higher consulting costs associated with certain strategic initiatives; and
- An increase in personnel costs of €2.0 million or 3.6%, due primarily to annual wage increases.

#### *Depreciation and amortization expense*

Our depreciation and amortization expense increased €8.7 million or 5.2% during 2013, as compared to 2012. This increase is primarily due to the net effect of (i) an increase in property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives, and (ii) a decrease associated with certain assets becoming fully depreciated.

#### *Impairment, restructuring and other operating items, net*

We recognized impairment, restructuring and other operating items, net, of €1.1 million and €1.6 million during 2013 and 2012, respectively. The 2013 amount primarily relates to the net effect of (i) a €3.2 million restructuring charge, primarily associated with employee severance and termination costs related to certain reorganization activities, and (ii) a €2.5 million gain on disposal of fixed assets. The 2012 amount includes a €1.9 million restructuring charge, primarily associated with employee severance and termination costs related to certain reorganization activities.

#### *Interest expense—related-party*

Our related-party interest expense decreased €8.4 million or 8.4% during 2013, as compared to 2012. This decrease is primarily attributable to a lower average outstanding debt balance. Our related-party interest expense relates to (i) the Liberty Global Services Notes Payable, (ii) the UPC Broadband Note that was repaid during 2012 and (iii) the Unitymedia Hessen Note that was entered into during 2013. For additional information regarding our related-party payables, see note 6 to the UPC Nederland December 31, 2013 Consolidated Financial Statements.

#### *Interest income—related-party*

Our related-party interest income increased €22.6 million or 25.9% in 2013, as compared to 2012. This increase is due primarily to higher average outstanding related-party balances and, to a lesser extent, slightly higher weighted average interest rates. Our related-party interest income relates to (i) the UPC Western Europe Loans Receivable, (ii) the UPC Broadband Loan Receivable and (iii) the loan receivable with Unitymedia Hessen that was repaid to us during 2013. For additional information regarding our loans receivable, see note 9 to the UPC Nederland December 31, 2013 Consolidated Financial Statements.

#### *Income tax expense*

We recognized income tax expense of €77.6 million and €83.1 million during 2013 and 2012, respectively. Each of these amounts approximates the income tax expense that would result from the application of the Dutch income tax rate of 25.0% to our earnings before income taxes.

For additional information regarding our income taxes, see note 7 to the UPC Nederland December 31, 2013 Consolidated Financial Statements.

### *Net earnings*

During 2013 and 2012, we reported net earnings of €219.4 million and €242.9 million, respectively, including (i) operating income of €279.0 million and €338.7 million, respectively, (ii) net non-operating income (expense) of €18.0 million and (€12.7 million), respectively, and (iii) income tax expense of €77.6 million and €83.1 million, respectively.

### **2012 compared to 2011**

#### **Revenue**

Our revenue by major category is set forth below:

	Year ended December 31,		Increase		Organic increase
	2012	2011	€	%	%
	in millions				
Subscription revenue:					
Video .....	€ 472.7	€ 466.2	€ 6.5	1.4	1.3
Broadband internet .....	216.9	199.1	17.8	8.9	8.9
Fixed-line telephony .....	175.5	164.4	11.1	6.8	6.7
Cable subscription revenue .....	865.1	829.7	35.4	4.3	4.2
Mobile subscription revenue .....	0.2	—	0.2	N.M.	N.M.
Total subscription revenue .....	865.3	829.7	35.6	4.3	4.2
B2B revenue (a) .....	62.2	59.9	2.3	3.8	3.8
Other revenue .....	28.1	25.3	2.8	11.1	11.1
Total revenue .....	€ 955.6	€ 914.9	€ 40.7	4.4	4.4

N.M. – Not meaningful.

Our consolidated revenue increased €40.7 million during 2012, as compared to 2011. The details of the increase in our subscription and non-subscription revenue for 2012, as compared to 2011, are as follows:

	Subscription revenue	Non-subscription revenue	Total
	in millions		
Increase in cable subscription revenue due to change in:			
Average number of RGUs (a) .....	€ 29.2	€ —	€ 29.2
ARPU (b) .....	5.6	—	5.6
Total increase in cable subscription revenue .....	34.8	—	34.8
Increase in mobile subscription revenue .....	0.2	—	0.2
Total increase in subscription revenue .....	35.0	—	35.0
Increase in B2B revenue (c) .....	—	2.3	2.3
Increase in other non-subscription revenue (d) .....	—	2.8	2.8
Total organic increase .....	35.0	5.1	40.1
Impact of an acquisition .....	0.6	—	0.6
Total .....	€ 35.6	€ 5.1	€ 40.7

- (a) The increase in our cable subscription revenue related to a change in the average number of RGUs is attributable to increases in the average numbers of fixed-line telephony, digital cable and broadband internet RGUs that were only partially offset by a decline in the average number of analog cable RGUs. A decline in

the average number of our analog cable RGUs led to a decline in the average number of total video RGUs during 2012, as compared to 2011.

- (b) The increase in our cable subscription revenue related to a change in ARPU is due primarily to the net effect of (i) an improvement in RGU mix, attributable to higher proportions of digital cable, broadband internet and fixed-line telephony RGUs, and (ii) a net decrease resulting primarily from the following factors: (a) lower ARPU due to a decrease in fixed-line telephony call volume, including the impact of higher proportions of customers selecting usage-based calling plans, (b) lower ARPU due to the impact of bundling and promotional discounts and (c) higher ARPU due to January 2012 price increases for certain video services and, to a lesser extent, July 2012 price increases for bundled services.
- (c) The increase in our B2B revenue is primarily related to higher revenue from business telephony services. Revenue from SOHO subscribers, which aggregated €12.0 million and €6.4 million, respectively, is included in cable subscription revenue.
- (d) The increase in our other non-subscriber revenue is primarily attributable to the net effect of (i) an increase in revenue from late fees, (ii) an increase in installation revenue and (iii) a decrease in interconnect revenue, due primarily to the impact of an August 1, 2012 reduction in fixed termination rates.

#### *Operating expenses*

Our operating expenses increased €6.2 million or 2.3% during 2012, as compared to 2011. Our operating expenses include (i) share-based compensation expense, which remained unchanged, and (ii) €0.2 million attributable to the impact of an acquisition. Excluding the effects of share-based compensation expense and an acquisition, our operating expenses increased €6.0 million or 2.2%. This increase includes the following factors:

- An increase in personnel costs of €4.1 million or 9.4%, due primarily to (i) annual wage increases and (ii) increased staffing levels;
- An increase in programming and copyright costs of €2.5 million or 2.4%, due primarily to growth in digital video services. In addition, accrual releases related to the settlement or reassessment of operational contingencies gave rise to a decrease in programming and copyright costs of €0.8 million, as the impact of net accrual releases that reduced the 2012 costs more than offset the impact of net accrual releases that reduced the 2011 costs;
- An increase in network-related expenses of €0.4 million or 1.4%, due primarily to the net effect of (i) higher costs of €1.4 million due to the net impact of settlements in 2012 and 2011 of claims for costs incurred in connection with faulty customer premises equipment and (ii) lower energy costs; and
- A decrease in bad debt of €0.4 million or 8.4% that is largely attributable to the €1.9 million impact of a nonrecurring increase to bad debt expense that was recorded during the first quarter of 2011.

#### *SG&A expenses*

Our SG&A expenses increased €4.3 million or 4.1% during 2012, as compared to 2011. Our SG&A expenses include (i) share-based compensation expense, which remained relatively unchanged and (ii) €0.3 million attributable to the impact of an acquisition. Excluding the effects of share-based compensation and an acquisition, our SG&A expenses increased €4.0 million or 3.9%. This increase includes the following factors:

- An increase in personnel costs of €2.7 million or 5.3%, due primarily to annual wage increases; and
- An increase in facilities expenses of €1.2 million or 12.4%, due primarily to increased rental costs.

#### *Depreciation and amortization expense*

Our depreciation and amortization expense increased €1.4 million or 7.3% during 2012, as compared to 2011. This increase is primarily due to the net effect of (i) an increase in property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives, (ii) a decrease associated with certain assets becoming fully depreciated and (iii) an increase due to a change in the average estimated useful life of our customer relationship intangible assets.

#### *Impairment, restructuring and other operating items, net*

We recognized impairment, restructuring and other operating items, net, of €1.6 million and €0.7 million during 2012 and 2011, respectively. The 2012 amount includes a €1.9 million restructuring charge, primarily associated with employee severance and termination costs related to certain reorganization activities.

#### *Interest expense—related-party*

Our related-party interest expense increased €70.1 million during 2012, as compared to 2011. This increase is due primarily to higher average outstanding related-party debt balances and, to a lesser extent, slightly higher weighted average interest rates. Our related-party interest expense relates to (i) the Liberty Global Services Notes Payable and (ii) the UPC Broadband Note that was repaid during 2012. For additional information regarding the Liberty Global Services Notes Payable and the UPC Broadband Note, see note 6 to the UPC Nederland December 31, 2013 Consolidated Financial Statements.

#### *Interest income—related-party*

Our related-party interest income increased €3.1 million during 2012, as compared to 2011. This increase is due primarily to higher average outstanding related-party balances and, to a lesser extent, slightly higher weighted average interest rates. Our related-party interest income relates to (i) the UPC Western Europe Loans Receivable and (ii) during 2012, the UPC Broadband Loan Receivable and the loan receivable with Unitymedia Hessen. For additional information regarding our loans receivable, see note 9 to the UPC Nederland December 31, 2013 Consolidated Financial Statements.

#### *Income tax expense*

We recognized income tax expense of €3.1 million and €75.2 million during 2012 and 2011, respectively. Each of these amounts approximates the income tax expense that would result from the application of the Dutch income tax rate of 25.0% to our earnings before income taxes.

For additional information regarding our income taxes, see note 7 to the UPC Nederland December 31, 2013 Consolidated Financial Statements.

#### *Net earnings*

During 2012 and 2011, we reported net earnings of €42.9 million and €21.7 million, respectively, including (i) operating income of €338.7 million and €322.8 million, respectively, (ii) net non-operating expenses of €12.7 million and €25.9 million, respectively, and (iii) income tax expense of €3.1 million and €75.2 million, respectively.

### **Liquidity and Capital Resources**

#### ***Sources and Uses of Cash***

##### *Liquidity of UPC Nederland*

At September 30, 2014, we had consolidated cash of €12.2 million. In addition to cash, our primary source of liquidity is cash provided by operations. From time to time, we may also supplement our sources of liquidity with net proceeds received from loans or contributions from UPC Western Europe (and ultimately from Liberty Global or other Liberty Global subsidiaries).

Our liquidity is generally used to fund property and equipment additions. From time to time, we may also require cash in connection with (i) the repayment of outstanding related-party debt, (ii) the satisfaction of contingent liabilities, (iii) acquisitions or other investment opportunities and (iv) distributions or loans to UPC Western Europe (and ultimately to Liberty Global or other Liberty Global subsidiaries).

#### ***Capitalization***

Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our sources of liquidity will be sufficient to fund our

currently anticipated working capital needs, property and equipment additions and other liquidity requirements during the next 12 months, although no assurance can be given that this will be the case. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns or any adverse regulatory developments could impact the credit markets we may access and, accordingly, our future liquidity and financial position. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity. Furthermore, the UPC Broadband Holding bank credit facility and the indentures governing the senior notes issued by UPC Holding contain certain leverage and other covenants that, among other considerations, effectively restrict our ability to incur third-party debt.

### **Consolidated Statements of Cash Flows**

*Consolidated Statements of Cash Flows—Nine Months ended September 30, 2014 compared to Nine Months ended September 30, 2013*

*Summary.* The consolidated statements of cash flows for the nine months ended September 30, 2014 and 2013 are summarized as follows:

	Nine months ended September 30,		Change
	2014	2013 in millions	
Net cash provided by operating activities .....	€ 325.7	€ 332.3	€ (6.6)
Net cash used by investing activities .....	(349.5)	(350.2)	0.7
Net cash provided by financing activities .....	35.1	18.7	16.4
Net increase in cash .....	€ 11.3	€ 0.8	€ 10.5

*Operating Activities.* The decrease in net cash provided by our operating activities is largely attributable to a decrease in cash provided by our operating cash flow and related working capital changes.

*Investing Activities.* The decrease in net cash used by our investing activities is primarily attributable to the net effect of (i) a decrease in cash used of €5.8 million due to lower capital expenditures and (ii) an increase in cash used of €16.0 million associated with higher advances to related parties.

The capital expenditures that we report in our consolidated statements of cash flows do not include (i) amounts that our company has financed under vendor financing or capital lease arrangements or (ii) purchased assets transferred to our company by another entity under the common control of Liberty Global in exchange for non-cash increases to our related-party loans (non-cash related-party capital additions). Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and in the case of vendor financing and capital lease arrangements and non-cash related-party capital additions that are settled through increases to our related-party loans, as repayments of debt when the principal is repaid. In the following discussion, we refer to (a) our capital expenditures as reported in our condensed consolidated statements of cash flows, which exclude non-cash related-party capital additions and amounts financed under vendor financing or capital lease arrangements, and (b) our total property and equipment additions, which include our capital expenditures on an accrual basis, non-cash related-party capital additions and amounts financed under vendor financing or capital lease arrangements. For additional information, see notes 4 and 5 to the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements.

A reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in our consolidated statements of cash flows is set forth below:

	Nine months ended September 30,	
	2014	2013 in millions
Property and equipment additions .....	€ 106.0	€ 139.5
Assets acquired under related-party capital leases .....	(3.1)	(4.7)
Assets acquired under related-party capital-related vendor financing arrangements .....	(9.6)	(0.3)

	Nine months ended September 30,	
	2014	2013
	in millions	
Changes in current liabilities related to capital expenditures (including related-party amounts) .....	8.8	(16.6)
Capital expenditures .....	€ 102.1	€ 117.9

Our consolidated property and equipment additions were €106.0 million and €139.5 million during the nine months ended September 30, 2014 and 2013, respectively. The decrease in our property and equipment additions is primarily attributable to (i) a decrease in expenditures for the purchase and installation of customer premises equipment and (ii) a decrease in expenditures for support capital.

*Financing Activities.* The increase in net cash provided by our financing activities is primarily attributable to the net effect of (i) an increase in cash provided of €1.2 million related to a leasing transaction, (ii) a decrease in cash provided of €9.6 million related to lower net borrowings of related-party debt and (iii) an increase in cash provided of €4.6 million related to lower equity distributions to related parties.

#### *Consolidated Statements of Cash Flows—2013 compared to 2012*

*Summary.* The 2013 and 2012 consolidated statements of cash flows are summarized as follows:

	Year ended December 31,		
	2013	2012	Change
	in millions		
Net cash provided by operating activities .....	€ 476.5	€ 415.7	€ 60.8
Net cash used by investing activities .....	(523.2)	(386.5)	(136.7)
Net cash provided (used) by financing activities .....	47.0	(30.8)	77.8
Net increase (decrease) in cash .....	€ 0.3	€ (1.6)	€ 1.9

*Operating Activities.* The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase in cash provided due to lower cash payments for interest and (ii) a decrease in cash provided by our operating cash flow and related working capital changes.

*Investing Activities.* The increase in net cash used by our investing activities is primarily attributable to (i) an increase in cash used of €84.9 million associated with higher advances to related-parties and (ii) an increase in cash used of €56.1 million due to higher capital expenditures.

A reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in our consolidated statements of cash flows is set forth below:

	Year ended December 31,	
	2013	2012
	in millions	
Property and equipment additions .....	€ 183.7	€ 172.7
Assets acquired under related-party capital leases .....	(5.6)	(5.0)
Assets acquired under a financing arrangement .....	(4.8)	—
Assets acquired under related-party capital-related vendor financing arrangements .....	(3.0)	(51.0)
Changes in current liabilities related to capital expenditures (including related-party amounts) .....	(3.1)	(5.6)
Capital expenditures .....	€ 167.2	€ 111.1

Our consolidated property and equipment additions were €183.7 million and €172.7 million during 2013 and 2012, respectively. The increase in our property and equipment additions is primarily attributable to the net effect of

(i) an increase in expenditures for support capital, such as leasehold improvements, information technology upgrades and general support systems, (ii) a decrease in expenditures for the purchase and installation of customer premises equipment and (iii) an increase in expenditures for new build and upgrade projects to expand services. During 2013 and 2012, our property and equipment additions represented 19.6% and 18.1% of our revenue, respectively.

*Financing Activities.* The change in net cash provided (used) by our financing activities is primarily attributable to an increase in cash of €1.8 million related to higher net borrowings of related-party debt and capital lease obligations.

#### *Consolidated Statements of Cash Flows—2012 compared to 2011*

Summary. The 2012 and 2011 consolidated statements of cash flows are summarized as follows:

	Year ended December 31,		Change
	2012	2011	
	in millions		
Net cash provided by operating activities .....	€ 415.7	€ 175.0	€ 240.7
Net cash used by investing activities .....	(386.5)	(140.0)	(246.5)
Net cash used by financing activities.....	(30.8)	(33.9)	3.1
Net increase (decrease) in cash .....	€ (1.6)	€ 1.1	€ (2.7)

*Operating Activities.* The increase in net cash provided by our operating activities is primarily attributable to (i) an increase in cash provided due to lower cash payments for interest and (ii) an increase in cash provided by our operating cash flow and related working capital items.

*Investing Activities.* The increase in net cash used by our investing activities is primarily attributable to the net effect of (i) an increase in cash used of €271.8 million associated with higher advances to related-parties and (ii) a decrease in cash used of €28.9 million due to lower capital expenditures.

A reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in our consolidated statements of cash flows is set forth below:

	Year ended December 31,	
	2012	2011
	in millions	
Property and equipment additions .....	€ 172.7	€ 166.6
Assets acquired under related-party capital-related vendor financing arrangements.....	(51.0)	(19.9)
Assets acquired under related-party capital leases.....	(5.0)	—
Changes in current liabilities related to capital expenditures (including related-party amounts) .....	(5.6)	(6.7)
Capital expenditures.....	€ 111.1	€ 140.0

Our consolidated property and equipment additions were €172.7 million and €166.6 million during 2012 and 2011, respectively. The increase in our property and equipment additions is primarily due to (i) an increase in expenditures for the purchase and installation of customer premises equipment, primarily associated with the launch of Horizon TV, (ii) a decrease in expenditures for new build and upgrade projects to expand services and (iii) a decrease in expenditures for support capital, such as information technology upgrades and general support systems. During 2012 and 2011, our property and equipment additions represented 18.1% and 18.2% of our revenue, respectively.

*Financing Activities.* The decrease in net cash used by our financing activities is primarily due to the net effect of (i) a decrease in cash used of €78.6 million due to lower net repayments of related-party debt and capital lease obligations and (ii) an increase in cash used of €76.4 million related to lower equity contributions from related-parties.

### ***Off-Balance Sheet Arrangements***

Borrowings under the UPC Broadband Holding bank credit facility are secured by pledges on the shares of our company and certain other subsidiaries of UPC Broadband Holding. Borrowings under the UPC Broadband Holding bank credit facility are also guaranteed by our company. In addition, the UPC Broadband Holding bank credit facility and the indentures governing the senior notes issued by UPC Holding contain certain leverage and other covenants that, among other considerations, effectively restrict our ability to incur third-party debt.

In the ordinary course of business, we may provide indemnifications to our vendors and certain other parties and performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

### ***Contractual Commitments***

For information concerning our contractual commitments as of September 30, 2014, see notes 5 and 8 to the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements.

### ***Critical Accounting Policies, Judgments and Estimates***

In connection with the preparation of our consolidated financial statements, we make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Critical accounting policies are defined as those policies that are reflective of significant judgments, estimates and uncertainties, which would potentially result in materially different results under different assumptions and conditions. We believe the following accounting policies are critical in the preparation of our consolidated financial statements because of the judgment necessary to account for these matters and the significant estimates involved, which are susceptible to change:

- Impairment of property and equipment and intangible assets (including goodwill);
- Costs associated with construction and installation activities;
- Useful lives of long-lived assets; and
- Income tax accounting.

For additional information concerning our significant accounting policies, see note 3 to the UPC Nederland December 31, 2013 Consolidated Financial Statements.

### ***Impairment of Property and Equipment and Intangible Assets***

*Carrying Value.* The aggregate carrying value of our property and equipment and intangible assets (including goodwill) that were held for use comprised 50.1% of our total assets at December 31, 2013.

We review, when circumstances warrant, the carrying amounts of our property and equipment and our intangible assets (other than goodwill) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include, among other items, (i) an expectation of a sale or disposal of a long-lived asset or asset group, (ii) adverse changes in market or competitive conditions, (iii) an adverse change in legal factors or business climate in the markets in which we operate and (iv) operating or cash flow losses. For purposes of impairment testing, long-lived assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities, generally at or below the reporting unit level (see below). If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (a) sale prices for similar assets, (b) discounted estimated future cash flows using an appropriate discount rate and/or (c) estimated replacement cost. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

We evaluate goodwill for impairment at least annually on October 1 and whenever other facts and circumstances indicate that the carrying amounts of goodwill may not be recoverable. For impairment evaluations with respect to goodwill, we first make a qualitative assessment to determine if the goodwill may be impaired, if it is

more-likely-than-not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). We have identified one reporting unit to which all goodwill is assigned. If the carrying value of the reporting unit were to exceed its fair value, we would then compare the implied fair value of the reporting unit's goodwill to its carrying amount, and any excess of the carrying amount over the fair value would be charged to operations as an impairment loss.

When required, considerable management judgment is necessary to estimate the fair value of reporting units and underlying long-lived and indefinite-lived assets. We typically determine fair value using an income-based approach (discounted cash flows) based on assumptions in our long-range business plans and, in some cases, a combination of an income-based approach and a market-based approach. With respect to our discounted cash flow analysis used in the income-based approach, the timing and amount of future cash flows under these business plans require estimates, among other items, of subscriber growth and retention rates, rates charged per product, expected gross margin and operating cash flow margins and expected property and equipment additions. The development of these cash flows, and the discount rate applied to the cash flows, is subject to inherent uncertainties, and actual results could vary significantly from such estimates. Our determination of the discount rate is based on a weighted average cost of capital approach, which uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows. Based on the results of our 2013 qualitative assessment of our reporting unit carrying value, we determined that it was more-likely-than-not that fair value exceeded carrying value for our reporting unit.

During the three years ended December 31, 2013, we recorded no material impairments of our property and equipment and intangible assets (including goodwill).

If, among other factors, (i) our enterprise value or Liberty Global's equity values were to decline significantly, or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill, and to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

#### ***Costs Associated with Construction and Installation Activities***

We capitalize costs associated with the construction of new cable transmission and distribution facilities and the installation of new cable services. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities such as reconnecting customer locations where a drop already exists, disconnecting customer locations and repairing or maintaining drops, are expensed as incurred.

The nature and amount of labor and other costs to be capitalized with respect to construction and installation activities involves significant judgment. In addition to direct external and internal labor and materials, we also capitalize other costs directly attributable to our construction and installation activities, including dispatch costs, quality control costs, vehicle-related costs, and certain warehouse-related costs. The capitalization of these costs is based on time sheets, time studies, standard costs, call tracking systems and other verifiable means that directly link the costs incurred with the applicable capitalizable activity. We continuously monitor the appropriateness of our capitalization policies and update the policies when necessary to respond to changes in facts and circumstances, such as the development of new products and services, and changes in the manner that installations or construction activities are performed.

#### ***Useful Lives of Long-Lived Assets***

We depreciate our property and equipment on a straight-line basis over the estimated useful life of the underlying asset. The determination of the useful lives of property and equipment requires significant management judgment, based on factors such as the estimated physical lives of the assets, technological changes, changes in anticipated use, legal and economic factors, rebuild and equipment swap-out plans, and other factors. Our intangible assets with finite lives primarily consist of customer relationships. Customer relationship intangible assets are amortized on a straight-line basis over the estimated weighted average life of the customer relationships. The

determination of the estimated useful life of customer relationship intangible assets requires significant management judgment and is primarily based on historical and forecasted subscriber disconnect rates, adjusted when necessary for risk associated with demand, competition, technological changes and other economic factors. We regularly review whether changes to estimated useful lives are required in order to accurately reflect the economic use of our property and equipment and intangible assets with finite lives. Any changes to estimated useful lives are reflected prospectively. Depreciation and amortization expense during 2013, 2012 and 2011 was €76.2 million, €67.5 million and €56.1 million, respectively. A 10.0% increase in the aggregate amount of the depreciation and amortization expense during 2013 would have resulted in a €17.6 million or 6.3% decrease in our 2013 operating income.

### ***Income Tax Accounting***

We are required to estimate the amount of tax payable or refundable for the current year and the deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. This process requires our management to make assessments regarding the timing and probability of the ultimate tax impact of such items.

Net deferred tax assets are reduced by a valuation allowance if we believe it more-likely-than-not such net deferred tax assets will not be realized. Establishing or reducing a tax valuation allowance requires us to make assessments about the timing of future events, including the probability of expected future taxable income and available tax planning strategies. At December 31, 2013, the aggregate valuation allowance provided against deferred tax assets was €1.6 million. The actual amount of deferred income tax benefits realized in future periods will likely differ from the net deferred tax assets reflected in our December 31, 2013 consolidated balance sheet due to, among other factors, possible future changes in income tax law or interpretations thereof in the jurisdictions in which we operate and differences between estimated and actual future taxable income. Any of such factors could have a material effect on our current and deferred tax positions as reported in our consolidated financial statements. A high degree of judgment is required to assess the impact of possible future outcomes on our current and deferred tax positions.

Tax laws in jurisdictions in which we operate are subject to varied interpretation, and many tax positions we take are subject to significant uncertainty regarding whether the position will be ultimately sustained after review by the relevant tax authority. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. The determination of whether the tax position meets the more-likely-than-not threshold requires a facts-based judgment using all information available. In a number of cases, we have concluded that the more-likely-than-not threshold is not met, and accordingly, the amount of tax benefit recognized in our consolidated financial statements is different than the amount taken or expected to be taken in our tax returns. As of December 31, 2013, the amount of unrecognized tax benefits for financial reporting purposes, but taken or expected to be taken on tax returns, was €2.2 million.

We are required to continually assess our tax positions, and the results of tax examinations or changes in judgment can result in substantial changes to our unrecognized tax benefits.

For additional information concerning our income taxes, see note 7 to the UPC Nederland December 31, 2013 Consolidated Financial Statements.

## BUSINESS OF ZIGGO GROUP HOLDING

*In this “Business” section, unless the context otherwise requires, the terms “we”, “our”, “our company”, and “us” refer to Ziggo Group Holding B.V. (“Ziggo Group Holding”, formerly known as LGE Intermediate HoldCo B.V.) and its consolidated subsidiaries prior to and/or following the completion of the Transactions (as the context may require). Unless otherwise indicated, operational and statistical data, including subscriber statistics and product offerings, are as of September 30, 2014.*

### Introduction

We operate the largest cable network in The Netherlands in terms of video subscribers. We provide video, broadband internet and fixed-line telephony over our broadband communications network and mobile services as an MVNO. We estimate our network covers 93% of the country by homes passed as of September 30, 2014. Our services are provided through the UPC Netherlands Group and the Ziggo Group. The UPC Group’s network covers six regional areas, including the cities Amsterdam, Rotterdam and Eindhoven (the “UPC Nederland footprint”). The Ziggo Group’s network covers six regional areas, including the cities The Hague, Utrecht, Maastricht, Groningen and Tilburg (the “Ziggo footprint”).

We classify our customers based on our main subscription-based business activities. The following table shows our operating statistics, separated by the UPC Nederland footprint and the Ziggo footprint, as of and for the period ending September 30, 2014. The operating statistics for both the UPC Nederland footprint and the Ziggo footprint are presented in this table in accordance with Liberty Global policies, which policies differ in certain respects from those of Ziggo Holdco.

	September 30, 2014		
	UPC Nederland footprint	Ziggo Footprint	Total
<b>Footprint</b>			
Homes Passed (1).....	2,847,100	4,120,300	6,967,400
Two-way Homes Passed (2).....	2,833,400	4,120,300	6,953,700
<b>Customer relationships</b>			
Customer Relationships (3).....	1,592,500	2,744,000	4,336,500
RGUs per Customer Relationship.....	2.3	2.3	2.3
<b>Subscribers (RGUs) (4)(9)</b>			
Digital Cable (5).....	1,125,800	2,264,900	3,390,700
Analog Cable (6).....	464,300	479,100	943,400
Total Video.....	1,590,100	2,744,000	4,334,100
Internet (7) .....	1,107,400	1,942,800	3,050,200
Telephony (8).....	995,800	1,590,200	2,586,000
Total RGUs (10).....	3,693,300	6,277,000	9,970,300
<b>Penetration</b>			
Digital Cable as % of Total Video Subs.....	70.8%	82.5%	78.2%
Broadband Internet as % of Two-way Homes Passed.....	39.1%	47.2%	43.9%
Telephony as % of Two-way Homes Passed .....	35.1%	38.6%	37.2%
<b>Customer bundling</b>			
Single Play .....	28.7%	26.6%	27.4%
Double Play.....	10.7%	16.6%	14.4%
Triple Play.....			58.2
	60.6%	56.8%	%
<b>Mobile statistics</b>			
Mobile subscribers (11).....	2,000	101,500	103,500

- (1) Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant. Our Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results. Due to the fact that we

do not own the partner networks (defined below) used in our footprints (see note 10), we do not report homes passed for partner networks.

- (2) Two-way Homes Passed are Homes Passed by those sections of our networks that are technologically capable of providing two-way services, including video, internet and telephony services.
- (3) Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as RGUs, without regard to which or to how many services they subscribe. Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Customer Relationships. We exclude mobile customers from Customer Relationships.
- (4) RGU is separately an Analog Cable Subscriber, Digital Cable Subscriber, Internet Subscriber or Telephony Subscriber (as defined and described below). A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer subscribed to our digital cable service, telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Analog Cable, Digital Cable, Internet and Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g., a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers, free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts.
- (5) Digital Cable Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our digital cable service over our broadband network or through a partner network. We count a subscriber with one or more digital converter boxes that receives our digital cable service in one premises as just one subscriber. A Digital Cable Subscriber is not counted as an Analog Cable Subscriber. As we migrate customers from analog to digital cable services, we report a decrease in our Analog Cable Subscribers equal to the increase in our Digital Cable Subscribers. As discussed in further detail in note 6 below, Basic Digital Cable Subscribers (defined below) in the UPC Nederland footprint are not included in the Digital Cable Subscriber count. Subscribers to digital cable services provided by our operations over partner networks receive analog cable services from such partner network as opposed to our operations.
- (6) Analog Cable Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our analog cable service over our broadband network. The Analog Cable Subscriber count also includes subscribers in our UPC Nederland footprint who may use a purchased set-top box or other means to receive our basic digital cable channels without subscribing to any services that would require the payment of recurring monthly fees in addition to the basic analog service fee (“**Basic Digital Cable Subscriber**”). Our Basic Digital Cable Subscribers are attributable to the fact that our basic digital cable channels are not encrypted in the UPC Nederland footprint.
- (7) Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over our networks, or that we service through a partner network.
- (8) Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives voice services over our networks, or that we service through a partner network. Telephony Subscribers exclude mobile telephony subscribers.
- (9) Our B2B revenue includes revenue from small or home office (“**SOHO**”) subscribers that pay a premium price to receive enhanced service levels along with video, internet or telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. All mass marketed products provided to SOHOs, whether or not accompanied by enhanced service levels and/or premium prices, are included in our RGU and customer counts, with only those services provided at premium prices considered to be “SOHO RGUs” or “SOHO customers”. With the exception of our business SOHO subscribers, we generally do not count customers of B2B services as customers or RGUs for external reporting purposes.
- (10) Pursuant to service agreements, we offer digital cable, broadband internet and telephony services over networks owned by third-party cable operators (“**partner networks**”). A partner network RGU is only recognized if there is a direct billing relationship with the customer. No operating statistics for the COGAS partner network have been included in the Ziggo footprint column due to the fact that the COGAS partner network is no longer a part of the Ziggo Footprint following the termination of the underlying effect as of January 1, 2015.

- (11) Our mobile subscriber count represents the number of SIM cards in service.

## History

We were formed by Liberty Global on September 2, 2014, in contemplation of consummation of the Ziggo Acquisition and the Reorganization Transactions. On November 6, 2014, we acquired LGE HoldCo V B.V., which as of the date thereof, owned 20.7% of the outstanding share capital of Ziggo Holding B.V. (“**Ziggo Holdco**”, formerly known as Ziggo N.V.), from Liberty Global Incorporated Limited, a wholly owned subsidiary of Liberty Global. We further contributed the capital stock of LGE HoldCo V B.V. to LGE Holdco VIII B.V., our wholly-owned indirect subsidiary and direct wholly-owned subsidiary of Bidco. On November 11, 2014, Bidco completed the Initial Settlement of the Public Offer and acquired 67.2% of the shares of Ziggo Holdco which, together with the shares already held by its subsidiary, LGE HoldCo V B.V., represented approximately 87.9% of the outstanding shares of Ziggo Holdco thereby consummating the Ziggo Acquisition in accordance with the Merger Protocol. Following completion of the Post-Closing Settlement, Bidco completed the final settlement of the Public Offer on November 24, 2014 acquiring approximately 10.6% additional shares of Ziggo Holdco during the Post-Closing Settlement period which, together with the shares already held by Bidco and its subsidiaries, represented approximately 98.4% of the outstanding shares of Ziggo N.V. Following such acquisition, the listing and trading of the shares of Ziggo N.V. on NYSE Euronext in Amsterdam terminated on December 22, 2014.

On November 25, 2014, Bidco and LGE Holdco VIII B.V. contributed all their shares in Ziggo Holdco to LGE Holdco V B.V. in exchange for shares in LGE Holdco V B.V. See “*Summary—The Transactions*”. In connection with the issuance of the Notes offered hereby, we expect to complete the Reorganization Transactions whereby our indirect subsidiary, UPC Netherlands Holdco III, will acquire, in a series of transactions, all of the shares of UPC Nederland. The Reorganization Transactions are being completed to achieve operational, commercial and financial benefits through the integration of the Ziggo Group with the UPC Netherlands Group and, to a lesser extent, with Liberty Global’s other broadband operations in Europe. The European Commission conditioned its approval of the Ziggo Acquisition upon the agreement of Liberty Global to certain conditions primarily related to the sale of the Film1 pay TV channel and certain relationships UPC Nederland has with broadcasters. We believe that the joint operations of the Ziggo Group and the UPC Netherlands Group will provide approximately 10 million video, broadband internet and fixed-line telephony services (based on RGUs) to over four million unique customers in The Netherlands.

The Ziggo Group was established on February 1, 2007, following the merger of @Home, Casema and Multikabel. Since May 2008, these three companies have operated under the Ziggo brand name. Since 1999, @Home had been one of the largest cable television operators in The Netherlands. It offered entertainment, communications and data through (digital) television and radio channels. Casema was a leading Dutch cable television provider that offered a range of services, including television, broadband internet, internet protocol television, telephony and data communications. Multikabel served homes, companies and institutions with television and radio programs.

The UPC Netherlands Group was one of the broadband operations held by UnitedGlobalCom at the time it and LMI International were acquired by Liberty Global on June 15, 2005, through a series of mergers. UnitedGlobalCom was the largest international broadband communications provider of video, internet and fixed-line telephony outside the United States with operations in 16 countries, including The Netherlands. LMI International provided broadband distribution services and video programming services to customers in Europe, Japan, Latin America and Australia. Prior to the consummation of the Reorganization Transactions, UPC Nederland B.V. is a wholly-owned subsidiary of UPC Holdings B.V.

## Our Services

We offer a variety of broadband services over our cable network, including video, broadband internet and telephony. Our network is almost fully bi-directional and Euro DOCSIS 3.0 enabled. This network enables us to provide premium digital video services, broadband internet services at very high speeds and fixed-line telephony services. Our video service offerings include basic and premium programming, and incremental product and service offerings, such as enhanced pay-per-view programming, including video-on-demand (“**VoD**”), digital video recorders (“**DVR**”) and high definition (“**HD**”) television services. Our residential subscribers generally access our broadband internet services via cable modems connected to their personal computers at various speeds depending on

the tier of service selected. We determine pricing for each different tier of internet service through analysis of speed, market conditions and other factors. For our internet customers, we deployed community WiFi branded “WiFiSpots”, to allow customers seamless access to WiFi when they are away from home. We offer our telephony services using voice-over-internet-protocol or “VoIP” technology. Our key product offer is our triple-play bundles consisting of digital video, broadband internet and fixed-line telephony. As an additional service for our customers, we offer certain mobile voice and data services.

We generate revenue principally from relationships with our customers who pay subscription fees for the services provided. Subscription fees for our basic video services are typically paid directly by single family homes (or single dwelling units) subscribing to the service. Single family home customers also pay us directly for the subscription fees associated with our premium video services, as well as the broadband internet, fixed-line telephony and mobile services they purchase from us.

In addition to our residential services, we also offer a range of voice, broadband internet and data services to business customers. We tailor these services to the needs of our B2B customers. Our WiFiSpots and our mobile offerings are a key part of our B2B services. Prices for these services are established based on the size of the business customer and types of services received.

### ***Video Services***

Our cable operations offer a full range of video services, including basic and premium programming and incremental product and service offerings, such as HD channels, DVR, HD receivers, HD DVR, an electronic programming guide and access to VoD. We also have enhanced pay-per-view programming and/or programming in 3D format, which we distribute through VoD. In the UPC Nederland footprint, we also offer a multimedia home gateway “Horizon TV”, which will also become available in the Ziggo footprint in 2015, see “—*Interactive Services*” below. We currently market our video services under the “Ziggo” brand in the Ziggo footprint and under the “UPC” brand in the UPC Nederland footprint. We plan to integrate our marketing plans under the “Ziggo” brand in 2015.

To receive our digital services, a subscriber must obtain a set-top box and a conditional access security card, or a “smart card”, from us. Customers in the UPC Nederland footprint rent the set-top box from us, whereas, customers in the Ziggo footprint must purchase the set-top box. In either case, the customer may self-install. In lieu of a set-top box, a subscriber may use a common interface plus (“CI+”) module in combination with a smart card to access our digital services. A CI+ module is a small device that allows customers with CI+ enabled television set, which subscribe to, or otherwise have access to, our digital video service, to view such services without a set-top box. No set-top box, smart card or CI+ module is, however, required to receive our unencrypted basic digital services in the UPC Nederland footprint. Accordingly, subscribers with the necessary equipment in the UPC Nederland footprint and who pay the monthly subscription fee for our analog package are able to also receive our basic digital services. We plan to harmonize our digital video offering in the two footprints in 2015 after which unencrypted channels will also be made available in the Ziggo footprint. Regardless of whether basic digital channels are offered on an unencrypted basis, expanded channel packages and premium channels and services continue to be available for an incremental monthly fee in all of our markets.

We offer multiple tiers of digital video programming and audio services starting with a basic digital cable service. In the UPC Nederland footprint, subscribers to our basic digital cable service generally receive 30 digital video channels (including three HD), up to 30 analog video channels and 30 analog radio channels. Because the basic digital service in the UPC Nederland footprint is unencrypted, the cost is the same as the monthly fee for our basic analog cable service. In the Ziggo footprint, subscribers to our basic digital cable service generally receive 60 digital video channels (including 20 HD), up to 25 analog video channels and several digital and analog radio channels. Our basic digital service in the Ziggo footprint is at the same cost as the monthly fee for our basic analog service. We tailor video services based on programming preferences, culture, demographics and local regulatory requirements. Our channel offerings include general entertainment, sports, movies, documentaries, lifestyles, news, adult, children and ethnic and foreign language channels. In each of our markets, we also offer a variety of premium channel packages to meet the special interests of our subscribers.

For an additional monthly charge, a subscriber in either footprint may upgrade to one of our extended digital tier services and receive an increased number of video and radio channels, including the channels in the basic tier

service and additional HD channels. Digital subscribers may also subscribe to one or more packages of premium channels, including additional HD channels. Premium channels available include HBO, Film1, Sport1 NL, Fox Sports International and the premium football league channel, Fox Sports Eredivisie, alone or in combination, for additional monthly charges. We also offer premium packages, such as Turkish, Chinese and Hindi channels, and an adult entertainment package. For subscribers in the UPC Nederland footprint, who want access to thousands of movies and TV series, we offer “My Prime”. My Prime is included in our extended digital tier services with our Horizon TV platform and allows a subscriber unlimited access to 1,500 movies and over 1,500 TV episodes from local and international suppliers such as ABC/Disney, NBC/Universal, CBS/Paramount, Warner TV and Sony. The My Prime offering also includes 500 children’s episodes. In all digital tiers of service, a subscriber also has the option for an incremental monthly charge to upgrade the digital set-top box to one with DVR or HD DVR capabilities in the Ziggo footprint and to a Horizon TV box in the UPC Nederland footprint. These boxes may be purchased in the Ziggo footprint or rented in the UPC Nederland footprint. VoD services, including catch-up television, are available on a subscription basis or a transaction basis, depending on location and the tier of digital service selected by the subscriber. It is also available to CI+ users in the Ziggo footprint. A subscription-based VoD service is included in the extended digital tier for no additional charge. The subscription-based VoD service includes various programming, such as music, kids, documentaries, adult, sports or series and a limited amount of 3D programming. The transaction VoD includes over 2,000 titles of on-demand content in the UPC Nederland footprint and over 4,000 titles in the Ziggo footprint.

In addition to our digital video services, we offer limited analog services. Subscribers to our analog video service typically receive 25 to 30 channels of video service, depending on their location. Subscribers to our digital services also receive the channels available through our analog service. We continue to expand our digital services and encourage our analog subscribers to convert to a digital service.

Discounts to our monthly service fees are available to any subscriber who selects a bundle of one or more of our services (“**bundled services**”): video, internet, fixed-line telephony and mobile services. Bundled services are referred to as “double-play” for two services, “triple-play” for three services and “quadruple-play” for four services.

### *Interactive Services*

In September 2012, the UPC Netherlands Group launched Horizon TV. Horizon TV is a multimedia home gateway decoder box based on a digital television-platform that is capable of distributing video, voice and data content throughout the home and to multiple devices. The Horizon TV box allows customers to view programming information while their current program is playing and to record up to four programs simultaneously. The Horizon brand is also used to describe the family of media products that allows subscribers to view and share content across the television, computer, tablet and smartphone. For our Horizon TV subscribers, we offer applications on the gateway device that provide access to various internet services such as YouTube and Facebook. At September 30, 2014, we had 290,000 connected subscribers in the UPC Nederland footprint. We intend to expand the availability of Horizon TV to customers in the Ziggo footprint over the course of 2015.

As described above, our regular interactive DVR and HD DVR are still available in both footprints. In addition, in March 2013, the Ziggo Group launched a fully cloud-based interactive television service using existing set-top boxes. By combining IP protocol with the standard set-top box, devices without built-in hardware functionality for interactivity can make use of the Ziggo Group’s interactive services through the Ziggo Group’s cable network. In November 2013, the Ziggo Group introduced a CI+ 1.3 module that enables subscribers to the Ziggo Group’s digital video service to view such service without a set-top box and use a single remote control. To utilize this service, customers in the Ziggo footprint must have a CI+ 1.3 enabled television and obtain the CI+ 1.3 module and smart card from the Ziggo Group. An interactive receiver in the set-top box is then no longer necessary for those subscribers to our digital services in the Ziggo footprint. At September 30, 2014, we had over 600,000 interactive subscribers in the Ziggo footprint.

Both the UPC Netherlands Group and the Ziggo Group make available certain applications to their subscribers. For our Horizon TV subscribers, the UPC Netherlands Group offers applications for various on-line services (such as YouTube, Facebook, Picasa and others). The Horizon family of products also includes an online television application (Horizon Go) that offers over 90 linear video channels, of which up to 75 channels are available outside the home. The UPC Netherlands Group also makes available to its subscribers an application that allows a subscriber the ability to remotely schedule the recording of a TV program on their gateway decoder box at

home through an iOS or Android mobile digital device or an internet browser. An application in the Ziggo footprint allows subscribers to watch up to 49 video channels on their iOS or Android devices in the home, access an electronic program guide and browse through the on-demand library. Other applications offered by the UPC Netherlands Group and the Ziggo Group include apps that allow customers to use their smart phone as an extension of their home phone line.

### ***Broadband Internet***

We offer multiple tiers of broadband internet service with download speeds ranging from 30 Mbps to 180 Mbps in the Ziggo footprint and 10 Mbps to 200 Mbps in the UPC Nederland footprint for our ultra high-speed internet service as part of our bundle offers. Our ultra high-speed internet service is based on Euro DOCSIS 3.0 technology, which is an international standard that defines requirements for a data transmission over a cable system. We also offer value-added broadband services for an incremental charge. These services include security (anti-virus, anti-spyware, firewall, spam protections and childproof lock) and online storage solutions. As described under “—*Mobile Services*” below, we offer mobile broadband services.

We market our broadband internet services under the “Ziggo” brand in our Ziggo footprint and under the “UPC” brand in our UPC Nederland footprint. A subscriber must subscribe to our video service in order to subscribe to our internet or fixed-line telephony service. They may do this through either a double-play option that bundles our broadband internet services with our digital video services or as a triple-play option that bundles our broadband internet services with our digital video services and our fixed-line telephony services. We offer various levels of download speeds depending on the package selected. In our core bundle products, we offer a download speed of 90 Mbps in the Ziggo footprint and 120 Mbps in the UPC Nederland footprint.

Our residential subscribers generally access the internet via cable modems connected to their personal computers at various speeds depending on the tier of service selected. This standard means of access is changing as we expand our services to offer wireless networks for the home, such as Horizon TV. Subscribers to our internet service pay a monthly fee based on the tier of service selected. We determine pricing for each different tier of internet service through analysis of speed, data limits, market conditions and other factors.

In 2013, the UPC Netherlands Group and the Ziggo Group each launched WiFiSpots enabling broadband internet subscribers access to the internet experience outside of the home. WiFiSpots, which provide a secure access to the internet for our subscribers, are created by using the public channel of our WiFi Euro DOCSIS 3.0 modems installed at customer premises. The public channel is a separate network from the secure private network used by the customer within the home and is automatically enabled when the modem is installed. Currently, we have approximately 2.0 million WiFiSpots throughout The Netherlands. Our subscribers can automatically access these public networks after they create a free (one-time activation) account and then connect to the secure network.

### ***Fixed-line Telephony***

Multi-feature fixed-line telephony services are available through VoIP in both footprints. We pay interconnection fees to other telephony and internet providers when our subscribers connect with another network and receive fees from other providers when their users connect with our network through interconnection points.

Our fixed-line telephony service may be selected in combination with one or more of our other services. Our fixed-line telephony service includes a basic telephony product for line rental and various calling plans, which may consist of any of the following: unlimited network, national or international calling, unlimited off-peak calling and minute packages, including calls to fixed and mobile phones. Fixed-line telephony products offered as part of our bundles include a flat rate connection and unlimited calls to fixed-lines in The Netherlands. We offer various flat rate plans for international calls. In addition, we offer value-added services, such as a second phone line, a personal call manager and unified messaging, at an incremental cost.

### ***Mobile Services***

The Ziggo Group launched mobile telephony services in September 2013, and the UPC Netherlands Group launched mobile telephony services in October 2014. Prior to the October launch, the UPC Netherlands Group provided only a mobile data service. Our mobile services are offered as an option to customers who subscribe to at least one of our other products, video, broadband internet or fixed-line telephony. Each of the Ziggo Group and the

UPC Netherlands Group introduced mobile service as part of their strategy to offer customers a full product portfolio from a single source, with the aim to increase customer loyalty and satisfaction.

The Ziggo Group and the UPC Netherlands Group provide their mobile service, both internet and voice, through partnerships with third party mobile network operators. In the UPC footprint, we own the core network, including the mobile phone numbers, switching, backbone, voice and data interconnections, and lease the third party's radio access network. In the Ziggo footprint, we outsource the core network to a third party. These arrangements permit us to offer our customers unique and converged fixed and mobile services without having to build and operate a cellular radio tower network. A full MVNO also provides us with much better cost economics and flexibility with renting radio access services from a third party operator than would a light MVNO arrangement, where we do not have a core network that is fully integrated with our infrastructure.

The UPC Netherlands Group subscribers pay varying monthly fees depending on whether the mobile service is included with our fixed-line telephony service or includes mobile data services via mobile phones or laptops. The Ziggo Group subscribers to a double- or triple-play bundle that includes fixed-line internet service receive a discount on their mobile service fee. Our mobile services include voice, short message service (or SMS) and internet or data access under a postpaid monthly service plan. We also typically charge a one-time activation fee to our customers for each SIM card. We plan to do a full commercial marketing launch of our mobile services in 2015 under the brand name "Ziggo".

### ***Business Services***

In addition to our residential services, we offer a range of voice, broadband internet and data services to business customers. Our B2B services are designed with a wide variety of options to meet the specific demands of the business customer, including increased data transmission speeds and virtual private networks. Our business customers range from SOHO (generally fewer than 20 employees) to medium and large enterprises. The B2B services of the Ziggo Group and the UPC Netherlands Group focus primarily on the SOHO and small to medium businesses already connected to our network. The services for our B2B customers include a core bundle offer with a maximum download speed of 200 Mbps. Our services to B2B customers are characterized by additional features, such as static IP addresses, on-line security, hosting, higher upload speeds, cloud services, multiline telephony services and a premium pricing structure. We also offer mobile data and voice services for B2B customers, as well as a business television service. For B2B customers requiring multiple television services, such as hospitals, holiday parks and penitentiaries, we offer a standard video package for further distribution by the B2B customer.

The business services of the Ziggo Group and the UPC Netherlands Group are provided to business customers at contractually established fees based on the size of the business and type of services received. SOHO customers pay a premium price to receive enhanced service levels along with video, internet or telephony services (including mobile) that are the same or similar to the mass marketed products offered to our residential subscribers. For medium to large enterprises, we enter into individual agreements that address their needs. These agreements are for a period of one or more years. In addition to providing B2B services over our networks, we also have agreements to provide these services to our B2B customers over dedicated fiber lines and third party fiber networks.

### ***Operations***

#### ***Marketing and Sales***

We market and sell our products to customers using a broad range of sales channels, primarily online sales through our website, inbound and outbound telemarketing and partner retailers. We also sell our services direct to the customers at certain marketing events and through our own retail stores.

We encourage customers to purchase our services and products (such as receivers) through our website. We believe our website provides customers a clear explanation of our services and pricing. We currently outsource our inbound and outbound telemarketing operations to external service providers. We also have exclusive stores and partner shops in various cities in our footprints. We further target residential customers through partnerships with retail outlets, such as multi-media retailers, electronics and telecommunications stores. The sales through these partnerships generally focus on digital video services.

For our B2B sales, we have a team of dedicated in-house sales support managers who work exclusively with our key account customers. These managers develop and cultivate close working relationships with our key account customers and work with residential sales teams to generate customer sales leads and increase retention of existing customers.

### ***Customer Service***

Our customer service operations are responsible for all customer care activities, including handling customer queries and complaints. Their focus is on developing and enhancing customer lifetime management as well as offline and online marketing integration. In addition, customer service also provides inbound telemarketing and sales support functions for residential and SOHO customers. In the Ziggo footprint, to reduce our customer service call volume, we utilize a self-service option provided by our automated online customer service agent, “Tess”. In addition, in both footprints, we utilize an automated voice response center and social media to reduce customer call volume. We also operate dedicated customer service centers in *Utrecht, The Hague and Zwolle*.

Our customer service agents are skilled in multiple areas, including marketing campaigns, customer care and sales for a variety of products as well as technical service. All of our customer services agents are regularly trained in soft skills and on new product offerings. We also have a specialized team for sales and customer care in relation to our B2B services and also teams specifically focusing on customer retention as well as complaint management.

We are required to operate a “switch desk”, which enable customers to transition between different television, internet access and telephony (including mobile) service providers with minimal disruption to their service.

### ***Network and Technology***

Our video, broadband internet and telephony services are transmitted over a hybrid fiber coaxial cable network. Our hybrid fiber coaxial cable network consists of national and regional fiber networks, which are connected to the home over the last few hundred meters by coaxial cable. This network allows for two-way communications and is flexible enough to support our current services, as well as new services. In addition, the capacity available on our network increases as our analog subscribers switch to a digital service. This is because multiple digital channels can be compressed into the same space as one analog channel in the broadcast spectrum. The available space can then be used for other purposes such as VoD services and high broadband speeds.

We also provide our services over certain cable networks owned by third parties. We offer this service on an exclusive and non-exclusive basis to small cable network owners who have not developed the capability to offer premium products, such as digital video, broadband internet and telephony. The 7.0 million homes passed on our network excludes homes reached by a third party owned network.

We closely monitor our network capacity and customer usage. Where necessary, we increase our capacity incrementally, for instance by splitting nodes in our network. In addition, we continue to explore new technologies that will enhance our customer’s television experience, such as:

- recapturing bandwidth and optimizing our networks by increasing the number of nodes in our markets and using digital compression technologies;
- expanding our network to accommodate additional B2B services;
- using wireless technologies to extend our services outside the home;
- offering remote access to our video services through personal computers, tablets and smart phones; and
- expanding the availability of Horizon TV and related products.

### ***Supply Sources***

For our video services, we license most of our programming and on-demand offerings from content providers and third party rights holders, including broadcasters and cable programming networks. For such licenses, we generally pay a monthly fee on a per channel or per subscriber basis. However, certain of our providers require us to pay minimum guarantees. We generally enter into long-term programming licenses with volume discounts and marketing support. For on-demand programming, we generally enter into shorter-term agreements and also pay royalties based on our subscribers’ usage. To accommodate our customers’ needs for video access everywhere, we

have signed agreements with large commercial broadcasters in The Netherlands pursuant to which we pay them for the right to distribute their content through our network through all available means, including via HD, VoD and “TV Everywhere”.

We purchase each type of customer premises equipment from a number of different suppliers. Customer premises equipment includes set-top boxes, DVRs, tuners and similar devices. For each type of equipment, we retain specialists to provide customer support.

We license software products, including email and security software, and content, such as news feeds, from several suppliers for our internet services. The agreements for these products require us to pay on a per subscriber basis for software licenses and a share of advertising revenue for content licenses. For our telephony services, we license software products, such as voice mail and caller ID, from a variety of suppliers. For these licenses we attempt to enter into long-term contracts, which generally require us to pay based on usage of the services.

## **Competition**

The markets for video, broadband internet and fixed-line telephony services, as well as mobile services, are highly competitive and rapidly evolving. Consequently, we have faced and are expected to continue to face significant competition in these markets. The percentage information provided below is based on information from the subscription based website DataXis for the third quarter of 2014.

### ***Video Distribution***

We are the largest cable television provider in The Netherlands based on the number of video cable subscribers. Our video cable services are available to approximately 93% of the television households in The Netherlands and we serve approximately 58% of the total television market. In providing these services, we compete directly with various providers of communication and entertainment services. We experience most of our competition from other fixed-line telecommunications carriers and broadband providers, including the incumbent telephony operator KPN. KPN offers (a) IPTV over fiber optic lines to the home, cabinet or building or to the node networks (FTTx), (b) IPTV through broadband internet connections using DSL, ADSL or VDSL or an enhancement to VDSL called “vectoring”, (c) DTT, which transmits digital signals over the air providing a greater number of channels and better quality than traditional analog broadcasting, and (d) LTE services. In addition we experience competition from (1) DTH satellite service providers; (2) over-the-top video content aggregators utilizing our or our competitors’ high-speed internet connections; and (3) movie theaters, video stores, video websites and home video products. We also compete to varying degrees with other sources of information and entertainment, such as online entertainment, newspapers, magazines, books, live entertainment/concerts and sporting events. Free-to-air television is not a significant competitive factor because The Netherlands is predominately a pay television market.

Our principal competition in the provision of video services is from KPN and the DTH provider Canal Digitaal, a subsidiary of M7 Group S.A. Portions of our systems have been overbuilt by KPN’s and other providers’ FTTx networks. Based on research of various telecommunication publications, including by the Organization for Economic Cooperation and Development, and internal estimates, approximately 28% of our footprint in The Netherlands is overbuilt by KPN’s FTTx network. In addition, mobile broadband has gained a noticeable share of subscribers, and as accessibility to video content on the internet increases, over-the-top viewing is becoming a competitive factor.

KPN is a significant competitor. KPN provides subscription video services to 25% of the total subscription television households in The Netherlands. Its ability to offer bundled triple-play of video, broadband internet and telephony services and a quadruple-play with mobile services, is exerting growing competitive pressure on our operations, including the pricing and bundling of our video products. Its VDSL service includes VoD and DVR functionality, including restarting and second screen viewing. Although KPN’s DTT services are general priced below our basic video service, it offers a limited number of channels and, similar to DTH, does not have two-way functionality that would permit interactive services. In addition, the FTTx networks of Reggefiber Group B.V. (a subsidiary of KPN) are a competitive factor in a number of cities and villages. Reggefiber Group B.V. continues to expand these networks within our service area. Canal Digitaal, which offers DTH and DTT services, provides subscription video services to 11% of the total subscription television households in The Netherlands.

To meet the challenges in this competitive environment, we tailor our packages in line with one or more of three general strategies: attractive channel offerings, recurring discounts for bundled services and loyalty contracts. In addition, we seek to compete by accelerating the migration of our customers from analog to digital services, using advanced digital features such as HD, DVRs, VoD, catch-up television, which are an integral part of our digital services. To further enhance our digital video services in the UPC Nederland footprint we offer Horizon TV and Horizon Go. These services allow subscribers to personalize their programming. In the Ziggo footprint, we expanded our interactive video options through a CI+ 1.3 module that allows subscribers to have access to a cloud-based interactive television service without the need of a set top box with interactive functionality. In addition, we continue to improve the quality of our programming and modify our video options by offering attractive content packages. Also, our triple-play bundle is used as a means of driving video, as well as other products where convenience and price can be leveraged across the portfolio of services. Our bundle options give subscribers the option to select various combinations of services, including high-speed internet and fixed-line telephony options, to meet their needs. We have also expanded our services to include mobile voice and data. In addition, we continue to explore new technologies that will enhance our customers' television experience.

### ***Internet***

With respect to broadband internet services and online content, we face competition primarily from KPN and, to a lesser extent, the telecommunications company, Tele2 Netherlands Holding NV, as well as operators using the unbundled local loop. The internet services offered by these competitors include both fixed-line broadband internet services using DSL or FTTx, and wireless broadband internet services, in a range of product offerings with varying speeds and pricing, as well as interactive computer-based services, data and other non-video services offered to homes and businesses. As the technology develops, competition from wireless services using various advanced technologies is becoming significant, such as KPN's LTE wireless services. However, we believe that the majority of mobile broadband internet users presently use it to complement, rather than to replace, fixed-line broadband internet.

KPN offers ultra high-speed internet services with download speeds of up to 200 Mbps on its FTTx network and up to 80 Mbps over its DSL network. In limited areas, KPN offers download speeds of up to 500 Mbps on its FTTx network. In addition, KPN is the leading mobile broadband provider with competitively priced mobile internet products. KPN serves approximately 42% and our operations serve approximately 44%, respectively, of the total broadband internet market in The Netherlands. To keep competitive, we promote faster speeds at competitive prices and we are expanding our mobile data services.

Our strategy is speed leadership and we seek to outperform on speed, including increasing the maximum speed of our connections and offering varying tiers of service and varying prices, as well as a variety of bundled product offerings and a range of value added services. We are also expanding our mobile data services. Our bundle strategies include offering ultra high-speed internet with speeds of up to 180 Mbps in the Ziggo footprint and up to 200 Mbps in the UPC Nederland footprint, in each case, to compete with KPN's VDSL and FTTx initiatives. Our focus continues to be on high-end internet products to safeguard our high-end customer base and allow us to become more aggressive at the low and medium-end of the internet market. By fully utilizing the technical capabilities of DOCSIS 3.0 technology, we can compete with local FTTx initiatives and create a competitive advantage compared to DSL infrastructures on a national level and LTE initiatives as they expand to a national level.

### ***Telephony***

The market for fixed-line telephony services in The Netherlands is mature. Changes in market share are driven by the combination of price and quality of services provided and the inclusion of telephony services in bundled offerings. With respect to telephony services, we compete against the incumbent telecommunications operator KPN. KPN has substantially more experience in providing telephony services, greater resources to devote to the provision of telephony services and long-standing customer relationships. We also compete with other VoIP operators offering service across broadband lines and with mobile telephony providers, which are making significant advances in obtaining customers. In particular, KPN offers 4G services throughout The Netherlands and is the leading provider of mobile services in The Netherlands. We have also added mobile services as an MVNO in September 2013 in the Ziggo footprint and in October 2014 in the UPC Nederland footprint.

Because of the mature market, customers tend to be price sensitive. Therefore, our telephony strategy is focused around value leadership. We position our services as “anytime” or “any destination”. Our portfolio of calling plans includes a variety of options designed to meet the needs of our subscribers. Such options include unlimited network, national or international calling, unlimited off-peak calling and minute packages, including calls to fixed and mobile phones. We offer a variety of plans to meet customer needs and we also use our bundled options without our digital video and internet services to help promote our telephony services. We expect telephony markets to remain extremely competitive. The market share of fixed-line telephony for our operations is 40% and for KPN 54%. In the mobile market, we are small compared to the competition with less than 1% of the market.

### **Legal Proceedings**

From time to time, we may become involved in litigation relating to claims arising out of our operations in the normal course of business. We believe the ultimate resolution of any of these existing contingencies would not likely have a material adverse effect on our business, results of operations, financial condition or liquidity.

### **Regulatory Developments**

For a description of current regulatory developments in The Netherlands which affect our operations, see “*Regulatory*” in this Offering Memorandum.

### **Other**

In addition to the foregoing items, we have contingent liabilities related to (i) legal proceedings, (ii) wage, property, sales and other tax issues, (iii) disputes over interconnection fees and (iv) other matters arising in the ordinary course of business. We expect that the amounts, if any, which may be required to satisfy these contingencies will not be material in relation to our financial condition or results of operations.

### **Employees**

As of September 30, 2014, we, including our consolidated subsidiaries, have an aggregate of approximately 4,600 full-time equivalent employees, certain of whom belong to organized unions and works councils. Certain of our subsidiaries also use contract and temporary employees, which are not included in this number, for various projects. We believe that our employee relations are good. During 2014, renegotiations of a collective labor agreement took place between several labor unions in The Netherlands and the employers’ organization, *Werkgeversvereniging Energie en Nutsbedrijven*, of which we are a member. The new collective labor agreement covers the period from April 1, 2014 to April 1, 2016 and applies to approximately 99% of our employees (including non-union employees). It provides, among other things, for a salary increase of 1.0% as of April 1, 2015 and an additional 1.0% as of October 1, 2015.

## REGULATORY

### Overview

The following section provides a summary of certain of our regulatory requirements and obligations in our key markets. This description is not intended to be a comprehensive description of all regulation in this area nor a review of specific obligations which have been imposed on us. Adverse regulatory developments could subject our businesses to a number of risks. Regulation could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and capital expenditures. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content. Failure to comply with current or future regulation could expose our businesses to penalties.

The video distribution, internet and telephony markets in which we operate are regulated at the European Union level. In The Netherlands, these regulations are implemented through the *Telecommunicatiewet* (the Dutch Telecommunications Act, “**DTA**”) and the *Mediawet* (the Dutch Media Act, “**DMA**”) and related legislation and regulations. The Authority for Consumers and Markets (“**ACM**”, *Autoriteit Consument & Markt*)—in which the former Independent Post and Telecommunications Authority (“**OPTA**”, *Onafhankelijke Post en Telecommunicatie Autoriteit*) has been integrated, and the Dutch Radiocommunications Agency (“**AT**”, *Agentschap Telecom*) supervise and enforce compliance with certain parts of the DTA. Pursuant to the DTA, ACM is designated as a National Regulatory Authority (“**NRA**”). The Dutch Media Authority (“**CvdM**”, *Commissariaat voor de Media*) is authorized to enforce compliance with the DMA.

In addition to complying with industry specific regimes, we must comply with both specific and general legislation concerning, among other areas, competition, data protection, data retention, internet service provider liability, consumer protection and e-commerce.

### Europe

The body of EU law that deals with electronic communications regulation consists of a variety of legal instruments and policies (collectively referred to as the “**Regulatory Framework**”). The key elements of the Regulatory Framework are (i) various legal measures, which we refer to as “Directives,” that require the EU’s Member States to harmonize their laws and (ii) certain EU regulations that have effect without any national transposition.

The Regulatory Framework primarily seeks to open European markets for communications services. It harmonizes the rules for the establishment and operation of electronic communications networks, including cable television and traditional telephony networks, and the offer of electronic communications services, such as telephony, internet and, to some degree, television services. The Regulatory Framework does not generally address issues of content.

Although the distribution of television channels by a cable operator falls within the scope of the Regulatory Framework, the activities of a broadcaster are harmonized by other elements of EU law, in particular the Audiovisual Media Services Directive (“**AVMS**”). The AVMS, which was adopted on December 11, 2007, amended the European Union’s existing Television Without Frontiers Directive (“**TVWF**”). The AVMS has been implemented in The Netherlands through the DMA. Under the AVMS, broadcasts originating in and intended for reception within an EU Member State must generally respect the laws of that Member State. Pursuant to both the AVMS and TVWF, however, and in accordance with what is referred to as the “country of origin principle”, an EU Member State must allow within its territory the free transmission of broadcast signals of a broadcaster established in another EU Member State so long as such broadcaster complies with the laws of its home state. The AVMS also establishes quotas for the transmission of European-produced programming and programs made by European producers who are independent of broadcasters.

### The Netherlands

The DTA sets forth an exhaustive list of conditions that may be imposed on electronic communications networks and services. Possible obligations include interoperability and interconnection regulations, *ex ante* regulations for providers with significant market power, financial charges for universal services or for the costs of

regulation, environmental requirements, data protection regulations, data retention and wiretapping obligations, appropriate technical and organizational measures to manage risks posed to security of networks and services, notification requirements, consumer protection rules, provision of customer information to law enforcement agencies and access obligations. Certain key provisions included in the DTA are described below, but this description is not intended to be a comprehensive description of all regulations in this area.

### ***Licensing and Exclusivity***

The Regulatory Framework requires The Netherlands to abolish exclusivities on public electronic communications networks and services and to allow operators into its markets. Therefore, the DTA contains a system of general authorizations. A provider of a public electronic communications network or service needs to notify ACM of its network or service, which will register the notification. The purpose of the notification is to increase transparency and to ensure effective regulation and does not constitute a formal condition for market entry.

With regard to scarce resources such as telephone numbers and frequencies, a system of licenses applies. ACM administers licenses with regard to telephone numbers. AT administers the frequency spectrum and grants licenses with regard to the use of frequencies.

### ***Access, Interoperability and Interconnection***

All providers of public electronic communications networks or services who control access to end-users are obliged to enter into negotiations upon the request of a competitor to conclude an interoperability agreement. Interoperability refers to all measures, including access and interconnection, which should be implemented to ensure end-to-end connections. If a provider does not comply with its obligation to enter into negotiations, ACM, at the other party's request, can impose proportionate obligations on the provider in order to ensure end-to-end connectivity. Where commercial negotiation fails, ACM has the power to secure access, interconnection and interoperability in the interest of end-users.

### ***Significant Market Power***

To ensure that the telecommunications markets become genuinely competitive, ACM can impose *ex ante* regulation by means of market analysis decisions on operators or service providers that have significant market power (equated here to dominance) in a relevant market. *Ex ante* regulation means that ACM sets behavioral rules beforehand with which operators or service providers with significant market power must comply. The provisions of the DTA permit ACM to impose certain access obligations on providers of public electronic communications networks that have significant market power.

Before it can be established whether an operator or service provider has significant market power, ACM needs to determine, in accordance with the principles of general European competition law, in which relevant market(s) the operator or service provider competes. ACM must do this while taking into account the European Commission's "Recommendation on relevant product and service markets within the electronic communications sector", the latest version of which was published by the European Commission on October 9, 2014. ACM may also define additional relevant markets provided that any such market meets the cumulative criteria defined by the EU Commission in its so called three criteria test for determining whether a market is susceptible to *ex ante* regulation.

A company will be deemed to have significant market power if, either individually or jointly with others, it enjoys a market position equivalent to dominance, i.e., a position of economic strength affording it the power to behave to an appreciable extent independently of competitors, customers and ultimately consumers.

If ACM determines that a company has significant market power, ACM may impose one or more appropriate and proportionate obligations. These obligations relate to, among other things, access and use of specific network facilities, non-discrimination, transparency and the level of tariffs at both the wholesale and retail level. To ensure a proper functioning of the market, these obligations may not be disproportionate.

ACM completed its first round of market analyses in 2005. In 2008, ACM finished its second round of market analyses for the period of 2009-2011. In the context of the third round of market analyses, ACM adopted its market analysis decision regarding unbundled local loop and ODF (FttH) access and published its regulatory conclusions regarding the broadcasting markets in December 2011. In addition, in 2012, ACM adopted its market analysis

decisions with respect to unbundled access to ODF (FttO) and low quality broadband and high quality broadband access. Between 2012 and 2013, ACM adopted its market analysis decisions regarding the fixed and mobile call termination markets. An appeal against the latter decisions is currently pending before the Dutch Supreme Administrative Court that ruled on October 15, 2014 to pose prejudicial questions to the European Court of Justice.

New market analysis decisions are expected as part of the fourth round of market analysis. It cannot be excluded that, after this round of market analyses, we will be subject to *ex ante* regulation in one or more markets. Following the European Commission's clearance decision regarding the acquisition of Ziggo Holdco by Liberty Global, ACM published a draft market analysis decision on unbundled (local loop) access (wholesale local network access at a fixed location) on October 31, 2014. In this draft decision ACM found that there is a risk of joint dominance of KPN and the Group in the related retail broadband internet access market, to be remedied on the wholesale market for local network access, where ACM found that KPN has significant market power. This draft decision is subject to national consultation, which closed on December 12, 2014, followed in a later stage by notification to the European Commission. The final decision is expected to be published by ACM in the Spring of 2015.

ACM has found that we have significant market power in the wholesale market for call termination on public telephone networks at a fixed location (hereinafter referred to as the "call termination market"). The relevant ACM decision is discussed below.

#### ***ACM Call Termination Market Analysis Decisions***

In respect of the call termination market, ACM has taken the view that all providers of call termination on fixed-line and mobile networks in The Netherlands have significant market power because all such providers exclusively control access to end-users connected to their respective public telephone networks. As a result, in relation to fixed call termination services, we have been subject to specific *ex ante* obligations, including in particular tariff regulation (maximum termination charges), since ACM's initial market analysis decision of July 7, 2010. On August 5, 2013, ACM published its latest market analysis decision on the mobile and fixed call termination markets. ACM determined that the maximum charges for fixed-line termination should be lowered from €0.0037 per minute to €0.00108 per minute and for mobile termination from €0.024 per minute to €0.01019 per minute. These tariff caps would enter into force from September 1, 2013 and apply for a three year period. The decision was appealed by various operators, including ourselves, and on August 27, 2013, the Dutch Supreme Administrative Court decided in a preliminary decision that the decrease of cap charges should be less steep than ACM had initially determined, resulting in a price cap for fixed-line termination of €0.00302 per minute and a cap for mobile termination of €0.01861 per minute. These caps apply until the Dutch Supreme Administrative Court has arrived at a final decision in the appeal proceedings on the merits. This final decision is, not expected before the end of 2015, given that the Dutch Supreme Administrative Court ruled on October 15, 2014, that it wishes to pose prejudicial questions to the European Court of Justice.

#### ***ACM Broadcast Market Analysis Decision***

In December 2011, ACM completed a market assessment of the television market in The Netherlands, concluding that there were no grounds for regulation of that market. On December 22, 2011, referring to its final assessment of the television market, ACM rejected previously filed requests from a number of providers to perform a new market analysis of the television market. This decision by ACM was appealed by those providers at the Dutch Supreme Administrative Court. On November 5, 2012, the Dutch Supreme Administrative Court rejected the appeals against ACM's decision.

In May 2012, the Dutch Parliament adopted laws that provide, among other matters, the power to ACM to impose an obligation for the mandatory resale of television services and to CvdM to supervise such resale obligation. These laws became effective on January 1, 2013 notwithstanding the above-described November 5, 2012 decision of the Dutch Supreme Administrative Court. On January 29, 2014, the district court of The Hague, in a proceeding initiated by UPC Nederland, declared the resale obligation non-binding because it infringes EU law. The Dutch Government did not appeal the January 2014 decision, and the resale obligation law has now been formally withdrawn by an Act of November 26, 2014. Although not contemplated at this point in time, we cannot predict whether the Dutch government will seek to enact new resale obligation regulations, whether our operations may

otherwise (on the basis of a market analysis by ACM) become subject to resale obligation regulation, or the effect on our results of operations, cash flows or financial position from any implementation of such a resale regime.

### ***End-user Protection***

As a provider of public electronic communication networks and services, we are subject to specific regulations aiming to protect end-users, including regulations concerning information obligations toward consumers, the enactment of amendments to end-user contracts, the term of end user contracts, termination rights of consumers, quality reporting, access to emergency numbers and subscriber information. Access to emergency numbers has to be provided without limitation and free of charge. Access to subscriber information includes the provision of access to the names, addresses and telephone numbers of our subscribers who have consented to be included in directory enquiry services.

### ***Data Protection***

For providers of public electronic communications networks or services, a strict data protection regime applies in The Netherlands. In addition to the general data protection framework of the Data Protection Act (*Wet bescherming persoonsgegevens*), the DTA sets out specific regulations for providers of public electronic communications networks and services. These regulations entail technical facilities that must be offered, such as specification of invoices, telephone number identification and transfer of calls. Apart from this, the DTA provides rules regarding the use and processing of location data and traffic data (i.e., call detail records), subscriber lists, security breaches and spam. The DTA also obliges providers of public electronic communications networks to notify ACM in case of a data security breach (a security breach which has negative consequences for personal data processed by the provider). In certain circumstances, persons involved will need to be informed as well. Non-compliance with the DTA can lead to a fine.

On January 5, 2012, European Directory Assistance (“**EDA**”), a Belgian operator of directory services, lodged dispute resolution proceedings before ACM asserting rights to access our fixed-line telephony customer database for the purpose of setting up a pan-European directory service. In these proceedings ACM requested the Dutch Data Protection Authority to address the question whether the permission that was granted to us by our customers was sufficient to cover the inclusion of their address details in foreign directory services. On October 24, 2012, the Dutch Data Protection Authority concluded that the permission provided by our customers does not include foreign directory services. As a result, ACM had to decide whether we have an obligation to provide EDA access to our customer base and whether we need to request permission from our customers to include them in foreign directory services. On June 5, 2013, the ACM concluded that we are obliged to provide subscriber information to EDA. ACM indicated in its decision that the subscribers in question have to consent to providing their information to foreign directory services. We have appealed the decision of the ACM to the Dutch Supreme Administrative Court. This appeal is still pending. The result may be that we have to request additional consent from the relevant subscribers, which would adversely impact our business and lead to additional costs.

### ***Lawful Interception and Data Retention***

Providers of public telecommunication networks and services can only make their networks and services available to the public if they have arranged their networks and services in such a manner that they can be wiretapped promptly. Providers of public telecommunication networks and services are obligated to cooperate fully in the execution of a lawfully given special tapping order or permission, in accordance with the technical and procedural requirements set forth on the basis of the DTA.

To the extent that the data is generated or processed, providers of public telecommunications networks and services must retain traffic and location data and the related data necessary to identify the client or user for the investigation, detection and prosecution of serious criminal offenses. Telephony data must be retained for a period of twelve months from the date of the communication, and internet data for a period of six months.

### ***Net Neutrality***

On January 1, 2013, certain provisions in the DTA with respect to net neutrality entered into force. These provisions regulate net neutrality by, among other things, prohibiting operators of public telecommunication

networks through which internet access is provided as well as internet service providers from blocking or restricting services or applications which are accessed via the internet other than in circumstances set forth in the DTA.

### ***Radio and Television Transmission***

The distribution of must-carry television services to the public is regulated by the DMA, entailing obligations regarding the transmission of specified radio and television broadcast channels. On January 1, 2014, the revised DMA with respect to the “must carry” obligation entered into force. The revised DMA provides that the “must carry” obligation will not only apply to cable operators as was the case over the last years, but will apply to all providers of analog and digital program packages based on the principle of technology neutrality. Providers of digital program packages with 100,000 or more subscribers are subject to the obligation to provide at least 30 television channels. The revised DMA stipulates that the digital program package should include as a “must carry” obligation the three Dutch television public broadcasting channels, the three Belgian (Dutch language) public television broadcasting channels, a limited amount of regional and local television broadcasting channels and a number of digital radio broadcasting channels. In addition, for all providers of analog program packages with 100,000 or more subscribers, the obligation is included to provide at least 15 television channels. Analog program packages should at least include as a “must carry” obligation the three Dutch television public broadcasting channels, two Belgian (Dutch language) public television broadcasting channels, a limited amount of regional and local television broadcasting channels and some analog radio broadcasting channels. The so-called ‘programme councils’ have been abolished as from January 1, 2014. The Dutch Media Authority can grant a (conditional) exemption from the obligations if the “must carry” obligations listed above give rise to disproportionate costs for the network operator, an impediment to innovation or other unreasonable outcomes.

There is no regulated financing mechanism in place between network operators and broadcasters. Commercial and public program providers must negotiate with network operators regarding transmission fees.

### ***Mobile Telecommunication Services***

In May 2010, we acquired licenses for the use of 2.6 GHz spectrum, totalling 2×20 MHz through a joint venture jointly owned by the Ziggo Group and UPC Nederland. These licenses are regulated by the DTA. The licenses contain roll-out obligations. Accordingly, we must provide, per license, a public communication service with a geographical coverage of at least 80 square km within two years after obtaining the license (i.e., as of May 11, 2012), and within five years (i.e., as of May 11, 2015) a geographical coverage extending at least 800 square km in The Netherlands. We have fulfilled the first roll-out condition, and do not anticipate any difficulty in meeting the second obligation to provide a service with a geographical coverage extending to at least 800 square km.

### ***Interference by Mobile Telecommunication Services***

The 800 MHz mobile frequencies which were auctioned in 2012 are known to interfere with signals using the same frequencies in home networks and customer devices, such as televisions. Under pressure from the Ministry of Economic Affairs, a covenant was signed by both cable operators and mobile operators. This covenant specifies that the mobile operators can be liable for damages and could restrict use of certain services by cable operators in the 800MHz band.

### ***Property Rules regarding the Network***

In accordance with the Dutch Civil Code, all public fixed-line electronic communication networks are the legal property of the rightful constructor of the network or its legal successor, and not the owner of the ground in which the network resides. Registration at the Land Registry (*het Kadaster*) is required for the transfer of legal ownership and/or to encumber public networks, for example by a right of mortgage. Registration is also required to enjoy statutory protection against title claims of third parties. We have currently registered a substantial majority of our HCF network at the Land Registry.

### ***Conditions Applied in Connection with Ziggo Acquisition***

In connection with the Ziggo Acquisition, Liberty Global obtained regulatory clearance from the European Commission on October 10, 2014, which clearance was subject to the following commitments:

- our commitment to divest the UPC Nederland's Film1 channel to a third party and to carry Film1 on our network for a period of three years; and
- our commitment for a period of eight years with respect to our network (i) not to enforce certain clauses currently contained in carriage agreements with broadcasters that restrict the ability of broadcasters to offer their channels and content via third party over-the-top services, (ii) not to enter into carriage agreements containing such clauses and (iii) to maintain adequate interconnection capacity through at least three uncongested routes into our network, at least one of which must be with a large transit provider.

## MANAGEMENT AND GOVERNANCE

### Supervisory Directors

We are managed by our Managing Directors, as described below. Responsibilities for operations are delegated to members of senior management. In addition, Ziggo Holdco has a supervisory board that will become the supervisory board of Ziggo Group Holding following the Reorganization Transactions. The Supervisory Board has five (5) members. The current members of the Supervisory Board are:

- **Diederik Karsten** was appointed Executive Vice President, European Broadband Operations, of Liberty Global in January 2011. During 2011, Mr. Karsten served as Managing Director, European Broadband Operations, of Liberty Global. Mr. Karsten served as Managing Director, UPC Nederland and its predecessors, from July 2004 to December 2010, where he was responsible for Liberty Global's broadband operations in The Netherlands. Prior to joining a predecessor of Liberty Global Europe Holding BV, he served as chief executive officer of KPN Mobile, overseeing mobile telephony operations in The Netherlands, Germany, Belgium and other countries. Mr. Karsten is a director of Telenet N.V.
- **Ritchy Drost** was appointed Chief Financial Officer, European Broadband Operations, of Liberty Global in January 2012. Mr. Drost served as Managing Director and Chief Financial Officer of UPC Nederland and its predecessors, from January 2006 to January 2012. Prior to that, he held various management positions after joining a predecessor of Liberty Global Europe Holding BV in November 1999. Previously he was with Arthur Andersen LLP in their assurance practice.
- **James Ryan** was appointed Senior Vice President, Chief Strategy Officer, of Liberty Global in January 2012. Mr. Ryan served as Managing Director, Strategy and Corporate Development for Liberty Global Europe Holding BV from May 2000 to January 2012. Mr. Ryan is responsible for Liberty Global's global strategy and strategic planning across all regions. Prior to joining Liberty Global Europe Holding, Mr. Ryan spent over 10 years with investment companies, including five years at the European Bank for Reconstruction and Development where he focused on investments in emerging central European countries. Mr. Ryan is a director of Telenet N.V. and Canal+ Cyfrowy Sp zo.o.
- **Rob Ruijter** served on the supervisory board for Ziggo Holdco prior to the Ziggo Acquisition. In addition, he previously held financial executive board positions at Philips Lighting, Baan, KLM, VNU and ASM International. From April 2013 to January 2014 he was Chief Executive Officer of VION N.V. He currently holds an advisory role at Verdonck Klooster & Associates, is a supervisory board member at Unit 4 N.V. and Wavin N.V. and is an advisor to the boards and shareholder of Vion N.V.
- **Huub Willems** is the Deputy Justice with the Court of Appeal in Amsterdam (Enterprise Division). He is also an endowed professor in Corporate Litigation Faculty of Law at the University of Groningen, the deputy chairman of the regional disciplinary tribunal for health care (Groningen), deputy judge of the court in Amsterdam, member of the board of advice at Capital Port B.V., member of the board of advice at the Van der Heijden Instituut (centre of expertise for corporate law), member of the board at the Vereeniging "Handelsrecht" (foundation for commercial law), member of the board of the Stichting Grotius Academie, and member of board at the Vereniging Corporate Litigation. Prior to becoming a Deputy Justice, Mr. Willems served as a Vice President and Justice with the Court of Appeal in Amsterdam.

Messrs Karsten, Drost and Ryan have been identified by Liberty Global and Messrs Ruijter and Huub Willems are independent members ("**Independent Members**"). Mr. Willems has been appointed on the basis of a reinforced right of recommendation of the works council. The Independent Members have several specific rights as laid down in the Merger Protocol concluded between Ziggo Holdco and Liberty Global.

The supervisory board advises and supervises the managing board of Ziggo Holdco. The articles of association of Ziggo Holdco require certain transactions to be approved by the supervisory board. Failure to obtain these approvals however, do not affect the authority of the Management Board or the members of the Management Board to represent Ziggo Holdco.

### Management of Ziggo Group Holding

The Managing Director of Ziggo Group Holding is Liberty Global Europe Management B.V., which is an indirect wholly-owned subsidiary of Liberty Global. The address for the managing director is Boeing Avenue 53, 1119 PE Schiphol-Rijk, The Netherlands. The managing director is authorized to conduct the day-to-day business of Ziggo Group Holding and its subsidiaries within the governance of Liberty Global and its subsidiaries.

### Management of UPC Netherlands Group and Ziggo Group

The Managing Directors of the UPC Netherlands Group and the Ziggo Group are responsible for the day-to-day management of the business. These Managing Directors are appointed at a shareholders' meeting for each entity. They may also be removed at the applicable shareholders' meeting. The Managing Directors are responsible for, among other things, the overall supervision and administration of the business activities, the appointment and removal of executive officers, the review of financial statements and the approval of budgets for each of the UPC Netherlands Group and the Ziggo Group.

The current Managing Directors are Baptist Coopmans and Bert Groenewegen. Below is a brief biographical summary of the business experience of the Managing Directors of each of the UPC Netherlands Group and the Ziggo Group.

- **Baptist Coopmans** was appointed Managing Director of UPC Netherlands Group in June 2013 and in November 2014 also became the Chief Executive Officer and member of the Management Board of the Ziggo Group. Mr. Coopmans has extensive experience in a range of international management roles, from which he has built a comprehensive background in the telecommunications and consumer markets. He has served in various senior management positions with international companies, including as a member of the Board of Management at KPN from 2006 to 2012. While at KPN, he served in other roles, including Managing Director of KPN Netherlands and Managing Director of KPN Consumer Markets. Prior to 2006, he held commercial management positions at Unilever N.V.
- **Bert Groenewegen** was appointed Chief Financial Officer and member of the Management Board of Ziggo Holdco in March 2010 and in November 2014 assumed similar positions in the Ziggo Group and the UPC Netherlands Group. Prior to joining Ziggo Holdco, he served as chief executive officer of PCM Publishers from 2007 to 2009 after having served as its chief financial officer from 2005 to 2007. Prior to 2005, Mr. Groenewegen held management positions at various companies, including General Atlantic Partners, an investment company, and Exact Software Nederland where he served primarily as chief financial officer.

The business address of each of the Managing Directors named above is Atoomweg 100, 3542 AB Utrecht, The Netherlands.

There are no potential conflicts of interest between the duties of the Managing Directors noted above towards UPC Netherlands Holdco III and his or her personal interests and duties.

## **PRINCIPAL SHAREHOLDERS**

Ziggo Group Holding is a wholly-owned direct subsidiary of Liberty Global Europe Holding B.V., a wholly-owned indirect subsidiary of Liberty Global Europe, Inc., which in turn is wholly-owned through a series of intermediate holding companies by Liberty Global. Liberty Global is a leading international cable company, with operations in 14 countries. Its market-leading television, broadband internet and telephony services are provided through next-generation networks and innovative technology platforms that, when combined with those of Ziggo Holdco, connected 27 million customers subscribing to 56 million television, broadband internet and telephony services at September 30, 2014. Liberty Global's consumer brands include Virgin Media, UPC, Ziggo, Unitymedia, KabelBW, Telenet and VTR. Liberty Global's operations also include Liberty Global Business Services, its commercial division, and Liberty Global Ventures, its investment fund. Liberty Global's ordinary shares are listed on the NASDAQ Global Select Market under the symbol "LBTYA", "LBTYB" and "LBTYK" and Liberty Global had a market capitalization as of December 22, 2014 of approximately \$44.2 billion.

## CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

### *General*

In connection with certain changes that will be implemented with respect to Liberty Global's subsidiary borrowing groups during the first quarter of 2015 and in light of Liberty Global's ongoing efforts to increase scale through centralization and other means, Liberty Global has changed the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another, which, as further described below, will impact the calculation of the "EBITDA metric" defined by the debt agreements of Liberty Global's respective subsidiary borrowing groups. This new methodology (the "**2015 Liberty Global Allocation Methodology**") is intended to ensure that Liberty Global continues to allocate its central and administrative costs to its borrowing groups on a fair and rational basis. The implementation of the 2015 Liberty Global Allocation Methodology will entail the transfer of the ownership of certain entities that incur central and other administrative costs from UPC Holding to a Liberty Global subsidiary that is outside of all of Liberty Global's subsidiary borrowing groups. Beginning with the first quarter of 2015, these entities, along with certain other subsidiaries of Liberty Global, will charge fees and allocate costs and expenses to other Liberty Global subsidiaries, including each of Liberty Global's borrowing groups, as appropriate. Subject to the specific terms contained in the applicable debt agreements, the implementation of the 2015 Liberty Global Allocation Methodology will impact the calculation of the EBITDA metric for each of Liberty Global's subsidiary borrowing groups as the amount of related-party fees and allocations that is included in the applicable EBITDA metric will change. In this regard, the related-party fees and allocations that are deducted to arrive at Consolidated EBITDA (as defined in the "*Description of Notes*" included in this Offering Memorandum) in 2015 and future periods will be based on (a) the amount and nature of costs incurred by the allocating entities during the period, (b) the allocation methodologies in effect during the period and (c) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amounts allocated to each of Liberty Global's subsidiary borrowing groups, including Ziggo Group Holding, in future periods. For example, to the extent that one of Liberty Global's subsidiary borrowing groups were to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to the Issuers and the restricted subsidiaries would decrease (increase). For a quantification of the pro forma impact of the 2015 Liberty Global Allocation Methodology on Consolidated EBITDA of Ziggo Group Holding for the six months ended September 30, 2014, see the As Adjusted Combined Covenant Information, as set forth under "*Summary Unaudited Condensed Pro Forma Combined Financial Statement and Operating Data of Ziggo Group Holding*" included elsewhere herein.

### **Related-Party Transactions Impacting Ziggo Bondco's Operating Results**

#### *General*

Ziggo Bondco has various related-party transactions with certain associated companies, key management personnel and close family members of related parties. These related-party transactions are reflected in other operating expenses in the (i) Ziggo Bondco September 30, 2014 Interim Condensed Consolidated Financial Statements, (ii) Ziggo Bondco December 31, 2013 Consolidated Financial Statements, (iii) Ziggo Bondco December 31, 2012 Consolidated Financial Statements and (iv) Ziggo Bondco December 31, 2011 Consolidated Financial Statements.

#### *Management Fees*

Related-party management fees were charged to Ziggo Bondco by Ziggo Holdco for the services rendered by the Board of Management resulting in a charge of €2.4 million during the nine months ended September 30, 2014 and €3.2 million, €2.0 million and nil during the years ended December 31, 2013, 2012 and 2011, respectively. Related-party management fees were charged to Ziggo Bondco by the ultimate shareholders of nil during the nine months ended September 30, 2014 and nil, €0.4 million and €0.5 million during the years ended December 31, 2013, 2012 and 2011, respectively.

#### *Current Accounts Receivable*

Ziggo Bondco has the following related-party accounts receivables:

- i. An account receivable with ZUM B.V. in the amount of nil at September 30, 2014 and €1.6 million and €0.7 million at December 31, 2013 and 2012, respectively.

- ii. A trade receivable with HBO Nederland Coöperatief U.A. in the amount of nil at September 30, 2014 and €0.3 million and nil at December 31, 2013 and 2012, respectively.

### ***Trade Account Payable***

Ziggo Bondco held a trade account payable with HBO Nederland Coöperatief U.A. for premium content in the amount of nil at September 30, 2014 and nil and €0.8 million at December 31, 2013 and 2012, respectively.

## **Related-Party Transactions Impacting UPC Nederland's Operating Results**

### ***General***

UPC Nederland has various related-party transactions with certain of Liberty Global's subsidiaries and affiliates. These related-party transactions are reflected in revenue, operating expenses, SG&A expenses, allocated share-based compensation expense, fees and allocations, interest expense, interest income and intercompany tax allocations in the UPC Nederland September 30, 2014 Interim Condensed Consolidated Financial Statements and the UPC Nederland December 31, 2013 Consolidated Financial Statements.

Certain Liberty Global subsidiaries, including Liberty Global Services B.V. (*formerly known as UPC Broadband Operations B.V.*) ("**Liberty Global Services**"), charge fees and allocate costs and expenses to UPC Nederland. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) UPC Nederland's estimated share of the underlying costs, (ii) UPC Nederland's estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. Through June 30, 2014, UPC Nederland's related-party operating and SG&A expenses and related-party fees and allocations generally were based on UPC Nederland's estimated share of the applicable estimated costs (including personnel-related and other costs associated with the services provided) incurred by the applicable Liberty Global subsidiaries. The estimated amounts charged were reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The revisions to reflect the actual costs underlying UPC Nederland's related-party fees and allocations for 2013, 2012, 2011 and 2010 amounted to increases (decreases) of €0.7 million, €4.6 million, (€2.1 million) and (€1.2 million), respectively, in UPC Nederland's billings from Liberty Global Services, which amounts were recorded during the first quarters of 2014, 2013, 2012 and 2011, respectively. The revisions to reflect actual costs for UPC Nederland's related-party operating and SG&A expenses for 2013, 2012, and 2011 were not material. During the third quarter of 2014, Liberty Global and its subsidiaries began basing the fees charged and amounts allocated among Liberty Global and its subsidiaries on actual costs incurred. As a result, during the third quarter of 2014, UPC Nederland recorded a €7.7 million increase to the fees and allocations charged to UPC Nederland by Liberty Global Services to reflect the impact of this change in methodology for the full nine-month period ended September 30, 2014. The impact of this change in methodology on UPC Nederland's related-party operating and SG&A expenses was not material.

Although UPC Nederland believes that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in UPC Nederland's consolidated statements of operations are reflective of the costs that UPC Nederland would incur on a standalone basis.

### ***Revenue***

Related-party revenue represents charges for certain commercial telephony services provided to other Liberty Global subsidiaries and affiliates. UPC Nederland recorded related-party revenue of €1.9 million during the nine months ended September 30, 2014 and €1.6 million, €1.1 million and €0.6 million during the years ended December 31, 2013, 2012 and 2011, respectively.

### ***Operating Expenses***

Related-party operating expenses represent net charges from (to) other Liberty Global subsidiaries and affiliates primarily related to (i) programming and related services provided to UPC Nederland of €14.8 million during the nine months ended September 30, 2014 and €24.1 million, €23.6 million and €23.2 million during the years ended December 31, 2013, 2012 and 2011, respectively, (ii) certain customer premises equipment, backbone and other network-related expenses of €4.7 million during the nine months ended September 30, 2014 and

€6.1 million, €4.8 million and €5.6 million during the years ended December 31, 2013, 2012 and 2011, respectively, and (iii) refurbishment of certain customer premises equipment and other expenses of nil during the nine months ended September 30, 2014 and (€0.9 million), (€1.2 million) and (€5.4 million) during the years ended December 31, 2013, 2012 and 2011, respectively. All of these charges were cash settled with the exception of €9.5 million that was loan settled during 2011. UPC Nederland recorded related-party operating expenses of €19.5 million during the nine months ended September 30, 2014 and €29.3 million, €27.2 million and €23.4 million during the years ended December 31, 2013, 2012 and 2011, respectively.

#### ***SG&A Expenses***

Related-party SG&A expenses consist primarily of information technology-related charges and other SG&A charges from other Liberty Global subsidiaries. UPC Nederland recorded related-party SG&A expenses of €1.4 million during the nine months ended September 30, 2014 and €1.8 million, €0.7 million and €0.2 million during the years ended December 31, 2013, 2012 and 2011, respectively.

#### ***Allocated Share-Based Compensation***

UPC Nederland's share-based compensation expense represents amounts allocated to UPC Nederland by Liberty Global and represents share-based compensation associated with the Liberty Global share-based incentive awards held by certain UPC Nederland employees. Awards consist of (i) share appreciation rights, (ii) restricted share units and (iii) certain performance-based awards. The amounts of these charges that were loan settled were nil during the nine months ended September 30, 2014, and nil, €1.1 million and €1.0 million during the years ended December 31, 2013, 2012 and 2011, respectively. UPC Nederland recorded allocated share-based compensation expense of €0.9 million during the nine months ended September 30, 2014 and €1.3 million, €1.1 million and €1.0 million during the years ended December 31, 2013, 2012 and 2011, respectively.

#### ***Fees and Allocations***

Related-party fees and allocations represent fees charged by Liberty Global Services to UPC Nederland that originate with Liberty Global, Liberty Global Services and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support UPC Nederland's broadband communications operations, including the use of the UPC trademark. These charges may be cash or loan settled. The amounts of these charges that were loan settled were nil during the nine months ended September 30, 2014, and €5.5 million, €63.7 million and €61.7 million during the years ended December 31, 2013, 2012 and 2011, respectively. UPC Nederland recorded related-party fees and allocations of €65.7 million during the nine months ended September 30, 2014 and €84.3 million, €63.7 million and €61.7 million during the years ended December 31, 2013, 2012 and 2011, respectively.

#### ***Interest Expense***

Related-party interest expense relates to the Liberty Global Services Notes Payable, the Liberty Global Europe Note, a vendor financing loan, the Unitymedia Hessen Note and the UPC Broadband Note. UPC Nederland recorded related-party interest expense of €65.2 million during the nine months ended September 30, 2014 and €91.7 million, €100.1 million and €30.0 million during the years ended December 31, 2013, 2012 and 2011, respectively.

#### ***Interest Income***

Related-party interest income relates to the UPC Western Europe Loans Receivable, the UPC Broadband Loan Receivable, the 2013 UPC Broadband Loan Receivable, and the loan receivable from Unitymedia Hessen. UPC Nederland recorded related-party interest income of €97.6 million during the nine months ended September 30, 2014 and €110.0 million, €87.4 million and €4.3 million during the years ended December 31, 2013, 2012 and 2011, respectively.

#### ***Intercompany Tax Allocations***

Intercompany tax allocations represent intercompany tax allocations from the Dutch fiscal unity. The Dutch fiscal unity combines individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch tax purposes. Intercompany tax allocations from the Dutch fiscal unity are not subject to tax-sharing

agreements and no cash payments are made between the companies related to the Dutch tax attributes. Accordingly, any intercompany tax allocations are reflected as an adjustment of accumulated net contributions in UPC Nederland's condensed consolidated statement of parent's equity. UPC Nederland recorded intercompany tax allocations of €47.9 million during the nine months ended September 30, 2014 and €59.0 million, €65.1 million and €300.5 million during the years ended December 31, 2013, 2012 and 2011, respectively.

### ***Property and Equipment Additions***

Related-party property and equipment additions represent new customer premises and network-related equipment acquired from other Liberty Global subsidiaries, generally at cost. These Liberty Global subsidiaries centrally procure equipment on behalf of UPC Nederland and various other Liberty Global subsidiaries. UPC Nederland recorded related-party property and equipment additions of €40.8 million during the nine months ended September 30, 2014 and €85.0 million, €55.8 million and €19.8 million during the years ended December 31, 2013, 2012 and 2011, respectively.

### ***Transfers of Used Property and Equipment***

Related-party transfers of used property and equipment represent the aggregate carrying value of used customer premises and network-related equipment transferred to other Liberty Global subsidiaries. The excess of the aggregate carrying values of the transferred equipment over the consideration received is recorded as a reduction to accumulated net contributions in UPC Nederland's statement of parent's equity. UPC Nederland recorded related-party transfers of used property and equipment of €2.5 million during the nine months ended September 30, 2014 and €2.9 million, €4.9 million and €5.7 million during the years ended December 31, 2013, 2012 and 2011, respectively.

### ***Long-term Notes Receivable***

UPC Nederland has the following notes receivable:

- i. Loans receivable (the “**UPC Western Europe Loans Receivable**”) from UPC Western Europe Holding B.V. (“**UPC Western Europe**”) issued in connection with the Network Transfer and the related issuance of the Liberty Global Services Notes Payable. The UPC Western Europe Loans Receivable (€1,024.6 million, €1,024.6 million and €1,133.8 million balance at September 30, 2014, December 31, 2013 and December 31, 2012, respectively) are due on October 31, 2021 and have no repayment schedule, however, annual repayments are subject to the following restrictions: (i) during the first five years annual repayments may not exceed 10% of the outstanding principal and (ii) during years five to eight repayments that exceed 10% of the outstanding principal would require coupon premiums payable. The interest rate on the UPC Western Europe Loans Receivable is 6.80%. Beginning in 2014, accrued interest on the UPC Western Europe Loans Receivable is included in other assets, net, until January 1 of each fiscal year and then it is transferred to the loan balance. Interest income earned on the UPC Western Europe Loans Receivable was €52.8 million during the nine months ended September 30, 2014 and €77.8 million, €83.5 million and €4.3 million during the years ended December 31, 2013, 2012 and 2011, respectively. In December 2013 and 2012, accrued interest of €77.8 million and €83.5 million, respectively, was settled against accrued interest outstanding pursuant to the Liberty Global Services Notes Payable. The decrease in the principal amount of the UPC Western Europe Loans Receivable during 2013 includes a €109.2 million non-cash settlement against amounts outstanding pursuant to the Liberty Global Services Notes Payable. The net decrease in the principal amount during 2012 includes (1) a €78.9 million non-cash settlement against amounts outstanding pursuant to the Liberty Global Services Notes Payable and (2) the transfer of €4.3 million in non-cash accrued interest to the loan receivable balance. The non-cash increase in the principal amount during 2011 of €1,208.4 million is attributable to the Network Transfer. In connection with the Initial Transactions, the amount outstanding under this loan will be settled.
- ii. A loan receivable from UPC Broadband Holding (the “**UPC Broadband Loan Receivable**”) that originated in 2012. The UPC Broadband Loan Receivable (€743.7 million, €488.4 million and €224.7 million balance at September 30, 2014, December 31, 2013 and December 31, 2012, respectively) bears interest at 9.29% and has a maturity date in December 2026. Interest income earned from this loan was €43.5 million during the nine months ended September 30, 2014 and €31.5 million

and €2.7 million during the years ended December 31, 2013 and 2012, respectively. Accrued interest on the UPC Broadband Loan Receivable is included in other assets, net, until January 1 of each fiscal year and then it is transferred to the loan balance. The net increase in the principal balance of the UPC Broadband Loan Receivable during the nine months ended September 30, 2014 includes (i) cash loaned of €705.6 million, (ii) cash received of €481.0 million and (iii) the transfer of €30.7 million in non-cash accrued interest to the loan receivable balance. The net increase in the principal balance of the UPC Broadband Loan Receivable during 2013 includes (a) cash loaned of €995.7 million, (b) cash received of €653.6 million, (c) a €62.2 million non-cash decrease related to the settlement of related-party charges and allocations, (d) Liberty Global Services Notes Payable loan settlements of €10.8 million, representing the interest rate differential between the Liberty Global Services Notes Payable and the UPC Western Europe Loans Receivable, (e) Liberty Global Services Notes Payable loan settlements of €4.6 million of principal, (f) the transfer of €4.3 million in non-cash accrued interest payable related to the UPC Broadband Note to the loan receivable balance, (g) the transfer of €2.7 million in non-cash accrued interest to the loan receivable balance and (h) individually insignificant non-cash decreases aggregating €0.8 million. The net increase in the principal balance of the UPC Broadband Loan Receivable during 2012 includes (1) cash loaned of €30.3 million, (2) cash received of €69.9 million, (3) a €24.2 million non-cash decrease related to the settlement of related-party charges and allocations and (4) Liberty Global Services Notes Payable loan settlements of €1.5 million, representing the interest rate differential between the Liberty Global Services Notes Payable and the UPC Western Europe Loans Receivable. During the nine months ended September 30, 2014 and during the two-year period ended December 31, 2013, none of the repayments were payments of interest.

- iii. During the third quarter of 2013, UPC International Operations B.V. (“**UPC International**”) entered into a loan receivable (the “**2013 UPC Broadband Loan Receivable**”) from UPC Broadband Holding. UPC International is a variable interest entity that is consolidated by UPC Nederland. The 2013 UPC Broadband Loan Receivable (€37.9 million and €20.1 million balance at September 30, 2014 and December 31, 2013, respectively) bears interest at 5.81% and has a maturity date in November 2021. Interest income earned from this loan was €1.3 million during the nine months ended September 30, 2014 and €0.3 million during the year ended December 31, 2013. Accrued interest on the 2013 UPC Broadband Loan Receivable is included in other assets, net, until January 1 of each fiscal year and then it is transferred to the loan balance. The net increase in the principal balance of the 2013 UPC Broadband Loan Receivable during the nine months ended September 30, 2014 includes (i) cash loaned of €4.2 million, (ii) a non-cash settlement of €6.7 million and (iii) the transfer of €0.3 million in non-cash accrued interest to the loan receivable balance. The net increase in the principal balance of the 2013 UPC Broadband Loan Receivable during 2013 includes (a) cash loaned of €23.0 million and (b) a non-cash settlement of €2.9 million.
- iv. A loan receivable from Unitymedia Hessen GmbH & Co. KG (“**Unitymedia Hessen**”) that was originated in 2012 and settled in 2013 (the “**Settled Note**”). The Settled Note (nil and €1.4 million balance at December 31, 2013 and December 31, 2012, respectively) bore interest at 10.0% per year. Interest income earned on the Settled Note was €0.4 million and €1.2 million during 2013 and 2012, respectively. The net decrease in the principal balance of the loan receivable during 2013 includes (i) cash received of €18.1 million, (ii) cash loaned of €8.6 million, (iii) a €3.1 million non-cash decrease related to the partial settlement of a profit-sharing agreement and (iv) the transfer of €1.2 million in non-cash accrued interest to the loan receivable balance. The net increase in the principal balance of the loan receivable during 2012 includes (i) cash loaned of €24.5 million and (ii) cash received of €13.1 million.

### ***Liberty Global Services Notes Payable***

In December 2011, in connection with transactions whereby UPC Nederland converted net operating losses into additional tax basis in network assets (the “**Network Transfer**”), UPC Nederland issued a notes payable (the “**Liberty Global Services Notes Payable**”) to Liberty Global Services. In addition, in connection with the Network Transfer, UPC Western Europe issued to UPC Nederland the UPC Western Europe Loans Receivable. The original principal balances attached to the Liberty Global Services Notes Payable and the UPC Western Europe Loans Receivable were equivalent and, therefore, no cash was exchanged between the related parties involved in the transaction. The Liberty Global Services Notes Payable (€1,024.6 million, €1,024.6 million and €1,138.7 million principal balance at September 30, 2014, December 31, 2013 and December 31, 2012, respectively) mature on

October 31, 2021 and have no repayment schedule, however, annual repayments are subject to the following restrictions: (i) during the first five years annual repayments may not exceed 10% of the outstanding principal and (ii) during years five to eight repayments that exceed 10% of the outstanding principal shall also include certain premiums. The interest rate on the Liberty Global Services Notes Payable is 7.72%. Beginning in 2014, accrued interest on the Liberty Global Services Notes Payable is included in other long-term liabilities until January 1 of each fiscal year and then it is transferred to the loan balance. Interest expense related to the Liberty Global Services Notes Payable was €60.4 million during the nine months ended September 30, 2014 and €88.6 million, €95.0 million and €4.6 million during the years ended, December 31, 2013, 2012 and 2011, respectively.

In December 2013, accrued interest of (i) €77.8 million was settled against accrued interest outstanding pursuant to the UPC Western Europe Loans Receivable and (ii) €10.8 million, representing the interest rate differential between the Liberty Global Services Notes Payable and the UPC Western Europe Loans Receivable, was loan settled against the UPC Broadband Loan Receivable. In December 2012, accrued interest of (a) €33.5 million was settled against accrued interest outstanding pursuant to the UPC Western Europe Loans Receivable and (b) €1.5 million, representing the interest rate differential between the Liberty Global Services Notes Payable and the UPC Western Europe Loans Receivable, was loan settled against the UPC Broadband Loan Receivable. The accrued interest for 2011 was added to the principal balance of the loan on January 1, 2012.

The decrease in the principal balance of the Liberty Global Services Notes Payable during 2013 includes (i) a €109.2 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Western Europe Loans Receivable, (ii) a €4.6 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Broadband Loan Receivable and (iii) individually insignificant net non-cash decreases aggregating €0.3 million. The net decrease in the Liberty Global Services Notes Payable during 2012 is due to (a) a €78.9 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Western Europe Loans Receivable, (b) the transfer of €4.6 million in non-cash accrued interest to the loan balance and (c) a €4.6 million non-cash increase related to the settlement of related-party charges and allocations. The increase in the Liberty Global Services Notes Payable during 2011 is attributable to non-cash borrowings of €1,208.4 million.

In connection with the Initial Transactions, the amount outstanding under this loan will be settled.

### ***Liberty Global Europe Note***

Effective March 16, 2012, UPC Equipment B.V. (“**UPC Equipment**”) entered into a loan agreement with Liberty Global Europe (the “**Liberty Global Europe Note**”). UPC Equipment is a variable interest entity that is consolidated by UPC Nederland. The Liberty Global Europe Note (€73.4 million, €41.8 million and €15.3 million principal balance at September 30, 2014, December 31, 2013 and December 31, 2012, respectively) has a maturity date of March 30, 2032 and bears interest at 9.29%. The interest rate on the Liberty Global Europe Note is reviewed annually, with any adjustments being effective January 1. Beginning in 2014, accrued interest on the Liberty Global Europe Note is included in other long-term liabilities until January 1 of each fiscal year and then it is transferred to the loan balance. The net increase during the nine months ended September 30, 2014 includes (a) cash borrowings of €29.3 million, (b) the transfer of €2.5 million in non-cash accrued interest to the loan balance and (c) cash payments of €0.2 million. The net increase during 2013 is due to (1) cash borrowings of €26.3 million, (2) the transfer of €0.7 million in non-cash accrued interest to the loan balance, (3) cash payments of €0.3 million and (4) individually insignificant net non-cash decreases aggregating €0.2 million. The increase during 2012 is due to (A) cash borrowings of €15.1 million and (B) individually insignificant net non-cash increases aggregating €0.2 million. During the nine months ended September 30, 2014 and during the year ended 2013, none of the debt repayments were payments of interest.

### ***Unitymedia Hessen Note***

Effective August 2, 2013, Unitymedia International GmbH (“**UMI**”) entered into a loan agreement with Unitymedia Hessen (the “**Unitymedia Hessen Note**”). UMI is a variable interest entity that is consolidated by UPC Nederland. The Unitymedia Hessen Note has an initial maturity date of February 28, 2016. Subsequent borrowings must be paid 30 months after each additional borrowing by UMI. The Unitymedia Hessen Note (€26.1 million and €33.0 million principal balance at September 30, 2014 and December 31, 2013, respectively) bears interest at 2.47%. The interest rate on the Unitymedia Hessen Note is reviewed annually, with any adjustments being effective January 1. Beginning in 2014, accrued interest on the Unitymedia Hessen Note is included in other long-term

liabilities until January 1 of each fiscal year and then it is transferred to the loan balance. The net decrease during the nine months ended September 30, 2014 includes (a) cash payments of €32.8 million, (b) cash borrowings of €25.8 million and (c) the transfer of €0.1 million in non-cash accrued interest to the loan balance. The net increase during 2013 is due to (a) cash borrowings of €43.3 million and (b) cash payments of €10.3 million. During the nine months ended September 30, 2014 and during the year ended December 31, 2013, none of the debt repayments were payments of interest.

#### ***UPC Broadband Note***

UPC Nederland previously had a loan agreement (the “**UPC Broadband Note**”) with UPC Broadband Holding, the immediate parent to UPC Western Europe, which was repaid during 2012. During 2012, the UPC Broadband Note bore interest at 7.19%. The net decrease in the UPC Broadband Note during 2012 is due to (i) cash payments of €65.9 million (including €82.0 million that was applied to interest), (ii) cash borrowings of €54.6 million, (iii) the transfer of €25.4 million in non-cash accrued interest to the loan balance, (iv) a €25.7 million non-cash increase related to the settlement of related-party charges and allocations, (v) a €2.5 million non-cash increase related to property and equipment additions and (vi) a €1.1 million non-cash increase related to the settlement of share-based compensation. The net decrease in the UPC Broadband Note during 2011 is due to (a) cash payments of €1,001.2 million (including €83.4 million that was applied to interest), (b) cash borrowings of €25.0 million, (c) a €73.0 million non-cash increase related to the settlement of related-party charges and allocations, (d) the transfer of €28.5 million in non-cash accrued interest to the loan balance, (e) a €18.8 million non-cash increase related to property and equipment additions and (f) a €1.0 million non-cash increase related to the settlement of share-based compensation.

#### ***Vendor Financing***

UPC Nederland owes amounts pursuant to a related-party vendor financing loan in connection with assets purchased on UPC Nederland’s behalf pursuant to vendor financing arrangements of UPC Broadband Holding, the immediate parent to UPC Western Europe (€13.6 million, €3.0 million and €1.1 million principal balance at September 30, 2014, December 31, 2013 and December 31, 2012, respectively). This loan is interest-bearing and amounts owed pursuant to this loan are generally due within one year of the borrowing date. Repayments of this vendor financing loan will be included in repayments of related-party debt in UPC Nederland’s condensed consolidated statements of cash flow. In connection with the Initial Transactions, the amount outstanding under this loan will be settled.

## DESCRIPTION OF OTHER INDEBTEDNESS

*The following contains a summary of the material provisions of the material indebtedness of the Issuer and its subsidiaries and the Group. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. The following summary is, unless indicated otherwise, presented as of the date hereof. Some of the terms used herein are defined in these agreements and not all such definitions have been included herein.*

### Credit Agreements

We expect that the SPV Borrower will enter into the New Ziggo Group Senior Secured Credit Facility (as defined below). The terms of the Existing Senior Secured Credit Facilities and the proposed terms of the SPV Senior Secured Credit Facilities are summarized below. As the SPV Senior Secured Credit Facilities have not been executed yet, the economic and proposed terms of the pricing information along with certain terms are not finalised.

### Existing Senior Secured Credit Facilities

The Existing Senior Secured Credit Facilities are comprised of €3,868 million term loan facilities (the “**Term Loans**”) and a €650 million revolving credit facility (the “**RCF**”) pursuant to a senior facilities agreement dated January 27, 2014 as amended and restated on February 10, 2014 and March 11, 2014 (the “**Existing Senior Secured Credit Facilities Agreement**”), between, among others, Ziggo BV as original borrower (the “**Original SFA Borrower**”), certain lenders party thereto (the “**SFA Lenders**”), and ING Bank N.V. as Security Agent. Pursuant to the Existing Senior Secured Credit Facilities Agreement the SFA Lenders have provided the Original SFA Borrower (or in respect of any U.S dollar denominated Term Loans, Ziggo Financing Partnership as a United States established partnership) with (a) a EUR/US\$ Term Loan B1 in a total amount of €1,270 million; (the “**B1 Facility**”) (b) a EUR/US\$ Term Loan B2 in a total amount of €752 million (the “**B2 Facility**”); (c) a EUR/US\$ Term Loan B3 in a total amount of €1,846 million (the “**B3 Facility**”); and (d) a revolving credit facility, a multi-currency revolving facility in a maximum amount of €650 million (the “**RCF**”). The lenders’ commitments may be increased and additional facilities can be included under the Existing Senior Secured Credit Facilities Agreement subject to certain conditions and the consent of the lenders providing such increased commitment or additional facility.

The Existing Senior Secured Credit Facilities Agreement provides for the accession of additional borrowers. References to the “borrower” or “borrowers” under “—Existing Senior Secured Credit Facilities” refer to Ziggo BV and any additional borrowers who accede to the Existing Senior Secured Credit Facility Agreement as a borrower.

### Structure

The Term Loans are bullet repayment loans. The final stated maturity date of each Term Loan is January 15, 2022. The final stated maturity date of the RCF is June 30, 2020.

The borrowers are permitted to make drawdowns under the RCF with interest periods of, at the relevant borrower’s election, any number of days from one to thirty days or, one, two, three or six months (or any other period of up to 12 months as all lenders under the relevant facility may agree with the borrower), but not beyond the final maturity date applicable to the RCF. Except in relation to any rollover loans, drawdowns under the RCF must be repaid at the end of the interest period for the relevant loan, and repaid amounts may be re-borrowed prior to the final maturity date.

The Term Loans are subject to interest periods from time to time of, at the relevant borrower’s election, one, two, three or six months (or any such other period of up to 12 months as all lenders under the relevant facility may agree with the borrower) provided that if the relevant interest period would otherwise end during the month preceding or extend beyond the final maturity date applicable to that Term Loan, that interest period will end on the final maturity date applicable to that Term Loan.

### Conditions to RCF Borrowings

The Term Loans have been funded to the Original SFA Borrower (or in respect of any U.S. Dollar denominated Term Loans, Ziggo Financing Partnership as a United States established partnership). Drawdowns under the Existing Senior Secured Credit Facilities are subject to further conditions precedent on the date the

drawdown is requested and on the drawdown date including the following: (i) no default is continuing or would occur as a result of that drawdown and (ii) certain representations and warranties specified in the Existing Senior Secured Credit Facility Agreement are true in all material respects (other than, in each case, in relation to certain cashless rollover or letter of credit renewal utilizations under the RCF).

All amounts borrowed under the RCF are to be applied for the purposes of financing any original issue discount, the ongoing working capital requirements and the general corporate purposes of the Bank Group.

### ***Interest Rates and Fees***

The interest rate (a) in respect of Term Loans denominated in euro for each interest period is equal to the aggregate of (i) the Margin (subject to a leverage test, 2.75% or 3.00% per annum) and (ii) EURIBOR (subject to a floor of 0.75% per annum); and (b) in respect of Term Loans denominated in U.S dollars for each interest period is equal to the aggregate of (i) the Margin (subject to a leverage test, 2.50% or 2.75% per annum) and (ii) LIBOR (subject to a floor of 0.75% per annum); and (c) in respect of the RCF for each interest period is equal to the aggregate of (i) the Margin (subject to a leverage test, 2.50% or 2.75% per annum) and (ii) EURIBOR (if denominated in euro) or LIBOR (if denominated in any other currency), in each case without an applicable EURIBOR or LIBOR floor.

Interest accrues daily from and including the first day of an interest period and is payable on the last day of each interest period (unless the interest period is longer than six months, in which case interest is payable on the last day of each six-month period) and is calculated on the basis of a year of 360 days unless market practice differs in the relevant interbank market for a currency and the actual number of days elapsed).

The borrowers must pay a commitment fee on any available but undrawn amount under the RCF in an amount equal to 40% of the applicable Margin on the RCF.

### ***Guarantees and Security***

Subject to certain agreed security principles, the Existing Senior Secured Credit Facility Agreement requires that, at the end of each financial year (starting with the financial year ended December 31, 2014), members of the Bank Group which generate not less than 80% of the EBITDA of the Bank Group (excluding the EBITDA attributable to any joint venture) guarantee the payment of all sums payable under the Existing Senior Secured Credit Facilities and related finance documentation. Such members of the Bank Group are also required to grant first ranking security over all or substantially all of their assets and procure the granting of security over any subordinated shareholder loans made to members of the Bank Group to secure the payment of all sums payable under the Existing Senior Secured Credit Facilities and related finance documentation provided that following the redemption of the Existing 2020 Senior Secured Notes, the lenders have agreed that the only security that will remain in place is security over shares in obligors, subordinated shareholder loans to members of the Bank Group and the rights of the Parent of the Bank Group in relation to loans to its subsidiaries.

### ***Mandatory Prepayments***

Upon the occurrence of a change of control, if the Instructing Group (as defined below) so requires, the Facility Agent (as defined therein) will cancel the lenders' commitments under each facility and declare each lender's advances under the Existing Senior Secured Credit Facilities Agreement (together with accrued interest and all other relevant amounts accrued under the related finance documents) immediately due and payable on not less than 30 Business Days' notice to the Parent of the Bank Group. Mandatory prepayments of disposal proceeds in an amount necessary to ensure compliance with maintenance covenants (tested on a proforma basis) are also required subject to certain reinvestment periods, a de minimis amount condition where the payment would be less than €200,000,000 and other exempt disposals.

### ***Financial Covenants***

The Existing Senior Secured Credit Facilities Agreement requires the Bank Group to maintain a senior net debt leverage ratio, tested as of the end of each quarterly period of no more than 4.50 to 1, and a total net debt leverage ratio, tested as of the end of each quarterly period of no more than 5.50 to 1.

### ***Representations and Warranties***

The Existing Senior Secured Credit Facilities Agreement contains certain representations and warranties usual for facilities of this type, which are subject to exceptions and appropriate materiality qualifications.

### ***Events of Default***

The Existing Senior Secured Credit Facilities Agreement contains certain customary events of default the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the Facility Agent (on the instructions of the Instructing Group) to (among other things): (i) cancel the total commitments; and/or (ii) declare that all or part of the outstanding advances be immediately due and payable whereupon such advances (together with accrued interest and all other relevant amounts accrued under the relevant finance documents) shall become immediately due and payable; and/or (iii) declare that all or part of the outstanding advances be payable on demand.

If any voluntary or involuntary case or proceeding is commenced under any United States federal or state bankruptcy, insolvency or similar laws against, or upon the entry of an order for relief in a voluntary or involuntary bankruptcy, of any borrower incorporated or formed under the laws of the United States or any State of the United States (including the District of Columbia) or that resides or has a domicile in the United States, all advances drawn by that borrower under the Existing Senior Secured Credit Facilities Agreement will be immediately and automatically due and payable and the total commitments (to the extent they relate to such advances) will, if not already cancelled, be immediately and automatically cancelled.

### ***Undertakings***

The Existing Senior Secured Credit Facilities restrict the ability of the members of the Bank Group to, among other things, incur or guarantee certain financial indebtedness, make certain disposals, distributions and acquisitions, or create certain security interest over its assets, subject to exceptions to these limitations.

The Existing Senior Secured Credit Facilities also require members of the Bank Group to observe certain affirmative undertakings, which are subject to materiality and other customary and agreed exceptions. These affirmative undertakings, include, but are not limited to, undertakings related to: (i) obtaining and maintaining all necessary consents, licenses and authorizations; (ii) compliance with applicable laws; (iii) compliance with environment laws/approvals and notification of potential environmental claims; (iv) pari passu ranking; (v) the maintenance of insurance; (vi) compliance with laws and contracts relating to pension schemes; (vii) inspection rights for representatives of the Facility Agent in relation to reasonably suspected defaults; (viii) maintenance and protection of intellectual property rights; (ix) no amendments to constitutional documents which may cause a material adverse effect; and (x) not changing the nature of its business.

### ***Certain Definitions***

“2018 Senior Notes” means the €1,209 million aggregate principal amount of 8% senior notes due in 2018.

“2018 Senior Notes Indentures” means the indentures in relation to the 2018 Senior Notes.

“Bank Group” means the Parent and any affiliate of the Parent designated in accordance with the Existing Senior Secured Credit Facilities Agreement, and each of their direct and indirect subsidiaries from time to time other than certain excluded subsidiaries. UPC Nederland Holdco is expected to be designated as such an affiliate.

“Instructing Group” means Lenders (as defined therein) the aggregate of whose Available Commitments (as defined therein) and participations in outstanding Advances (as defined therein) exceeds 50% of the aggregate Available Commitments and outstanding Advances of all of the Lenders, unless it is used in relation to a single facility, in which case it means 50% of the aggregate Available Commitments and “outstanding” Advances of all Lenders in relation to that facility.

“Parent” means ABC.

## **New Ziggo Group Senior Secured Credit Facility**

*The following summary of the New Ziggo Group Senior Secured Credit Facilities Agreement (as defined below) represents a summary of a draft of this agreement that is not in final form. The final terms of the New Ziggo Group Senior Secured Credit Facilities Agreement may differ from the terms described below, and these differences may be material.*

It is intended that the new New Ziggo Group Senior Secured Credit Facility will be comprised of new term loan facilities pursuant to a senior facilities agreement to be entered into (the “**New Ziggo Group Senior Secured Credit Facilities Agreement**”), between, among others, The Bank of Nova Scotia as Facility Agent, Ziggo Secured Finance B.V. and Ziggo Secured Finance Partnership as SPV borrowers (the “**SPV Borrowers**”) certain lenders party thereto (the “**SPV Lenders**”) and Deutsche Trustee Company Limited as SPV Security Agent. Pursuant to the New Ziggo Group Senior Secured Credit Facilities Agreement, the SPV Lenders are expected to provide the SPV Borrowers with (a) a euro denominated term loan facility (the “**EUR B1 Facility**”) and (b) a US\$ denominated term loan facility (the “**US\$ B1 Facility**”, together with the EUR B1 Facility the “**SPV B1 Facilities**”) which, together with the Notes issued hereby, is expected to amount to an aggregate amount of approximately €1.475 billion (equivalent) (the “**Senior Secured Debt Amount**”). However, as the New UPC Facilities are not yet finalized, and therefore the amount of the SPV Term Loans are unknown, the Senior Secured Debt Amount is subject to change. We do not expect any change to the Senior Secured Debt Amount to be material. Any incurrence of indebtedness under the SPV Term Loans will comply with the covenants under the Notes offered hereby, the Indenture and the New Senior Notes. The SPV Lenders’ commitments may be increased and additional facilities can be included under the New Ziggo Group Senior Secured Credit Facilities Agreement subject to certain conditions and the consent of the SPV Lenders providing such increased commitment or additional facility.

### **Structure**

The SPV B1 Facilities will be bullet repayment loans that are subject to interest periods from time to time of, at the relevant borrower’s election, one, two, three or six months (or any other period of up to 12 months as all lenders under the relevant facility may agree with the borrower), but not beyond the applicable final maturity date.

### **Limitations on Use of Funds**

The proceeds of the facilities drawn by the SPV Borrowers under the New Ziggo Group Senior Secured Credit Facilities Agreement from time to time will be on-lent to members of the Bank Group pursuant to loans (the “**Rollover Loans**”) under the Senior Secured Proceeds Loan Facility.

The US\$ B1 Facility shall be deemed to have been applied by Ziggo Secured Finance Partnership towards financing a new proceeds loan under the Senior Secured Proceeds Loan Facility to UPC Nederland which shall, in turn, be deemed to have used the proceeds to make an intercompany loan to UPC Financing Partnership (immediately prior to its extraction from the BB group) for the purposes of a deemed repayment in full of Additional Facility AK (as defined therein) under the UPC Broadband Holding B.V. credit agreement.

The EUR B1 Facility shall be deemed to have been applied towards financing a new proceeds loan under the Senior Secured Proceeds Loan Facility to the UPC Nederland which shall, in turn be deemed to have used the proceeds to make an intercompany loan to UPC Financing Partnership (immediately prior to its extraction from the BB group) for the purposes of a deemed repayment in full of Additional Facility AJ (as defined therein) under the UPC Broadband Holding B.V. credit agreement.

### **Conditions to Borrowings**

Pursuant to the terms of an escrow deed in relation to the rollover of lenders under the Additional Facility AJ and the Additional Facility AK (each as defined therein) into the EUR B1 Facility and the US\$ B1 Facility respectively, the deemed drawdown of the original loans under the US\$ B1 Facility and the EUR B1 Facility cannot be made until, among other things, the Facility Agent has received in form and substance satisfactory to it (acting reasonably) customary conditions precedent documents and evidence.

Drawdowns under the New Ziggo Group Senior Secured Credit Facilities Agreement (other than in respect of the original loans under the US\$ B1 Facility and the EUR B1 Facility) are subject to conditions precedent on the date the drawdown is requested and on the drawdown date including the following: (i) no default is continuing or

would occur as a result of that drawdown and (ii) certain representations and warranties specified in the New Ziggo Group Senior Secured Credit Facilities Agreement are true in all material respects.

### ***Interest Rates and Fees***

The interest rate (a) in respect of EUR B1 Facility denominated in EUR for each interest period is equal to the aggregate of (i) the specified margin and (ii) EURIBOR; and (b) in respect of US\$ B1 Facility denominated in US\$ for each interest period is equal to the aggregate of (i) the specified margin and (ii) LIBOR).

Interest accrues daily from and including the first day of an interest period and is payable on the last day of each interest period (unless the interest period is longer than six months, in which case interest is payable on the last day of each six-month period) and is calculated on the basis of a year of 360 days unless market practice differs in the relevant interbank market for a currency).

### ***Guarantees and Security***

The New Ziggo Group Senior Secured Credit Facilities Agreement requires that members of the Bank Group which generate not less than 80% of the pro forma EBITDA of the Bank Group (excluding the EBITDA attributable to any joint venture) in any financial year, to guarantee the payment of all sums payable under the Senior Secured Proceeds Loan Facility and related finance documentation and such members are required to grant security over all or substantially all of their assets to secure the payment of all sums payable under the Senior Secured Proceeds Loan Facility and related finance documentation.

The New Ziggo Group Senior Secured Credit Facilities Agreement also benefits from security over the shares in and bank accounts held by the SPV Borrowers and Ziggo Secured II B.V., and assignment over the Rollover Loans.

### ***Mandatory Prepayment***

Upon the occurrence of a change of control, if the Instructing Group so requires, the Facility Agent will cancel the lenders' commitments and declare each lender's loans due and payable on not less than 30 Business Days' notice.

### ***Financial Covenants***

The New Ziggo Group Senior Secured Credit Facilities Agreement requires the Bank Group to maintain a senior net debt leverage ratio, tested as of the end of each quarterly period of no more than 4.50 to 1 subject to an ability to cure any breach (five times over the life of the facilities and not in consecutive quarters) by procuring that sufficient new equity is contributed into the Bank Group within 15 Business Days' of delivery of financial statements evidencing the breach such that if the ratio was retested by deducting such equity from indebtedness or adding such equity to EBITDA there is no breach.

### ***Representations and Warranties***

The New Ziggo Group Senior Secured Credit Facilities Agreement contains certain representations and warranties usual for facilities of this type, which are subject to exceptions and appropriate materiality qualifications.

### ***Events of Default***

The New Ziggo Group Senior Secured Credit Facilities Agreement contains certain events of default, which are materially consistent with the events of default set out in "*Description of the Notes*" and also events of default in relation to mis-representations and cross-default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the Facility Agent (on the instructions of the Instructing Group) to (among other things) (i) cancel the total commitments, and/or (ii) declare that all or part of the outstanding loans be payable on demand.

### ***Undertakings***

The New Ziggo Group Senior Secured Credit Facilities Agreement restricts the ability of the SPV Borrowers and the Issuer as an original guarantor from, among other things, undertaking certain action including incurring indebtedness, paying dividends, making distributions, creating security interests in assets, disposing of assets and merging or transferring assets, in each case, subject to limited exceptions and qualifications. These undertakings for the most part are in line with those contained in the indenture for the Notes issued hereby.

The New Ziggo Group Senior Secured Credit Facilities Agreement restrict the ability of the members of the Bank Group pursuant to a covenant agreement (the “Facility Covenant Agreement”) which are the same obligors as those under the Senior Secured Proceeds Loan Facility and the Existing Senior Secured Credit Facilities Agreement from, among other things, (i) incurring or guaranteeing additional debt or issuing certain preferred stock; (ii) paying dividends, redeeming capital stock and making certain investments; (iii) making certain other restricted payments; (iv) creating or permitting to exist certain liens; (v) transferring, leasing or selling certain assets including subsidiary stock; (vi) merging or consolidating with other entities; (vii) entering into certain transactions with affiliates; and (viii) impair the security interests for the benefit of the lenders thereunder. All of these limitations are subject to significant exceptions and qualifications and are in line with the covenants and limitations contained in the indenture for the Notes issued hereby.

The New Ziggo Group Senior Secured Credit Facilities Agreement also requires the SPV Borrowers and, pursuant to the Facility Covenant Agreement, the Bank Group, to observe certain affirmative undertakings, which are subject to materiality and other customary and agreed exceptions. These affirmative undertakings, include, but are not limited to, undertakings related to (i) authorisations; (ii) notification of default (iii) compliance with laws; (iv) pari passu ranking; (v) not amending constitutional documents; and, in relation to members of the Bank Group only, (vi) the maintenance of insurance; (vii) not changing the nature of its business; (viii) payment of taxes; (ix) intellectual property and (x) certain quarterly and annual financial reporting obligations including the delivery of compliance certificates in relation to the testing of the financial covenant.

### ***Limited Recourse***

The obligations of the SPV Borrowers and Ziggo Secured Finance II under the New Ziggo Group Senior Secured Credit Facilities Agreement will be limited to the extent that (i) none of the Finance Parties under the New Ziggo Group Senior Secured Credit Facilities Agreement will be able to take any action or commence any proceedings against any of the SPV Borrowers and Ziggo Secured Finance II to recover any amounts due and payable except as expressly set out therein; (ii) and each of the Finance Parties further agrees that it will not take any action or commence any proceedings or petition a court for the liquidation or winding up of any of the SPV Borrowers and Ziggo Secured Finance II.

### ***Fold-In***

Upon the earlier to occur of either (a) the SPV Borrowers becoming members of the Bank Group by acquisition, merger or otherwise; or (b) the assumption by, or the assignment or other transfer to, any member of the Bank Group of all obligations under the New Ziggo Group Senior Secured Credit Facilities Agreement: (i) the obligors under the Senior Secured Proceeds Loan Facility will accede as guarantors under and become directly bound by the terms of the New Ziggo Group Senior Secured Credit Facilities Agreement and grant security to secure their liabilities under that agreement and (ii) the Facility Covenant Agreement will terminate.

### ***Certain Definitions***

“**Bank Group**” means the ABC, UPC Nederland Holding II B.V., UPC Nederland Holding III B.V., any Affiliate Obligor and each Restricted Subsidiary (as defined therein).

“**Instructing Group**” means at any time Lenders (as defined therein) the aggregate of whose Available Commitments (as defined therein) and participations in outstanding Advances (as defined therein) exceeds 50%. of the aggregate Available Commitments and outstanding Advances of all of the Lenders, unless it is used in relation to a single facility, in which case it means 50% of the aggregate Available Commitments and “outstanding” Advances of all Lenders in relation to that facility.

## Existing Notes

### *Existing 2024 Senior Notes*

On November 11, 2014, LGE Holdco VI B.V. issued €743,128,000 aggregate principal amount of 7<sup>1</sup>/<sub>8</sub>% Senior Notes due 2024 (the “**Existing 2024 Senior Notes**”). On December 23, 2014, Ziggo Bondco entered into an accession agreement among Ziggo Bondco, as acceding issuer, LGE Holdco VI B.V., as old issuer (the “**Old 2024 Notes Issuer**”) and the Trustee, whereby Ziggo Bondco acceded as issuer and assumed the obligations of the Old 2024 Notes Issuer under (i) the indenture dated as of November 11, 2014, between, among others the Old 2024 Notes Issuer and the Trustee (the “**2024 Notes Indenture**”) and (ii) the global notes representing the €743,128,000 aggregate principal amount of 7<sup>1</sup>/<sub>8</sub>% Senior Notes due 2024 issued under the 2024 Notes Indenture. Furthermore, Zesko B.V., as parent of Ziggo Bondco, pledged its rights in respect of Ziggo Bondco’s share capital as security for the Existing 2024 Senior Notes. The Existing 2024 Senior Notes are listed on the Luxembourg Stock Exchange.

At any time prior to May 15, 2019, Ziggo Bondco may redeem all or part of the Existing 2024 Senior Notes by paying a specified “make-whole premium. On or after May 15, 2019, Ziggo Bondco may redeem all or part of the Existing 2024 Senior Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date. In addition, at any time prior to May 15, 2017, Ziggo Bondco may redeem up to 40% of the Existing 2024 Senior Notes (at a redemption price of 107.125% of the principal amount) with the net proceeds from one or more specified equity offerings. If an event treated as a change of control occurs at any time, then Ziggo Bondco must make an offer to each holder of Existing 2024 Senior Notes to purchase such holder’s Existing 2024 Senior Notes at a purchase price in cash in an amount equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, if any, to the date of the purchase.

Substantially concurrently with the release from escrow of the proceeds of the Notes offered hereby, UPC Netherlands Bondco will accede to the 2024 Notes Indenture as an “affiliate issuer” and provide a guarantee of the Existing 2024 Senior Notes on a senior basis (the “**Affiliate Issuer Accession**”). The 2024 Notes Indenture contains customary covenants that restrict the ability of (i) Ziggo Bondco and its restricted subsidiaries and (ii) following the Affiliate Issuer Accession, UPC Netherlands Bondco and its restricted subsidiaries, to incur more debt, issue, sell or pledge capital stock, impair the security interests merge with or into another entity.

The 2024 Notes Indenture contains customary events of default, including, among others, the non-payment of principal or interest on the Existing 2024 Senior Notes, certain failures to perform or observe other obligations under the indenture, the occurrence of certain defaults under other indebtedness, failure to pay certain indebtedness and insolvency or bankruptcy events.

### *Existing 2020 Senior Secured Notes*

On March 28, 2013, Ziggo BV issued €750 million aggregate principal amount of 3.625% senior secured notes due March 27, 2020, with an outstanding principal amount of €1,686,000 as of September 30, 2014 (the “**Existing 2020 Senior Secured Notes**”). The Existing 2020 Senior Secured Notes are senior secured obligations of Ziggo BV and are guaranteed on a senior secured basis by certain of its subsidiaries who also guarantee the Existing Senior Secured Credit Facility.

Ziggo BV may redeem all or part of the Existing 2020 Senior Secured Notes at any time by paying a specified “make-whole premium”. If an event treated as a change of control occurs at any time, then Ziggo BV must make an offer to each holder of the Existing 2020 Senior Secured Notes to purchase such holder’s Existing 2020 Senior Secured Notes at a purchase price in cash in an amount equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, if any, to the date of the purchase.

The indenture governing the Existing 2020 Senior Secured Notes contains limited covenants that restrict the ability of ABC and its restricted subsidiaries to impair the security interests with respect to the collateral securing the Existing 2020 Senior Secured Notes but do not otherwise contain any restrictive covenants.

The indenture governing the Existing 2020 Senior Secured Notes contains certain events of default, including, among others, the non-payment of principal or interest on the Existing 2020 Senior Secured Notes and insolvency or bankruptcy events.

### ***New Senior Notes***

On or around January 29, 2015, Ziggo Bond Finance, the parent of the Issuer, will issue (i) €400 million aggregate principal amount of 4.625% Senior Notes due 2025 (the “**New Euro Senior Notes**”) and (ii) \$400 million aggregate principal amount of 5.875% Senior Notes due 2025 (the “**New Dollar Senior Notes**”, and together with the New Euro Senior Notes, the “**New Senior Notes**”) in accordance with the offering memorandum dated January 14, 2015.

Pending consummation of the Reorganization Transactions, the initial purchasers of the New Senior Notes will, concurrently with the issuance of the New Senior Notes, deposit the net proceeds of the offering of the New Senior Notes into designated escrow accounts. If the conditions to the release of the proceeds for the New Senior Notes have not been satisfied on or prior to the July 31, 2015, the New Senior Notes will be subject to a special mandatory redemption at a redemption price of each series of New Senior Notes equal to 100% of the aggregate initial issue price of such series of New Senior Notes plus accrued and unpaid interest from the date on which the New Senior Notes were issued to such special mandatory redemption date and additional amounts, if any. Upon consummation of the Reorganization Transactions, Ziggo Bond Finance will use the proceeds from the New Senior Notes to fund Senior Proceeds Loans to one or both of the Senior Proceeds Loan Borrowers under one or more facilities subject to the terms of a senior proceeds loan facility agreement dated on or around the date on which the proceeds of the New Senior Notes are released from escrow, between, among others, Ziggo Bond Company as lender, the obligors listed therein and Deutsche Trustee Company Limited, as security agent.

None of the Senior Obligors or any of their respective subsidiaries will guarantee or provide any credit support for Ziggo Bond Finance’s obligations under the New Senior Notes, other than the obligation of the relevant Senior Proceeds Loan Borrower, to make payments to Ziggo Bond Finance pursuant to the applicable Senior Proceeds Loans and the guarantee of such obligations by the applicable Senior Proceeds Loan Guarantor. The Senior Obligors will agree in a covenant agreement to be bound by the covenants in the Indenture that are applicable to them.

Prior to January 15, 2018, the Senior Proceeds Loan Borrowers, may instruct the Ziggo Bond Finance on one or more occasions to redeem up to 40% of the principal amount of the New Senior Notes at the redemption price of 104.625% of the principal amount of the New Euro Senior Notes and/or 105.875% of the principal amount of the New Dollar Senior Notes, plus accrued and unpaid interest and Additional Amounts (as defined in the indenture governing the New Senior Notes), if any, to the applicable redemption date.

Prior to January 15, 2020, the Senior Proceeds Loan Borrowers, may instruct Ziggo Bond Finance to redeem all or part of the New Euro Senior Notes and/or the New Dollar Senior Notes at a price equal to 100% of the principal amount plus the Applicable Premium (as defined in the indenture governing the New Senior Notes) as of, and accrued but unpaid interest and Additional Amounts, if any, to the applicable redemption date.

The Senior Proceeds Loan Borrowers may instruct Ziggo Bond Finance to redeem all or part of the New Senior Notes on or after January 15, 2020 at certain redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

The indenture governing the New Senior Notes contains certain customary events of default, including the non-payment of principal or interest on the New Senior Notes, and certain failures to perform or observe other obligations.

### **Intercreditor Agreement**

#### **Group Priority Agreement**

A priority agreement dated September 12, 2006 and as amended and restated on October 6, 2006, November 17, 2006, March 28, 2013 and November 14, 2014 has been entered into by, among others, ABC B.V. certain other members of the Bank Group (together with ABC B.V. and any other entity which accedes to the priority agreement as a debtor the “**Debtors**”) and certain other parties including the trustee (the “**Senior Secured Notes Trustee**”) of the existing secured notes issued by Ziggo B.V. (the “**Senior Secured Notes**”), the lenders under the Existing Senior Secured Credit Facilities Agreement, the senior agent under the Existing Senior Secured Credit Facilities Agreement (the “**Senior Agent**”), ING Bank N.V. as security agent (the “**Security Agent**”), and certain counterparties (the “**Hedge Counterparties**”) to hedging arrangements (the “**Group Priority Agreement**”).

## ***General***

The Group Priority Agreement sets out, among other things, the relative ranking of certain debt of the Debtors, when payments can be made in respect of certain debt of the Debtors, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

The following description is a summary of certain provisions, among others, that are contained in the Group Priority Agreement and which relate to the rights and obligations of the Issuer as a lender under the Senior Secured Proceeds Loan Facility. It does not restate the Group Priority Agreement in its entirety. As such, you are urged to read the Group Priority Agreement because it, and not the discussion that follows, defines certain rights of the Issuer as a lender under the Senior Secured Proceeds Loan Facility, which rights indirectly benefit the Notes.

## ***Pari Passu Debt***

The Group Priority Agreement includes provisions for any debt that may be incurred in the future by a member of the Bank Group which will rank equally with the Existing Senior Secured Credit Facilities Agreement, the Senior Secured Notes and the Hedging Liabilities (as defined under the caption “—*Ranking and Priority*” below) (the “**Pari Passu Debt**”). The incurrence of Pari Passu Debt will be subject to compliance with the Existing Senior Secured Credit Facilities Agreement, Senior Secured Notes finance documents and any pari passu debt documents that already exist at that time (“**Pari Passu Debt Documents**”). A creditor of Pari Passu Debt shall be referred to in this section as a “**Pari Passu Creditor**”.

## ***Senior Secured Notes***

The Group Priority Agreement includes provisions relating to any future senior secured notes that may be issued by a member of the Bank Group, subject to compliance with the Existing Senior Secured Credit Facilities Agreement, the Senior Secured Notes finance documents and the Pari Passu Debt Documents.

## ***Senior Unsecured Notes***

Furthermore, the Group Priority Agreement includes provisions relating to any senior unsecured notes (together the “**Senior Unsecured Notes**”) that may be issued by any holding company of ABC B.V. that is not a member of the Bank Group (a “**Senior Unsecured Notes Issuer**”) (subject to compliance with the Senior Secured Notes finance documents, the Existing Senior Secured Credit Facilities Agreement and any Pari Passu Debt Documents). Such provisions, among other things, provide for customary restrictions and limitations with respect to restrictions on payment, payment blockages, standstills on enforcement and the filing of claims. Any loan of the proceeds of an issuance of Senior Unsecured Notes from a Senior Unsecured Notes Issuer to ABC B.V. shall be referred to in this section as a “**Proceeds Loan**”. Please refer to the Group Priority Agreement for a more detailed explanation of these and other provisions related to any Senior Unsecured Notes that may be issued as well as other provisions defining the rights and obligations of the holders of the Senior Unsecured Notes.

## ***Ranking and Priority***

### ***Priority of Debts***

The Group Priority Agreement provides that the liabilities owed by the Debtors to the creditors under the Existing Senior Secured Credit Facilities, certain hedging agreements, the Senior Secured Notes, the Pari Passu Debt Documents and the Senior Unsecured Notes (the “**Primary Creditors**”) shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

- first, the liabilities of the lenders, issuing banks and ancillary lenders under the Existing Senior Secured Credit Facilities (each a “**Senior Lender**” and such liabilities the “**Senior Lender Liabilities**”), amounts owing to the agent and arrangers in relation to the Senior Lender Liabilities (the “**Senior Agent Liabilities**”), the liabilities owed in respect of the Senior Secured Notes (the “**Senior Secured Notes Liabilities**”), amounts owing to the trustee of any Senior Secured Notes (the “**Senior Secured Notes Trustee Amounts**”), the liabilities owed to the Hedge Counterparties in relation to certain hedging (the “**Hedging Liabilities**”), liabilities owing to the Pari Passu Creditors (the “**Pari Passu Liabilities**”), amounts owing to representatives of the Pari Passu Liabilities (the “**Pari Passu Representative Amounts**”), certain costs and expenses and other amounts owed to the trustee of any Senior Unsecured

Notes (“**Senior Unsecured Notes Trustee Amounts**”), pari passu between themselves and without any preference between them;

- second, the liabilities owed in respect of the Senior Unsecured Notes and liabilities owed to any Senior Unsecured Notes Issuer under a Proceeds Loan (“**Senior Unsecured Notes Liabilities**”) pari passu between themselves and without any preference between them; and
- third, the amounts owed by one member of the Bank Group to another member of the Bank Group, and certain other subordinated liabilities, pari passu between themselves and without any preference between them.

#### *Priority of Security*

The security shall rank and secure the following liabilities (only to the extent that such security is expressed to secure the relevant liabilities) in the following order:

- the Senior Lender Liabilities, the Senior Agent Liabilities, the Hedging Liabilities, the Senior Secured Notes Liabilities, the Senior Secured Notes Trustee Amounts, the Pari Passu Liabilities, the Pari Passu Representative Amounts and certain other liabilities to the relevant agents and trustees, pari passu and without any preference between them.

#### *Senior Unsecured Notes Enforcement Action*

Until the date the Senior Lender Liabilities, the Hedging Liabilities, the Senior Secured Notes Liabilities and the Pari Passu Liabilities have been discharged (the “**Senior Secured Discharge Date**”) the holders of the Senior Unsecured Notes and/or the trustee of any Senior Unsecured Notes may not take any Enforcement Action (as defined below), other than as expressly permitted by the Group Priority Agreement.

#### *Restriction on Enforcement: Senior Lenders and Senior Secured Note Creditors and Pari Passu Creditors*

The Group Priority Agreement provides that no Senior Lender, Pari Passu Creditor or Senior Secured Notes creditor may take Enforcement Action in relation to the enforcement of transaction security without the prior written consent of an Instructing Group (as defined below).

An “**Instructing Group**” means those creditors under the Existing Senior Secured Credit Facilities, the Senior Secured Notes and the Pari Passu Debt Documents and those Hedge Counterparties whose senior secured credit participations at any time aggregate more than 50% of the total senior secured credit participations at that time.

#### *Restrictions Relating to Senior Unsecured Notes*

##### *Restriction on Payment and Dealings*

The Group Priority Agreement provides that, until the Senior Secured Discharge Date, except with the prior consent of the Senior Agent, the Pari Passu Debt Representative and the Senior Secured Notes Trustee, no Debtor shall (and ABC B.V. shall ensure that no other member of the Bank Group will):

- (i) pay, repay, prepay, redeem, acquire or defease any principal, interest or other amount on or in respect of, or make any distribution in respect of, any Senior Unsecured Notes Liabilities in cash or in kind or apply any such money or property in or towards discharge of any Senior Unsecured Notes Liabilities except as permitted by the provisions set out below under the captions “—*Permitted Senior Unsecured Note Payments*”, “—*Permitted Senior Unsecured Notes Guarantee and Proceeds Loan Enforcement*”, and the fourth paragraph under the caption “—*Effect of Insolvency Event; Filing of Claims*” or by a refinancing of the Senior Unsecured Notes as permitted by the Group Priority Agreement;
- (ii) exercise any set-off against any Senior Unsecured Notes Liabilities, except as permitted by the provisions set out in the caption “—*Permitted Senior Unsecured Note Payments*” below, the provisions set out in the caption “—*Restrictions on Senior Unsecured Notes Enforcement*” below or the fourth paragraph under the caption “—*Effect of Insolvency Event; Filing of Claims*” below; or
- (iii) create or permit to subsist any security over any assets of any member of the Bank Group or give any guarantee (and the Senior Unsecured Notes Trustee may not, and no holder of Senior Unsecured Notes may, accept the benefit of any such security or guarantee) from any member of the Bank Group for, or

in respect of, any Senior Unsecured Notes Liabilities other than guarantees from those entities that are guarantors under the Existing Senior Secured Credit Facilities, the Senior Secured Notes and the Pari Passu Debt (the “**Senior Unsecured Notes Guarantees**”) which are subject to payment blockage, subordination and turnover provisions substantially similar to those in the Group Priority Agreement.

#### *Permitted Senior Unsecured Note Payments*

Prior to the Senior Secured Discharge Date, the Debtors may make payments to the Senior Unsecured Notes creditors in respect of the Senior Unsecured Notes Liabilities then due in accordance with the indenture in respect of the Senior Unsecured Notes (the “**Senior Unsecured Notes Indenture**”) (such payments, collectively, “**Permitted Senior Unsecured Note Payments**”):

- (i) if:
  - (A) the payment is of:
    - (I) any of the principal amount of the Senior Unsecured Notes Liabilities which is permitted to be paid by the Existing Senior Secured Credit Facilities and is not prohibited from being paid by the indenture in respect of the Senior Secured Notes (the “**Senior Secured Notes Indenture**”) or the Pari Passu Debt Documents pursuant to which any Pari Passu Debt is outstanding; or
    - (II) any other amount which is not an amount of principal or capitalised interest;
  - (B) no Senior Unsecured Notes payment stop notice is outstanding; and
  - (C) no payment default under the Existing Senior Secured Credit Facilities or the Senior Secured Notes or the Pari Passu Debt Documents (excluding a payment default under those documents not constituting principal, interest or fees and not exceeding EUR 250,000) (“**Senior Secured Payment Default**”) has occurred and is continuing;
- (ii) if those lenders under the Existing Senior Secured Credit Facilities and those Hedge Counterparties whose senior credit participations at any time aggregate more than 66 2/3 of the total senior credit participations at that time (the “**Majority Senior Creditors**”), the Senior Secured Notes Trustee and the Pari Passu Debt Representative give prior consent to that payment being made;
- (iii) if the payment is of certain amounts due to the Senior Unsecured Notes Trustee Amounts;
- (iv) certain defined permitted administrative costs and note security costs payable by the Senior Unsecured Notes Issuer;
- (v) costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the Senior Unsecured Notes Indenture (including in relation to any reporting or listing requirements under the Senior Unsecured Notes Indenture);
- (vi) of any other amount not exceeding EUR 100,000 (or its equivalent in other currencies) in aggregate in any twelve month period;
- (vii) costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Senior Unsecured Notes in compliance with the Group Priority Agreement and the Existing Senior Secured Credit Facilities; or
- (viii) the principal amount of the Senior Unsecured Notes Liabilities on or after the final maturity date of the Senior Unsecured Notes Liabilities (provided that, such maturity date is as contained in the relevant Senior Unsecured Notes finance documents as originally entered into).

On or after the Senior Secured Discharge Date, the Debtors may make payments to the Senior Unsecured Notes creditors in respect of the Senior Unsecured Notes Liabilities in accordance with the Senior Unsecured Notes finance documents.

#### *Payment Blockage Provisions*

Until the Senior Secured Discharge Date, except with the prior consent of the Senior Agent, the consent of the Senior Secured Notes Trustee and the consent of the representative of the Pari Passu Creditors (the “**Pari Passu**”

**Debt Representative**”), and subject to the provisions set out under the caption “—*Effect of Insolvency Event; Filing of Claims*” below, ABC B.V. shall not make (and shall procure that its subsidiaries shall not), and neither the Senior Unsecured Notes Trustee nor the holder of Senior Unsecured Notes may receive from ABC B.V. or any of its subsidiaries, any Permitted Senior Unsecured Note Payment (other than certain amounts due to the Senior Unsecured Notes Trustee for its own account) if:

- a Senior Secured Payment Default is continuing; or
- an event of default under the Existing Senior Secured Credit Facilities or the Senior Secured Notes Indenture or a Pari Passu Debt Document (a “**Senior Secured Event of Default**”) (other than a Senior Secured Payment Default) is continuing, from the date of receipt by the Senior Unsecured Notes Trustee of a stop notice from the Senior Agent or the Senior Secured Notes Trustee or the Pari Passu Debt Representative (as the case may be) specifying the event or circumstance in relation to that Senior Secured Event of Default to ABC B.V., the Security Agent and the Senior Unsecured Notes Trustee until the earliest of:
  - the date falling 179 days after receipt by the Senior Unsecured Notes Trustee of that payment stop notice;
  - in relation to payments of Senior Unsecured Notes Liabilities, if a Senior Unsecured Notes standstill period is in effect at any time after delivery of that payment stop notice, the date on which that standstill period expires;
  - the date on which the relevant Senior Secured Event of Default has been remedied or waived in accordance with the Existing Senior Secured Credit Facilities or the Senior Secured Notes Indenture or the Pari Passu Debt Documents (as applicable);
  - the date on which the Senior Agent or the Senior Secured Notes Trustee or the Pari Passu Debt Representative (as applicable) delivers a notice to ABC B.V., the Security Agent and the Senior Unsecured Notes Trustee cancelling the relevant payment stop notice;
- the Senior Secured Discharge Date; and
- the date on which the Security Agent or the Senior Unsecured Notes Trustee takes Enforcement Action permitted under the Group Priority Agreement against a Debtor.

Unless the Senior Unsecured Notes Trustee waives this requirement, (i) a new Senior Unsecured Notes payment stop notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Unsecured Notes payment stop notice; and (ii) no Senior Unsecured Notes payment stop notice may be delivered in reliance on a Senior Secured Event of Default more than 45 days after the date the Senior Agent, the Senior Secured Notes Trustee and the Pari Passu Debt Representative (as applicable) received notice of that Senior Secured Event of Default.

The Senior Agent, the Pari Passu Debt Representative and the Senior Secured Notes Trustee may only serve one Senior Unsecured Notes payment stop notice with respect to the same event or set of circumstances. Subject to the immediately preceding paragraph, this shall not affect the right of the Senior Agent, the Pari Passu Debt Representative or the Senior Secured Notes Trustee to issue a Senior Unsecured Notes payment stop notice in respect of any other event or set of circumstances. No Senior Unsecured Notes payment stop notice may be served by the Senior Agent, the Pari Passu Debt Representative or the Senior Secured Notes Trustee in respect of a Senior Secured Event of Default which had been notified to the Senior Agent, the Pari Passu Debt Representative or the Senior Secured Notes Trustee at the time at which an earlier Senior Unsecured Notes payment stop notice was issued.

Any failure to make a payment due under a Senior Unsecured Notes Indenture as a result of the issue of a Senior Unsecured Notes payment stop notice or the occurrence of a Senior Secured Payment Default shall not prevent (i) the occurrence of an event of default (however defined in the Senior Unsecured Notes Indenture) as a consequence of that failure to make a payment in relation to the relevant Senior Unsecured Notes finance documents; or (ii) the issue of a Senior Unsecured Notes enforcement notice on behalf of the Senior Unsecured Notes creditors.

### *Payment Obligations and Capitalization of Interest Continue*

No Debtor shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under any Senior Unsecured Notes finance document (including the Senior Unsecured Notes Indenture) by the operation of the provisions set out under each section above under the caption “—*Restrictions relating to Senior Unsecured Notes*” even if its obligation to make such payment is restricted at any time by the terms of any of those provisions.

The accrual and capitalization of interest (if any) in accordance with the Senior Unsecured Note finance documents shall continue notwithstanding the issue of a Senior Unsecured Notes payment stop notice.

### *Restrictions on Amendments and Waivers*

Subject to the following paragraph, the Group Priority Agreement provides that the Senior Unsecured Notes creditors may amend or waive the terms of the Senior Unsecured Notes finance documents (other than the Group Priority Agreement or any security document) in accordance with their terms at any time.

Prior to the Senior Secured Discharge Date, the Senior Unsecured Notes Trustee may not amend or waive the terms of the Senior Unsecured Notes where to do so would result in the Senior Unsecured Notes Finance Documents not being in compliance with the terms of the Existing Senior Secured Credit Facilities Agreement:

- (i) without the consent of the Majority Senior Creditors;
- (ii) (where to do so would not be in compliance with the Pari Passu Debt Documents) without the consent of the Pari Passu Debt Representative; and
- (iii) (where to do so would not be in compliance with the Senior Secured Notes) without the consent of the Senior Secured Notes Trustee.

### *Restrictions on Senior Unsecured Notes Enforcement*

Until the Senior Secured Discharge Date, except with the prior consent of or as required by an Instructing Group, neither the Senior Unsecured Notes Trustee nor any holders of Senior Unsecured Notes shall take or require the taking of any Enforcement Action in relation to:

- (i) the Senior Unsecured Notes Guarantees; and/or
- (ii) any Proceeds Loan,

except as permitted under the provisions set out under the caption “—*Permitted Senior Unsecured Notes Guarantee and Proceeds Loan Enforcement*” below, provided however, that no such action required by the Security Agent need be taken except to the extent the Security Agent otherwise is entitled under the Group Priority Agreement to direct such action.

“**Enforcement Action**” is defined as:

- in relation to any liabilities:
  - the acceleration of any liabilities or the making of any declaration that any liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Senior Lender, a holder of Senior Secured Notes, a holder of Pari Passu Debt or a holder of Senior Unsecured Notes to perform its obligations under, or of any voluntary or mandatory prepayment arising under, the debt documents);
  - the making of any declaration that any liabilities are payable on demand;
  - the making of a demand in relation to a liability that is payable on demand;
  - the making of any demand against any member of the Bank Group in relation to any guarantee liabilities of that member of the Bank Group;
  - the exercise of any right to require any member of the Bank Group to acquire any liability (including exercising any put or call option against any member of the Bank Group for the redemption or purchase of any liability but excluding any mandatory prepayments or mandatory

offers arising as a result of a change of control or asset sale (howsoever described) as set out in the Existing Senior Secured Credit Facilities, Senior Secured Notes finance documents, Senior Unsecured Notes finance documents or Pari Passu Debt Documents).

- the exercise of any right of set-off, account combination or payment netting against any member of the Bank Group in respect of any liabilities other than the exercise of any such right:
  - as close-out netting by a Hedge Counterparty or by a hedging ancillary lender;
  - as payment netting by a Hedge Counterparty or by a hedging ancillary lender;
  - as inter-hedging agreement netting by a Hedge Counterparty;
  - as inter-hedging ancillary document netting by a hedging ancillary lender (the rights described in this and the preceding three bullet points of this paragraph, to be referred to as “**Permitted Netting**”); and
  - which is otherwise expressly permitted under the Existing Senior Secured Credit Facilities, the Pari Passu Debt Documents, the Senior Secured Notes finance documents or the Senior Unsecured Notes finance documents to the extent that the exercise of that right gives effect to a permitted payment under the Group Priority Agreement; and
  - the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Bank Group to recover any liabilities;
- the premature termination or close-out of any hedging transaction under any hedging agreement, save to the extent permitted by the Group Priority Agreement;
- the taking of any steps to enforce or require the enforcement of any security (including the crystallization of any floating charge forming part of the security),
- the entering into of any composition, compromise, assignment or similar arrangement with any member of the Bank Group which owes any liabilities, or has given any security, guarantee or indemnity or other assurance against loss in respect of the liabilities (other than any actions permitted under the Group Priority Agreement or any debt buy-backs pursuant to open market debt repurchases, tender offers or exchange offers not undertaken as part of an announced restructuring or turnaround plan or while a default was outstanding under the relevant finance documents); or
- the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to the winding up, dissolution, administration or reorganization of any member of the Bank Group which owes any liabilities, or has given any security, guarantee, indemnity or other assurance against loss in respect of any of the liabilities, or any of such member of the Bank Group’s assets or any suspension of payments or moratorium of any indebtedness of any such member of the Bank Group, or any analogous procedure or step in any jurisdiction,

except that the following shall not constitute Enforcement Action:

- the taking of any action falling within the seventh paragraph of the first bullet point above or the bullet point immediately above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods; or
- a Primary Creditor, ancillary lender, Hedge Counterparty, issuing bank or the Senior Unsecured Note Trustee bringing legal proceedings against any person solely for the purpose of (A) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any debt document to which it is party; (B) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages; (C) requesting judicial interpretation of any provision of any debt document to which it is party with no claim for damages;
- bringing legal proceedings against any person in connection with any securities violation, securities or listing relations or common law fraud or to restrain any actual or putative breach of the Senior Unsecured Note finance documents or the senior secured finance documents or for specific performance with no claims for damages; or

- allegation of material misstatements or omissions made in connection with the offering materials relating to the Senior Secured Notes or the Senior Unsecured Notes or in reports furnished to any of the noteholders or trustees or any exchange on which the notes are listed pursuant to information and reporting requirements under any of the notes finance documents (as applicable).

*Permitted Senior Unsecured Notes Guarantee and Proceeds Loan Enforcement*

The restrictions set out in the caption “—*Restrictions on Senior Unsecured Notes Enforcement*” above will not apply in respect of the Senior Unsecured Notes Guarantee liabilities or any Proceeds Loan, if:

- an event of default (however defined in the Senior Unsecured Notes Indenture) (other than solely by reason of a cross default (other than a cross default arising from a Senior Secured Payment Default) arising from a Senior Secured Notes event of default) (the “**Relevant Senior Unsecured Note Default**”) is continuing;
- the Senior Agent has received a notice of the Relevant Senior Unsecured Note Default specifying the event or circumstance in relation to the Relevant Senior Unsecured Note Default from the Senior Unsecured Note Trustee;
- a Senior Unsecured Note Standstill Period (as defined below) has elapsed or otherwise terminated; and
- the Relevant Senior Unsecured Note Default is continuing at the end of the relevant Senior Unsecured Note Standstill Period.

Additionally, the restrictions set out in the caption “—*Restrictions on Senior Unsecured Notes Enforcement*” above will not apply in respect of the Senior Unsecured Notes Guarantee liabilities or any Proceeds Loan, if an Insolvency Event (other than as a result of any action taken by any Senior Unsecured Notes finance party) has occurred with respect to (i) a Senior Unsecured Notes Guarantor, in which case, Enforcement Action may be taken against the Senior Unsecured Notes Guarantor subject to that Insolvency Event (only), or (ii) a Senior Unsecured Notes Guarantor whose earnings before interest, tax, depreciation and amortisation (calculated on an unconsolidated basis but otherwise on the same basis as consolidated EBITDA) represent 10 per cent. or more of consolidated EBITDA or whose gross assets (excluding intra-group items) represents 10 per cent. or more of the gross assets of the Bank Group, in which case a Senior Unsecured Notes creditor may take Enforcement Action against any member of the Bank Group).

Promptly upon becoming aware of an Event of Default (as defined in the Senior Unsecured Notes Indenture) (a “**Senior Unsecured Note Default**”), the Senior Unsecured Notes Trustee may by notice (a “**Senior Unsecured Note Enforcement Notice**”) in writing notify the Senior Agent, the Pari Passu Debt Representative and the Senior Secured Notes Trustee of the existence of such Senior Unsecured Note Default.

*Senior Unsecured Note Standstill Period*

In relation to a relevant Senior Unsecured Note Default, a “**Senior Unsecured Note Standstill Period**” shall mean the period beginning on the date (the “**Senior Unsecured Note Standstill Start Date**”) the Senior Agent, the Senior Secured Notes Trustee and the Pari Passu Debt Representative receive a Senior Unsecured Note Enforcement Notice from the Senior Unsecured Notes Trustee in respect of a Senior Unsecured Note Default and ending on the earlier to occur of:

- the date falling 179 days after the Senior Unsecured Note Standstill Start Date (the “**Senior Unsecured Note Standstill Period**”);
- the date the creditors under the Existing Senior Secured Credit Facilities and Senior Secured Notes and Pari Passu Debt Documents and the Hedge Counterparties (together the “**Senior Secured Creditors**”) take any Enforcement Action in relation to a particular guarantor of the Senior Unsecured Notes (a “**Senior Unsecured Note Guarantor**”), provided however, that:
  - if a Senior Unsecured Note Standstill Period ends pursuant to this paragraph, the holders of the Senior Unsecured Notes and Senior Unsecured Notes Trustee may only take the same Enforcement Action in relation to the Senior Unsecured Note Guarantor as the Enforcement Action taken by the Senior Secured Creditors against such Senior Unsecured Note Guarantor and not against any other member of the Bank Group; and

- (B) Enforcement Action for the purpose of this paragraph shall not include action taken to preserve or protect any security as opposed to realise it;
- (iii) the expiry of any other Senior Unsecured Note Standstill Period outstanding at the date such first mentioned Senior Unsecured Note Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy);
- (iv) the date on which the Senior Agent, Senior Secured Notes Trustee and Pari Passu Debt Representative (to the extent prior to the relevant discharge date) give their consent to the termination of the relevant Senior Unsecured Note Standstill Period; and
- (v) a failure to pay the principal amount outstanding on the Senior Unsecured Notes at the final stated maturity of the Senior Unsecured Notes.

#### *Subsequent Senior Unsecured Note Defaults*

The Senior Unsecured Note finance parties and the Senior Unsecured Notes Issuer, as applicable, may take Enforcement Action under the provisions set out in the caption “—*Permitted Senior Unsecured Notes Guarantee and Proceeds Loan Enforcement*” above in relation to a Senior Unsecured Note Default even if, at the end of any relevant Senior Unsecured Note Standstill Period or at any later time, a further Senior Unsecured Note Standstill Period has begun as a result of any other Senior Unsecured Note Default.

#### *Effect of Insolvency Event; Filing of Claims*

The Group Priority Agreement provides that, after the occurrence of an Insolvency Event in relation to any member of the Bank Group, any party entitled to receive a distribution out of the assets of that member of the Bank Group in respect of liabilities owed to that party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of that member of the Bank Group to pay that distribution to the Security Agent until the liabilities owing to the secured parties have been paid in full. In this respect, the Security Agent shall apply distributions paid to it in accordance with the provisions set out under the caption “—*Application of Proceeds*” below.

Generally, to the extent that any member of Bank Group’s liabilities are discharged by way of set-off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that member of the Bank Group, any creditor which benefited from that set-off shall pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out in the caption “—*Application of Proceeds*” below. Certain exceptions apply to this obligation including Permitted Netting (as defined under the caption “—*Restrictions on Senior Unsecured Notes Enforcement*”).

If the Security Agent or any other secured party receives a distribution in a form other than in cash in respect of any of the liabilities, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards the liabilities.

After the occurrence of an Insolvency Event in relation to any member of Bank Group, each creditor irrevocably authorises the Security Agent, on its behalf, to:

- (i) take any Enforcement Action (in accordance with the terms of the Group Priority Agreement) against that member of the Bank Group;
- (ii) demand, sue, prove and give receipt for any or all of that member of Bank Group’s liabilities;
- (iii) collect and receive all distributions on, or on account of, any or all of that member of Bank Group’s liabilities; and
- (iv) file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover that member of the Bank Group’s liabilities.

Each creditor will (i) do all things that the Security Agent reasonably requests in order to give effect to the matters disclosed under this section and (ii) if the Security Agent is not entitled to take any of the actions contemplated by this section or if the Security Agent requests that a creditor take that action, undertake that action itself in accordance with the instructions of the Security Agent or grant a power of attorney to the Security Agent

(on such terms as the Security Agent may reasonably require, although no trustee shall be under any obligation to grant such powers of attorney) to enable the Security Agent to take such action.

### ***Turnover***

Subject to certain exceptions, the Group Priority Agreement provides that if any creditor receives or recovers from any member of the Bank Group:

- (i) any payment or distribution of, or on account of or in relation to, any of the liabilities which is not either (x) a payment permitted under the Group Priority Agreement or (y) made in accordance with the provisions set out below under the caption “—*Application of Proceeds*”;
- (ii) any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a payment permitted under the Group Priority Agreement;
- (iii) any amount:
  - (A) on account of, or in relation to, any of the liabilities:
    - (I) after the occurrence of an acceleration event or the enforcement of any security; or
    - (II) as a result of any other litigation or proceedings against a member of the Bank Group (other than after the occurrence of an Insolvency Event in respect of that member of the Bank Group); or
  - (B) by way of set-off in respect of any of the liabilities owed to it after the occurrence of an acceleration event or the enforcement of any security,  
other than, in each case, any amount received or recovered in accordance with the provisions set out below under the caption “—*Application of Proceeds*”;
- (iv) the proceeds of any enforcement of any security except in accordance with the provisions set out below under the caption “—*Application of Proceeds*”; or
- (v) any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any member of the Bank Group which is not in accordance with the provisions set out below under the caption “—*Application of Proceeds*” and which is made as a result of, or after, the occurrence of an insolvency event in respect of that member of the Bank Group,

that creditor will: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Group Priority Agreement and (y) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Group Priority Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Group Priority Agreement.

### ***Enforcement of Security***

#### ***Enforcement Instructions***

The Security Agent may refrain from enforcing the security unless instructed otherwise by the Instructing Group.

Subject to the security having become enforceable in accordance with its terms the Instructing Group may give, or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the security as they see fit.

No secured party shall have any independent power to enforce, or to have recourse to enforce, any security or to exercise any rights or powers arising under the security documents except through the Security Agent.

### *Manner of Enforcement*

If the security is being enforced as set forth above under the caption “—*Enforcement Instructions*,” the Security Agent shall enforce the security in such manner (including, without limitation, the selection of any administrator of any Debtor to be appointed by the Security Agent) as the Instructing Group shall instruct or, in the absence of any such instructions, as the Security Agent sees fit.

### *Exercise of Voting Rights*

Each creditor agrees with the Security Agent that it will cast its vote in any proposal put to the vote by, or under the supervision of, any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Bank Group as instructed by the Security Agent. The Security Agent shall give instructions for the purposes of this paragraph as directed by an Instructing Group; it being understood that, absent such instructions, the Security Agent may elect to take no action.

### *Waiver of Rights*

To the extent permitted under applicable law and subject to certain provisions of the Group Priority Agreement, each of the secured parties and the Debtors waives all rights it may otherwise have to require that the security be enforced in any particular order or manner or at any particular time, or that any sum received or recovered from any person, or by virtue of the enforcement of any of the security or of any other security interest, which is capable of being applied in or towards discharge of any of the secured obligations, is so applied.

### *Proceeds of Disposals*

#### *Distressed Disposals—General*

A “**Distressed Disposal**” is a disposal of an asset or shares of a member of the Bank Group which is (a) being effected at the request of an Instructing Group in circumstances where the security has become enforceable, (b) being effected by enforcement of the security or (c) being disposed of by a Debtor to a person or persons which are not a member of the Bank Group subsequent to an acceleration event or the enforcement of any security.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorised (at the cost of the relevant Debtor or ABC B.V. and without any consent, sanction, authority or further confirmation from any creditor or Debtor):

- (i) to release the security or any other claim over that asset and execute and deliver or enter into any release of that security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;
- (ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release:
  - (A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities, its guarantee liabilities and its other liabilities;
  - (B) any security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and
  - (C) any other claim of an intra-group lender, a subordinated creditor, or another Debtor over that Debtor’s assets or over the assets of any subsidiary of that Debtor,on behalf of the relevant creditors, Senior Agent, senior arrangers, Debtors, Senior Secured Notes Trustee, Pari Passu Debt Representative and the Senior Unsecured Note Trustee;
- (iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor to release:
  - (A) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities, its guarantee liabilities and its other liabilities;
  - (B) any security granted by any subsidiary of that holding company over any of its assets; and
  - (C) any other claim of an intra-group lender, a subordinated creditor or another Debtor over the assets of that holding company and any subsidiary of that holding company,

on behalf of the relevant creditors, Senior Agent, senior arrangers, Debtors, Senior Secured Notes Trustee, Pari Passu Debt Representative and the Senior Unsecured Notes Trustee;

- (iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Group Priority Agreement) decides to dispose of all or any part of the liabilities or the Debtor liabilities owed by that Debtor or holding company or any subsidiary of that Debtor or holding company:
  - (A) (if the Security Agent (acting in accordance with the Group Priority Agreement) does not intend that any transferee of those liabilities or Debtor liabilities (the “**Transferee**”) will be treated as a Primary Creditor or a secured party for the purposes of the Group Priority Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those liabilities or Debtor liabilities, provided that, notwithstanding any other provision of any debt document, the Transferee shall not be treated as a Primary Creditor or a secured party for the purposes of the Group Priority Agreement; and
  - (B) (if the Security Agent (acting in accordance with the Group Priority Agreement) does intend that any Transferee will be treated as a Primary Creditor or a secured party for the purposes of the Group Priority Agreement), to execute and deliver or enter into any agreement to dispose of all (and not part only) of the liabilities owed to the Primary Creditors and all or part of any other liabilities and the Debtor liabilities, on behalf of, in each case, the relevant creditors and Debtors;
- (v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the “**Disposed Entity**”) and the Security Agent (acting in accordance with the Group Priority Agreement) decides to transfer to another Debtor (the “**Receiving Entity**”) all or any part of the Disposed Entity’s obligations or any obligations of any subsidiary of that Disposed Entity in respect of the intra-group liabilities or the Debtor liabilities, to execute and deliver or enter into any agreement to:
  - (A) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and
  - (B) (provided the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of senior secured liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Debtor liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities or Debtor liabilities) shall be paid to the Security Agent (as the case may be) for application in accordance with the provisions set out below under the caption “—*Application of Proceeds*” as if those proceeds were the proceeds of an enforcement of the security and, to the extent that any disposal of liabilities or Debtor liabilities has occurred, as if that disposal of liabilities or Debtor liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities as described in (iv)(B) above) effected by, or at the request of, the Security Agent (acting in accordance with the Group Priority Agreement), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

Where borrowing liabilities in respect of any senior secured debt would otherwise be released pursuant to the Group Priority Agreement, the creditor concerned may elect to have those borrowing liabilities transferred to a holding company or any other Senior Unsecured Notes Issuer in which case the Security Agent is irrevocably authorised (at the cost of the relevant Debtor or Senior Unsecured Notes Issuer and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing liabilities.

If on or after the date that Senior Unsecured Notes are issued, but before the discharge date for such Senior Unsecured Notes, a Distressed Disposal is being effected such that the Senior Unsecured Notes Guarantees and the

Proceeds Loans will be released pursuant to the Group Priority Agreement, it is a further condition to the release that either:

- the Senior Unsecured Notes Trustee has approved the release; or
- where shares or assets of a Senior Unsecured Notes Guarantor or assets of the Senior Unsecured Notes Issuer are sold:
  - (A) the proceeds of such sale or disposal are in cash (or substantially in cash);
  - (B) all claims of the Senior Secured Creditors against a member of the Bank Group (if any), all of whose shares are pledged in favor of the senior finance parties are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and not assumed by the purchaser or one of its affiliates), and all security under the security documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale; and
  - (C) such sale or disposal (including any sale or disposal of any claim) is made:
    - (I) pursuant to a public auction; or
    - (II) where an independent internationally recognized investment bank or an independent internationally recognised firm of accountants or a reputable independent internationally recognized third party professional firm regularly engaged in providing valuations in respect of the relevant type and size of asset, in each case selected by the Security Agent (acting on the instructions of the Instructing Group) has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view, taking into account all relevant circumstances, including the method of enforcement provided that, the liability of such investment bank or internationally recognised firm of accountants or other third party firm in giving such opinion may be limited to the amount of its fees in respect of such engagement; and
  - (D) the proceeds are applied in accordance with the caption “*—Application of Proceeds*”, below.

For the purposes of clauses (ii), (iii), (iv), and (v) above and the immediately preceding clause (C), the Security Agent shall act:

- if the relevant Distressed Disposal is being effected by way of enforcement of the security, in accordance with the provisions set out under the caption “*—Manner of Enforcement*” above; and
- in any other case, (a) on the instructions of the Instructing Group or (b) in the absence of any such instructions, as the Security Agent sees fit.

#### ***Application of Proceeds***

The Group Priority Agreement provides that all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any debt document or in connection with the realization or enforcement of all or any part of the security (for the purposes of this section, the “**Bank Group Recoveries**”) shall be held by the Security Agent on trust, to the extent legally permitted, to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this section), in the following order of priority:

- (i) in discharging any sums owing to the Security Agent, any receiver or any delegate on a pari passu basis;
- (ii) in discharging all sums owing to the Senior Agent, Pari Passu Debt Representative and Senior Secured Notes Trustee (in each case in their capacity as such) on a pari passu basis;
- (iii) in payment of all costs and expenses incurred by any agent or Senior Secured Creditor in connection with any realization or enforcement of the security taken in accordance with the terms of the Group Priority Agreement or any action taken at the request of the Security Agent under the Group Priority Agreement;
- (iv) in payment to:
  - (A) the Senior Agent on its own behalf and on behalf of the senior arrangers and the Senior Lenders;

- (B) each Pari Passu Debt Representative on its own behalf and on behalf of the Pari Passu Creditors;
- (C) each Senior Secured Notes Trustee on its own behalf and on behalf of the holders of the Senior Secured Notes; and
- (D) each Hedge Counterparty,

for application towards the discharge of:

- (I) the liabilities of the Debtors owed to the arrangers under the Existing Senior Secured Credit Facilities and the Senior Lender Liabilities (in accordance with the terms of the senior finance documents);
  - (II) the Pari Passu Liabilities (in accordance with the terms of the Pari Passu Debt Documents);
  - (III) the Senior Secured Notes Liabilities (in accordance with the terms of the Senior Secured Notes Indenture); and
  - (IV) the Hedging Liabilities (on a pro rata basis between the Hedging Liabilities of each Hedge Counterparty),
- on a pro rata basis and ranking pari passu between the four immediately preceding paragraphs (I), (II), (III) and (IV) above;
- (v) (in respect of amounts received in respect of guarantee liabilities or the proceeds loan) in payment to the Senior Unsecured Notes Trustee for application towards the discharge of the Senior Unsecured Notes Liabilities; and
  - (vi) the balance, if any, in payment to the relevant Debtor.

#### ***Equalization of the Senior Secured Creditors***

The Group Priority Agreement provides that if, for any reason, any senior secured liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Secured Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Secured Creditors at the enforcement date, the Senior Secured Creditors (subject, in the case of amounts owing to the trustees, to the terms of the Group Priority Agreement) will make such payments amongst themselves as the Security Agent shall require to put the Senior Secured Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

#### ***Required Consents***

The Group Priority Agreement provides that, subject to certain exceptions, it may be amended or waived only with the consent of the agents (including the Senior Agent), the Majority Lenders (as defined in the Existing Senior Secured Credit Facilities Agreement), the Senior Secured Notes Trustee, the Pari Passu Debt Representative, the Senior Unsecured Notes Trustee, the Security Agent and ABC B.V.

An amendment or waiver of the Group Priority Agreement that has the effect of changing or which relates to, among other things, the provisions set out in this section under the caption “—*Required Consents*”, the provisions set out above under the caption “—*Application of Proceeds*” or the order of priority or subordination under the Group Priority Agreement shall not be made without the consent of:

- (i) the agents (including the Senior Agent);
- (ii) the Senior Lenders;
- (iii) the Pari Passu Debt Representative;
- (iv) the Senior Secured Notes Trustee;
- (v) the Senior Unsecured Notes Trustee;
- (vi) each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty); and
- (vii) the Security Agent.

The Group Priority Agreement may be amended by the agent (including the Senior Agent), the Senior Secured Notes Trustee, the Pari Passu Debt Representative, the Senior Unsecured Notes Trustee and the Security Agent, without the consent of any other party, to cure defects, resolve ambiguities or reflect changes in each case of a minor technical or administrative nature or as otherwise prescribed by the relevant finance documents.

Each note trustee shall, to the extent consented to by the requisite percentage of noteholders in accordance with the relevant indenture, act on such instructions in accordance therewith unless to the extent any amendments so consented to relate to any provision affecting the rights and obligations of a trustee in its capacity as such.

#### *Amendments and Waivers: Security Documents*

Subject to the paragraph below and to certain exceptions under the Group Priority Agreement and unless the provisions of any debt document expressly provide otherwise, the Security Agent may, if authorised by an Instructing Group, and if ABC B.V. consents, amend the terms of, waive any of the requirements of or grant consents under, any of the security documents which shall be binding on each party to the Group Priority Agreement.

Subject to the second and third paragraphs of the section captioned “—*Exceptions*” below, the prior consent of each class of Senior Secured Creditors is required to authorise any amendment or waiver of, or consent under, any security document which would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of the security are distributed.

#### *Exceptions*

Subject to the two paragraphs immediately below, if the amendment, waiver or consent may impose new or additional obligations on, or withdraw or reduce the rights of, any party other than:

- (i) in the case of a Primary Creditor, in a way which affects, or would affect, Primary Creditors of that party’s class generally; or
- (ii) in the case of a Debtor, to the extent consented to by ABC B.V. under the Group Priority Agreement,

the consent of that party is required.

Subject to the paragraph immediately below, an amendment, waiver or consent which relates to the rights or obligations of an agent, an arranger, the Security Agent (including, without limitation, any ability of the Security Agent to act in its discretion under the Group Priority Agreement) may not be effected without the consent of that agent or, as the case may be, that senior arranger, or the Security Agent.

Neither of the two immediately preceding paragraphs shall apply:

- to any release of security, claim or liabilities; or
- to any consent,

which, in each case, the Security Agent gives in accordance with the provisions set out in the caption “—*Proceeds of Disposals*” above.

#### *Agreement to Override*

Unless expressly stated otherwise in the Group Priority Agreement, the Group Priority Agreement overrides anything in the debt documents to the contrary. However, such override, as between any creditor and any Debtor or any member of the Bank Group, will not cure, postpone, waive or negate any breach, default or event of default under any debt document as provided in the relevant debt document.

#### *Governing Law*

The Group Priority Agreement is governed by and is to be construed in accordance with English law. The terms of the Holdco Priority Agreement are summarized below.

## **Holdco Priority Agreement**

A priority agreement (the “**Holdco Priority Agreement**”) dated January 27, 2014 as amended February 20, 2014 and as amended and restated on July 4, 2014, between, among others, Ziggo Bond Company B.V. as Parent (the “**Parent**”) together with Zesko as Security Grantor (as defined therein) and Deutsche Trustee Company Limited as Security Agent (the “**Security Agent**”).

### ***General***

The Holdco Priority Agreement sets out, among other things, the relative ranking of certain debt of the Senior Obligor, when payments can be made in respect of certain debt of the Senior Obligor, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

The following description is a summary of certain provisions, among others, that are contained in the Holdco Priority Agreement and which also relate to the rights and obligations of the Issuer as the lender under the Senior Proceeds Loans, which shall be treated as Pari Passu Debt (as defined below). It does not restate the Holdco Priority Agreement in its entirety. As such, you are urged to read the Holdco Priority Agreement because it, and not the discussion that follows, defines certain rights of the parties thereto.

### ***Pari Passu Debt***

The Holdco Priority Agreement includes provisions for any debt that may be incurred in the future by a member of the Group which will rank equally with the existing secured debt of the Senior Obligor (the “**Pari Passu Debt**”). The incurrence of the Pari Passu Debt will be subject to compliance with the applicable indenture and any Pari Passu Debt documents that already exist at that time (“**Pari Passu Debt Documents**”). A creditor of Pari Passu Debt shall be referred to in this section as a “**Pari Passu Creditor**”.

### ***Ranking and Priority***

#### ***Priority of Debts***

The Holdco Priority Agreement provides that the liabilities owed by the Senior Obligor in relation to the Existing 2024 Senior Notes, certain hedging obligations, and the Pari Passu Debt Documents (the “**Primary Creditors**”) shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

- first, the liabilities owed in respect of the Existing 2024 Senior Notes (the “**Existing 2024 Senior Notes Liabilities**”), the liabilities in relation to certain hedging (the “**Hedging Liabilities**”), amounts due to the Existing 2024 Senior Notes trustee and amounts due to the Pari Passu Creditors (the “**Pari Passu Liabilities**”) *pari passu* between themselves and without any preference between them; and
- second, the amounts owed by one Senior Obligor to another and certain other subordinated liabilities *pari passu* between themselves and without any preference between them.

#### ***Priority of Security***

The security shall rank and secure the following liabilities (only to the extent that such security is expressed to secure the relevant liabilities) in the following order:

- first, the Existing 2024 Senior Notes Liabilities, the Hedging Liabilities and the Pari Passu Liabilities *pari passu* and without any preference between them; and
- second, the balance, if any, in payment to the relevant Senior Obligor.

### ***Enforcement of Security***

#### ***Enforcement Instructions***

The Security Agent may refrain from enforcing the Transaction Security (as defined therein) unless instructed otherwise by those Senior Secured Creditors whose senior secured credit participations at that time aggregate more than 50% of the total senior secured credit participations at that time (the “**Instructing Group**”).

**“Senior Secured Creditors”** mean the holders of the Existing 2024 Senior Notes and the Pari Passu Creditors.

Subject to the security having become enforceable in accordance with its terms the Instructing Group may give, or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the security as they see fit.

No secured party shall have any independent power to enforce, or to have recourse to enforce, any security or to exercise any rights or powers arising under the security documents except through the Security Agent.

#### *Manner of Enforcement*

If the security is being enforced as set forth above under the caption “—*Enforcement Instructions*,” the Security Agent shall enforce the security in such manner (including, without limitation, the selection of any administrator of any Senior Obligor or Security Grantor (as defined therein) to be appointed by the Security Agent) as the Instructing Group shall instruct or, in the absence of any such instructions, as the Security Agent sees fit.

#### *Exercise of Voting Rights*

Each creditor has agreed with the Security Agent that it will cast its vote in any proposal put to the vote by, or under the supervision of, any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any Senior Obligor as instructed by the Security Agent. The Security Agent shall give instructions for the purposes of this paragraph as directed by the Instructing Group; it being understood that, absent such instructions, the Security Agent may elect to take no action.

#### *Waiver of Rights*

To the extent permitted under applicable law and subject to certain provisions of the Holdco Priority Agreement, each of the secured parties and each Senior Obligor has waived all rights it may otherwise have to require that the security be enforced in any particular order or manner or at any particular time, or that any sum received or recovered from any person, or by virtue of the enforcement of any of the security or of any other security interest, which is capable of being applied in or towards discharge of any of the secured obligations, is so applied.

#### *Proceeds of Disposals*

##### *Non-Distressed Disposals*

If, in respect of a disposal (a **“Non-Distressed Disposal”**) of: (a) an asset by a Senior Obligor; or (b) an asset which is subject to the security, made by a Senior Obligor to a person or persons not a Senior Obligor:

- (i) (prior to the Existing 2024 Senior Notes Liabilities having been discharged) the Parent certifies for the benefit of the Security Agent that that disposal is permitted under or is not prohibited by the Indenture or the trustee for the Existing 2024 Senior Notes authorizes the release in accordance with the terms of the Notes finance documents;
- (ii) (prior to the Pari Passu Debt discharge date) the Parent certifies for the benefit of the Security Agent that the disposal is permitted under or is not prohibited by the Pari Passu Debt Documents or the relevant Pari Passu Debt Representative (as defined therein) authorizes the release in accordance with the terms of the Pari Passu Debt Documents; and
- (iii) that disposal is not a Distressed Disposal (as defined below),

the Security Agent is irrevocably authorised (at the reasonable cost of the relevant Senior Obligor and without any consent, sanction, authority or further confirmation from any creditor) but subject to the following paragraph:

- to release the security and any other claim (relating to a debt document) over that asset;
- where that asset consists of shares in the capital of a Senior Obligor, to release the security and any other claim, including without limitation, any guarantee liabilities or other liabilities (relating to a debt document) over that Senior Obligor or its assets and (if any) the subsidiaries of that Senior Obligor and their respective assets; and

- to execute and deliver or enter into any release of the security or any claim described in the two paragraphs above and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may be reasonably requested by the Parent.

In connection with the transfer of 100% of the shares of the Parent to a subsidiary of Liberty Global, the Security Agent is irrevocably authorised (at the reasonable cost of the Senior Obligor and without any consent, sanction, authority or further confirmation from any creditor) to release the security over those shares (to the extent such release is necessary to enable the transfer to take place) where concurrently with such release, the Security Agent is granted the same or substantially equivalent security by such transferee affiliate.

Each release of security or any claim described in the paragraph above shall become effective only upon the making of the relevant Non-Distressed Disposal.

#### *Distressed Disposals—General*

A “*Distressed Disposal*” is a disposal of an asset of a Senior Obligor or the shares in or liabilities or obligations of a Senior Obligor which is (a) being effected at the request of a Instructing Group in circumstances where the security has become enforceable, (b) being effected by enforcement of the security or (c) being disposed of by a Senior Obligor to a person or persons which are not Senior Obligor subsequent to an acceleration event or the enforcement of any security.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorised (at the cost of the relevant Senior Obligor and without any consent, sanction, authority or further confirmation from any creditor, or new security grantor):

- (i) to release the security or any other claim over that asset and execute and deliver or enter into any release of that security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;
- (ii) if the asset which is disposed of consists of shares in the capital of a Senior Obligor to release:
  - (A) that Senior Obligor and any subsidiary of that Senior Obligor from all or any part of its borrowing liabilities, its guarantee liabilities and its other liabilities;
  - (B) any security granted by that Senior Obligor or any subsidiary of that Senior Obligor over any of its assets; and
  - (C) any other claim of an intra-group lender, a subordinated creditor, or another Senior Obligor over that Senior Obligor’s assets or over the assets of any subsidiary of that Senior Obligor,
 on behalf of the relevant creditors, Senior Obligors, Existing 2024 Senior Notes trustee and Pari Passu Debt Representative;
- (iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Senior Obligor to release:
  - (A) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities, its guarantee liabilities and its other liabilities;
  - (B) any security granted by any subsidiary of that holding company over any of its assets; and
  - (C) any other claim of an intra-group lender, a subordinated creditor or another Senior Obligor over the assets of that holding company and any subsidiary of that holding company,
 on behalf of the relevant creditors, Senior Obligors, Existing 2024 Senior Notes trustee and Pari Passu Debt Representative;
- (iv) if the asset which is disposed of consists of shares in the capital of a Senior Obligor or the holding company of a Senior Obligor and the Security Agent decides to dispose of all or any part of the liabilities or the Senior Obligor liabilities owed by that Senior Obligor or holding company or any subsidiary of that Senior Obligor or holding company:
  - (A) if the Security Agent does not intend that any transferee of those liabilities or Senior Obligor liabilities (the “**Transferee**”) will be treated as a new Primary Creditor or a secured party for the purposes of the Holdco Priority Agreement, to execute and deliver or enter into any agreement

to dispose of all or part of those liabilities or Senior Obligor liabilities, *provided that*, notwithstanding any other provision of any debt document, the Transferee shall not be treated as a new Primary Creditor or a secured party for the purposes of the Holdco Priority Agreement; and

- (B) if the Security Agent does intend that any Transferee will be treated as a new Primary Creditor or a secured party for the purposes of the Holdco Priority Agreement, to execute and deliver or enter into any agreement to dispose of all (and not part only) of the liabilities owed to the Primary Creditors and all or part of any other liabilities and the Senior Obligor liabilities, on behalf of, in each case, the relevant creditors and Senior Obligor;
- (v) if the asset which is disposed of consists of shares in the capital of a Senior Obligor or the holding company of a Senior Obligor (the “**Disposed Entity**”) and the Security Agent (acting in accordance with the Holdco Priority Agreement) decides to transfer to another Senior Obligor (the “**Receiving Entity**”) all or any part of the Disposed Entity’s obligations or any obligations of any subsidiary of that Disposed Entity in respect of the intra-group liabilities or the Senior Obligor liabilities, to execute and deliver or enter into any agreement to:
  - (A) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or Senior Obligor liabilities on behalf of the relevant intra-group lenders and Senior Obligor to which those obligations are owed and on behalf of the Senior Obligor which owe those obligations; and
  - (B) (*provided*, the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of senior secured liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or Senior Obligor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Senior Obligor liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities or Senior Obligor liabilities) shall be paid to the Security Agent (as the case may be) for application in accordance with the provisions set out below under the caption “—*Application of Proceeds*” as if those proceeds were the proceeds of an enforcement of the security and, to the extent that any disposal of liabilities or Senior Obligor liabilities has occurred, as if that disposal of liabilities or Senior Obligor liabilities had not occurred.

Where borrowing liabilities in respect of any senior secured debt would otherwise be released pursuant to the Holdco Priority Agreement, the creditor concerned may elect to have those borrowing liabilities transferred to a Security Grantor in which case the Security Agent is irrevocably authorised (at the cost of the relevant Senior Obligor, or Security Grantor and without any consent, sanction, authority or further confirmation from any creditor, Senior Obligor or Security Grantor) to execute such documents as are required to so transfer those borrowing liabilities.

For the purposes of clauses (ii), (iii), (iv), and (v) above, the Security Agent shall act:

- if the relevant Distressed Disposal is being effected by way of enforcement of the security, in accordance with the provisions set out under the caption “—*Manner of Enforcement*” above; and
- in any other case, (a) on the instructions of the Instructing Group or (b) in the absence of any such instructions, as the Security Agent sees fit.

### ***Application of Proceeds***

The Holdco Priority Agreement provides that all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any debt document or in connection with the realization or enforcement of all or any part of the security shall be held by the Security Agent on trust, to the extent legally permitted, to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this section), in the following order of priority:

- (i) in discharging any sums owing to the Security Agent, any receiver or any delegate on a *pari passu* basis;
- (ii) in discharging all sums owing to the *Pari Passu* Debt Representative and any Existing 2024 Senior Notes trustee (in each case in their capacity as such) on a *pari passu* basis;

- (iii) in payment of all costs and expenses incurred by any agent or Senior Secured Creditor in connection with any realization or enforcement of the security taken in accordance with the terms of the Holdco Priority Agreement or any action taken at the request of the Security Agent under the Holdco Priority Agreement;
- (iv) in payment to:
  - (A) each Pari Passu Debt Representative on its own behalf and on behalf of the Pari Passu Creditors;
  - (B) the Existing 2024 Senior Notes trustee on its own behalf and on behalf of the holders of the Existing 2024 Senior Notes; and
  - (C) each Hedge Counterparty (as defined therein),
 for application towards the discharge of:
  - (I) the Pari Passu Liabilities (in accordance with the terms of the Pari Passu Debt Documents);
  - (II) the Existing 2024 Senior Notes Liabilities (in accordance with the terms of the Indenture); and
  - (III) the Hedging Liabilities (on a *pro rata* basis between the Hedging Liabilities of each Hedge Counterparty),
 on a *pro rata* basis and ranking *pari passu* between the three immediately preceding paragraphs (I) and (III) above; and
  - (D) the balance, if any, in payment to the relevant Senior Obligor or Security Grantor.

#### ***Equalization of the Senior Secured Creditors***

The Holdco Priority Agreement provides that if, for any reason, any senior secured liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Secured Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Secured Creditors at the enforcement date, the Senior Secured Creditors (subject, in the case of amounts owing to the trustees, to the terms of the Holdco Priority Agreement) will make such payments amongst themselves as the Security Agent shall require to put the Senior Secured Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

#### ***Turnover***

Subject to certain exceptions, the Holdco Priority Agreement provides that if any creditor receives or recovers from any Senior Obligor:

- (i) any payment or distribution of, or on account of or in relation to, any of the liabilities which is not either (x) a payment permitted under the Holdco Priority Agreement or (y) made in accordance with the provisions set out below under the caption “—*Application of Proceeds*”;
- (ii) any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a payment permitted under the Holdco Priority Agreement;
- (iii) any amount:
  - (A) on account of, or in relation to, any of the liabilities:
    - (I) after the occurrence of an acceleration event or the enforcement of any security; or
    - (II) as a result of any other litigation or proceedings against a Senior Obligor (other than after the occurrence of an insolvency event in respect of that Senior Obligor); or
  - (B) by way of set-off in respect of any of the liabilities owed to it after the occurrence of an acceleration event or the enforcement of any security,
 other than, in each case, any amount received or recovered in accordance with the provisions set out below under the caption “—*Application of Proceeds*”;

- (iv) the proceeds of any enforcement of any security except in accordance with the provisions set out below under the caption “—*Application of Proceeds*”; or
- (v) any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any Senior Obligor which is not in accordance with the provisions set out below under the caption “—*Application of Proceeds*” and which is made as a result of, or after, the occurrence of an insolvency event in respect of Senior Obligor,

that creditor will: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Holdco Priority Agreement and (y) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Holdco Priority Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Holdco Priority Agreement.

### ***Required Consents***

The Holdco Priority Agreement provides that, subject to certain exceptions, it may be amended or waived only with the consent of the agents, the requisite percentage of the lenders, the Existing 2024 Senior Notes trustee, the Pari Passu Debt Representative, the Security Agent and the Parent.

An amendment or waiver of the Holdco Priority Agreement that has the effect of changing or which relates to, among other things, the provisions set out above under the caption “—*Application of Proceeds*” and the order of priority or subordination under the Holdco Priority Agreement shall not be made without the consent of:

- (i) the agents;
- (ii) the lenders;
- (iii) the Representatives (as defined therein);
- (iv) the Existing 2024 Senior Notes trustee;
- (v) each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the relevant Hedge Counterparty); and
- (vi) the Security Agent.

The Holdco Priority Agreement may be amended by the agent, the Existing 2024 Senior Notes trustee, the Pari Passu Debt Representative and the Security Agent, without the consent of any other party, to cure defects, resolve ambiguities or reflect changes in each case of a minor technical or administrative nature or as otherwise prescribed by the relevant finance documents.

### ***Amendments and Waivers: Security Documents***

Subject to the paragraph below and to certain exceptions under the Holdco Priority Agreement and unless the provisions of any debt document expressly provide otherwise, the Security Agent may, if authorised by a Instructing Group, and if the Parent consents, amend the terms of, waive any of the requirements of or grant consents under, any of the security documents which shall be binding on each party to the Holdco Priority Agreement.

Subject to the second and third paragraphs of the section captioned “—*Exceptions*” below, the prior consent of the representative of each class of Senior Secured Creditors is required to authorise any amendment or waiver of, or consent under, any security document which would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of the security are distributed.

### *Exceptions*

Subject to the two paragraphs immediately below, if the amendment, waiver or consent may impose new or additional obligations on, or withdraw or reduce the rights of, any party other than:

- (i) in the case of a Senior Secured Creditor, in a way which affects, or would affect, Senior Secured Creditors of that party's class generally; or
- (ii) in the case of a Senior Obligor, to the extent consented to by the Parent under the Holdco Priority Agreement,

the consent of that party is required.

Subject to the paragraph immediately below, an amendment, waiver or consent which relates to the rights or obligations of an agent, an arranger, the Security Agent (including, without limitation, any ability of the Security Agent to act in its discretion under the Holdco Priority Agreement) may not be effected without the consent of that agent or, as the case may be, that senior arranger, or the Security Agent.

Neither of the two immediately preceding paragraphs shall apply:

- to any release of security, claim or liabilities; or
- to any consent,

which, in each case, the Security Agent gives in accordance with the provisions set out in the caption "*—Proceeds of Disposals*" above.

### *Agreement to Override*

Unless expressly stated otherwise in the Holdco Priority Agreement, the Holdco Priority Agreement overrides anything in the debt documents to the contrary. However, such override, as between any creditor and any Senior Obligor, will not cure, postpone, waive or negate any breach, default or event of default under any debt document as provided in the relevant debt document.

### *Governing Law*

The Holdco Priority Agreement is governed by and is to be construed in accordance with English law.

### **The Senior Secured Collateral Sharing Agreement**

To establish the relative rights of the Senior Secured Creditors (as defined below), Ziggo Secured Finance B.V. (the "B.V. Issuer") and Ziggo Secured Finance Partnership (the "U.S. Issuer" and together with the B.V. Issuer, the "Debtors") will enter into a Senior Secured Collateral Sharing Agreement (the "Senior Secured Collateral Sharing Agreement") with, amongst others:

- Ziggo Bond Finance B.V. (the "Parent");
- Deutsche Trustee Company Limited in its capacity as security trustee under the Senior Secured Collateral Sharing Agreement (the "Security Trustee");
- The Bank of Nova Scotia as facility agent for an on behalf of the finance parties under the Facilities Agreement (the "Facility Agent");
- Deutsche Trustee Company Limited in its capacity as trustee under the Original Note Indenture (the "Original Note Trustee") on its behalf and on behalf of the holders of the Notes; and
- the lenders under the Facilities Agreement.

The Senior Secured Collateral Sharing Agreement regulates the rights, title and interest of the Senior Secured Creditors in respect of the Shared Security Documents (as defined below) and sets out, among other things, the relative ranking of certain debt of the Debtors, the consent levels of Senior Secured Creditors required in order to cast their votes and exercise their rights in respect of consents, instructions, rights and remedies under the Proceeds Loan Agreement and the Group Priority Agreement, when enforcement action can be taken in respect of the Shared Security Documents by the Security Trustee and the turnover provisions.

The following description is a summary of certain provisions, among others, that are contained in the Senior Secured Collateral Sharing Agreement and which relate to the rights and obligations of the Debtors and the Senior Secured Creditors.

### ***Certain Definitions***

“Accelerated Default” means (i) any enforcement action taken or made under or in respect of any Note Document or under any corresponding Proceeds Loan, (ii) any enforcement action taken or made under or in respect of any *Pari Passu* Debt Document or under any corresponding Proceeds Loan and (iii) any enforcement action taken or made under or in respect of any Finance Documents or under any corresponding Proceeds Loan;

“Debt Document” means the Note Documents, the Finance Documents and the *Pari Passu* Debt Documents;

“Facility Agent Amounts” means all present and future liabilities and obligations whether actual or contingent and whether incurred solely or jointly, of any Debtor to the Facility Agent under or in connection with the Finance Documents (but excluding (i) any payment in relation to any unpaid costs and expenses incurred in respect of any litigation by or on behalf of the Facility Agent against any of the other Senior Secured Creditors and (ii) any payment made directly or indirectly on or in respect of any amounts owing in respect of the Senior Facilities Debt (other than those amounts which are Facility Agent Amounts) (including principal, interest, premium or any other amounts) to any of the finance parties under the Facilities Agreement);

“Facilities Agreement” means the senior facilities agreement dated on or about the date of the Senior Secured Collateral Sharing Agreement and made between, amongst others, each of B.V. Issuer and the U.S. Issuer as borrowers and the Facility Agent as facility agent and reference thereto includes any Additional Facility under and as defined therein;

“Finance Documents” means the Finance Documents as defined in the Facilities Agreement. “Group Priority Agreement” means the priority agreement dated 12 September 2006 as amended and restated on 6 October 2006, 17 November 2006, 28 March 2013 and as further amended and restated on 14 November 2014 made between, amongst others, Ziggo Bond Company B.V. as holdco, Amsterdamse Beheer- En Consultingmaatschappij B.V. as parent and ING Bank N.V. as security agent. “Instructing Group” means, at any time, those Senior Secured Creditors (other than any Senior Secured Creditor who, pursuant to the Debt Documents in effect at such time, is not entitled to vote) representing Secured Obligations which constitute at that time in aggregate more than 50% of the Secured Obligations;

“Interest Pledge Agreement” means:

- (a) the first ranking Dutch law share pledge agreement dated on or about the date of the Senior Secured Collateral Sharing Agreement between the Parent, the B.V. Issuer and the Security Trustee creating Security over the shares in the B.V. Issuer;
- (b) a first ranking Dutch law governed deed of pledge of shares dated on or about the date of this Agreement between the B.V. Issuer as security provider and the Security Trustee creating Security over the shares in Ziggo Secured Finance II B.V.;
- (c) an English law governed assignment agreement dated on or about the date of the Senior Secured Collateral Sharing Agreement between the B.V. Issuer and the U.S. Issuer as security provider and the Security Trustee in relation to the rights of the B.V. Issuer and the U.S. Issuer in their capacity as the lenders under the Proceeds Loan Agreement; and
- (c) a first-ranking charge or other security interest over certain of the bank accounts of the Debtor.

“Issue Date” means the date of issuance of the Notes offered hereunder;

“Lender Right” means any instruction, direction, rights or remedies which a Senior Secured Creditor (as defined in the Group Priority Agreement) is entitled to give or otherwise exercise under the Group Priority Agreement or under any other Debt Document (as defined in the Group Priority Agreement);

“Liabilities” means all present and future liabilities of the Debtors to the Senior Secured Creditors under the Debt Documents and present and future liabilities of members of the Proceeds Loan Group to the Debtors (in their

capacity as lenders under the Proceeds Loan Agreement) under the Proceeds Loan Agreement, in each case both actual and contingent and whether incurred solely or jointly in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations (i) any refinancing, novation, deferral or extension of that liability, (ii) any claim for misrepresentation or breach of warranty or undertaking or on an event of default or under any indemnity in connection with any document or agreement evidencing or constituting any other liability or obligation, (iii) any claim for damages or restitution, (iv) any claim resulting from any recovery by the Debtors or member of the Proceeds Loan Group (as applicable) on the grounds of preference or otherwise falling within this definition; and (v) any amount (such as post-insolvency interest) which would be included in any of the above but for its discharge, non-provability, enforceability or non-allowability in any insolvency or other proceedings;

“Note Covenant Agreement” means each covenant agreement between the applicable Debtor, the obligors under a Proceeds Loan and a Note Trustee pursuant to which the obligors under that Proceeds Loan agree to be bound by the covenants under the relevant Note Indenture;

“Note Creditor” means the Noteholders and each Note Trustee;

“Note Debt” means the Liabilities of the Debtors to the holders of the Notes and each Note Trustee under the Note Documents;

“Note Documents” means the Notes, each Note Indenture, each Note Covenant Agreement, the Shared Security Documents, the Proceeds Loan Agreement, the Senior Secured Collateral Sharing Agreement and all other documents evidencing the terms of the Notes, and any other agreement or document that may be entered into or executed pursuant thereto or in connection therewith evidencing Liabilities owed to any Note Creditor in connection with the issue of the Notes;

“Note Indenture” means:

- (a) the Original Note Indenture; and
- (b) any subsequent indenture between, amongst others, any Debtor, a Note Trustee and the Security Trustee governing the terms of issuance of any Notes;

“Note Trustee” means the Original Note Trustee and any additional note trustee who has acceded to the Senior Secured Collateral Sharing Agreement in accordance with the relevant provisions of the Senior Secured Collateral Sharing Agreement;

“Note Trustee Amounts” means all amounts incurred by and/or payable to any Note Trustee (or to be payable to any paying agent, custodian or other person appointed in accordance with the Note Documents and any VAT payable on such amounts, personally and for its own account, by way of fees, costs, charges, expenses (including legal and other professional advisors’ fees) or by way of indemnity and remuneration pursuant to any relevant Note Document including any costs incurred in defending or disputing any of the foregoing and including all taxes on the foregoing (but excluding (i) any payment in relation to any unpaid costs and expenses incurred in respect of any litigation by or on behalf of any Note Trustee or any Note Creditors against any of the other Senior Secured Creditors and (ii) any payment made directly or indirectly on or in respect of any amounts owing under any Notes Debt (other than those amounts which are Note Trustee Amounts) (including principal, interest, premium or any other amounts) to any of the Noteholders);

“Noteholders” means any holder of Notes under any Note Indenture;

“Notes” means the Original Notes and any other notes issued by the Debtors under any Note Indenture where the additional trustee has acceded to the Senior Secured Collateral Sharing Agreement in accordance with the relevant provisions of the Senior Secured Collateral Sharing Agreement;

“Original Note Indenture” means the indenture dated the Issue Date, between the B.V. Issuer, the Note Trustee and the Security Trustee governing the Original Notes;

“Original Notes” means the Notes offered hereunder and issued pursuant to the Original Note Indenture;

“*Pari Passu* Creditors” means the lenders or other creditors in respect of any *Pari Passu* Debt and the *Pari Passu* Debt Representative(s);

“*Pari Passu* Debt” means the Liabilities of the Debtors to the *Pari Passu* Creditors under the *Pari Passu* Debt Documents;

“*Pari Passu* Debt Covenant Agreement” means each covenant agreement between the applicable Debtor, the obligors under a Proceeds Loan and a *Pari Passu* Debt Representative pursuant to which the obligors under that Proceeds Loan agree to be bound by the covenants under the relevant *Pari Passu* Debt Document;

“*Pari Passu* Debt Documents” means each document or instrument entered into between any Debtor and a *Pari Passu* Creditor setting out the terms of any loan, credit or debt facility, notes, indenture or security which creates or evidences any *Pari Passu* Debt including the Shared Security Documents, the Senior Secured Collateral Sharing Agreement and each *Pari Passu* Debt Covenant Agreement;

“*Pari Passu* Debt Representative” means any entity acting as trustee or creditor representative for the *Pari Passu* Creditors under the *Pari Passu* Debt Documents where the trustee or creditor representative has acceded to the Senior Secured Collateral Sharing Agreement in accordance with the relevant provisions of the Senior Secured Collateral Sharing Agreement;

“*Pari Passu* Debt Representative Amounts” means fees and expenses owed by, and amounts owed by and/or payable by the Debtors to each *Pari Passu* Debt Representative under the *Pari Passu* Debt Documents including (i) any amounts payable to a *Pari Passu* Debt Representative personally by way of indemnity and/or remuneration pursuant to a *Pari Passu* Debt Document (including guarantees of such amounts contained therein) or any other document entered into in connection with the incurrence of *Pari Passu* Debt, (ii) compensation for and the fees and expenses of the collection by any *Pari Passu* Debt Representative of any amount payable to such *Pari Passu* Debt Representative for the benefit of the other *Pari Passu* Creditors; (iii) the costs of any actual or attempted security enforcement action (including the fees and expenses of the *Pari Passu* Debt Representative’s agents and counsel); and (iv) amounts to be payable to any paying agent, registrar or any agent, custodian or other person appointed in accordance with the *Pari Passu* Debt Documents by any *Pari Passu* Debt Representative in relation to the *Pari Passu* Debt and any VAT payable on such amount, provided that, for the avoidance of doubt, *Pari Passu* Debt Representative Amounts shall not include (i) any payment in relation to any unpaid costs and expenses incurred in respect of any litigation by or on behalf of any *Pari Passu* Debt Representative or any *Pari Passu* Creditor against any of the other Senior Secured Creditors and (ii) any payment made directly or indirectly on or in respect of any amounts owing in respect of the *Pari Passu* Debt (other than those amounts which are *Pari Passu* Debt Representative Amounts) (including principal, interest, premium or any other amounts) to any of the *Pari Passu* Creditors);

“Proceeds Loans” means the loans funded under the Proceeds Loan Agreement;

“Proceeds Loan Agreement” means (i) the proceeds loan agreement dated on or about the date of the release of the proceeds of the Notes from escrow between, amongst others, the Debtors as lenders, UPC Nederland B.V. and ABC as obligors;

“Proceeds Loan Group” means (i) ABC and its subsidiaries; (ii) UPC Nederland Holding II B.V. and its subsidiaries and (iii) any affiliate of ABC and UPC Nederland Holding II B.V. that becomes party to the Proceeds Loan Agreement as an obligor in accordance with the terms of the Debt Documents, and its subsidiaries.

“Proceeds Loan Lender Right” means any instruction, direction, rights or remedies which any Debtor in its capacity as a lender under the Proceeds Loan Agreement is entitled to give or otherwise exercise under the Proceeds Loan Agreement;

“Proceeds Loan Voting Request” means any request made to any Debtor in its capacity as a lender under the Proceeds Loan Agreement at any time for a consent, amendment, release, waiver, direction, instruction or any other vote under or in connection with the Proceeds Loan Agreement;

“Secured Obligations” means the Senior Secured Debt;

“Security” means the security created, evidenced or conferred by or pursuant to any of the Shared Security Documents;

“Senior Facilities Debt” means all present and future obligations and Liabilities (whether owed jointly or severally or in any other capacity whatsoever) of the Debtors to the lenders or other creditors in respect of any Senior Facilities Debt;

“Senior Secured Creditors” means all of the creditors of the Senior Secured Debt;

“Senior Secured Debt” means the Senior Facilities Debt, the Note Debt and the *Pari Passu* Debt;

“Shared Security Documents” means each Interest Pledge Agreement and any document or agreement designated as a Shared Security Document by the Debtors and the Security Trustee; and

“Underlying Creditor Instructing Group” means with respect to a Proceeds Loan, (i) which is the result of on-lending the proceeds of any Notes, the required holders of the Notes under the Note Documents relating to such Notes, (ii) which is the result of on-lending the proceeds of any financing under any *Pari Passu* Debt Documents, the required holders of the *Pari Passu* Debt under such *Pari Passu* Debt Documents and (iii) which is the result of on-lending the proceeds of any financing under the Facilities Agreement, the required holders of the Senior Facilities Debt under such Finance Documents; and

“Voting Request” means any request made to a Debtor in its capacity as a Senior Secured Creditor under (and as defined in) the Group Priority Agreement at any time for a consent, amendment, release, waiver, direction, instruction or any other vote under or in connection with the Group Priority Agreement.

### ***Ranking***

The Senior Secured Collateral Sharing Agreement provides, subject to certain provisions, that the Senior Facilities Debt, the Note Debt and the *Pari Passu* Debt will rank in right and priority of payment *pari passu* amongst themselves and the Shared Security Documents secure the Senior Facilities Debt, the Note Debt and the *Pari Passu* Debt owed to the Senior Secured Creditors *pari passu* amongst themselves.

### ***Enforcement***

At any time after an Accelerated Default has occurred and whilst it is continuing, the Security Trustee may enforce the Security and/or dispose of an asset which is the subject of the Security or the shares in or Liabilities or obligations of the Debtors and/or collect and receive payments or distributions which may be payable in relation to any Senior Secured Debt.

Pursuant to the terms of the Senior Secured Collateral Sharing Agreement, no Senior Secured Creditor has any independent power to enforce, or has recourse to, any Security except through the Security Trustee, and the Security Trustee shall enforce the Security if so instructed to do so by the Instructing Group (who may give or refrain from giving instructions to the Security Trustee to enforce or refrain from enforcing the Security as it sees fit). The Security Trustee is not obliged to enforce the Security if it has not received security and/or been indemnified to its satisfaction and each of the Senior Secured Creditors waives all rights to require that the Security is enforced in any particular order or manner or at any particular time or that any sum received or recovered from any person which is capable of being applied in or towards discharge of any of the Liabilities is so applied.

### ***Releases and Disposals of Security***

If, in connection with the enforcement of Security, the Security Trustee sells or otherwise disposes of any asset under the Shared Security Documents, the Security Trustee can release the Security created pursuant to the Shared Security Documents over the relevant asset and apply the proceeds in accordance with the “*Application of Proceeds*” section described below.

### ***Application of Proceeds***

All amounts from time to time received or recovered by the Security Trustee pursuant to the provisions of the Debt Documents or in connection with the realisation or enforcement of all of any part of the Security (the

“Recoveries”) will be applied at any time as the Security Trustee sees fit, and to the extent permitted by law, in the following order:

- first, in or towards payment *pari passu* (i) to the Security Trustee in respect of any amounts payable to it in its personal capacity (and all interest thereon as provided for in the relevant Debt Documents) and any receiver, attorney or agent under or in connection with the Senior Secured Collateral Sharing Agreement or the Shared Security Documents (including without limitation, in connection with the perfection, preservation or actual or attempted enforcement of the Security and any indemnity or remuneration, fees and other expenses or costs); (ii) to each Note Trustee in respect of Note Trustee Amounts; (iii) each *Pari Passu* Debt Representative in respect of *Pari Passu* Debt Representative Amounts and (iv) the Facility Agent in respect of Facility Agent Amounts;
- second, in payment or distribution on a pro rata basis and *pari passu* to each Note Trustee on behalf of the Noteholders under all Note Indentures, each *Pari Passu* Debt Representative on behalf of the *Pari Passu* Creditors and the Facility Agent on behalf of the finance parties under the Facilities Agreement under the *Pari Passu* Debt Documents for application towards the discharge of (i) the Note Debt owed to the Noteholders, (ii) the *Pari Passu* Debt owed to the *Pari Passu* Creditors and (iii) the Senior Facilities Debt owed to the finance parties under the Facilities Agreement; and
- third, the surplus, if any, in payment to the relevant Debtor.

The Senior Secured Collateral Sharing Agreement provides that, in certain circumstances, the Security Trustee can at its discretion hold any amount of the Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Trustee for so long as the Security Trustee shall think fit until otherwise directed by the Instructing Group (the interest being credited to the relevant account) for later application from time to time of those monies in the Security Trustee’s discretion.

#### ***Turnover of Proceeds***

The Senior Secured Collateral Sharing Agreement provides that, subject to certain provisions, if any Senior Secured Creditor receives or recovers the proceeds of any enforcement of Security, otherwise than in accordance with the “*Application of Proceeds*” section described above, subject to certain exceptions, such Senior Secured Creditor must promptly notify the Security Trustee and hold an amount of that receipt or recovery on trust for the Security Trustee and promptly pay that amount to the Security Trustee for application in accordance with the “*Application of Proceeds*” section described above. The Debtors are under a similar obligation to turn over any amounts received or recovered under the Proceeds Loan Agreement, following the acceleration of the Senior Secured Debt or any enforcement of the Security, or at any time under the Group Priority Agreement to the Security Trustee

#### ***Amendments and Waivers—Senior Secured Collateral Sharing Agreement***

Other than technical amendments or waivers made to or in relation to the Senior Secured Collateral Sharing Agreement: (i) to correct any manifest error or typographical error; (ii) to resolve ambiguities or inconsistencies or to effect changes of a minor, technical, operational or administrative nature, or, (iii) for the purposes of addressing technical issues arising under local law and in connection with the Security, which in each case may be agreed in writing between the Security Trustee and the Debtors, the Senior Secured Collateral Sharing Agreement may, subject to certain exceptions, only be amended or waived with the written agreement of the Facility Agent, the Note Trustee and *Pari Passu* Debt Representative acting in accordance with the required consent of each of the applicable Senior Secured Creditors under the applicable Debt Documents.

To the extent an amendment, waiver or consent affects only one tranche of Debt and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the Senior Secured Creditors of the other tranches of Debt, only written agreement from the representative of that tranche of Senior Secured Debt is required in each case, acting in accordance with the required consent of the applicable Senior Secured Creditors under the applicable Debt Documents.

### ***Amendments and Waivers—Shared Security Documents***

Any provision of a Shared Security Document may be amended or waived by the written agreement of the Debtors and the Security Trustee (acting in accordance with the provisions of the Senior Secured Collateral Sharing Agreement and the relevant Shared Security Documents).

### ***Additional Senior Secured Debt***

The Debtors may borrow additional loans and/or issue new note debt at any time without the prior consent of any other Senior Secured Creditor, provided that, in each case, the incurrence of such Senior Facilities Debt, Note Debt and *Pari Passu* Debt is permitted or not prohibited under the Debt Documents existing at the time of such issue, and (subject to certain accession requirements), once incurred, any such new Senior Facilities Debt, Note Debt and new *Pari Passu* Debt shall be treated as Senior Secured Debt for the purposes of the Senior Secured Collateral Sharing Agreement.

### ***Group Priority Agreement***

In relation to any Voting Request or in respect of any Lender Right which any Debtor becomes entitled to exercise, such Debtor will cast its vote in respect of such Voting Request or exercise its right in respect of such Lender Right in accordance with the instructions of the Instructing Group provided that (other than with respect to certain specified Voting Requests including relating to the direction or instruction to the security agent under the Group Priority Agreement in relation to any enforcement action thereunder) to the extent a corresponding request is not required to be submitted to the relevant Senior Secured Creditors pursuant to the terms of any Debt Documents applicable to a specific tranche of Debt, the Secured Obligations of such tranche shall be deemed to be zero for the purposes of calculating the Instructing Group.

### ***Proceeds Loan Agreement***

In relation to any Proceeds Loan Voting Request or in respect of any Proceeds Loan Lender Right which any Debtor becomes entitled to exercise, such Debtor will cast its vote or otherwise exercise such right in accordance with the terms of the Proceeds Loan Agreement and, if the consent or instructions of any Underlying Creditor Instructing Group are required pursuant to the terms of the relevant Debt Documents (i) in the case of Proceeds Loan Lender Right, in accordance with the instructions of the relevant Underlying Creditor Instructing Group, (ii) where such Proceeds Loan Voting Request relates to a particular Proceeds Loan, in accordance with the instructions of the relevant Underlying Creditor Instructing Group and (iii) where such Proceeds Loan Agreement Voting Request relates to the common terms of the Proceeds Loans Agreement, in accordance with the instructions of each Underlying Creditor Instructing Group.

### ***Equalization***

If, for any reason, any Senior Secured Debt remains unpaid after the first date on which certain specified enforcement action is taken and the resulting losses are not borne by the Senior Secured Creditors in the proportions which their respective exposures at that date bore to the aggregate exposures of all the Senior Secured Creditors at such date, the Senior Secured Creditors (subject to certain terms) will make such payments amongst themselves as the Security Trustee shall require to put the Senior Secured Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

### ***The Senior Collateral Sharing Agreement***

To establish the relative rights of the Senior Creditors (as defined below), Ziggo Bond Finance B.V. (the “B.V. Issuer” and the “Debtor”) will enter into a collateral sharing agreement (the “Senior Collateral Sharing Agreement”) with, amongst others:

- Stichting Eldfell (the “Parent”);
- Deutsche Trustee Company Limited in its capacity as security trustee under the Senior Collateral Sharing Agreement (the “Security Trustee”); and
- Deutsche Trustee Company Limited in its capacity as trustee under the Original Note Indenture (the “Original Note Trustee”) on its behalf and on behalf of the holders of the Notes.

The Senior Collateral Sharing Agreement regulates the rights, title and interest of the Senior Creditors in respect of the Shared Security Documents (as defined below) and sets out, among other things, the relative ranking of certain debt of the Debtor, the consent levels of Senior Creditors required in order to cast their votes and exercise their rights in respect of consents, instructions, rights and remedies under the Proceeds Loan Agreement and the Holdco Priority Agreement, when enforcement action can be taken in respect of the Shared Security Documents by the Security Trustee and the turnover provisions.

The following description is a summary of certain provisions, among others, that are contained in the Senior Collateral Sharing Agreement and which relate to the rights and obligations of the Debtor and the Senior Creditors.

### ***Certain Definitions***

“Accelerated Default” means (i) any enforcement action taken or made under or in respect of any Note Document or under any corresponding Proceeds Loan or (ii) any enforcement action taken or made under or in respect of any Pari Passu Debt Document or under any corresponding Proceeds Loan;

“Debt Document” means the Note Documents and the Pari Passu Debt Documents;

“Holdco Priority Agreement” means the priority agreement originally dated 27 January 2014 as amended and restated on 20 February 2014 and as further amended and restated on 4 July 2014 made between, amongst others, Ziggo Bond Company B.V. as parent, Zesko B.V. as security grantor and Deutsche Trustee Company Limited, as security agent;

“Instructing Group” means, at any time, those Senior Creditors (other than any Senior Creditor who, pursuant to the Debt Documents in effect at such time, is not entitled to vote) representing Secured Obligations which constitute at that time in aggregate more than 50% of the Secured Obligations;

“Interest Pledge Agreement” means:

- (a) the Dutch law share pledge agreement dated on or about the date of the Senior Collateral Sharing Agreement between the Parent, the B.V. Issuer and the Security Trustee creating Security over the shares in the B.V. Issuer;
- (b) an English law governed assignment agreement dated on or about the date of the Senior Collateral Sharing Agreement between the Debtor as security provider and the Security Trustee in relation to the rights of the Debtor in its capacity as the lender under the Proceeds Loan Agreement; and
- (c) a first-ranking charge or other security interest over certain of the bank accounts of the Debtor.

“Issue Date” means the date of issuance of the Notes offered hereunder;

“Lender Right” means any instruction, direction, rights or remedies which a Pari Passu Creditor (as defined in the Holdco Priority Agreement) is entitled to give or otherwise exercise under the Holdco Priority Agreement or under any other Holdco Debt Document (as defined in the Holdco Priority Agreement);

“Liabilities” means all present and future liabilities of the Debtor to the Senior Creditors under the Debt Documents and present and future liabilities of members of the Proceeds Loan Group to the Debtor (in its capacity as a lender under the Proceeds Loan Agreement) under the Proceeds Loan Agreement, in each case both actual and contingent and whether incurred solely or jointly in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations (i) any refinancing, novation, deferral or extension of that liability, (ii) any claim for misrepresentation or breach of warranty or undertaking or on an event of default or under any indemnity in connection with any document or agreement evidencing or constituting any other liability or obligation, (iii) any claim for damages or restitution, (iv) any claim resulting from any recovery by the Debtor or member of the Proceeds Loan Group (as applicable) on the grounds of preference or otherwise falling within this definition; and (v) any amount (such as post-insolvency interest) which would be included in any of the above but for its discharge, non-provability, enforceability or non-allowability in any insolvency or other proceedings;

“Note Covenant Agreement” means each covenant agreement between the Debtor, the obligors under a Proceeds Loan and a Note Trustee pursuant to which the obligors under that Proceeds Loan agree to be bound by the covenants under the relevant Note Indenture;

“Note Creditor” means the Noteholders and each Note Trustee;

“Note Debt” means the Liabilities of the Debtor to the holders of the Notes and each Note Trustee under the Note Documents;

“Note Documents” means the Notes, each Note Indenture, each Note Covenant Agreement, the Shared Security Documents, the Proceeds Loan Agreement, the Senior Collateral Sharing Agreement and all other documents evidencing the terms of the Notes, and any other agreement or document that may be entered into or executed pursuant thereto or in connection therewith evidencing Liabilities owed to any Note Creditor in connection with the issue of the Notes;

“Note Indenture” means:

- (a) the Original Note Indenture; and
- (b) any subsequent indenture between, amongst others, the Debtor, a Note Trustee and the Security Trustee governing the terms of issuance of any Notes;

“Note Trustee” means the Original Note Trustee and any additional note trustee who has acceded to the Senior Collateral Sharing Agreement in accordance with the relevant provisions of the Senior Collateral Sharing Agreement;

“Note Trustee Amounts” means all amounts incurred by and/or payable to any Note Trustee (or to be payable to any paying agent, custodian or other person appointed in accordance with the Note Documents and any VAT payable on such amounts, personally and for its own account, by way of fees, costs, charges, expenses (including legal and other professional advisors’ fees) or by way of indemnity and remuneration pursuant to any relevant Note Document including any costs incurred in defending or disputing any of the foregoing and including all taxes on the foregoing (but excluding (i) any payment in relation to any unpaid costs and expenses incurred in respect of any litigation by or on behalf of any Note Trustee or any Note Creditors against any of the other Senior Creditors and (ii) any payment made directly or indirectly on or in respect of any amounts owing under any Notes Debt (other than those amounts which are Note Trustee Amounts) (including principal, interest, premium or any other amounts) to any of the Noteholders);

“Noteholders” means any holder of Notes under any Note Indenture;

“Notes” means the Original Notes and any other notes issued by the Debtor under any Note Indenture where the additional trustee has acceded to the Senior Collateral Sharing Agreement in accordance with the relevant provisions of the Senior Collateral Sharing Agreement;

“Original Note Indenture” means the indenture dated the Issue Date, between the B.V. Issuer, the Note Trustee and the Security Trustee governing the Original Notes;

“Original Notes” means the Notes offered hereunder and issued pursuant to the Original Note Indenture;

“Pari Passu Creditors” means the lenders or other creditors in respect of any Pari Passu Debt and the Pari Passu Debt Representative(s);

“Pari Passu Debt” means the Liabilities of the Debtor to the Pari Passu Creditors under the Pari Passu Debt Documents;

“Pari Passu Debt Covenant Agreement” means each covenant agreement between the Debtor, the obligors under a Proceeds Loan and a Pari Passu Debt Representative pursuant to which the obligors under that Proceeds Loan agree to be bound by the covenants under the relevant Pari Passu Debt Document;

“Pari Passu Debt Documents” means each document or instrument entered into between the Debtor and a Pari Passu Creditor setting out the terms of any loan, credit or debt facility, notes, indenture or security which creates or evidences any Pari Passu Debt including the Shared Security Documents, the Senior Collateral Sharing Agreement and each Pari Passu Debt Covenant Agreement;

“Pari Passu Debt Representative” means any entity acting as trustee or creditor representative for the Pari Passu Creditors under the Pari Passu Debt Documents where the trustee or creditor representative has acceded to the Senior Collateral Sharing Agreement in accordance with the relevant provisions of the Senior Collateral Sharing Agreement;

“Pari Passu Debt Representative Amounts” means fees and expenses owed by, and amounts owed by and/or payable by the Debtor to each Pari Passu Debt Representative under the Pari Passu Debt Documents including (i) any amounts payable to a Pari Passu Debt Representative personally by way of indemnity and/or remuneration pursuant to a Pari Passu Debt Document (including guarantees of such amounts contained therein) or any other document entered into in connection with the incurrence of Pari Passu Debt, (ii) compensation for and the fees and expenses of the collection by any Pari Passu Debt Representative of any amount payable to such Pari Passu Debt Representative for the benefit of the other Pari Passu Creditors; (iii) the costs of any actual or attempted security enforcement action (including the fees and expenses of the Pari Passu Debt Representative’s agents and counsel); and (iv) amounts to be payable to any paying agent, registrar or any agent, custodian or other person appointed in accordance with the Pari Passu Debt Documents by any Pari Passu Debt Representative in relation to the Pari Passu Debt and any VAT payable on such amount, provided that, for the avoidance of doubt, Pari Passu Debt Representative Amounts shall not include (i) any payment in relation to any unpaid costs and expenses incurred in respect of any litigation by or on behalf of any Pari Passu Debt Representative or any Pari Passu Creditor against any of the other Senior Creditors and (ii) any payment made directly or indirectly on or in respect of any amounts owing in respect of the Pari Passu Debt (other than those amounts which are Pari Passu Debt Representative Amounts) (including principal, interest, premium or any other amounts) to any of the Pari Passu Creditors);

“Proceeds Loans” means the loans funded under the Proceeds Loan Agreement;

“Proceeds Loan Agreement” means the proceeds loan agreement dated on or about the date of release of the proceeds of the Notes from escrow between, amongst others, the Debtor as lender and UPC Nederland Holding I B.V. and Ziggo Bond Company B.V. as obligors;

“Proceeds Loan Group” means (i) Ziggo Bond Company B.V. and its subsidiaries, (ii) UPC Nederland Holding I B.V. and its subsidiaries and (iii) any affiliate of Ziggo Bond Company BV and UPC Nederland Holding I B.V. that becomes party to the Proceeds Loan Agreement as an obligor in accordance with the terms of the Debt Documents, and its subsidiaries;

“Proceeds Loan Lender Right” means any instruction, direction, rights or remedies which the Debtor in its capacity as a lender under the Proceeds Loan Agreement is entitled to give or otherwise exercise under the Proceeds Loan Agreement;

“Proceeds Loan Voting Request” means any request made to the Debtor in its capacity as a lender under the Proceeds Loan Agreement at any time for a consent, amendment, release, waiver, direction, instruction or any other vote under or in connection with the Proceeds Loan Agreement;

“Secured Obligations” means the Senior Debt;

“Security” means the security created, evidenced or conferred by or pursuant to any of the Shared Security Documents;

“Senior Creditors” means all of the creditors of the Senior Debt;

“Senior Debt” means the Note Debt and the Pari Passu Debt;

“Shared Security Documents” means each Interest Pledge Agreement and any document or agreement designated as a Shared Security Document by the Debtor and the Security Trustee; and

“Underlying Creditor Instructing Group” means with respect to a Proceeds Loan, (i) which is the result of on-lending the proceeds of any Notes, the required holders of the Notes under the Note Documents relating to such Notes and (ii) which is the result of on-lending the proceeds of any financing under any Pari Passu Debt Documents, the required holders of the Pari Passu Debt under such Pari Passu Debt Documents; and

“Voting Request” means any request made to the Debtor in its capacity as a Pari Passu Creditor under (and as defined in) the Holdco Priority Agreement at any time for a consent, amendment, release, waiver, direction, instruction or any other vote under or in connection with the Holdco Priority Agreement.

### ***Ranking***

The Senior Collateral Sharing Agreement provides, subject to certain provisions, that the Note Debt and the Pari Passu Debt will rank in right and priority of payment *pari passu* amongst themselves and the Shared Security Documents secure the Note Debt and the Pari Passu Debt owed to the Senior Creditors *pari passu* amongst themselves.

### ***Enforcement***

At any time after an Accelerated Default has occurred and whilst it is continuing, the Security Trustee may enforce the Security and/or dispose of an asset which is the subject of the Security or the shares in or Liabilities or obligations of the Debtor and/or collect and receive payments or distributions which may be payable in relation to any Senior Debt.

Pursuant to the terms of the Senior Collateral Sharing Agreement, no Senior Creditor has any independent power to enforce, or has recourse to, any Security except through the Security Trustee, and the Security Trustee shall enforce the Security if so instructed to do so by the Instructing Group (who may give or refrain from giving instructions to the Security Trustee to enforce or refrain from enforcing the Security as it sees fit). The Security Trustee is not obliged to enforce the Security if it has not received security and/or been indemnified to its satisfaction and each of the Senior Creditors waives all rights to require that the Security is enforced in any particular order or manner or at any particular time or that any sum received or recovered from any person which is capable of being applied in or towards discharge of any of the Liabilities is so applied.

### ***Releases and Disposals of Security***

If, in connection with the enforcement of Security, the Security Trustee sells or otherwise disposes of any asset under the Shared Security Documents, the Security Trustee can release the Security created pursuant to the Shared Security Documents over the relevant asset and apply the proceeds in accordance with the “*Application of Proceeds*” section described below.

### ***Application of Proceeds***

All amounts from time to time received or recovered by the Security Trustee pursuant to the provisions of the Debt Documents or in connection with the realisation or enforcement of all of any part of the Security (the “Recoveries”) will be applied at any time as the Security Trustee sees fit, and to the extent permitted by law, in the following order:

- first, in or towards payment *pari passu* (i) to the Security Trustee in respect of any amounts payable to it in its personal capacity (and all interest thereon as provided for in the relevant Debt Documents) and any receiver, attorney or agent under or in connection with the Senior Collateral Sharing Agreement or the Shared Security Documents (including without limitation, in connection with the perfection, preservation or actual or attempted enforcement of the Security and any indemnity or remuneration, fees and other expenses or costs); (ii) to each Note Trustee in respect of Note Trustee Amounts and (iii) each Pari Passu Debt Representative in respect of Pari Passu Debt Representative Amounts;
- second, in payment or distribution on a pro rata basis and *pari passu* to each Note Trustee on behalf of the Noteholders under all Note Indentures and each Pari Passu Debt Representative on behalf of the Pari Passu Creditors under the Pari Passu Debt Documents for application towards the discharge of (i) the Note Debt owed to the Noteholders and (ii) the Pari Passu Debt owed to the Pari Passu Creditors; and
- third, the surplus, if any, in payment to the Debtor.

The Senior Collateral Sharing Agreement provides that, in certain circumstances, the Security Trustee can at its discretion hold any amount of the Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Trustee for so long as the Security Trustee shall think fit until otherwise directed by the

Instructing Group (the interest being credited to the relevant account) for later application from time to time of those monies in the Security Trustee's discretion.

### ***Turnover of Proceeds***

The Senior Collateral Sharing Agreement provides that, subject to certain provisions, if any Senior Creditor receives or recovers the proceeds of any enforcement of Security, otherwise than in accordance with the "Application of Proceeds" section described above, subject to certain exceptions, such Senior Creditor must promptly notify the Security Trustee and hold an amount of that receipt or recovery on trust for the Security Trustee and promptly pay that amount to the Security Trustee for application in accordance with the "Application of Proceeds" section described above. The Debtor is under a similar obligation to turn over any amounts received or recovered under the Proceeds Loan Agreement, following the acceleration of the Senior Debt or any enforcement of the Security, or at any time under the Holdco Priority Agreement to the Security Trustee.

### ***Amendments and Waivers—Senior Collateral Sharing Agreement***

Other than technical amendments or waivers made to or in relation to the Senior Collateral Sharing Agreement: (i) to correct any manifest error or typographical error; (ii) to resolve ambiguities or inconsistencies or to effect changes of a minor, technical, operational or administrative nature, or, (iii) for the purposes of addressing technical issues arising under local law and in connection with the Security, which in each case may be agreed in writing between the Security Trustee and the Debtor, the Senior Collateral Sharing Agreement may, subject to certain exceptions, only be amended or waived with the written agreement of the Note Trustee and Pari Passu Debt Representative acting in accordance with the required consent of each of the applicable Senior Creditors under the applicable Debt Documents.

To the extent an amendment, waiver or consent affects only one tranche of Debt and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the Senior Creditors of the other tranches of Debt, only written agreement from the representative of that tranche of Senior Debt is required in each case, acting in accordance with the required consent of the applicable Senior Creditors under the applicable Debt Documents.

### ***Amendments and Waivers—Shared Security Documents***

Any provision of a Shared Security Document may be amended or waived by the written agreement of the Debtor and the Security Trustee (acting in accordance with the provisions of the Senior Collateral Sharing Agreement and the relevant Shared Security Documents).

### ***Additional Senior Debt***

The Debtor may borrow additional loans and/or issue new note debt at any time without the prior consent of any other Senior Creditor, provided that, in each case, the incurrence of such Note Debt and Pari Passu Debt is permitted or not prohibited under the Debt Documents existing at the time of such issue, and (subject to certain accession requirements), once incurred, any such new Note Debt and new Pari Passu Debt shall be treated as Senior Debt for the purposes of the Senior Collateral Sharing Agreement.

### ***Holdco Priority Agreement***

In relation to any Voting Request or in respect of any Lender Right which the Debtor becomes entitled to exercise, the Debtor will cast its vote in respect of such Voting Request or exercise its right in respect of such Lender Right in accordance with the instructions of the Instructing Group provided that (other than with respect to certain specified Voting Requests including relating to the direction or instruction to the security agent under the Holdco Priority Agreement in relation to any enforcement action thereunder) to the extent a corresponding request is not required to be submitted to the relevant Senior Creditors pursuant to the terms of any Debt Documents applicable to a specific tranche of Debt, the Secured Obligations of such tranche shall be deemed to be zero for the purposes of calculating the Instructing Group.

### ***Proceeds Loan Agreement***

In relation to any Proceeds Loan Voting Request or in respect of any Proceeds Loan Lender Right which the Debtor becomes entitled to exercise, the Debtor will cast its vote or otherwise exercise such right in accordance with the terms of the Proceeds Loan Agreement and, if the consent or instructions of any Underlying Creditor Instructing Group are required pursuant to the terms of the relevant Debt Documents (i) in the case of Proceeds Loan Lender Right, in accordance with the instructions of the relevant Underlying Creditor Instructing Group, (ii) where such Proceeds Loan Voting Request relates to a particular Proceeds Loan, in accordance with the instructions of the relevant Underlying Creditor Instructing Group and (iii) where such Proceeds Loan Agreement Voting Request relates to the common terms of the Proceeds Loans Agreement, in accordance with the instructions of each Underlying Creditor Instructing Group.

### ***Equalization***

If, for any reason, any Senior Debt remains unpaid after the first date on which certain specified enforcement action is taken and the resulting losses are not borne by the Senior Creditors in the proportions which their respective exposures at that date bore to the aggregate exposures of all the Senior Creditors at such date, the Senior Creditors (subject to certain terms) will make such payments amongst themselves as the Security Trustee shall require to put the Senior Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

## DESCRIPTION OF THE NOTES

Ziggo Secured Finance B.V. (the “Issuer”) will issue the Notes (as defined below) under an indenture (the “Indenture”) to be dated as of the Issue Date, between, among others, the Issuer and Deutsche Trustee Company Limited, as trustee (the “Trustee”) and Deutsche Trustee Company Limited, as security trustee (the “Security Trustee”). The Indenture will not be qualified under, incorporate provisions by reference to, or be subject to, the U.S. Trust Indenture Act of 1939, as amended. Contemporaneously with the execution of the Indenture, Amsterdamse Beheer- en Consultingmaatschappij B.V. (the “Company”), UPC Nederland Holding II B.V. (“UPC NL Holdco II”) and the other Proceeds Loan Obligor (as defined under “—*Certain Definitions*”) will enter into the Covenant Agreement (as defined under “—*Certain Definitions*”) with the Issuer and the Trustee whereby they will agree to be bound to comply with the terms of the Indenture that are applicable to them, as described in this “Description of the Notes”. For more information regarding the Covenant Agreement, see “—*Covenant Agreement*”.

You will find the definitions of capitalized terms used in this Description of the Notes under the heading “—*Certain Definitions*”. For purposes of this description:

- (1) the term “Issuer” refers only to Ziggo Secured Finance B.V. and its successors and not to any of its Subsidiaries;
- (2) the term “Senior Notes Issuer” refers only to Ziggo Bond Finance B.V. and its successors and not to any of its Subsidiaries;
- (3) the term “SPV Parent” refers to STICHTING Eldfell, a foundation (*stichting*) established under the laws of The Netherlands and the direct Parent of the Senior Notes Issuer;
- (4) the term “Company” refers only to Amsterdamse Beheer- en Consultingmaatschappij B.V. and its successors and not to any of its Subsidiaries;
- (5) the term “UPC NL Holdco II” refers only to UPC Nederland Holding II B.V. and its successors and not to any of its Subsidiaries;
- (6) the term “UPC NL Holdco III” refers only to UPC Nederland Holding III B.V. and its successors and not to any of its Subsidiaries; and
- (7) the term “Ziggo BV” refers only to Ziggo B.V. and its successors and not to any of its Subsidiaries.

Pending consummation of the Reorganization Transactions, the Initial Purchasers will deposit the net proceeds of this offering of the Notes into an escrow account (the “Escrow Account”) pursuant to the terms of a senior secured notes escrow agreement (the “Escrow Agreement”) between the Trustee and Deutsche Bank AG, London Branch, as escrow agent (the “Escrow Agent”). The Escrow Agreement, including the conditions to the release of the Escrowed Property (as defined below), is more fully described below under “—*General—Escrow of Proceeds; Special Mandatory Redemption—Escrow of Proceeds*.” In the event the Reorganization Transactions are not consummated on or before July 31, 2015 (the “Longstop Date”) (or upon the occurrence of certain other events), the Notes will be redeemed at a redemption price equal to 100% of the aggregate initial issue price of the Notes plus accrued and unpaid interest and Additional Amounts (as defined below), if any, from the Issue Date. See “—*General—Escrow of Proceeds; Special Mandatory Redemption—Special Mandatory Redemption*.”

The Issuer is an independent special purpose financing company formed for the purpose of issuing the Notes (including any Additional Notes) and any other Additional Debt permitted to be incurred or issued under the Indenture. All of the Issuer’s issued shares are held by the Senior Notes Issuer, which is an independent special purpose financing company formed for the purpose of issuing the Senior Notes. All of the Senior Notes Issuer’s issued shares are held by the SPV Parent. The Issuer has no material business operations and upon completion of this offering will have no material assets other than the interests in Ziggo Secured Finance Partnership (the “US SPV Partnership”), Ziggo Secured Finance II B.V. (the “SPV General Partner”) and, after the Escrow Release Date (as defined below), its rights under the Proceeds Loans. As a result, the Issuer will be wholly dependent on payments by the relevant Proceeds Loan Borrower pursuant to the Proceeds Loans to provide the funds necessary to make the required payments of principal of, and interest on the Notes, plus any premium or Additional Amounts, if any. Any costs (including taxes) incurred by the Issuer in relation to the Offering will be on-charged to the Proceeds Loan Obligor pursuant to the Expenses Agreement between the Issuer, the Company and UPC NL Holdco II. The Issuer will file U.S. Internal Revenue Service Form 8832, electing to be treated as an entity disregarded from its sole owner

for U.S. Federal tax purposes, to be effective on or prior to the issuance of the Notes and will take any action reasonably necessary to maintain its status as a disregarded entity for U.S. Federal tax purposes.

The Indenture will be unlimited in aggregate principal amount, but the aggregate principal amount of Notes issued in this offering is limited to €800,000,000 aggregate principal amount of senior secured notes due 2025 (the “Notes”). Thereafter, the Issuer may issue an unlimited amount of additional notes having identical terms and conditions to the Notes (the “Additional Notes”). The Issuer will only be permitted to issue such Additional Notes if, at the time of such issuance, the Issuer and the Proceeds Loan Obligors are in compliance with the covenants contained in the Indenture and the Covenant Agreement, as applicable. Any Additional Notes will be part of the same issue as the Notes and will vote on all matters with the holders of the Notes. Unless expressly stated otherwise, in this Description of the Notes, references to the Notes include any Additional Notes.

On the Escrow Release Date, the Issuer will loan the proceeds from the sale of the Notes to UPC NL Holdco III and/or Ziggo BV (each, a “Proceeds Loan Borrower” and, together, the “Proceeds Loan Borrowers”) as one or more proceeds loans denominated in euro (the “Proceeds Loans”), in each case, pursuant to a proceeds loan agreement to be dated on or about the Escrow Release Date, between the Issuer, UPC NL Holdco III, Ziggo BV, the US SPV Partnership, the SPV General Partner, the other Proceeds Loan Guarantors and the Security Agent (the “Proceeds Loan Agreement”). The obligations of UPC NL Holdco III and Ziggo BV, as applicable, under the Proceeds Loans will be guaranteed by all of the other Proceeds Loan Obligors and secured by the Proceeds Loan Collateral (as defined under “—*Proceeds Loans—Proceeds Loan Collateral*”). See “—*Proceeds Loans—Proceeds Loan Guarantees*” and “—*Proceeds Loans—Proceeds Loan Collateral*”.

The Indenture will provide that, in the event that the Ziggo Group Combination occurs, a Proceeds Loan Borrower may, at its sole option and in its sole discretion, instruct the Issuer to assign (or otherwise transfer) its obligations under the Notes to the Fold-In Issuer, at which time the terms and conditions of the Notes, including the covenants, will be automatically modified as set out elsewhere in this Offering Memorandum under “*Description of the Fold-In Notes*”. See “—*Certain Covenants—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*” and “*Description of the Fold-In Notes*”.

Application has been made to the Irish Stock Exchange for the Notes to be admitted to listing and trading on its Global Exchange Market (the “GEM”).

The following description is a summary of the material provisions of the Indenture, the Notes, the Note Security Documents (as defined under “—*Ranking of the Notes, Note Guarantees and Note Collateral—Note Collateral—Note Security Documents*”) and certain other agreements relating to the Notes and the Proceeds Loans, as in effect prior to the Ziggo Group Combination and the Ziggo Group Assumption. This description does not restate those agreements in their entirety. We urge you to read “*Description of the Fold-In Notes*” for a description of the material provisions of those agreements as in effect following the Ziggo Group Combination and the Ziggo Group Assumption, and also urge you to read the Indenture, the Notes, the Note Security Documents and those other agreements because they, and not the description in this Offering Memorandum, define your rights as holders of the Notes. Copies of the Indenture, the form of Note, the Note Security Documents, the Proceeds Loan Agreement, the Covenant Agreement, the Collateral Sharing Agreement, the Proceeds Loan Collateral Documents and the Priority Agreement are available as set forth below under “*Listing and General Information*”.

## **General**

### ***The Notes***

The Notes will mature on January 15, 2025 and will initially be guaranteed by the Guarantors (as defined below) and secured as described below under “—*Ranking of the Notes, Note Guarantees and Note Collateral*”.

The Issuer will issue the Notes in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

### ***Interest***

Interest on the Notes will accrue at the rate of 3.750% per annum and will be payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2015. Interest on the Notes will accrue from the date of original issuance of the Notes. The Issuer will make each interest payment for so long as the notes are Global Notes to the

holders of record of the Notes at the close of business (in the relevant clearing system) on the Clearing System Business Day immediately before the due date for such payment, where “Clearing System Business Day” means a day on which each clearing system for which the Global Note is being held is open for business, or to the extent Definitive Registered Notes have been issued, to the holders of record of the Notes on the immediately preceding January 1 and July 1. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

### ***Payments on the Notes***

Principal, premium, if any, interest, and Additional Amounts (as defined under “—*Withholding Taxes*”), if any, on the Global Notes (as defined under “—*Transfer and Exchange*”) will be payable and the Global Notes may be exchanged or transferred, at the corporate trust office or agency of the Paying Agent provided that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the holders of the Notes as such address appears in the Note register. Payments on the Global Notes (as defined under “—*Transfer and Exchange*”) will be made to the order of the common depository or its nominee as the registered holder of the Global Notes. The rights of holders to receive any payment in respect of any Global Notes are subject to applicable procedures of Euroclear and Clearstream (in each case as defined under—*Transfer and Exchange*). The Issuer will pay interest on the Notes to persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender their Notes to the Paying Agent to collect principal payments.

Principal, premium, if any, interest, and Additional Amounts, if any, on the Notes issued in certificated non-global form (“Definitive Registered Notes”) will be payable at the corporate trust office or agency of the Paying Agent, except that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the holders of Definitive Registered Notes as such address appears in the register for Definitive Registered Notes. The Issuer will pay interest on Definitive Registered Notes to Persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender their Definitive Registered Notes to a Paying Agent to collect principal payments.

If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the holders thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

### ***Paying Agent and Registrar***

The Issuer will maintain one or more paying agents (each, a “Paying Agent”) for the Notes. Deutsche Bank AG, London Branch in London, will initially act as Paying Agent for the Notes.

The Issuer will also maintain one or more registrars (each, a “Registrar”) for so long as the Notes are listed and admitted to trading on the GEM of the Irish Stock Exchange and the rules of the Irish Stock Exchange so require. The Issuer will also maintain a transfer agent. The initial Registrar for the Notes will be Deutsche Bank Luxembourg S.A. in Luxembourg. The initial transfer agent for the Notes will be Deutsche Bank Luxembourg S.A.. The Registrar will maintain a register on behalf of the Issuer for so long as the Notes remain outstanding reflecting ownership of Registered Notes outstanding from time to time. The Paying Agent will make payments on, and the transfer agents will facilitate transfer of, Registered Notes on behalf of the Issuer. In the event that the Notes are no longer listed, the Issuer or its agent will maintain a register reflecting ownership of the Notes.

The Issuer may change a Paying Agent, Registrar or transfer agent for the Notes without prior notice to the holders of Notes, and the Issuer may act as Paying Agent, Registrar or transfer agent for the Notes. In the event that a Paying Agent, Registrar or transfer agent is replaced, the Issuer will provide notice thereof in accordance with the procedures described under “*Notices*.”

In addition, the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the European Council of Economics and Finance Ministers (“ECOFIN”) meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

## ***Escrow of Proceeds; Special Mandatory Redemption***

### ***Escrow of Proceeds***

Concurrently with the closing of the offering of the Notes on the Issue Date, the Issuer will enter into the Escrow Agreement with the Trustee and the Escrow Agent, pursuant to which the Initial Purchasers will deposit with the Escrow Agent an amount equal to the net proceeds of the offering of the Notes sold on the Issue Date. Prior to the release of such proceeds from the Escrow Account, such funds will be invested in certain permitted investments including in cash and/or any highly-rated stable net asset value money market fund. The initial funds deposited in the Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Account are referred to as the “Escrowed Property.”

In order to cause the Escrow Agent to release the Escrowed Property (the “Escrow Release”) to the Issuer or its nominee, the Escrow Agent shall have received from the Issuer, on or prior to the date of such release (the “Escrow Release Date”) at a time that is on or before the Longstop Date, an Officer’s Certificate to the effect that:

- (1) the Reorganization Transactions have been or will be consummated within three Business Days following the Escrow Release Date, on substantially the same terms as described in the Offering Memorandum under the heading “*Summary—The Transactions*”;
- (2) those documents, legal opinions and certificates attached as exhibits to the Escrow Agreement that are required to be delivered on the Escrow Release Date have been delivered in accordance with the terms of the Escrow Agreement;
- (3) no Default or Event of Default has occurred and is continuing with respect to any matter set forth in clauses (1) or (2) of the definition of Event of Default.

The Escrow Release shall occur promptly upon the satisfaction of the conditions set forth above. By accepting a Note, each holder will be deemed to have agreed to be bound by the terms of the Escrow Agreement and irrevocably authorized and directed the Trustee and Escrow Agent to take all the actions set forth in the Escrow Agreement without the need for further direction from them under the Indenture.

### ***Special Mandatory Redemption***

Upon the earliest of (i) the date on which there first occurs a repudiation by the Issuer of any of its obligations under the Escrow Agreement or the unenforceability of the Escrow Agreement against the Issuer or any of its other creditors for any reason, (ii) the date on which any conditions to the Escrow Release could not reasonably be deemed to be capable of being satisfied and (iii) if the Reorganization Transactions have not been completed on or before the Longstop Date (such date, the “Escrow Termination Date”), the Issuer will redeem all of the Notes (the “Special Mandatory Redemption”) at a redemption price equal to 100% of the principal amount of the Notes plus accrued but unpaid interest (or issue price plus accreted original issue discount and accrued but unpaid interest, if applicable) and Additional Amounts, if any, to the date of the Special Mandatory Redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Notice of the Special Mandatory Redemption will be mailed or delivered by the Issuer, no later than the second Business Day following the Escrow Termination Date, to the Trustee (with an instruction to the Trustee to deliver the same to each holder of the Notes) and the Escrow Agent, and will provide that the Notes shall be redeemed on a date that is no later than the fifth Business Day after such notice is mailed or delivered (the “Special Mandatory Redemption Date”). On the Special Mandatory Redemption Date, the Escrow Agent shall pay to the relevant Paying Agent for payment to each holder the Special Mandatory Redemption Price for such holder’s Notes and, concurrently with the payment to such holders, deliver any excess Escrowed Property (if any) to the Issuer.

If the Special Mandatory Redemption Date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

In the event the Special Mandatory Redemption Price payable upon such Special Mandatory Redemption exceeds the amount of the Escrowed Property, Liberty Global Inc. has agreed to pay to the Trustee an amount in cash equal to the shortfall (including any accrued and unpaid interest and any redemption premium (if applicable)) (the “LG Guarantee”).

No provisions of the Escrow Agreement (including, without limitation, those relating to the release of the Escrowed Property) and, to the extent such provisions relate to the Issuer's obligation to redeem the Notes in a Special Mandatory Redemption, the Indenture, may be waived or modified in any manner materially adverse to the holders of the Notes without the written consent of holders of at least 90% in aggregate principal amount of Notes affected thereby.

### ***Transfer and Exchange***

The Notes will be issued in the form of several registered notes in global form, without interest coupons, as follows:

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

The Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee for the common depositary for the accounts of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream").

During the 40 day distribution compliance period, book entry interests in the Regulation S Global Notes may be (1) held only through Euroclear and Clearstream for the account of Euroclear and Clearstream, and (2) transferred only to non U.S. persons under Regulation S or qualified institutional buyers under Rule 144A.

Ownership of interests in the Global Notes ("Book Entry Interests") will be limited to persons that have accounts with Euroclear or Clearstream, as applicable, or persons that may hold interests through such participants. Ownership of interests in the Book Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Transfer Restrictions". In addition, transfers of Book Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book Entry Interests in the Regulation S Global Notes denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Regulation S Book Entry Interests may be transferred to a person who takes delivery in the form of 144A Book Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book Entry Interest in the Global Note from which it was transferred and will become a Book Entry Interest in the Global Note to which it was transferred.

Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book Entry Interests. Definitive Registered Notes issued in exchange for a Book

Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under “*Transfer Restrictions*”.

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

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Note in registered form:

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

The Issuer, the Trustee and the Paying Agents will be entitled to treat the registered holder of a Note as the owner of it for all purposes.

## **Ranking of the Notes, Note Guarantees and Note Collateral**

### ***General***

The Notes will:

- be senior obligations of the Issuer;
- rank *pari passu* in right of payment with any existing and future Indebtedness (including any Additional Notes) of the Issuer that is not subordinated to the Notes;
- be guaranteed by the Guarantors as described under “—*Guarantees*”;
- following the Escrow Release, be secured directly by the Note Collateral, including a first priority assignment of the Issuer’s rights under the Proceeds Loans;
- be effectively subordinated to any existing and future Indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness; and
- be subject to the Limited Recourse Restrictions (as defined below).

The Notes will not benefit from a direct guarantee from the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor (as defined below) or any of their respective Subsidiaries. However, following the Escrow Release, as a result of the Proceeds Loan Assignment, the Notes will indirectly benefit from the Proceeds Loans, the Proceeds Loan Collateral and the Proceeds Loan Guarantees.

### ***Limited Recourse Obligations***

The obligations of the Issuer and each Guarantor under the Indenture, the Notes and the Note Security Documents to which it is a party will be limited as set forth in the Indenture. All payments to be made by the Issuer and each Guarantor under the Indenture (including any Additional Amounts), the Notes and the Note Security Documents to which it is a party will be made only from and to the extent of such sums received or recovered by or on behalf of the Issuer, the Guarantors, the Trustee or the Security Trustee from the Note Collateral, including the

Issuer's rights under the Proceeds Loans, and its other assets, and none of the Trustee, the Security Trustee, the Paying Agents, the Registrars or the holders of Notes will have any further recourse to the Issuer and the Guarantors in respect thereof in the event that the amount due and payable by the Issuer and the Guarantors under the Indenture, the Notes and the Note Security Documents exceeds the amounts so received or recovered under the Note Collateral or its other assets (the "Limited Recourse Restrictions").

In addition, holders of the Notes will not have a direct claim on the cash flow or assets of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of their respective Subsidiaries, and none of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of their respective Subsidiaries will have any obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of the Proceeds Loan Obligors to make payments to the Issuer as the lender under the Proceeds Loans.

Although the holders of Notes will benefit from the Covenant Agreement, neither the Trustee nor the holders of Notes will be entitled to exercise any rights or remedies under the Covenant Agreement against any Proceeds Loan Obligor, other than the rights to instruct the Issuer to accelerate the Proceeds Loans in accordance with the terms thereof and to instruct the Issuer to vote in connection with the enforcement of any Proceeds Loan Collateral in accordance with the Priority Agreement, as described under "*Description of Other Indebtedness—Priority Agreement*".

Nothing in this section will limit the ability of the holders of the Notes or the Trustee to accelerate the Notes in accordance with "*Events of Default*".

## ***Guarantees***

### ***General***

On the Issue Date, the US SPV Partnership and the SPV General Partner (the "Guarantors") will, jointly and severally, irrevocably guarantee (the "Note Guarantees"), as primary obligors and not merely as sureties, on a senior basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, all payment obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise.

The Note Guarantee of each Guarantor will:

- be a senior obligation of that Guarantor;
- rank *pari passu* in right of payment with any existing and future indebtedness of that Guarantor that is not subordinated to that Guarantor's Note Guarantee;
- rank senior in right of payment to any existing and future subordinated obligations of that Guarantor;
- have the benefit of security as described below under "*Note Collateral*"; and
- be subject to the Limited Recourse Restrictions.

The obligations of a Guarantor under its Guarantee will be limited as necessary to prevent the relevant Guarantee from constituting a fraudulent conveyance under applicable law, or otherwise to reflect limitations under applicable law.

The Notes will not benefit from a direct guarantee from the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Borrower or any of their respective Subsidiaries. However, as a result of the Proceeds Loan Assignment, the Notes will indirectly benefit from the Proceeds Loans, the Proceeds Loan Collateral and the Proceeds Loan Guarantees.

### ***Releases***

A Note Guarantee will be released:

- upon consummation of the Ziggo Group Assumption in accordance with the Indenture. See "*Certain Covenants—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*";

- in the case of a Guarantor that is prohibited or restricted by applicable Law from guaranteeing the Notes;
- upon the legal defeasance, covenant defeasance or satisfaction and discharge of the Notes and the Indenture as provided in “—*Certain Covenants—Defeasance*” or “—*Satisfaction and Discharge*,” in each case in accordance with the terms and conditions of the Indenture;
- as described under “—*Certain Covenants—Amendments and Waiver*”; or
- upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes.

Notwithstanding any of the foregoing, in all circumstances a Note Guarantee shall only be released if the relevant Guarantor has delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in the Indenture relating to such transaction have been complied with.

The Trustee and the Security Trustee shall take all necessary actions, including the granting of releases or waivers under the Collateral Sharing Agreement, to effectuate any release in accordance with these provisions, subject to customary protections and indemnifications to its satisfaction.

## ***Note Collateral***

### ***General***

Pending consummation of the Reorganization Transactions, the Initial Purchasers will deposit the net proceeds from the offering of the Notes into the Escrow Account. Prior to the Escrow Release Date, the holders of Notes will benefit from a security interest in the rights of the Issuer under the Escrow Agreement and the assets in each of the Escrow Accounts (the “Escrow Collateral”). Upon completion of the Escrow Release, the Escrow Agreement will automatically terminate and any Lien (including the Escrow Collateral) created thereunder will be unconditionally released.

Following the Escrow Release, the Notes and the Note Guarantees will be secured by:

- (1) a first-ranking pledge over all of the issued shares of the Issuer (the “Issuer Share Pledge”);
- (2) a first-ranking charge over all bank accounts of the Issuer (the “Issuer Bank Account Charge”);
- (3) a first-ranking pledge over all of the issued shares of the SPV General Partner (the “General Partner Pledge”);
- (4) a first-ranking charge over all bank accounts of the US SPV Partnership (the “US Partnership Bank Account Charge”); and
- (5) a first-ranking assignment of the Issuer’s rights under the Proceeds Loans and Proceeds Loan Agreement and any Additional Proceeds Loans (as defined under “—*Certain Covenants—Limitation on Indebtedness*”) that may be incurred in the future, including the Issuer’s rights in respect of the Proceeds Loan Guarantees and the Proceeds Loan Collateral (the “Proceeds Loan Assignment” and, together with the Issuer Share Pledge, the General Partner Pledge, US Partnership Bank Account Charge and the Issuer Bank Account Charge, the “Note Collateral”),

in each case, on a *pari passu* basis with all future Additional Debt of the Issuer and the Guarantors issued after the Issue Date that is not subordinated to the Notes.

### ***Note Security Documents***

The agreements to be entered into between, *inter alios*, the Security Trustee, the Issuer and the Guarantors pursuant to which security interests in the Note Collateral are granted to secure the Notes and the Note Guarantees from time to time are referred to as the “Note Security Documents”. The Note Security Documents will secure the payment and performance when due of all of the obligations of the Issuer and the Guarantors under the Indenture and the Notes as provided in the Note Security Documents. The Collateral Sharing Agreement described below will provide that the security interests in the Note Collateral may be enforced only upon an acceleration of the amounts due under the Notes following an Event of Default. The rights of the Trustee and the holders of the Notes will not be directly secured by the Note Security Documents, but through the parallel debt claim acknowledged by the Issuer

and the Guarantors by way of an independent acknowledgement of Indebtedness to the Security Trustee that is equal to the total amounts payable by the Issuer and the Guarantors under the Indenture and the Notes. Neither the Trustee nor the holders of the Notes may, individually or collectively, take any direct action to enforce any rights in their favor under the Note Security Documents. The holders of the Notes may only take action through the Security Trustee.

#### *Release of the Note Collateral*

The Liens on the Note Collateral will be automatically and unconditionally released:

- (1) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes;
- (2) to release and/or re-take a lien on the Note Collateral to the extent otherwise permitted by the terms of the Indenture (including, without limitation, as may be permitted by the covenants described under “—*Certain Covenants—Impairment of Liens*”);
- (3) with the consent of holders of at least seventy-five percent (75%) in aggregate principal amount of the Notes (including without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes);
- (4) following an Event of Default under the Indenture or a default under other Indebtedness secured by the Note Collateral, pursuant to an enforcement in accordance with the Collateral Sharing Agreement;
- (5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Notes as provided below under the captions “—*Defeasance*” and “—*Satisfaction and Discharge*”;
- (6) if the Note Collateral is owned by a Guarantor that is released from its Note Guarantee in accordance with the Indenture; or
- (7) upon consummation of the Ziggo Group Assumption in accordance with the Indenture. See “—*Certain Covenants—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*”.

Upon certification by the Issuer, the Trustee and the Security Trustee shall take all necessary actions, including the granting of releases or waivers under the Collateral Sharing Agreement, to effectuate any release in accordance with these provisions, subject to customary protections and indemnifications to the satisfaction of the Trustee and the Security Trustee. The Security Trustee and/or Trustee (as applicable) will agree to any release of the security interests created by the Security Documents that is in accordance with the Indenture, the Security Documents and the Collateral Sharing Agreement without requiring any consent of the holders.

#### ***Collateral Sharing Agreement***

Following the Escrow Release, the Notes and all future Additional Debt of the Issuer and the Guarantors will benefit from the shared Note Collateral on a *pari passu* basis. Pursuant to the Collateral Sharing Agreement, the Security Trustee and the Trustee will agree that all proceeds from the enforcement of the Note Collateral will be shared on a *pari passu* basis by the holders of the Notes and all Additional Debt of the Issuer and the Guarantors. The holders of a majority in aggregate principal amount of all Notes and Additional Debt then outstanding will control any enforcement actions in respect of the Note Collateral.

#### **Proceeds Loans**

##### ***General***

Following the Escrow Release, the Issuer will use the proceeds from the sale of the Notes to fund the Proceeds Loans to one or both of the Proceeds Loan Borrowers under the Proceeds Loan Agreement. The currency, principal, maturity, interest rate and interest periods of each of the Proceeds Loans will be the same as the currency, principal, maturity, interest rate and interest periods of the relevant Notes. The optional prepayment of any amounts under the Proceeds Loans will be subject to the same restrictions (including payment of the same applicable premium) as those contained in the Indenture in respect of the optional redemption of the relevant Notes.

Under the terms of the Proceeds Loans, if any principal amount of the Notes becomes repayable, prepayable or subject to repurchase or redemption prior to its originally scheduled maturity under the terms of the Indenture (other than by reason of acceleration of the Notes), a principal amount of the applicable Proceeds Loan equal to such amount will be prepaid by the applicable Proceeds Loan Borrower together with any accrued and unpaid interest on the portion of such Proceeds Loan prepaid and any prepayment fees described below.

If, as result of an early repayment, prepayment, repurchase or redemption of the Notes in relation to which a mandatory prepayment under a Proceeds Loan is required as described above, an amount of make-whole, call protection or other premium is payable to the holders of the Notes by the Issuer, the applicable Proceeds Loan Borrower will, at or before the same time such mandatory prepayment is due, pay an amount equal to such make-whole, call protection or other premium amount to the Issuer.

### ***Ranking of the Proceeds Loans***

Each Proceeds Loan of the relevant Proceeds Loan Borrower will:

- be a senior obligation of the Proceeds Loan Borrower;
- be guaranteed by the relevant Proceeds Loan Guarantor;
- be secured by first-ranking Liens over the Proceeds Loan Collateral;
- be effectively subordinated to any existing and future Indebtedness of the Proceeds Loan Borrower that is secured by property or assets that do not secure the Proceeds Loan, to the extent of the value of the property and assets securing such Indebtedness;
- be *pari passu* in right of payment with all existing and future Indebtedness of the Proceeds Loan Borrower that is not subordinated in right of payment to the Proceeds Loan;
- be senior in right of payment to all existing and future Indebtedness of the Proceeds Loan Borrower that is subordinated in right of payment to the Proceeds Loan; and
- be effectively subordinated to all obligations of the Subsidiaries of the Proceeds Loan Obligors that are not Proceeds Loan Guarantors.

### ***Proceeds Loan Guarantees***

#### ***General***

On the Escrow Release Date, the Proceeds Loans will be guaranteed by the Company, Torenspits II B.V., Ziggo Netwerk B.V., Ziggo Netwerk II B.V., Ziggo Deelnemingen B.V., Ziggo Financing Partnership, UPC NL Holdco II, UPC Nederland B.V. and UPC Nederland Netwerk 2 B.V. and each Restricted Subsidiary or Affiliate Subsidiary that may become a proceeds loan guarantor as provided under the Indenture and the Proceeds Loan Borrower which is not acting as the borrower of the relevant Proceeds Loan (each, a “Proceeds Loan Guarantor” and together the “Proceeds Loan Guarantors”). Each Proceeds Loan Guarantor will, jointly and severally, irrevocably guarantee (the “Proceeds Loan Guarantees”), as primary obligor and not merely as surety, on a senior basis, the full and punctual payment when due, whether at maturity, by acceleration or otherwise, all payment obligations of the applicable Proceeds Loan Borrower under the relevant Proceeds Loans, whether for payment of principal of or interest on or in respect of the Proceeds Loans, fees, expenses, indemnification or otherwise.

Each of the Proceeds Loan Guarantors is a guarantor of the Senior Facility Agreement, the Existing Senior Secured Notes and certain Hedging Obligations on a senior basis. The obligations of the Proceeds Loan Guarantors will be contractually limited under the applicable Proceeds Loan Guarantee to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Proceeds Loan Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see “*Risk Factors—Risks Relating to the Notes and the Structure—Corporate benefit and financial assistance laws and other limitations on the obligations under the Notes, the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantors may adversely affect the validity and enforceability of the Notes, the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantees*”.

### *Ranking of the Proceeds Loan Guarantees*

The Proceeds Loan Guarantee of each Proceeds Loan Guarantor will:

- be a senior obligation of such Proceeds Loan Guarantor;
- be secured by first-ranking Liens over the Proceeds Loan Collateral;
- be effectively subordinated to any existing and future Indebtedness of such Proceeds Loan Guarantor that is secured by property or assets that do not secure such Proceeds Loan Guarantee, to the extent of the value of the property and assets securing such Indebtedness;
- be *pari passu* in right of payment with all existing and future Indebtedness of such Proceeds Loan Guarantor that is not subordinated in right of payment to such Proceeds Loan Guarantee; and
- be senior in right of payment to all existing and future Indebtedness of such Proceeds Loan Guarantor that is subordinated in right of payment to such Proceeds Loan Guarantee.

Assuming that the Issuer had completed this offering of Notes, the Escrow Release and the Transactions (as defined in the section “*The Transactions*”) and applied the proceeds thereof as described under “*Use of Proceeds*”, as of September 30, 2014, the Proceeds Loan Obligors would have had total borrowings of €5.4 billion (equivalent), including the Proceeds Loans. The Indenture will permit the Issuer, the Guarantors, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries to incur additional Indebtedness in the future. During the nine months ended September 30, 2014, the Proceeds Loan Obligors represented 95% of the consolidated revenues of the Company, UPC NL Holdco II and the Restricted Subsidiaries. As of September 30, 2014, the Proceeds Loan Obligors represented 99% of the combined or consolidated total assets of the Company, UPC NL Holdco II and the Restricted Subsidiaries.

### *Additional Proceeds Loan Guarantees*

The Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor may from time to time designate a Restricted Subsidiary or an Affiliate as an additional guarantor of the Proceeds Loans (an “Additional Proceeds Loan Guarantor”) by causing it to deliver to the Issuer an accession agreement to the Proceeds Loan Agreement. Each Additional Proceeds Loan Guarantor will, jointly and severally, with each other Proceeds Loan Guarantor, irrevocably guarantee (each guarantee, an “Additional Proceeds Loan Guarantee”), as primary obligor and not merely as surety, on a senior basis, the full and punctual payment when due, whether at maturity, by acceleration or otherwise, all payment obligations of the Proceeds Loan Borrowers under the Proceeds Loans and the Proceeds Loan Agreement, whether for payment of principal of or interest on or in respect of the Proceeds Loans, fees, expenses, indemnification or otherwise.

The obligations of any Additional Proceeds Loan Guarantor will be contractually limited under its Additional Proceeds Loan Guarantee to reflect limitations under applicable law, including among other things, with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Proceeds Loan Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see “*Risk Factors—Risks Relating to the Notes and the Structure—Corporate benefit and financial assistance laws and other limitations on the obligations under the Notes, the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantees may adversely affect the validity and enforceability of the Notes, the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantees*”. Any Additional Proceeds Loan Guarantee shall be issued on substantially the same terms as the Proceeds Loan Guarantees. For purposes of the Indenture and this “Description of the Notes”, references to the Proceeds Loan Guarantees include references to any Additional Proceeds Loan Guarantees and references to the Proceeds Loan Guarantors include any Additional Proceeds Loan Guarantors.

### *Release of the Proceeds Loan Guarantees*

The Proceeds Loan Borrowers will not cause or permit, directly or indirectly, any Proceeds Loan Guarantee to be released other than:

- (1) upon the sale or other disposition of all or substantially all of the Capital Stock of the relevant Proceeds Loan Guarantor pursuant to an Enforcement Sale;

- (2) upon the sale or other disposition (including through merger or consolidation but other than pursuant to an Enforcement Sale) in compliance with the Indenture of the Capital Stock of the relevant Proceeds Loan Guarantor (whether directly or through the disposition of a parent thereof), following which transaction such Proceeds Loan Guarantor is no longer a Restricted Subsidiary or Affiliate Subsidiary (other than a sale or other disposition to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary);
- (3) in the case of a Proceeds Loan Guarantor that is prohibited or restricted by applicable law from guaranteeing the Proceeds Loans (other than customary legal and contractual limitations on the Proceeds Loan Guarantee of such Proceeds Loan Guarantor substantially similar to those provided for in the Proceeds Loans or the Indenture in respect of the Proceeds Loan Guarantees), provided that such Proceeds Loan Guarantee will be released as a whole or in part to the extent it is necessary to achieve compliance with such prohibition or restriction;
- (4) if any Restricted Subsidiary that is a Proceeds Loan Guarantor is designated as an Unrestricted Subsidiary in accordance with the covenant captioned “—*Certain Covenants—Limitation on Restricted Payments*”;
- (5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Notes and the Indenture as provided below under the captions “—*Legal Defeasance and Covenant Defeasance*” and “—*Satisfaction and Discharge*”, in each case in accordance with the terms and conditions of the Indenture;
- (6) with respect to an Additional Proceeds Loan Guarantee given under the covenant captioned “—*Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries*” upon release of the guarantee that gave rise to the requirement to issue such Additional Proceeds Loan Guarantee so long as no Event of Default would arise as a result and no other Indebtedness that would give rise to an obligation to give an Additional Proceeds Loan Guarantee is at that time guaranteed by the relevant Proceeds Loan Guarantor;
- (7) upon the release or discharge of a Proceeds Loan Guarantor from its guarantee of Indebtedness of the Proceeds Loan Obligors under the Senior Facility Agreement, the Existing Senior Secured Notes or any other Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries in an amount in excess of €50.0 million (including any Indebtedness permitted to be incurred pursuant to clause (13) of the third paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”) so long as no Event of Default would arise as a result and no other Indebtedness that would give rise to an obligation to give an Additional Proceeds Loan Guarantee is at that time guaranteed by the relevant Proceeds Loan Guarantor;
- (8) as a result of a transaction permitted by, and in compliance with, the covenant entitled “—*Certain Covenants—Merger and Consolidation*”;
- (9) if such Proceeds Loan Guarantor is an Affiliate Subsidiary and such Affiliate Subsidiary becomes a Subsidiary of or is merged into or with the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor, another Restricted Subsidiary of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor which is not an Affiliate Subsidiary, the Affiliate Proceeds Loan Obligor or a Proceeds Loan Guarantor;
- (10) as described under “—*Amendments and Waivers*”; and
- (11) upon the full and final payment and performance of all obligations of the Issuer under the Indenture and the Notes.

### ***Proceeds Loan Collateral***

#### ***General***

The obligations of the Proceeds Loan Obligors under the Proceeds Loans will initially be secured by the following property and assets of the Proceeds Loan Obligors, in each case, that are provided as collateral under the Senior Facility Agreement and the Existing Senior Secured Notes, including:

- the Capital Stock of each Proceeds Loan Obligor other than the Company (collectively, the “Proceeds Loan Share Pledges”); and

- all of the rights of the relevant creditors in relation to certain Subordinated Shareholder Loans (collectively, the “Proceeds Loan Receivables Pledges” and, together with the Proceeds Loan Share Pledges, the “Proceeds Loan Collateral”).

In addition, the Proceeds Loan Collateral will initially include security over (the “Asset Collateral”) certain property and assets (including network assets) of the Proceeds Loan Obligor, including certain real estate, bank accounts, intellectual property rights, receivables and moveable and immovable assets; provided however that the Asset Collateral will be automatically released upon the redemption or purchase and cancellation of the Existing Senior Secured Notes as permitted under the Senior Facility Agreement. See *“Risk Factors—Risks Relating to the Notes and the Structure—There are circumstances other than repayment or discharge of the Notes under which certain Senior Secured Proceeds Loan Collateral will be released, without your consent.”* Any other additional security interests that may in the future be pledged to secure obligations under the Proceeds Loans would also constitute Proceeds Loan Collateral.

The Proceeds Loan Collateral also secures the obligations of the Proceeds Loan Obligor under the Senior Facility Agreement, the Existing Senior Secured Notes and certain Hedging Obligations. Subject to the terms of the Priority Agreement, the Issuer, as lender under the Proceeds Loans, the lenders under the Senior Facility Agreement, certain hedging counterparties and other senior secured creditors will share equally in respect of any recoveries from the Proceeds Loan Collateral. The agreements entered into between, among others, the Proceeds Loan Obligor and the Security Agent pursuant to which security interests in the Proceeds Loan Collateral are granted to secure the Proceeds Loans and the Proceeds Loan Guarantees from time to time are referred to as the “Proceeds Loan Collateral Documents”.

Under the Indenture, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries will be permitted to incur certain additional Indebtedness in the future that may share in the Proceeds Loan Collateral, including additional Permitted Collateral Liens securing Indebtedness on a *pari passu* basis with the Proceeds Loans, subject to the terms of the Priority Agreement, including Indebtedness under the Senior Facility Agreement and certain Hedging Obligations. The amount of such additional Indebtedness will be limited by the covenants described under the captions *“—Certain Covenants—Liens”* and *“—Certain Covenants—Limitation on Indebtedness”*. Under certain circumstances, the amount of such additional Indebtedness secured by Permitted Collateral Liens could be significant.

The proceeds from the sale of the Proceeds Loan Collateral may not be sufficient to satisfy the obligations of the Proceeds Loan Obligor under the Proceeds Loans, under the Senior Facility Agreement, under the Existing Senior Secured Notes or to the creditors of other Indebtedness secured thereby. No appraisals of the Proceeds Loan Collateral have been made in connection with this offering of the Notes or the incurrence of the Proceeds Loans. By its nature, some or all of the Proceeds Loan Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Proceeds Loan Collateral may not be able to be sold in a short period of time, or at all. See *“Risk Factors—Risks Relating to the Notes and the Structure—The value of the Note Collateral securing the Notes may not be sufficient to satisfy the Issuer’s obligations under the Notes and the value of the Senior Secured Proceeds Loan Collateral securing the Senior Secured Proceeds Loans may not be sufficient to satisfy the Senior Secured Obligors’ obligations under the Senior Secured Proceeds Loans and, in each case, such collateral may be reduced or diluted under certain circumstances”*.

#### *Release of the Proceeds Loan Collateral*

The Proceeds Loan Collateral will be automatically and unconditionally released and discharged:

- (1) in the event of a sale or disposition (including through merger or consolidation but other than pursuant to an Enforcement Sale) of assets included in the Proceeds Loan Collateral to a Person that is not (either before or after giving effect to such transaction) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary, provided that such sale or disposition is in compliance with the Indenture, including the provisions described under *“—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock”*, or in connection with any other release of a Proceeds Loan Guarantee permitted under the Indenture;
- (2) if the Proceeds Loan Collateral is the Capital Stock of, or an asset of, a Proceeds Loan Guarantor or any of its Subsidiaries, in connection with any sale or disposition of Capital Stock of that Proceeds Loan

Guarantor or Subsidiary to a Person that is not (either before or after giving effect to such transaction) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary, provided that such sale or disposition is in compliance with the Indenture, including the provisions described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”, or if the applicable Subsidiary of which such Capital Stock or assets are pledged is designated as an Unrestricted Subsidiary in compliance with the covenant entitled “—*Certain Covenants—Limitation on Restricted Payments*”;

- (3) to release and/or re-take any Lien under the Proceeds Loan Collateral Documents to the extent otherwise permitted by the terms of the Indenture, the Proceeds Loan Collateral Documents or the Priority Agreement;
- (4) if the Proceeds Loan Collateral is owned by a Proceeds Loan Guarantor that is released from its Proceeds Loan Guarantee in accordance with the terms of the Indenture;
- (5) upon the sale or other disposition of any Proceeds Loan Collateral pursuant to an Enforcement Sale;
- (6) as described under “—*Amendments and Waivers*”;
- (7) upon release of the Asset Collateral in accordance with the terms of the Senior Facility Agreement (as in effect on the Issue Date);
- (8) in connection with a transfer of any property or assets subject to any security interests to the extent required to consummate all or any part of the Ziggo Group Combination; *provided* that the transferee of such property or assets grants, or has granted, security interests over such property and assets (having the same ranking as prior to such transfer taking the Priority Agreement into account) to the Security Agent substantially concurrently with the consummation of such transfer (other than with respect to any pledges of shares or partnership interests of a non-surviving entity);
- (9) in connection with any merger or other transaction permitted by, and in compliance with, the covenant entitled “—*Certain Covenants—Merger and Consolidation*”; *provided that* any other Lien on such property or assets that secures any other Indebtedness (other than (a) any Indebtedness permitted to be incurred pursuant to clause (13) of the third paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” and (b) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (a)) of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiaries is simultaneously released;
- (10) with the consent of holders of at least seventy-five percent (75%) in aggregate principal amount of the Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes); and
- (11) upon the full and final payment and performance of all obligations of the Issuer under the Indenture and the Notes.

In addition, the Liens created by the Proceeds Loan Collateral Documents will be released in accordance with the Proceeds Loan Collateral Documents and the Priority Agreement.

### ***Priority Agreement***

On the Escrow Release Date, the Issuer, as lender under the Proceeds Loans, will accede to the Priority Agreement as a “Pari Passu Creditor”. The Priority Agreement governs, among other things, the rights and obligations of the lenders under the Senior Facility Agreement, certain Hedging Obligations and the Existing Senior Secured Notes, in respect of enforcement of the Proceeds Loan Collateral and the Proceeds Loan Guarantees. See “*Description of Other Indebtedness—Group Priority Agreement*”.

### ***Affiliate Proceeds Loan Obligor and Affiliate Subsidiaries***

The Company and/or UPC NL Holdco II may from time to time designate an Affiliate as an Affiliate Proceeds Loan obligor (each an “Affiliate Proceeds Loan Obligor”) by causing it to execute and deliver to the Issuer an accession agreement to the Proceeds Loan Agreement whereby such Affiliate Proceeds Loan Obligor will provide a Proceeds Loan Guarantee (the “Affiliate Proceeds Loan Obligor Guarantee”) and accede as an Affiliate Proceeds

Loan Obligor (the “Affiliate Proceeds Loan Obligor Accession”), provided that, prior to or immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

Concurrently with the Affiliate Proceeds Loan Obligor Accession, the Parent of such Affiliate Proceeds Loan Obligor will enter into a pledge of all of the issued Capital Stock of such Affiliate Proceeds Loan Obligor (which will rank pari passu with the Proceeds Loan Share Pledges taking into account the Priority Agreement) as security for the Affiliate Proceeds Loan Obligor Guarantee. In this Description of the Notes, references to the Affiliate Proceeds Loan Obligor include all Affiliate Proceeds Loan Obligors so designated from time to time.

### **Covenant Agreement**

The Proceeds Loan Obligors will not be a party to the Indenture. However, the Indenture will contain certain covenants applicable to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries. On the Issue Date, the Proceeds Loan Obligors will enter into the Covenant Agreement with the Issuer and the Trustee, pursuant to which each Proceeds Loan Obligor will agree to comply with such covenants applicable to them contained in the Indenture, subject to the limitations set forth in the Indenture. In addition, each Additional Proceeds Loan Guarantor and each Affiliate Proceeds Loan Obligor will accede to the Covenant Agreement pursuant to which it will agree to comply with such covenants applicable to it contained the Indenture, subject to the limitations set forth in the Indenture.

Although the holders of Notes will benefit from the Covenant Agreement, neither the Trustee nor the holders of Notes will be entitled to exercise any rights or remedies under the Covenant Agreement against any Proceeds Loan Obligor, other than the rights to instruct the Issuer as lender under the Proceeds Loans to accelerate the Proceeds Loans and to instruct the Issuer to vote in connection with the enforcement of any Proceeds Loan Collateral in accordance with the Priority Agreement. The Covenant Agreement will automatically terminate upon the Ziggo Group Assumption.

Any Proceeds Loan Obligor that is released from its Proceeds Loan Guarantee in accordance with the Indenture, shall be automatically and unconditionally released from its obligations from the Covenant Agreement and the Trustee shall take all necessary actions including entering into any releases or amendments to the Covenant Agreement to effect any such release.

### **Optional Redemption**

#### ***Optional Redemption on or after January 15, 2020***

Except as described below and under “—*Redemption for Taxation Reasons*”, the Notes are not redeemable until January 15, 2020. On or after January 15, 2020, the applicable Proceeds Loan Borrower may instruct the Issuer to, and upon receipt of such instruction the Issuer will, redeem all, or from time to time a part, of the Notes upon not less than 10 nor more than 60 days’ notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on January 15 of the years set out below:

<u>Year</u>	<u>Redemption Price</u>
2020 .....	101.875%
2021 .....	101.250%
2022 .....	100.625%
2023; and thereafter .....	100.000%

In each case above, any such redemption and notice may, in the discretion of the applicable Proceeds Loan Borrower or the Issuer, be subject to satisfaction of one or more conditions precedent, including that the Issuer or any Paying Agent has received sufficient funds from the applicable Proceeds Loan Borrower to pay the full redemption price payable to the holders of the Notes on or before the relevant redemption date.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is

registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

#### ***Optional Redemption prior to January 15, 2020***

Prior to January 15, 2020, the applicable Proceeds Loan Borrower may instruct the Issuer to, and upon receipt of such instruction the Issuer will, redeem during each 12 month period commencing with the Issue Date up to 10% of the original aggregate principal amount of the Notes outstanding upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

At any time prior to January 15, 2020, the applicable Proceeds Loan Borrower may instruct the Issuer to, and upon receipt of such instruction the Issuer will, redeem all, or from time to time a part, of the Notes upon not less than 10 nor more than 60 days' notice, at a price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued but unpaid interest and Additional Amounts, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

In each case above, any such redemption and notice may, in the discretion of the applicable Proceeds Loan Borrower or the Issuer, be subject to satisfaction of one or more conditions precedent, including that the Issuer or any Paying Agent has received sufficient funds from the applicable Proceeds Loan Borrower to pay the full redemption price payable to the holders of the Notes on or before the relevant redemption date.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

#### ***Optional Redemption upon Equity Offerings***

At any time, or from time to time, prior to January 15, 2018, the applicable Proceeds Loan Borrower may also at its option, instruct the Issuer to, and upon receipt of such instruction the Issuer will, redeem, upon not less than 10 nor more than 60 days' notice, up to 40% of the principal amount of the Notes issued under the Indenture (including the principal amount of any Additional Notes) at a redemption price of 103.750% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), with the Net Cash Proceeds of one or more Equity Offerings; *provided* that:

- (1) at least 50% of the principal amount of the Notes (which includes Additional Notes, if any) issued under the Indenture remains outstanding immediately after any such redemption; and
- (2) the redemption occurs not more than 180 days after the consummation of any such Equity Offering.

In each case above, any such redemption and notice may, in the discretion of the applicable Proceeds Loan Borrower or the Issuer, be subject to satisfaction of one or more conditions precedent, including that the Issuer or any Paying Agent has received sufficient funds from the applicable Proceeds Loan Borrower to pay the full redemption price payable to the holders of the Notes on or before the relevant redemption date.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption.

#### **Selection and Notice**

In the case of any partial redemption, selection of the Notes for redemption will be made by the Trustee on a pro rata basis (or, in the case of Notes issued in global form, based on the procedures of the applicable depository) unless otherwise required by law or applicable stock exchange or depository requirements, although no Notes of

€100,000 or less can be redeemed in part. The Trustee will not be liable for selections made by it in accordance with this paragraph. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note.

For Notes which are represented by Global Notes held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing.

### **Redemption for Taxation Reasons**

The applicable Proceeds Loan Borrower may instruct the Issuer to, and upon receipt of such instruction the Issuer will, redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "Tax Redemption Date") (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), and Additional Amounts (as defined under "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Issuer or the applicable Proceeds Loan Borrower determines that, as a result of:

- (1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined under "*—Withholding Taxes*") affecting taxation; or
- (2) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

the relevant Payor (as defined under "*—Withholding Taxes*") is, or on the next interest payment date in respect of the Notes or the Note Guarantees would be, required to pay more than de minimis Additional Amounts (but if the relevant Payor is a Note Guarantor, then only if the payment giving rise to such requirement cannot be made by the Issuer or another Note Guarantor with the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to it (including, without limitation, by appointing a new or additional paying agent in another jurisdiction). The Change in Tax Law must become effective on or after the date of this Offering Memorandum. In the case of a successor to the Issuer or a relevant Note Guarantor, the Change in Tax Law must become effective after the date that such entity first makes payment in respect of the Notes or the Note Guarantee Notice of redemption for taxation reasons will be published in accordance with the procedures described in the Indenture as described under "*Notices*". Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the relevant Payor would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the applicable Proceeds Loan Borrower or the Issuer will deliver to the Trustee (a) an Officers' Certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and that the relevant Payor cannot avoid the obligations to pay Additional Amounts by taking reasonable measures available to it; and (b) an opinion of an independent tax counsel reasonably satisfactory to the Trustee to the effect that the circumstances referred to above exist. The Trustee will accept and shall be entitled to rely on such Officers' Certificate and opinion as sufficient evidence of the existence of satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes.

The foregoing provisions will apply mutatis mutandis to any successor to a Payor after such successor person becomes a party to the Indenture.

### **Redemption at Maturity**

On January 15, 2025, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon, if any, to the redemption

date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

### **Withholding Taxes**

All payments made by the Issuer, any Guarantor or any successor thereto (a “Payor”) on or with respect to the Notes (including any Note Guarantee for the purposes of this covenant) will be made without withholding or deduction for, or on account of, any present or future taxes (including interest penalties to the extent resulting from a failure by the Issuer to timely pay amounts due), duties, assessments or governmental charges of whatever nature (“Taxes”) unless the withholding or deduction of such Taxes is then required by law or by the official interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) The Netherlands or any political subdivision or governmental authority thereof or therein having power to tax;
- (2) any jurisdiction from or through which payment on the Notes is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or
- (3) any other jurisdiction in which a Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a “Relevant Taxing Jurisdiction”),

will at any time be required from any payments made with respect to the Notes, including payments of principal, redemption price, interest or premium, the relevant Payor will pay (together with such payments) such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts received in respect of such payments by each holder of the Notes, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts) equal the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; provided, however, that no such Additional Amounts will be payable with respect to:

- (a) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder or beneficial owner and the Relevant Taxing Jurisdiction imposing such Taxes (other than the mere ownership or holding of such Note or enforcement of rights thereunder or under the Indenture or the receipt of payments in respect thereof);
- (b) any Taxes that would not have been so imposed if the holder had made a declaration of non-residence or any other claim or filing for exemption to which it is entitled (provided that (i) such declaration of non-residence or other claim or filing for exemption is required by the applicable law of the Relevant Taxing Jurisdiction as a precondition to exemption from the requirement to deduct or withhold all or a part of any such Taxes and (ii) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption is required under the applicable law of the Relevant Taxing Jurisdiction, the relevant holder at that time has been notified (in accordance with the procedures set forth in the Indenture) by the relevant Payor or any other Person through whom payment may be made that a declaration of non-residence or other claim or filing for exemption is required to be made, but only to the extent the holder is legally entitled to provide such declaration, claim or filing);
- (c) any Note presented for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented during such 30-day period);
- (d) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest on the Notes;
- (e) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (f) any Taxes withheld or deducted on a payment required to be withheld or deducted pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive;

- (g) any Taxes which could have been avoided by the presentation (where presentation is required) of the relevant Note to another Paying Agent in a member state of the European Union;
- (h) all United States backup withholding taxes;
- (i) any withholding or deduction imposed pursuant to (i) Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (as amended), as of the Issue Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, (ii) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of (i) above or (iii) any agreement pursuant to the implementation of (i) or (ii) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction; or
- (j) any combination of items (a) through (i) above.

Such Additional Amounts will also not be payable where, had the beneficial owner of the Note been the holder of the Note, it would not have been entitled to payment of Additional Amounts by reason of any of clauses (a) to (j) inclusive above.

The relevant Payor will (1) make any required withholding or deduction and (2) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The relevant Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies (or, if certified copies are not available despite reasonable efforts of the relevant Payor, other evidence of payment reasonably satisfactory to the Trustee) to each holder. The relevant Payor will attach to each certified copy (or other evidence) a certificate stating (a) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (b) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Trustee by the holders of the Notes upon request and will be made available at the offices of the Paying Agent if the Notes are then listed on the Irish Stock Exchange.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable (unless such obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if the relevant Payor will be obligated to pay Additional Amounts with respect to such payment, the relevant Payor will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders on the payment date. Each such Officers' Certificate shall be relied upon until receipt of a further Officers' Certificate addressing such matters. The Trustee shall be entitled to rely solely on each such Officers' Certificate as conclusive proof that such payments are necessary.

Wherever mentioned in the Indenture, the Notes or this "*Description of the Notes*", in any context: (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes, (3) interest, or (4) any other amount payable on or with respect to the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Each Payor will pay and indemnify the holders of any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies (including interest and penalties to the extent resulting from a failure by the Issuer to timely pay amounts due) which arise in any jurisdiction from the execution, delivery or registration of any Notes or any other document or instrument referred to therein (other than a transfer of the Notes), or the receipt of any payments with respect to the Notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction or any jurisdiction in which a Paying Agent is located, other than those resulting from, or required to be paid in connection with, the enforcement of the Notes, the Note Collateral or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized or any political subdivision or taxing authority or agency thereof or therein.

## **Post-Closing Reorganizations**

Following the issuance of the Notes, Liberty Global may effect a reorganization of its group (the “Post-Closing Reorganizations”). The Post-Closing Reorganizations are expected to include (i) a distribution or other transfer of Ziggo Group Holding B.V. or the Reporting Entity and their Subsidiaries to Liberty Global or a first-tier or second-tier Subsidiary of Liberty Global through one or more mergers, transfers, consolidations or other similar transactions, and/or (ii) the issuance by Ziggo Group Holding B.V. or the Reporting Entity of Capital Stock to Liberty Global or a first-tier or second-tier Subsidiary of Liberty Global and, as consideration therefor, the assignment or transfer by Liberty Global or such first-tier or second-tier Subsidiary of Liberty Global of assets to Ziggo Group Holding B.V. or the Reporting Entity.

## **Certain Covenants**

### ***Change of Control***

If a Change of Control shall occur at any time, the Issuer shall, pursuant to the procedures described below and in the Indenture, offer (the “Change of Control Offer”) to purchase all Notes in whole or in part in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, at a purchase price (the “Change of Control Purchase Price”) in cash in an amount equal to 101% of the principal amount of such Notes, plus any Additional Amounts and accrued and unpaid interest, if any, to the date of purchase (the “Change of Control Purchase Date”) (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date), *provided, however*, that the Issuer shall not be obliged to repurchase Notes as described under this subsection “—*Change of Control*” in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived. No such purchase in part shall reduce the principal amount at maturity of the Notes held by any holder to below €100,000.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived, within 30 days of any Change of Control, or, at the Issuer’s option, at any time prior to a Change of Control following the public announcement thereof or if a definitive agreement is in place for the Change of Control, the Issuer shall notify the Trustee thereof and give written notice of such Change of Control to each holder of Notes stating, to the extent relevant, among other things:

- that a Change of Control has occurred (or may occur) and the date (or expected date) of such event;
- the circumstances and relevant facts regarding such Change of Control;
- the purchase price and the purchase date which shall be fixed by the Company on a Business Day no earlier than 10 days nor later than 60 days from the date such notice is mailed or delivered, or such later date as is necessary to comply with requirements under the Exchange Act;
- that any Note not tendered will continue to accrue interest and unless the Issuer defaults in payment of the Change of Control Purchase Price, any Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and
- certain other procedures that a holder of Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

If and for so long as the Notes are listed on the Irish Stock Exchange and the guidelines of such Stock Exchange so require, the Issuer will publish a public announcement with respect to the results of any Change of Control Offer in a leading newspaper of general circulation in Ireland or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange. The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. See “*Risk Factors—Risks Relating to the Notes and the Structure—The Senior Secured Obligors may not be able to obtain enough funds necessary to finance prepayment of the Senior Secured Proceeds Loans upon the occurrence of certain events constituting a change of control (as defined in the Indenture) as required by the Indenture*”.

The Trustee or its authenticating agent will promptly authenticate and deliver a new note or notes equal in principal amount to any unpurchased portion of Notes surrendered, if any, to the holder of Notes in global form or to each holder of certificated notes; *provided that* each such new note will be in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by us and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

If holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest to but excluding the date of the delivery of the notice for such redemption.

The term "all or substantially all" as used in the definition of "Change of Control" has not been interpreted under New York law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in the event the holders of the Notes elect to exercise their rights under the Indenture and the Issuer elects to contest such election, there could be no assurance as to how a court interpreting New York law would interpret the phrase.

The provisions of the Indenture will not afford holders of the Notes the right to require the Issuer to repurchase the Notes in the event of a highly leveraged transaction, certain transactions with the Issuer's management or its Affiliates or certain other sale transactions, including a reorganization, restructuring, merger or similar transaction (including, in certain circumstances, an acquisition of the Company by management or its affiliates) involving the Issuer that may adversely affect holders of the Notes, if such transaction is not a transaction defined as a Change of Control.

The provisions under the Indenture related to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes prior to the occurrence of a Change of Control.

The Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an offer pursuant to this covenant), the Issuer will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

### ***Limitation on Indebtedness***

The Issuer and the Guarantors will not Incur any Indebtedness (including Acquired Indebtedness) other than (1) the Notes (including Additional Notes), (2) the Note Guarantees, (3) Additional Debt, (4) guarantees of Additional Debt and (4) Indebtedness represented by the Note Security Documents; *provided, however* that the proceeds of each Incurrence of Additional Notes or Additional Debt are loaned by the Issuer or a Guarantor to one or more Proceeds Loan Obligor as a proceeds loan under the Proceeds Loan Agreement (each, an "Additional Proceeds Loan") and the relevant Proceeds Loan Obligor is permitted to Incur the Additional Proceeds Loan under the terms of this covenant.

The Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor will not, and will not permit any of the Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that

the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving effect thereto on a pro forma basis the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00.

The second paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

- (1) Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries under Credit Facilities in the aggregate principal amount at any one time outstanding not to exceed (a) an amount equal to the greater of (i) (A) €6,000.0 million plus (B) the amount of any Credit Facilities incurred under the second paragraph of this covenant or any other provision of the third paragraph of this covenant to acquire any property, other assets or shares of Capital Stock of a Person and (ii) 5.0% of Total Assets, plus (b) any accrual or accretion of interest that increases the principal amount of Indebtedness under Credit Facilities plus (c) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;
- (2) Indebtedness of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor owing to and held by any Restricted Subsidiary (other than a Receivables Entity) or Indebtedness of a Restricted Subsidiary owing to and held by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any other Restricted Subsidiary (other than a Receivables Entity); provided, however, that:
  - (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary (other than a Receivables Entity); and
  - (b) any sale or other transfer of any such Indebtedness to a Person other than the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary (other than a Receivables Entity),
 shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as the case may be;
- (3) (a) Indebtedness represented by the Proceeds Loans, (b) Indebtedness of the Proceeds Loan Guarantors represented by the Proceeds Loan Guarantees, (c) Indebtedness under the Existing Senior Secured Notes and (d) Indebtedness represented by the Proceeds Loan Collateral Documents, including, with respect to each such Indebtedness “parallel debt” obligations created under the Priority Agreement and the Proceeds Loan Collateral Documents;
- (4) any Indebtedness (other than the Indebtedness described in clauses (1), (2) and (3)) outstanding on the Issue Date after giving effect to the use of proceeds of the Proceeds Loans;
- (5) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in clause (3), clause (4), this clause (5), clause (6), clause (8), clause (13), clause (15), clause (16) or clause (17) or Incurred pursuant to the second paragraph of this covenant;
- (6) Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary Incurred after the Issue Date (a) Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary or was designated the Affiliate Proceeds Loan Obligor or an Affiliate Subsidiary, (b) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or an Affiliate Proceeds Loan Obligor or was otherwise acquired by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or was designated the Affiliate Proceeds Loan Obligor or an Affiliate Subsidiary or (c) Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and

assumption of related liabilities) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary (other than Indebtedness Incurred in contemplation of the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary); *provided, however*, that with respect to (a) and (b) of this clause (6) only, immediately following the consummation of the acquisition of such Restricted Subsidiary by the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or by a Restricted Subsidiary or such other transaction, (i) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries would have been able to Incur €1.00 of additional Indebtedness pursuant to the second paragraph of this covenant after giving pro forma effect to the relevant acquisition or other transaction and the Incurrence of such Indebtedness pursuant to this clause (6) or (ii) the Consolidated Net Leverage Ratio would not be greater than immediately prior to such acquisition or such other transaction;

- (7) Indebtedness under Currency Agreements, Commodity Agreements and Interest Rate Agreements entered into for bona fide hedging purposes of (a) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries and (b) any Subordinated Proceeds Loan Obligor, in each case, not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor);
- (8) Indebtedness consisting of (a) mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal), plant, equipment or other assets used or useful in the business of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary or (b) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, development construction, installation or improvement of property (real or personal), plant, equipment or other assets used or useful in the business of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Refinancing Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (8) will not exceed the greater of (i) €250.0 million and (ii) 5.0% of Total Assets at any time outstanding so long as such Indebtedness exists on the date of, or commissioning of, or contracting for, such purchase, design, development, construction, installation or improvement, or is created within 270 days thereafter;
- (9) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, bid, indemnity, surety, judgment, appeal, performance or appeal bonds, completion guarantees, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any government requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;
- (10) Indebtedness arising from agreements of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary providing for indemnification, obligations in respect of earn-outs or adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary, provided that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds (including the fair market value of non-cash proceeds) actually received by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries in connection with such disposition;
- (11) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the

ordinary course of business, provided, however, that such Indebtedness is extinguished within thirty Business Days of Incurrence;

- (12) guarantees by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary (other than of any Indebtedness Incurred in violation of this covenant);
- (13) Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Proceeds Loan Obligor Incurred pursuant to any guarantees of Indebtedness of any Parent, *provided that*, for purposes of this clause (13), (i) on the date of such Incurrence and after giving effect thereto on a pro forma basis, the Consolidated Net Leverage Ratio, including for purposes of such calculation, any Indebtedness represented by guarantees by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries of Indebtedness of any Parent, would not exceed 5.00 to 1.00, and (ii) such guarantees shall be subordinated to the Proceeds Loans and the Proceeds Loan Guarantees pursuant to the Priority Agreement or any Additional Priority Agreement;
- (14) Subordinated Shareholder Loans Incurred by the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor;
- (15) Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (15) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor from the issuance or sale (other than to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary) of its Subordinated Shareholder Loans or Capital Stock or otherwise contributed to the equity of the Company, in each case, subsequent to May 7, 2010 (and in each case, other than through the issuance of Disqualified Stock, Preferred Stock or an Excluded Contribution); *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under clauses 4(c)(ii) and 4(c)(iii) of the second paragraph and clause (1) of the third paragraph of the covenant described below under “—*Limitation on Restricted Payments*” to the extent the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary Incurs Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (15) to the extent the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary makes a Restricted Payment under clauses 4(c)(ii) and 4(c)(iii) of the second paragraph and clauses (1) of the third paragraph of the covenant described below under “—*Limitation on Restricted Payments*” in reliance thereon;
- (16) Indebtedness with Affiliates reasonably required to effect or consummate the Related Transactions.
- (17) in addition to the items referred to in clauses (1) through (16) above, Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (17) and then outstanding, will not exceed the greater of (i) €250.0 million and (ii) 5.0% of Total Assets at any time outstanding; and

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

- (1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the second and third paragraphs of this covenant, the Company, in its sole discretion, will classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such Incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the second and third paragraphs of this covenant, and, from time to time, may reclassify all or a portion of such Indebtedness, in any manner that complies with this covenant;
- (2) guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

- (3) if obligations in respect of letters of credit are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1) of the third paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;
- (4) the principal amount of any Disqualified Stock of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;
- (5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and
- (6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest or dividends in the form of additional Indebtedness, Preferred Stock or Disqualified Stock and increases in the amount of Indebtedness due to a change in accounting principles will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date.

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent principal amount of Indebtedness denominated in a foreign currency shall be (1) calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Euro Equivalent), in the case of revolving credit Indebtedness; provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable euro-dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; and (2) if and for so long as any such Indebtedness is subject to an agreement intended to protect against fluctuations in currency exchange rates with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the swapped rate of such Indebtedness as of the date of the applicable swap. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

For purposes of determining compliance with the first paragraph of this covenant, the Euro Equivalent principal amount of Indebtedness denominated in a foreign currency (if such Indebtedness has not been swapped into euros, or if such Indebtedness has been swapped into a currency other than euros) shall be calculated using the same weighted average exchange rates for the relevant period used in the consolidated financial statements of the Reporting Entity for calculating the Euro Equivalent of Consolidated EBITDA denominated in the same currency as the currency in which such Indebtedness is denominated or into which it has been swapped.

#### ***Limitation on Restricted Payments***

The Issuer will not, directly or indirectly:

- (1) declare or pay any dividend or make any distribution on or in respect of its Capital Stock; or

- (2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer, in each case, other than Permitted SPV Maintenance Payments.

The Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor will not, and will not permit any of the Restricted Subsidiaries, directly or indirectly:

- (1) to declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries) except:
  - (a) dividends or distributions payable in Capital Stock of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (other than Disqualified Stock) or Subordinated Shareholder Loans; and
  - (b) dividends or distributions payable to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary (and if such Restricted Subsidiary is not a Wholly Owned Subsidiary of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, as applicable, to its other holders of common Capital Stock on a pro rata basis);
- (2) to purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor, any Affiliate Subsidiary or any Parent of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Affiliate Subsidiary held by Persons other than the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary;
- (3) to purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than (x) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement or (y) Indebtedness permitted under clause (2) of the third paragraph under the covenant described under “—*Limitation on Indebtedness*”); or
- (4) to make any Restricted Investment in any Person;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) is referred to herein as a “Restricted Payment”), if at the time the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary makes such Restricted Payment:

- (a) a Default shall have occurred and be continuing (or would result therefrom); or
- (b) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries are not able to Incur an additional €1.00 of Indebtedness pursuant to the second paragraph under the covenant described under “—*Limitation on Indebtedness*”, after giving effect, on a pro forma basis, to such Restricted Payment; or
- (c) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made subsequent to May 7, 2010 and not returned or rescinded would exceed the sum of:
  - (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the beginning of the first fiscal quarter commencing after May 7, 2010 to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which financial statements are available (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit);
  - (ii) 100% of the aggregate Net Cash Proceeds and the fair market value, as determined in good faith by the Board of Directors or senior management of the Company, of marketable securities, or other property or assets, received by the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor from the issue or sale of its Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Loans or other capital contributions subsequent to May 7, 2010 (other than (x) Net Cash Proceeds received from

an issuance or sale of such Capital Stock to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination, (y) Excluded Contributions or (z) Net Cash Proceeds and the fair market value of such assets received in connection with the Acquisition);

- (iii) 100% of the aggregate Net Cash Proceeds and the fair market value, as determined in good faith by the Board of Directors or senior management of the Company, of marketable securities, or other property or assets, received by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary from the issuance or sale (other than to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary) by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary subsequent to May 7, 2010 of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (other than Disqualified Stock) or Subordinated Shareholder Loans;
- (iv) the amount equal to the net reduction in Restricted Investments made by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries resulting from:
  - (A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary; or
  - (B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in such Unrestricted Subsidiary,

which amount in each case under this clause (iv) was included in the calculation of the amount of Restricted Payments; provided, however, that no amount will be included in Consolidated Net Income for the purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (iv); and

- (v) 100% of the Net Cash Proceeds and the fair market value (as determined in accordance with the next succeeding paragraph) of marketable securities, or other property or assets, received by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries in connection with: (A) the sale or other disposition (other than to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Subsidiary of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor for the benefit of its employees to the extent funded by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary; and (B) any dividend or distribution made by an Unrestricted Subsidiary to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary; provided however, that no amount will be included in Consolidated Net Income for the purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (v).

The provisions of the preceding paragraph will not prohibit:

- (1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Subordinated Shareholder Loans or Subordinated Obligations of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the sale or issuance within 90 days of, Capital Stock of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (other than Disqualified Stock or Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination), Subordinated Shareholder Loans or a substantially concurrent capital contribution to the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor; *provided, however*, that (a) such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments and (b) the Net Cash Proceeds from such sale or issuance of Capital Stock or Subordinated Shareholder Loans or from such capital contribution will be excluded from clause (c)(ii) of the preceding paragraph;
- (2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor made by exchange for, or out of the proceeds of the sale within 90 days of, Subordinated Obligations of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary that is permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” and that in each case constitutes Refinancing Indebtedness; *provided, however*, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;
- (3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary made by exchange for, or out of the proceeds of the sale within 90 days of, Disqualified Stock of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” and that in each case constitutes Refinancing Indebtedness; *provided, however*, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;
- (4) dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this provision; *provided, however*, that such dividends will be included in subsequent calculations of the amount of Restricted Payments;
- (5) the purchase, repurchase, defeasance, redemption or other acquisition, cancellation or retirement for value of Capital Stock, or options, warrants, equity appreciation rights or other rights to purchase or acquire Capital Stock of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary or any parent of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor held by any existing or former employees or management of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Subsidiary of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees; *provided* that such redemptions or repurchases pursuant to this clause will not exceed an amount equal to €0.0 million in the aggregate during any calendar year (with any unused amounts in any preceding calendar year being carried over to the succeeding calendar year); *provided, however*, that the amount of any such repurchase or redemption will be included in subsequent calculations of the amount of Restricted Payments;
- (6) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under “—*Limitation on Indebtedness*” above; *provided, however*, that such dividends will be excluded from subsequent calculations of the amount of Restricted Payments;

- (7) purchases, repurchases, redemptions, defeasance or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price thereof; provided, however, that such repurchases will be excluded from subsequent calculations of the amount of Restricted Payments;
- (8) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Obligation:
  - (a) at a purchase price not greater than 101% of the principal amount of such Subordinated Obligation in the event of a Change of Control in accordance with provisions similar to the “—*Change of Control*” covenant;
  - (b) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions similar to the “—*Limitation on Sales of Assets and Subsidiary Stock*” covenant; provided that, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or other acquisition or retirement, the Company has made the Change of Control Offer or Asset Disposition Offer, as applicable, as provided in such covenant with respect to the Notes and has completed the repurchase or redemption of all Notes validly tendered for payment in connection with such Change of Control Offer or Asset Disposition Offer; and provided, further, that such purchase, redemption or other acquisition of Subordinated Obligations will be excluded from subsequent calculations of the amount of Restricted Payments; or
  - (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Obligation plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;
- (9) dividends, loans, advances or distributions to any Parent or other payments by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in amounts equal to:
  - (a) the amounts required for any Parent to pay Parent Expenses;
  - (b) the amounts required for any Parent to pay Public Offering Expenses or fees and expenses related to any other equity or debt offering of such Parent that are directly attributable to the operation of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries;
  - (c) the amounts required for any Parent to pay Related Taxes; and
  - (d) amounts constituting payments satisfying the requirements of clauses (11) and (12) of the second paragraph of the covenant described under “—*Limitation on Affiliate Transactions*”;

*provided, however, that such dividends, loans, advances, distributions or other payments will be excluded from subsequent calculations of the amount of Restricted Payments;*
- (10) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause; *provided, however, that the amount of such Restricted Payments will be excluded from subsequent calculations of the amount of Restricted Payments;*
- (11) payments by the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, or loans, advances, dividends or distributions to any parent company of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor to make payments to holders of Capital Stock of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or any parent company of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor in lieu of the issuance of fractional shares of such Capital Stock; *provided, however, that the net amount of such payments will be excluded from subsequent calculations of the amount of Restricted Payments;*

- (12) so long as no Default or Event of Default of the type specified in clauses (1) or (2) under “—*Events of Default*” has occurred and is continuing, Restricted Payments to be applied for the purpose of making corresponding payments on Indebtedness of any Parent to the extent that such Indebtedness is guaranteed by the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor pursuant to a guarantee otherwise permitted to be Incurred under the Indenture; *provided, however*, that the amount of such payments will be included in subsequent calculations of the amount of Restricted Payments;
- (13) so long as no Default or Event of Default of the type specified in clauses (1) or (2) under “—*Events of Default*” has occurred and is continuing, any Restricted Payment to the extent that, after giving pro forma effect to any such Restricted Payment, the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00; *provided, however*, that the net amount of such payments will be included in subsequent calculations of the amount of Restricted Payments;
- (14) Restricted Payments in an aggregate amount at any time outstanding, when taken together with all other Restricted Payments made pursuant to this clause (14), not to exceed the greater of (a) €250.0 million and (b) 5.0% of Total Assets, in the aggregate in any calendar year (with any unused amounts in any preceding calendar year being carried over to the succeeding calendar year); *provided, however*, that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments;
- (15) the distribution, as a dividend or otherwise, of shares of Capital Stock of or, Indebtedness owed to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary by, Unrestricted Subsidiaries; *provided, however*, that such distributions will be excluded from subsequent calculations of the amount of Restricted Payments;
- (16) following a Public Offering of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Parent, the declaration and payment by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Parent, or the making of any cash payments, advances, dividends or distributions to any Parent to pay, dividends or distributions on the Capital Stock, common stock or common equity interests of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Parent; *provided that* the aggregate amount of all such dividends or distributions under this clause (16) shall not exceed in any fiscal year the greater of (a) 6.0% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offering by the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or contributed to the capital of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor by any Parent in any form other than Indebtedness or Excluded Contributions and (b) following the Initial Public Offering, an amount equal to the greater of (i) 7.0% of the Market Capitalization and (ii) 7.0% of the IPO Market Capitalization, provided that after giving pro forma effect to the payment of any such dividend or making of any such distribution, the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00; *provided, however*, that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments;
- (17) after the designation of any Restricted Subsidiary as an Unrestricted Subsidiary, distributions (including by way of dividend) consisting of cash, Capital Stock or property or other assets of such Unrestricted Subsidiary that in each case is held by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary; *provided, however*, that (a) such distribution or disposition shall include the concurrent transfer of all liabilities (contingent or otherwise) attributable to the property or other assets being transferred; (b) any property or other assets received from any Unrestricted Subsidiary (other than Capital Stock issued by any Unrestricted Subsidiary) may be transferred by way of distribution or disposition pursuant to this clause (17) only if such property or other assets, together with all related liabilities, is so transferred in a transaction that is substantially concurrent with the receipt of the proceeds of such distribution or disposition by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary; and (c) such distribution or disposition shall not, after giving effect to any related agreements, result nor be likely to result in any material liability, tax or other adverse consequences to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries on a Consolidated basis; provided further, however, that such distributions will be excluded from the calculation of the amount of Restricted Payments, it being understood that proceeds from the disposition of any cash, Capital Stock or property or other assets of an Unrestricted Subsidiary that are so distributed will not increase the amount of Restricted Payments permitted under clause (c)(iv) of the preceding paragraph;

- (18) Restricted Payments reasonably required to consummate any Related Transaction; *provided, however*, that the amount of such Restricted Payments will be excluded in subsequent calculations of the amount of Restricted Payments;
- (19) Restricted Payments at any time outstanding made with the proceeds of any drawings under a Permitted Revolving Credit Facility in an amount not to exceed the Revolving Facility Excluded Amount, provided that the amount of any Restricted Payment made pursuant to this clause (19) shall be deemed to be reduced (but not below zero) by the aggregate principal amount of any prepayment or repayment (including on a cashless basis) of any such drawings under such Permitted Revolving Credit Facility; *provided, however*, that the net amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments;
- (20) Restricted Payments for the purpose of making corresponding payments on any Indebtedness of a Parent, provided that (a) on the date of Incurrence of such Indebtedness by a Parent and after giving effect thereto on a pro forma basis, the Consolidated Net Leverage Ratio, calculated for purposes of this clause (20) as if such Indebtedness of such Parent were being incurred by the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, would not exceed 5.0 to 1.0 or (b) such Indebtedness of a Parent is guaranteed pursuant to clause (13) of the covenant described under “—*Limitation on Indebtedness*”, and, with respect to clause (a) and (b) of this clause (20), any Refinancing Indebtedness in respect thereof; *provided, however*, that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments; and
- (21) distributions (including by way of dividend) to a Parent consisting of cash, Capital Stock or property or other assets of a Restricted Subsidiary that is in each case held by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary for sole purpose of transferring such cash, Capital Stock or property or other assets to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment meets the criteria of more than one of the categories described in clauses (1) through (21) above, or is permitted pursuant to the first paragraph of this covenant, the Company will be entitled to classify such Restricted Payment (or portion thereof) on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this covenant.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount and any non-cash Restricted Payment shall be determined in good faith by the Board of Directors or senior management of the Company.

#### ***Limitation on Liens***

None of the Issuer or the Guarantors will, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted SPV Liens) upon any of its property or assets, whether owned on the date of the Indenture or acquired after that date.

The Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, create, Incur or suffer to exist any Lien of any kind securing Indebtedness upon any of its property or assets (including Capital Stock of Restricted Subsidiaries), whether owned on the date of the Indenture or acquired after that date, except (1) in the case of any property or asset that does not constitute Proceeds Loan Collateral, Permitted Liens, and (2) in the case of any property or asset that constitutes Proceeds Loan Collateral, Permitted Collateral Liens.

### ***Limitation on Restrictions on Distributions from Restricted Subsidiaries***

The Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (2) make any loans or advances to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary; or
- (3) transfer any of its property or assets to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;

provided that (a) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock and (b) the subordination of (including but not limited to, the application of any standstill requirements to) loans or advances made to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary to other Indebtedness Incurred by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

The preceding provisions will not prohibit:

- (1) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the date of the Indenture, including, without limitation, the Indenture, the Covenant Agreement, the Senior Facility Agreement, the Existing Senior Secured Notes, the Priority Agreement, the Proceeds Loan Collateral Documents and any related documentation, in each case, as in effect on the Issue Date;
- (2) any encumbrance or restriction pursuant to an agreement or instrument of a Person relating to any Capital Stock or Indebtedness of a Person, Incurred on or before the date on which such Person was acquired by or merged or consolidated with or into the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or was merged or consolidated with or into the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary or in contemplation of such transaction) and outstanding on such date, provided, that any such encumbrance or restriction shall not extend to any assets or property of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any other Restricted Subsidiary other than the assets and property so acquired and provided, further, that for the purposes of this clause, if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary when such Person becomes the Successor Company;
- (3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refunding, replacement or refinancing of Indebtedness Incurred pursuant to, or that otherwise extends, renews, refunds, refinances or replaces, an agreement referred to in clause (1) or (2) of this paragraph or this clause (3) or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions, taken as a whole, with respect to such Restricted Subsidiary contained in any such agreement are no less favorable in any material respect to the holders of the Notes than the encumbrances and restrictions contained in such agreements referred to in clauses (1) or (2) of this paragraph (as determined in good faith by the Board of Directors or senior management of the Company);

- (4) in the case of clause (3) of the first paragraph of this covenant, any encumbrance or restriction:
  - (i) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract;
  - (ii) contained in Liens permitted under the Indenture securing Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements; or
  - (iii) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (5) any encumbrance or restriction pursuant to (a) Purchase Money Obligations for property acquired in the ordinary course of business and (b) Capitalized Lease Obligations permitted under the Indenture, in each case that impose encumbrances or restrictions of the nature described in clause (3) of the first paragraph of this covenant on the property so acquired;
- (6) any Purchase Money Note or other Indebtedness or contractual requirements Incurred with respect to a Qualified Receivables Transaction relating exclusively to a Receivables Entity that, in the good faith determination of the Board of Directors or senior management of the Company, are necessary to effect such Qualified Receivables Transaction;
- (7) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;
- (8) customary provisions in leases, asset sale agreements, joint venture agreements and other agreements and instruments entered into by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in the ordinary course of business;
- (9) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation, governmental license or order, or required by any regulatory authority;
- (10) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;
- (11) any encumbrance or restriction pursuant to Currency Agreements, Commodity Agreements or Interest Rate Agreements; and
- (12) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under “—*Limitation on Indebtedness*” if (a) the encumbrances and restrictions taken as a whole are not materially less favorable to the holders of the Notes than the encumbrances and restrictions contained in the Indenture, the Covenant Agreement, the Senior Facility Agreement, the Existing Senior Secured Notes, the Priority Agreement, the Proceeds Loan Collateral Documents and any related documentation, in each case, as in effect on the Issue Date (as determined in good faith by the Board of Directors or senior management of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor) or (b) such encumbrances and restrictions taken as a whole are not materially more disadvantageous to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Board of Directors or senior management of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor) and, in each case, either (i) the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor reasonably believes that such encumbrances and restrictions will not materially affect the Company’s ability to make principal or interest payments on the Proceeds Loan as and when they come due or (ii) such encumbrances and restrictions apply only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness.

***Limitation on Sales of Assets and Subsidiary Stock***

The Issuer and the Guarantors will not, directly or indirectly, consummate any SPV Asset Sale.

The Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor will not, and will not permit any of the Restricted Subsidiaries to, make any Asset Disposition unless:

- (1) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors or senior management of the Company (including as to the value of all non-cash consideration), of the shares and assets subject to such Asset Disposition;
- (2) unless the Asset Disposition is a Permitted Asset Swap, at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; and
- (3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as the case may be:
  - (a) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness), to prepay, repay or purchase Senior Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any other Proceeds Loan Obligor (including the Proceeds Loan), or Indebtedness of a Restricted Subsidiary that is not a Proceeds Loan Obligor (in each case other than Indebtedness owed to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or an Affiliate of the Company) within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; *provided, however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor such Proceeds Loan Obligor or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or
  - (b) to the extent the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary elects to invest in or commit to invest in Additional Assets within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; *provided, however*, that any such reinvestment in Additional Assets made pursuant to a definitive agreement or a commitment approved by the Board of Directors or senior management of the Company that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 6 months of such 365th day;

*provided* that pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied as provided in the preceding paragraph will be deemed to constitute “Excess Proceeds”. On the 366th day after an Asset Disposition, if the aggregate amount of Excess Proceeds exceeds €250.0 million, the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor will be required to notify the Issuer that an Asset Disposition Offer (as defined below) is required to be made. Within five Business Days of the receipt of such notice from the Company, the Issuer will make an offer (the “Asset Disposition Offer”) to all holders of Notes and to the extent notified by the Company in such Notice, to all holders of other Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any other Proceeds Loan Obligor that does not constitute Subordinated Obligations (“Other Asset Disposition Indebtedness”) to purchase the maximum principal amount of Notes and any such Other Asset Disposition Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount of the Notes and the Other Asset Disposition Indebtedness plus accrued and unpaid interest to the date of purchase, in accordance

with the procedures set forth in the Indenture or the agreements governing the Other Asset Disposition Indebtedness, as applicable, in each case in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes in any manner not prohibited by the Indenture. If the aggregate principal amount of Notes surrendered by holders thereof and Other Asset Disposition Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and Other Asset Disposition Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Other Asset Disposition Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Issuer that is within the Asset Disposition Offer Period. Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

The Asset Disposition Offer, insofar as it relates to the Notes, will remain open for a period of 20 Business Days following its commencement, except to the extent that a longer period is required by applicable law (the “Asset Disposition Offer Period”). No later than five Business Days after the termination of the Asset Disposition Offer Period (the “Asset Disposition Purchase Date”), the Issuer will purchase the principal amount of Notes and Other Asset Disposition Indebtedness required to be purchased pursuant to this covenant (the “Asset Disposition Offer Amount”) or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Other Asset Disposition Indebtedness validly tendered in response to the Asset Disposition Offer.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Company upon converting such portion into such currency.

If the Asset Disposition Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to holders who tender Notes pursuant to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Other Asset Disposition Indebtedness or portions of Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn, in each case in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officers’ Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering holder of Notes or holder or lender of Other Asset Disposition Indebtedness, as the case may be, an amount equal to the purchase price of the Notes or Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn by such holder or lender, as the case may be, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note, and the Trustee (or its authenticating agent), upon delivery of an Officers’ Certificate from the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof. In addition, the Issuer will take any and all other actions required by the agreements governing the Other Asset Disposition Indebtedness. Any Note not so accepted will be promptly mailed or delivered by the Issuer to the holder thereof. The Issuer will publicly announce the results of the Asset Disposition Offer on the Asset Disposition Purchase Date.

For the purposes of this covenant, the following will be deemed to be cash:

- (1) the assumption by the transferee of Indebtedness (other than Subordinated Obligations) of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or Indebtedness of a Restricted Subsidiary and the release of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition (in which case the Company will, without further action, be deemed to have applied such deemed cash to Indebtedness in accordance with clause (3)(a) above);
- (2) securities, notes or other obligations received by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary from the transferee that are convertible by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;
- (3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and each other Restricted Subsidiary are released from any guarantee of payment of the principal amount of such Indebtedness in connection with such Asset Disposition;
- (4) consideration consisting of Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (5) any Designated Non-Cash Consideration received by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value not to exceed 25.0% of the consideration from such Asset Disposition (excluding any consideration received from such Asset Disposition in accordance with clauses (1) to (4) of this paragraph) (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); and
- (6) in addition to any Designated Non-Cash Consideration received pursuant to clause (5) of this paragraph, Designated Non-Cash Consideration received by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (6) that is at that time outstanding, not to exceed the greater of €120.0 million and 5.0% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

#### ***Limitation on Affiliate Transactions***

The Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (an “Affiliate Transaction”) involving aggregate consideration in excess of €15.0 million for such Affiliate Transactions in any fiscal year, unless:

- (1) the terms of such Affiliate Transaction are not materially less favorable, taken as a whole, to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction in arm’s-length dealings with a Person who is not such an Affiliate; and
- (2) in the event such Affiliate Transaction involves an aggregate consideration in excess of €100.0 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Company.

The preceding paragraph will not apply to:

- (1) any Restricted Payment permitted to be made pursuant to the covenant described under “—*Limitation on Restricted Payments*” or any Permitted Investment;
- (2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultant plans (including, without limitation, valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) and/or indemnities provided on behalf of officers, employees or directors or consultants approved by the Board of Directors of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, in each case in the ordinary course of business;
- (3) loans or advances to employees, officers or directors in the ordinary course of business of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries but in any event not to exceed €15.0 million in the aggregate outstanding at any one time with respect to all loans or advances made since the Issue Date;
- (4) (a) any transaction between or among the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and a Restricted Subsidiary (or an entity that becomes a Restricted Subsidiary in connection with such transaction) or between or among Restricted Subsidiaries (or an entity that becomes a Restricted Subsidiary in connection with such transaction) and (b) any guarantees issued by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary for the benefit of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary (or an entity that becomes a Restricted Subsidiary in connection with such transaction), as the case may be, in accordance with “—*Limitation on Indebtedness*”;
- (5) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which, taken as a whole, are fair to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or the senior management of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the relevant Restricted Subsidiary, as applicable, or are on terms not materially less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;
- (6) loans or advances to any Affiliate of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary, provided that the terms of such loan or advance are fair to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the relevant Restricted Subsidiary, as the case may be, in the reasonable determination of the Board of Directors or senior management of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or are on terms not materially less favorable than those that could reasonably have been obtained from an unaffiliated party;
- (7) the payment of reasonable and customary fees paid to, and indemnity provided on behalf of, directors of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (8) the performance of obligations of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries under (a) the terms of any agreement to which the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries is a party as of or on the Issue Date, or (b) any agreement entered into after the Issue Date on substantially similar terms to an agreement under clause (a) of this paragraph (8), in each case, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; *provided*, however, that any such agreement or amendment, modification, supplement, extension or renewal to such agreement, in each case, entered into after the Issue Date will be permitted to the extent

that its terms are not materially more disadvantageous to the holders of the Notes than the terms of the agreements in effect on the Issue Date;

- (9) sales or other transfers or dispositions of accounts receivable and other related assets customarily transferred in an asset securitization transaction involving accounts receivable to a Receivables Entity in a Qualified Receivables Transaction, and acquisitions of Permitted Investments in connection with a Qualified Receivables Transaction;
- (10) the issuance of Capital Stock or any options, warrants or other rights to acquire Capital Stock (other than Disqualified Stock) of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor to any Affiliate;
- (11) the payment to any Permitted Holder of all reasonable expenses Incurred by any Permitted Holder in connection with its direct or indirect investment in the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and their Subsidiaries and unpaid amounts accrued for prior periods (but after the Issue Date);
- (12) the payment to any Parent or Permitted Holder (1) of Management Fees (a) on a bona fide arm's-length basis in the ordinary course of business, or (b) of up to the greater of €15.0 million and 0.5% of Total Assets in any calendar year, (2) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including without limitation in connection with acquisitions or divestitures, which payments are approved by a majority of the members of the Board of Directors of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or (3) of Parent Expenses;
- (13) guarantees of Indebtedness and other obligations otherwise permitted under the Indenture;
- (14) if not otherwise prohibited under the Indenture, the issuance of Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Loans (including the payment of cash interest thereon; *provided* that, after giving *pro forma* effect to any such cash interest payment, the Consolidated Net Leverage Ratio for the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries would not exceed 4.00 to 1.00) of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor to any direct Parent of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or any Permitted Holder;
- (15) arrangements with customers, clients, suppliers, contractors, lessors or sellers of goods or services that are negotiated with an Affiliate, in each case, which are otherwise in compliance with the terms of the Indenture; *provided* that the terms and conditions of any such transaction or agreement as applicable to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries, taken as a whole are fair to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries and are on terms not materially less favorable to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries than those that could have reasonably been obtained in respect of an analogous transaction or agreement that would not constitute an Affiliate Transaction (in each case, as determined in good faith by the Board of Directors or the senior management of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor);
- (16) (a) transactions with Affiliates in their capacity as holders of Indebtedness or Capital Stock of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary, so long as such Affiliates are not treated materially more favorably than holders of such Indebtedness or Capital Stock generally, and (b) transactions with Affiliates in their capacity as borrowers of Indebtedness from the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary, so long as such Affiliates are not treated materially more favorably than holders of such Indebtedness generally;
- (17) any tax sharing agreement or arrangement and payments pursuant thereto between or among Liberty Global, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any other Person or a Restricted Subsidiary not otherwise prohibited by the Indenture and any payments or other transactions pursuant to a tax sharing agreement between the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor and any other Person or a Restricted Subsidiary and any other Person with which the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries files a consolidated tax return or with which the Company, UPC NL Holdco II or the Affiliate Proceeds

Loan Obligor or any of the Restricted Subsidiaries is part of a group for tax purposes (including a fiscal unity) or any tax advantageous group contribution made pursuant to applicable legislation, provided that any such tax sharing agreement does not permit or require payments in excess of the amounts of tax that would be payable by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries on a stand-alone basis;

- (18) transactions relating to the provision of Intra-Group Services in the ordinary course of business;
- (19) any transaction in the ordinary course of business between or among the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary and any Affiliate of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor that is an Unrestricted Subsidiary or a joint venture or similar entity that would constitute an Affiliate Transaction solely because the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary owns an equity interest in or otherwise controls such Unrestricted Subsidiary, joint venture or similar entity;
- (20) commercial contracts entered into in the ordinary course of business between an Affiliate of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary that are on arm's-length terms or on a basis that senior management of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor reasonably believes allocates costs fairly; and
- (21) any Related Transaction.

### ***Limitation on Layering***

No Proceeds Loan Obligor will, directly or indirectly, Incur any Indebtedness that is or purports to be by its terms (or by the terms of any agreement governing such Indebtedness) subordinated in right of payment to any other Indebtedness of such Proceeds Loan Obligor unless such Indebtedness is also by its terms (or by the terms of any agreement governing such Indebtedness) made expressly subordinate in right of payment to the Proceeds Loan or the Proceeds Loan Guarantee, as applicable, to the same extent and in the same manner as such Indebtedness is subordinated to such other Indebtedness of such Proceeds Loan Obligor; provided, however, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of a Proceeds Loan Obligor solely by virtue of being unsecured or secured on a junior Lien basis or by virtue of not being Guaranteed or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

### ***Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries***

The Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor shall not permit any Restricted Subsidiary to, directly or indirectly, guarantee or otherwise become obligated under any Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any other Proceeds Loan Obligor in an amount in excess of €50 million unless such Restricted Subsidiary is or becomes an Additional Proceeds Loan Guarantor on the date on which such other guarantee or Indebtedness is Incurred (or as soon as reasonably practicable thereafter); *provided* that:

- (1) if such Restricted Subsidiary is not a Significant Subsidiary, such Significant Subsidiary shall only be obligated to guarantee the payment of the Proceeds Loans if such Indebtedness is Indebtedness of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor;
- (2) if the Indebtedness is *pari passu* in right of payment to the Proceeds Loans, any such guarantee of such Restricted Subsidiary with respect to such Indebtedness shall rank *pari passu* in right of payment to its guarantees of the Proceeds Loans;
- (3) if the Indebtedness is subordinated in right of payment to the Proceeds Loans, any such guarantee of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated in right of payment to the guarantees of the Proceeds Loans substantially to the same extent as such Indebtedness is subordinated in right of payment to the Proceeds Loan;
- (4) a Restricted Subsidiary's guarantee may be limited in amount to the extent required by fraudulent conveyance, thin capitalization, corporate benefit, financial assistance or other similar laws (but, in such a case (a) each of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal limit and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are

legally available to eliminate the relevant limit and (b) the relevant guarantee shall be given on an equal and ratable basis with the guarantee of any other Indebtedness giving rise to the obligation to guarantee the Proceeds Loans); and

- (5) for so long as it is not permissible under applicable law for a Restricted Subsidiary to become a guarantor, such Restricted Subsidiary need not become a guarantor (but, in such a case, each of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal prohibition precluding the giving of the guarantee and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant legal prohibition, and shall give such guarantee at such time (and to the extent) that it thereafter becomes permissible).

The preceding paragraph shall not apply to: (1) the granting by such Restricted Subsidiary of a Permitted Lien under circumstances which do not otherwise constitute the guarantee of Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary; or (2) the guarantee by any Restricted Subsidiary of Indebtedness that refinances Indebtedness which benefited from a guarantee by any Restricted Subsidiary Incurred in compliance with this covenant immediately prior to such refinancing.

Notwithstanding the foregoing, any guarantee of the Proceeds Loans created pursuant to the provisions described in the foregoing paragraph shall provide by its terms that it shall be automatically and unconditionally released and discharged upon the occurrence of any events described in clauses (1) through (10) under “—*Proceeds Loans—Proceeds Loan Guarantees—Release of the Proceeds Loan Guarantees*”.

### **Reports**

The Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor will provide to the Trustee and, in each case of clauses (2) and (3) below, will post on its website (or make similar disclosure) the following (*provided*, however, that to the extent any reports are filed on the SEC’s website or on the Reporting Entity’s or Liberty Global’s website, such reports shall be deemed to be provided to the Trustee):

- (1) within 150 days after the end of each fiscal year ending subsequent to the Issue Date, an annual report of the Reporting Entity, containing the following information: (a) audited combined or consolidated balance sheets of the Reporting Entity as of the end of the two most recent fiscal years (or such shorter period as the Reporting Entity has been in existence) and audited combined or consolidated income statements and statements of cash flow of the Reporting Entity for the three most recent fiscal years (or such shorter period as the Reporting Entity has been in existence), in each case prepared in accordance with GAAP, including appropriate footnotes to such financial statements and a report of the independent public accountants on the financial statements; (b) to the extent relating to such annual periods, an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources and critical accounting policies; and (c) to the extent not included in the audited financial statements or operating and financial review, a description of the business, management and shareholders of the Reporting Entity, and a description of all material debt instruments; *provided*, however, that such reports need not (i) contain any segment data other than as required under GAAP in its financial reports with respect to the period presented, (ii) include any exhibits, or (iii) include separate financial statements for any Affiliates of the Reporting Entity or any acquired businesses;
- (2) within 60 days after each of the first three fiscal quarters in each fiscal year, a quarterly report of the Reporting Entity containing the following information: (a) unaudited combined or consolidated income statements of the Reporting Entity for such period, prepared in accordance with GAAP, and (b) a financial review of such period (including a comparison against the prior year’s comparable period), consisting of a discussion of (i) the results of operations and financial condition of the Reporting Entity on a consolidated basis, and material changes between the current period and the prior year’s comparable period, (ii) material developments in the business of the Reporting Entity and its Restricted Subsidiaries, (c) financial information and trends in the business in which the Reporting Entity and its Restricted Subsidiaries is engaged and (d) information with respect to any material acquisition or disposal during the period provided, however, that such reports need not (i) contain any segment data other than as required under GAAP in its financial reports with respect to the period presented,

- (ii) include any exhibits, or (iii) include separate financial statements for any Affiliates of the Reporting Entity or any acquired businesses; and
- (3) within 10 days after the occurrence of such event, information with respect to (a) any change in the independent public accountants of the Reporting Entity (unless such change is made in conjunction with a change in the auditor of Liberty Global), (b) any material acquisition or disposal, and (c) any material development in the business of the Reporting Entity and its Restricted Subsidiaries.

If the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor has designated any of its Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries constitute Significant Subsidiaries of the Reporting Entity, then the annual and quarterly information required by the clauses (1) and (2) of the first paragraph of this covenant shall include a reasonably detailed presentation, either on the face of the financial statements, in the footnotes thereto or in a separate report delivered therewith, of the financial condition and results of operations of the Reporting Entity and its Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries.

Following any election by the Reporting Entity to change its accounting principles in accordance with the definition of GAAP set forth below under “—*Certain Definitions*”, the annual and quarterly information required by clauses (1) and (2) of the first paragraph of this covenant shall include any reconciliation presentation required by clause (2)(a) of the definition of GAAP set forth below under “—*Certain Definitions*”.

To the extent that material differences exist between the business, assets, results of operations or financial condition of (i) the Reporting Entity and (i) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries, the annual and quarterly reports shall give a reasonably detailed description of such differences and include an unaudited reconciliation of the Reporting Entity’s financial statements to the financial statements of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries.

In addition, so long as the Notes remain outstanding and during any period during which the Reporting Entity is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b) of the Exchange Act, the Reporting Entity shall furnish to the holders of the Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Issuer, the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor will provide to the Trustee (*provided*, however, that to the extent any reports are filed on the SEC’s website or on the Reporting Entity’s or Liberty Global’s website, such reports shall be deemed to be provided to the Trustee), within 150 days after the end of each fiscal year ending subsequent to the Issue Date, an audited consolidated balance sheet of the Senior Notes Issuer as of the end of the two most recent fiscal years (or such shorter period as the Senior Notes Issuer has been in existence) and audited consolidated income statements and statements of cash flow of the Senior Notes Issuer for the three most recent fiscal years (or such shorter period as the Senior Notes Issuer has been in existence), in each case prepared in accordance with GAAP, IFRS or Local GAAP (such reporting standard, the “Initial Reporting Standard”), including appropriate footnotes to such financial statements and a report of independent auditors on the financial statements. At any time after the Issue Date, the Issuer may elect to apply for all purposes of the Indenture, in lieu of the Initial Reporting Standard, any of GAAP, IFRS or Local GAAP (the “New Reporting Standard”) and, upon such election, (1) all financial statements and reports to be provided, after such election, pursuant to the Indenture shall be prepared on the basis of the New Reporting Standard as in effect from time to time (including that, upon first reporting its fiscal year results under the New Reporting Standard, the Senior Notes Issuer shall restate its financial statements on the basis of the New Reporting Standard for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of the New Reporting Standard), and (2) from and after such election, all ratios, computations, and other determinations based on Initial Reporting Standard contained in the Indenture shall be computed in conformity with the New Reporting Standard with retroactive effect being given thereto assuming that such election had been made on the Issue Date.

### ***Merger and Consolidation***

The Issuer will not consolidate with, or merge with or into, or convey, transfer or lease all or substantially all of its assets to, any Person.

No Proceeds Loan Borrower will consolidate with, or merge with or into, or convey, transfer or lease all or substantially all of their assets to, any Person, unless:

- (1) the resulting, surviving or transferee Person (the “Successor Company”) will be a corporation, partnership, trust or limited liability company organized and existing under the laws of any member of the state of the European Union that is a member of the European Union on the date of the Indenture, Bermuda, the Cayman Islands, or the United States of America, any State of the United States or the District of Columbia and the Successor Company (if not the relevant Proceeds Loan Borrower) will expressly assume all the obligations of such Proceeds Loan Borrower, under the applicable Proceeds Loan and the Covenant Agreement;
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;
- (3) either (a) immediately after giving effect to such transaction, the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor, or such Successor Company, would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the second paragraph of the covenant described under “—*Limitation on Indebtedness*” or (b) the Consolidated Net Leverage Ratio of the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor, or such Successor Company, would be no greater than that of the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor immediately prior to giving effect to such transaction; and
- (4) the Company shall have delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer comply with the Indenture; *provided* that in giving such opinion, such counsel may rely on an Officers’ Certificate as to compliance with clauses (2) and (3) above and as to any matters of fact.

No Proceeds Loan Obligor (other than the Proceeds Loan Borrowers) will consolidate with, or merge with or into, or convey, transfer or lease all or substantially all of their assets to, any Person, other than a Proceed Loan Obligor (other than in connection with a transaction that does not constitute an Asset Disposition or a transaction that is permitted under “—*Limitation on Sales of Assets and Subsidiary Stock*”), unless:

- (1) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and
- (2) either:
  - (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger will expressly assume all the obligations of the Proceeds Loan Obligor under the applicable Proceeds Loan Guarantee and the Covenant Agreement; or
  - (b) the Net Cash Proceeds of such transaction are applied in accordance with the applicable provisions of the Indenture.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, one or more Subsidiaries of UPC NL Holdco II or one or more Subsidiaries of the Affiliate Proceeds Loan Obligor (as applicable), which properties and assets, if held by the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (as applicable) instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (as applicable) on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (as applicable).

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (as applicable) under the Indenture, and upon such substitution, the predecessor Company will be released from its obligations under the Indenture and the Notes or the Note Guarantee (as applicable), but, in the case of a lease of all or substantially all its assets, the

predecessor company will not be released from the obligation to pay the principal of and interest on the Proceeds Loans.

Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The provisions set forth in this “—*Merger and Consolidation*” covenant shall not restrict (and shall not apply to): (i) any merger, consolidation or transfer of assets reasonably required to effect or consummate any Related Transaction (provided that, for the purposes of this clause (i), clauses (1) under the second paragraph of this covenant shall apply to any such transaction), (ii) any Restricted Subsidiary from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any other Restricted Subsidiary and (iii) the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity, provided that, for the purposes of this clause (iii), clauses (1), (2) and (4) under the second paragraph of this covenant shall apply to any such transaction.

#### ***Limitation on Issuer Activities***

Prior to the Ziggo Group Assumption, the Issuer and the Guarantors will not engage in any business activity or undertake any other activity, except any activity:

- (1) relating to the offering, sale or issuance of the Notes (including the Escrow Agreement), any Additional Notes and any Additional Debt permitted to be incurred under the Indenture (including the lending of the proceeds of such sale of the Notes, any Additional Notes or any Additional Debt to one or more Proceeds Loan Obligors);
- (2) undertaken with the purpose of, and directly related to, fulfilling its obligations or exercising its rights under the Notes, the Indenture, the Note Security Documents, the Proceeds Loans, the Proceeds Loan Agreement, the Covenant Agreement, the Collateral Sharing Agreement, the Priority Agreement, any Proceeds Loan Collateral Documents or any other document relating to the Notes, the Additional Notes, the Proceeds Loans, any Additional Proceeds Loans or any other Additional Debt permitted to be incurred under the Indenture;
- (3) directly related to or reasonably incidental to the establishment and maintenance of the Issuer’s and the Guarantors’ corporate existence;
- (4) directly related to investing amounts received by the Issuer or the Guarantors (other than amounts not corresponding to required payments under the Notes) in such manner not otherwise prohibited by the Indenture;
- (5) other transactions of a type customarily entered into by orphan financing companies;
- (6) directly related to or reasonably incidental to the ownership of its shares and of the shares of its Subsidiaries and conducting activities related to, or reasonably incidental to, the establishment or maintenance of its or its Subsidiaries’ corporate existence;
- (7) directly related to or reasonably incidental to other activities not specifically enumerated above that are de minimis in nature or that are of the same nature as activities exercised by the Issuer and the Guarantors on the Issue Date;
- (8) directly related to the making of Permitted SPV Investments and Permitted SPV Maintenance Payments and the granting of Permitted SPV Liens; or
- (9) directly related to or reasonably incidental to the Ziggo Group Combination.

On the Escrow Release Date, the Issuer will loan all of the proceeds of the offering of the Notes issued on the Issue Date to one or more of the Proceeds Loan Borrowers pursuant to the Proceeds Loans.

Prior to the Ziggo Group Assumption, the Issuer will not:

- (1) issue any Capital Stock (other than to the Senior Notes Issuer);
- (2) take any action which would cause it to no longer satisfy the requirements of an available exemption from the provisions of the U.S. Investment Company Act of 1940, as amended;
- (3) commence or take any action or facilitate a winding-up, liquidation, dissolution or other analogous proceeding;
- (4) amend its constitutive documents in any manner which would adversely affect the rights of holders of the Notes in any material respect; or
- (5) transfer or assign any of its rights under a Proceeds Loan, except pursuant to the Note Security Documents.

Except as otherwise provided in the Indenture, the Issuer will take all actions that are necessary and within its power to prohibit the transfer of the issued shares in the Issuer by the Senior Notes Issuer, other than pursuant to the Issuer Share Pledge or the enforcement of the Issuer Share Pledge in accordance with the Collateral Sharing Agreement.

Prior to the Ziggo Group Assumption, for so long as any Notes are outstanding, the Issuer will take any action reasonably necessary to maintain its status as a disregarded entity for U.S. Federal tax purposes.

Subject to the Collateral Sharing Agreement, whenever the Issuer receives a payment or prepayment under the Proceeds Loans, it shall use the funds received solely to satisfy its obligations (to the extent of the amount owing in respect of such obligations) under the Indenture (including any premium payable to holders of the Notes).

***Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination***

At any time after the Escrow Release Date, a Proceeds Loan Obligor may, at its sole option and in its sole discretion, instruct the Issuer upon no less than 5 days' notice, and the Issuer shall provide no less than 5 days' notice to the Trustee, that the Ziggo Group Combination has occurred or will occur and that the Fold-In Issuer will assume all of the obligations of the Issuer under the Notes and the Indenture and such assumption will be a deemed repayment in full and cancellation of the obligations of the Proceeds Loan Obligors under the Proceeds Loan (such assumption referred to herein as the "Ziggo Group Assumption").

The Ziggo Group Assumption is subject to the following conditions:

- (1) the Ziggo Group Combination has occurred or will occur on or before the date of the Ziggo Group Assumption;
- (2) each of the Proceeds Loan Obligors (or their successors) that remain following the Ziggo Group Combination (the "Notes Guarantors") will, jointly and severally, irrevocably guarantee (each guarantee, a "Note Guarantee"), as primary obligor and not merely as surety, on a senior basis, the full and punctual payment when due, whether at maturity, by acceleration or otherwise, all payment obligations of the Fold-In Issuer under the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise;
- (3) the Issuer, the Trustee, the Security Agent, the Fold-In Issuer, the Security Trustee and the Notes Guarantors will execute a supplemental indenture, accession agreement or other similar agreement (in a form attached as a schedule to the Indenture) (the "Accession Agreement") to effect the Ziggo Group Assumption and the Note Guarantees; and
- (4) on the Ziggo Group Assumption Date, the Trustee, acting on behalf of the holders of the Notes, will accede to the Priority Agreement and the Fold-In Issuer will procure that the obligations under the Notes and the Indenture are secured by the Proceeds Loan Collateral remaining following the Ziggo Group Combination (the "Fold-In Collateral" and the documents governing the Fold-In Collateral, the "Fold-In Collateral Documents").

Upon consummation of the Ziggo Group Assumption:

- (1) the Fold-In Issuer will succeed to, and be substituted for, and may exercise every right of the Issuer under the Indenture, and upon such substitution, the predecessor Issuer will be released from its obligations under the Indenture and the Notes;
- (2) the Security Agent will accede to the Indenture as Security Agent and the Security Trustee will be released from its obligations under the Indenture and the Notes; and
- (3) the terms and conditions of the Notes, including the covenants, will be automatically modified as set out elsewhere in this Offering Memorandum under “Description of the Fold-In Notes”.

By accepting a Note, each holder will be deemed to have irrevocably:

- (1) agreed to the Ziggo Group Assumption as set forth above and irrevocably authorized and directed the Trustee to take all necessary actions to effectuate the Ziggo Group Assumption unless prohibited under the Indenture;
- (2) agreed and accepted the terms and conditions of the Priority Agreement;
- (3) appointed the Security Agent to (A) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Priority Agreement or the Fold-In Collateral Documents, together with any other incidental rights, power and discretions; and (B) execute each Fold-In Collateral Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

### ***Impairment of Liens***

The Issuer shall not take or omit to take any action that would have the result of materially impairing any Lien in the Note Collateral granted under the Note Security Documents (it being understood, subject to the proviso below, that the Incurrence of Permitted SPV Liens shall under no circumstances be deemed to materially impair any Lien in the Note Collateral granted under the Note Security Documents) for the benefit of the Trustee, the Security Trustee and the holders of the Notes, and the Issuer shall not grant to any Person other than the Security Trustee, for the benefit of the Trustee, the Security Trustee and the holders of the Notes and the other beneficiaries described in the Note Security Documents and the Collateral Sharing Agreement, any interest in any of the Note Collateral, except that (1) the Issuer may Incur Permitted SPV Liens and (2) the Note Collateral may be discharged and released in accordance with the Indenture, the Note Security Documents and the Collateral Sharing Agreement; *provided* however, that, except with respect to any discharge or release of Note Collateral in accordance with the Indenture, the Note Security Documents or the Collateral Sharing Agreement, in connection with the Incurrence of Liens for the benefit of the Trustee, the Security Trustee and holders of Notes, or the release or replacement of any Note Collateral in compliance with the terms of the Indenture as described under “—*Note Collateral*”, no Note Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, except that, at the direction of the Issuer and without the consent of the holders of the Notes, the Trustee and the Security Trustee may from time to time (subject to customary protections and indemnifications from the Company) enter into one or more amendments to the Note Security Documents to: (a) cure any ambiguity, omission, manifest error, defect or inconsistency therein; (b) provide for Permitted SPV Liens; (c) provide for the release of any Lien on any properties and assets constituting Note Collateral from the Lien of the Note Security Documents, provided that such release is followed by the substantially concurrent re-taking of a Lien of at least equivalent priority over the same properties and assets securing the Notes; and (d) make any other change that does not adversely affect the holders of the Notes in any material respect, provided that, contemporaneously with any such action in clauses (b), (c) and (d), the Company delivers to the Trustee either (i) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (ii) a certificate from the responsible financial or accounting officer of the relevant grantor (acting in good faith) which confirms the solvency of the Person granting such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or (iii) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the Note Security Documents, as applicable, so amended, extended, renewed, restated, supplemented, modified or replaced are valid and perfected (if such concept

is applicable under the jurisdiction where such Lien is granted) Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement. In the event that the Issuer complies with the requirements of this covenant, the Trustee shall (subject to customary protections and indemnifications) consent to any such amendment, extension, renewal, restatement, supplement, modification or replacement without the need for instructions from holders of the Notes.

The Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing any Lien in the Proceeds Loan Collateral granted under the Proceeds Loan Collateral Documents (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair any Lien in the Proceeds Loan Collateral granted under the Proceeds Loan Collateral Documents) for the benefit of the Issuer as lender under the Proceeds Loans, and the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor shall not, and the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor shall not permit any Restricted Subsidiary to, grant to any Person other than the Issuer as lender under the Proceeds Loans and the other beneficiaries described in the Proceeds Loan Collateral Documents and the Priority Agreement, any interest in any of the Proceeds Loan Collateral, except that (1) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries may Incur Permitted Collateral Liens, (2) the Proceeds Loan Collateral may be discharged and released in accordance with the Proceeds Loans, the Indenture, the Security Documents and the Priority Agreement, and (3) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries may consummate any other transaction permitted under “—*Certain Covenants—Merger and Consolidation*”; provided, however, that, except with respect to any discharge or release of Proceeds Loan Collateral in accordance with the Proceeds Loans, the Indenture, the Proceeds Loan Collateral Documents or the Priority Agreement, in connection with the Incurrence of Liens for the benefit of the Issuer as lender under the Proceeds Loans, or the release or replacement of any Proceeds Loan Collateral in compliance with the terms of the Indenture as described under “—*Proceeds Loan Collateral*”, no Proceeds Loan Collateral Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, except that, without the consent of the holders of the Notes, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor, the Security Agent and the other parties thereto may from time to time enter into one or more amendments to the Proceeds Loan Collateral Documents to: (a) cure any ambiguity, omission, manifest error, defect or inconsistency therein; (b) provide for Permitted Collateral Liens; (c) make any change necessary or desirable, in the good faith determination of the Company in order to implement transactions permitted under “—*Certain Covenants—Merger and Consolidation*”; (d) provide for the release of any Lien on any properties and assets constituting Proceeds Loan Collateral from the Lien of the Proceeds Loan Collateral Documents, provided that such release is followed by the substantially concurrent re-taking of a Lien of at least equivalent priority over the same properties and assets securing the Proceeds Loans; and (e) make any other change that does not adversely affect the holders of the Notes in any material respect, provided that, contemporaneously with any such action in clauses (b), (d) and (e), the Company delivers to the Trustee either (i) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an Independent Financial Advisor confirming the solvency of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and their Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (ii) a certificate from the responsible financial or accounting officer of the relevant grantor (acting in good faith) which confirms the solvency of the Person granting such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or (iii) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the Proceeds Loan Collateral Documents, as applicable, so amended, extended, renewed, restated, supplemented, modified or replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

#### ***Additional Collateral Sharing Agreement; Additional Priority Agreements***

The Trustee will become party to the Collateral Sharing Agreement on or about the Escrow Release Date, and each holder of a Note, by accepting such Note, will be deemed to have (i) authorized the Trustee to enter into the Collateral Sharing Agreement, (ii) agreed to be bound by all the terms and provisions of the Collateral Sharing

Agreement applicable to such holder and (iii) irrevocably appointed each of the Trustee and the Security Trustee to act on its behalf and to perform the duties and exercise the rights, powers and discretions that are specifically given to them under the Collateral Sharing Agreement.

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or the Guarantors of any Indebtedness that is permitted to share the Note Collateral pursuant to the definition of Permitted SPV Liens, the Issuer and the Trustee shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) a collateral sharing agreement, including a restatement, accession, amendment or other modification of an existing collateral sharing agreement (an “Additional Collateral Sharing Agreement”), on substantially the same terms as the Collateral Sharing Agreement (or terms not materially less favorable to the holders); provided, that such Additional Collateral Sharing Agreement will not impose any personal obligations on the Trustee or adversely affect the personal rights, duties, liabilities or immunities of the Trustee under the Indenture or the Additional Collateral Sharing Agreement.

At the direction of the Issuer and without the consent of the holders of the Notes, the Trustee and the Security Trustee will from time to time enter into one or more amendments to the Collateral Sharing Agreement or any Additional Collateral Sharing Agreement to: (i) cure any ambiguity, omission, manifest error, defect or inconsistency therein; (ii) add other parties (such as representatives of new issuances of Indebtedness) thereto; (iii) further secure the Notes (including Additional Notes); (iv) make provision for equal and ratable grants of Liens on the Note Collateral to secure Additional Notes or to implement any Permitted SPV Liens; (v) make any other change to the Collateral Sharing Agreement or such Additional Collateral Sharing Agreement to provide for additional Indebtedness (including with respect to any Collateral Sharing Agreement or Additional Collateral Sharing Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes) or other obligations that are permitted by the terms of the Indenture to be Incurred and secured by a Lien on the Note Collateral on a senior, *pari passu* or junior basis with the Liens securing the Notes, (vi) amend the Collateral Sharing Agreement or any Additional Collateral Sharing Agreement in accordance with the terms thereof or; (vii) implement any transaction in connection with the renewal, extension, refinancing, replacement or increase of any Indebtedness that is secured by the Note Collateral and that is not prohibited by the Indenture; or (viii) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect; *provided* that no such changes shall be permitted to the extent they affect the ranking of any Note, enforcement of Liens over the Note Collateral, the application of proceeds from the enforcement of the Note Collateral or the release of any Security in a manner than would adversely affect the rights of the holders of the Notes in any material respect except as otherwise permitted by the Indenture, the Collateral Sharing Agreement or any Additional Collateral Sharing Agreement immediately prior to such change. The Issuer will not otherwise direct the Trustee or the Security Trustee to enter into any amendment to the Collateral Sharing Agreement or, if applicable, any Additional Collateral sharing Agreement, without the consent of the holders of a majority in principal amount of the outstanding Notes outstanding, except as described above or otherwise permitted below under “—*Amendments and Waivers*”, and the Issuer may only direct the Trustee and the Security Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Trustee or, in the opinion of the Trustee or Security Trustee, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Collateral Sharing Agreement or any Additional Collateral Sharing Agreement.

Each holder of a Note, by accepting such Note, will be deemed to have:

- (a) appointed and authorized the Trustee and the Security Trustee from time to time to give effect to such provisions;
- (b) authorized each of the Trustee and the Security Trustee from time to time to become a party to any Additional Collateral Sharing Agreement;
- (c) agreed to be bound by such provisions and the provisions of any Additional Collateral Sharing Agreement; and
- (d) irrevocably appointed the Trustee and the Security Trustee to act on its behalf from time to time to enter into and comply with such provisions and the provisions of any Additional Collateral Sharing Agreement,

in each case, without the need for the consent of the holders.

The Indenture will also provide that, in relation to the Collateral Sharing Agreement or an Additional Collateral Sharing Agreement, the Trustee shall consent on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; provided, however, that such transaction would comply with the covenant described under “—*Limitation on Restricted Payments*”.

***Priority Agreement; Additional Priority Agreements***

The Issuer, as lender under the Proceeds Loan, will become party to the Priority Agreement on or about the Escrow Release Date.

At the request of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, in connection with the Incurrence by a Proceeds Loan Obligor of any Indebtedness that is permitted to share the Proceeds Loan Collateral pursuant to the definition of Permitted Collateral Lien, the Proceeds Loan Obligors, the Issuer as lender under the Proceeds Loan and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) a priority agreement, including a restatement, accession, amendment or other modification of an existing priority agreement (an “Additional Priority Agreement”), on substantially the same terms as the Priority Agreement (or terms not materially less favorable to the Issuer as lender under the Proceeds Loans).

At the direction of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor and without the consent of the holders of the Notes, the Issuer as lender under the Proceeds Loans will from time to time enter into one or more amendments to the Priority Agreement or any Additional Priority Agreement to: (i) cure any ambiguity, omission, manifest error, defect or inconsistency therein; (ii) add other parties (such as representatives of new issuances of Indebtedness) thereto; (iii) further secure the Proceeds Loans (including Additional Proceeds Loans); (iv) make provision for equal and ratable grants of Liens on the Proceeds Loan Collateral to secure Additional Proceeds Loans or to implement any Permitted Collateral Liens; (v) make any other change to the Priority Agreement or such Additional Priority Agreement to provide for additional Indebtedness (including with respect to any Priority Agreement or Additional Priority Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Proceeds Loans) or other obligations that are permitted by the terms of the Indenture to be Incurred and secured by a Lien on the Proceeds Loan Collateral on a senior, *pari passu* or junior basis with the Liens securing the Proceeds Loans, (vi) add Restricted Subsidiaries to the Priority Agreement or an Additional Priority Agreement, (vii) amend the Priority Agreement or any Additional Priority Agreement in accordance with the terms thereof or; (viii) make any change necessary or desirable, in the good faith determination of the Board of Directors or senior management of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, in order to implement any transaction that is subject to the covenants described under the caption “—*Merger and Consolidation*”; (ix) implement any transaction in connection with the renewal, extension, refinancing, replacement or increase of any Indebtedness that is secured by the Proceeds Loan Collateral and that is not prohibited by the Indenture; or (x) make any other change thereto that does not adversely affect the rights of the Issuer as lender under the Proceeds Loans in any material respect; *provided* that no such changes shall be permitted to the extent they affect the ranking of the Proceeds Loans, enforcement of Liens over the Proceeds Loan Collateral, the application of proceeds from the enforcement of the Proceeds Loan Collateral or the release of any Proceeds Loan Collateral in a manner that would adversely affect the rights of the Issuer as lender under the Proceeds Loans in any material respect except as otherwise permitted by the Indenture, the Priority Agreement or any Additional Priority Agreement immediately prior to such change. Neither the Company nor UPC NL Holdco II will otherwise direct the Issuer as lender under the Proceeds Loans to enter into any amendment to the Priority Agreement or, if applicable, any Additional Priority Agreement, without the consent of the holders of a majority in principal amount of the outstanding Notes, except as described above or otherwise permitted below under “—*Amendments and Waivers*”.

Each holder of a Note, by accepting such Note, will be deemed to have:

- (a) authorized the Issuer as lender under the Proceeds Loans to become a party to any Additional Priority Agreement; and
- (b) agreed to be bound by such provisions and the provisions of any Additional Priority Agreement,

in each case, without the need for the consent of the holders.

The Indenture will also provide that, in relation to the Priority Agreement or an Additional Priority Agreement, the Issuer shall consent to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Proceeds Loans thereby; *provided*, however, that such transaction would comply with the covenant described under “—*Limitation on Restricted Payments*”.

### ***Suspension of Covenants on Achievement of Investment Grade Status***

If, during any period after the Issue Date, the Notes have achieved and continue to maintain Investment Grade Status and no Event of Default has occurred and is continuing (such period hereinafter referred to as an “Investment Grade Status Period”), then the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Issuer will notify the Trustee of this fact and beginning on such date, the covenants in the Indenture described under “—*Limitation on Indebtedness*”, “—*Limitation on Restricted Payments*”, “—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*”, “—*Limitation on Sales of Assets and Subsidiary Stock*”, “—*Limitation on Affiliate Transactions*”, and under “—*Change of Control*”, the provisions of clause (3) of the second paragraph of the covenant described under “—*Merger and Consolidation*” and any related default provisions of the Indenture will be suspended and will not, during such Investment Grade Status Period, be applicable to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries (or, with respect to under “—*Change of Control*”, the Issuer). As a result, during any such Investment Grade Status Period, the Notes will lose a significant amount of the covenant protection initially provided under the Indenture and the Covenant Agreement. No action taken during an Investment Grade Status Period or prior to an Investment Grade Status Period in compliance with the covenants then applicable will require reversal or constitute a default under the Covenant Agreement, the Indenture or the Notes in the event that suspended covenants are subsequently reinstated or suspended, as the case may be. An Investment Grade Status Period will terminate immediately upon the failure of the Notes to maintain Investment Grade Status (the “Reinstatement Date”). The Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Issuer will promptly notify the Trustee in writing of any failure of the Notes to maintain Investment Grade Status and the Reinstatement Date.

### ***Events of Default***

Each of the following is an “Event of Default” under the Indenture:

- (1) default in any payment of interest or Additional Amounts on any Note when due, which has continued for 30 days;
- (2) default in the payment of principal of or premium, if any, on any Note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon mandatory redemption as set forth above under “—*General—Escrow of Proceeds; Special Mandatory Redemption*” or otherwise;
- (3) failure by the Issuer, the Company or any other Proceeds Loan Obligor to comply for 60 days after notice specified in the Indenture with its other agreements contained in the Notes or the Indenture; *provided, however*, that the Issuer or the Company, as applicable, shall have 90 days after receipt of such notice to remedy, or receive a waiver for, any failure to comply with the obligations to file annual, quarterly and current reports, as applicable, in accordance with the covenant described under “—*Certain Covenants—Reports*” so long as the Issuer or the Company, as applicable, is attempting to cure such failure as promptly as reasonably practicable;
- (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries (or the payment of which is guaranteed by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries), other than Indebtedness owed to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists, or is created after the Issue Date, which default:
  - (a) is caused by a failure to pay principal of such Indebtedness at its Stated Maturity after giving effect to any applicable grace period provided in such Indebtedness (“payment default”); or
  - (b) results in the acceleration of such Indebtedness prior to its maturity (the “cross acceleration provision”);

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €75.0 million or more;

- (5) certain events of bankruptcy, insolvency or reorganization of the Issuer, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited Consolidated financial statements delivered to the holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*” for the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries), would constitute a Significant Subsidiary (the “bankruptcy provisions”) have been commenced or have occurred;
- (6) failure by the Issuer, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited Consolidated financial statements delivered to holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*” for the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and its Restricted Subsidiaries, would constitute a Significant Subsidiary, to pay final judgments aggregating in excess of €75.0 million (net of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days (the “judgment default provision”);
- (7) any Proceeds Loan or Proceeds Loan Guarantee of a Significant Subsidiary ceases to be in full force and effect (except in accordance with the terms of the Indenture) or is declared invalid or unenforceable in a judicial proceeding and such Default continues for 30 days after the notice specified in the Indenture (the “guarantee failure provision”);
- (8) any Lien in the Proceeds Loan Collateral created under Proceeds Loan Collateral Documents having a fair market value of in excess of €100.0 million, or any Lien in the Note Collateral created under the Note Security Documents, (a) at any time, ceases to be in full force and effect in any material respect for any reason other than as a result of its release in accordance with the Indenture and the Note Security Documents or the Proceeds Loan Collateral Documents, as applicable, or (b) is declared invalid or unenforceable in a judicial proceeding and, in each case, and such Default continues for 60 days after the notice specified in the Indenture (the “collateral failure provision”);
- (9) failure by the Issuer to comply with any term of the Escrow Agreement that is not cured within 10 days to the extent such non-compliance would reasonably be expected to materially and adversely impact the holders of the Notes; or
- (10) the Escrow Agreement or any other security document or any Lien purported to be granted thereby on the Escrow Account or the cash or Investments permitted under the Escrow Agreement therein is held in any judicial proceeding to be unenforceable or invalid, in whole or in part, or ceases for any reason (other than pursuant to a release that is delivered or becomes effective as set forth in the Indenture) to be fully enforceable and which creates a valid and enforceable Lien.

In the event of the occurrence of any Default or Event of Default described in clause (3) above with respect to any covenant, agreement or undertaking in the Indenture or the Notes applicable to any Proceeds Loan Obligor, such Proceeds Loan Obligor will be deemed to be in default of its corresponding obligations under the Covenant Agreement.

However, a default under clauses (3), (7), (8), (9) or (10) of the first paragraph above will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of the outstanding Notes notify the Company of the default and the Company does not cure such default within the time specified in clauses (3), (7), (8), (9) or (10) of the immediately preceding paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuer, or the holders of at least 25% in principal amount of the outstanding Notes by notice to the Issuer and the Trustee, may, and the Trustee at the request of such holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, if any, and Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest and Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes

because an Event of Default described in clause (4) under “—*Events of Default*” has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured by the Issuer, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or waived by the holders of the relevant Indebtedness within 20 days after the declaration of acceleration with respect thereto and if (a) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (b) all existing Events of Default, except non-payment of principal, premium or interest and Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest and Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders. The holders of a majority in principal amount of the outstanding Notes may waive all past defaults (except with respect to non-payment of principal, premium, interest or Additional Amounts) and rescind any such acceleration with respect to the Notes and its consequences if (a) rescission would not conflict with any judgment or decree of a court of competent jurisdiction, (b) all existing Events of Default, other than the non-payment of the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and (c) the Issuer has paid the Trustee its compensation and reimbursed the Trustee for its properly incurred expenses, disbursements and advances.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders unless such holders have offered to the Trustee indemnity, security or prefunding satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, interest or Additional Amounts, if any, when due, no holder of Notes may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such holder of Notes has previously given the Trustee written notice that an Event of Default is continuing;
- (2) holders of at least 50% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;
- (3) such holders of Notes have offered the Trustee security, indemnity or prefunding satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and
- (5) the holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture provides that in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use under the circumstances in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to security or indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The Indenture provides that if a Default occurs and is continuing and is actually known to the Trustee, the Trustee must give notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium, if any, interest or Additional Amounts, if any, on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the holders. In addition, the Company or the Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company or the Issuer is also required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which they are aware which would constitute

certain Defaults with respect to the Proceeds Loan Obligors or the Issuer, as applicable, the status of such events and what action the Company is taking or proposing to take in respect thereof.

Whenever payment under the Notes has been accelerated due to an Event of Default under the Indenture, the Issuer as lender under the Proceeds Loan shall, by immediate notice to the applicable Proceeds Loan Borrower:

- (1) declare that an event of default under the Proceeds Loan has occurred; and
- (2) declare that all amounts outstanding under the Proceeds Loan are immediately due and payable.

If such acceleration of the Notes is annulled or rescinded, the Issuer shall rescind any acceleration of the Proceeds Loans by immediate notice to the applicable Proceeds Loan Borrower.

## ***Amendments and Waivers***

### ***Specified Consents and Amendments***

In the event that the Issuer, as lender under the Proceeds Loans, is eligible or required to vote (or otherwise consent) (including with respect to any enforcement decision) with respect to any matter arising from time to time under the Priority Agreement or any Additional Priority Agreement in which all other creditors under the Priority Agreement or any Additional Priority Agreement are eligible or required to vote (or otherwise consent), the Issuer shall vote, or otherwise provide or withhold any consent or instruction (the “Instructing Group Consent”) as directed by the “Instructing Group” as defined in, an in accordance with, the Collateral Sharing Agreement and any Additional Collateral Sharing Agreement. If applicable, the Issuer shall solicit votes (or other consents or instructions) from holders with respect to any Instructing Group Consent.

### ***Non-Specified Consents and Amendments***

Subject to certain exceptions, the Indenture, the Notes, the Covenant Agreement, the Note Security Documents, the Collateral Sharing Agreement, any Additional Collateral Sharing Agreement, the Proceeds Loans or the Proceeds Loan Agreement (only to the extent consent of holders of the Notes is required), the Proceeds Loan Guarantees, the Proceeds Loan Collateral Documents, the Priority Agreement and any Additional Priority Agreement may be amended or supplemented with the consent of the holders of a majority in principal amount of the Notes then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any past default or compliance with any provisions of the Indenture, the Notes, the Covenant Agreement, the Note Security Documents, the Collateral Sharing Agreement, any Additional Collateral Sharing Agreement, the Proceeds Loans, the Proceeds Loan Agreement, the Proceeds Loan Guarantees, the Proceeds Loan Collateral Documents, the Priority Agreement and any Additional Priority Agreement may be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes, an amendment may not:

- (1) reduce the principal amount of Notes whose holders must consent to an amendment or waiver;
- (2) reduce the stated rate of or extend the stated time for payment of interest or Additional Amounts on any Note;
- (3) reduce the principal of or extend the Stated Maturity of any Note;
- (4) whether through an amendment or waiver of provisions in the covenants, definitions or otherwise
  - (i) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed as described above under “Optional Redemption” (other than the notice provisions),
  - (ii) reduce the premium payable upon repurchase of any Note or change the time at which any Note is to be repurchased as described under “—Certain Covenants—Change of Control” or “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” at any time after the obligation to repurchase has arisen, or
  - (iii) change any provision relating to the redemption of the Notes described under “—*General—Escrow of Proceeds; Special Mandatory Redemption*”;
- (5) make any Note payable in money other than that stated in the Note (except to the extent the currency stated in the Notes has been succeeded or replaced pursuant to applicable law);

- (6) impair the right of any holder to receive payment of, premium, if any, principal of or interest or Additional Amounts, if any, on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes; or
- (7) make any change in the amendment or waiver provisions described in this paragraph.

In addition, without the consent of at least 75% in aggregate principal amount of Notes then outstanding, no amendment or supplement may:

- (1) release any Proceeds Loan Guarantor from any of its obligations under its Proceeds Loan Guarantee or modify any Proceeds Loan Guarantee except, in each case, in accordance with the terms of the Indenture and the Priority Agreement;
- (2) release any Guarantor from any of its obligations under its Note Guarantee or modify any Note Guarantee, except, in each case, in accordance with the terms of the Indenture and the Collateral Sharing Agreement; or
- (3) modify any Note Security Document or any Proceeds Loan Collateral Document or the provisions in the Indenture dealing with the Note Security Documents, the Proceeds Loan Collateral Documents or application of trust moneys in any manner, taken as a whole, materially adverse to the holders or otherwise release all or substantially all of the Note Collateral or the Proceeds Loan Collateral other than pursuant to the terms of the Note Security Documents, the Proceeds Loan Collateral Documents, the Collateral Sharing Agreement, any Additional Collateral Sharing Agreement, the Priority Agreement, any Additional Priority Agreement, as applicable, or as otherwise permitted by the Indenture.

Notwithstanding the foregoing, without the consent of any holder, the Indenture, the Notes, the Covenant Agreement, the Note Security Documents, the Collateral Sharing Agreement, any Additional Collateral Sharing Agreement, the Proceeds Loans, the Proceeds Loan Agreement, the Proceeds Loan Guarantees, the Proceeds Loan Collateral Documents, the Priority Agreement and any Additional Priority Agreement may be amended to:

- (1) cure any ambiguity, omission, manifest error, defect or inconsistency;
- (2) provide for the assumption by a Successor Company of the obligations of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or another Proceeds Loan Obligor under the Covenant Agreement, the Priority Agreement, any Additional Priority Agreement and the Proceeds Loan Collateral Documents;
- (3) provide for uncertificated Notes in addition to or in place of certificated Notes;
- (4) add guarantees with respect to the Notes or the Proceeds Loans;
- (5) secure the Notes or the Proceeds Loans or enter into additional or supplemental Note Security Documents or Proceeds Loan Collateral Documents;
- (6) add to the covenants of the Issuer or the Proceeds Loan Obligors for the benefit of the holders or the Issuer as lender under the Proceeds Loans, or surrender any right or power conferred upon the Issuer under the Indenture, the Notes or the Note Security Documents or conferred upon a Proceeds Loan Obligor under the Proceeds Loans, the Covenant Agreement or the Proceeds Loan Collateral Documents;
- (7) make any change that does not adversely affect the rights of any holder in any material respect;
- (8) release the Note Collateral or the Proceeds Loan Collateral as provided by the terms of the Indenture;
- (9) provide for the issuance of Additional Notes or Additional Proceeds Loans in accordance with the terms of the Indenture;
- (10) give effect to Permitted SPV Liens and Permitted Collateral Liens;
- (11) release any Note Guarantee or Proceeds Loan Guarantee in accordance with the terms of the Indenture;
- (12) evidence and provide for the acceptance of the appointment of a successor Trustee or Security Trustee under the Indenture;
- (13) to the extent reasonable required to allow for the Related Transactions;

- (14) to the extent necessary to grant a Lien for the benefit of any Person; provided that the granting of such Lien is permitted by the Indenture, the Note Security Documents or the Proceeds Loan Collateral Documents;
- (15) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation to facilitate the issuance and administration of the Notes; *provided*, however, that (a) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (b) such amendment does not materially and adversely affect the rights of holders to transfer Notes;
- (16) conform the text of the Indenture, the Notes, the Covenant Agreement, the Note Security Documents, the Collateral Sharing Agreement, any Additional Collateral Sharing Agreement, the Proceeds Loan, the Proceeds Loan Guarantees, the Proceeds Loan Collateral Documents, the Priority Agreement and any Additional Priority Agreement, to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation thereof; or
- (17) give effect to any amendment to the Priority Agreement that is permitted under the Senior Facility Agreement (as in effect on the Issue Date), including to provide for the release of the Asset Collateral in accordance with the terms of the Senior Facility Agreement (as in effect on the Issue Date).

In formulating any opinion on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems appropriate, including an Opinion of Counsel and an Officers' Certificate of the Issuer or the Company, as applicable.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any holder of Notes given in connection with a tender of such holder's Notes will not be rendered invalid by such tender. For so long as the Notes are listed on the Irish Stock Exchange and the guidelines of such Stock Exchange so require, the Company or the Issuer will notify the Irish Stock Exchange of any such amendment, supplement and waiver.

### ***Defeasance***

The Issuer at any time may terminate all its obligations under the Notes, and the obligations of the Proceeds Loan Obligors under the Covenant Agreement and the Indenture ("legal defeasance"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes.

The Issuer at any time may terminate its obligations under the covenants described under "*Certain Covenants*" and the obligations of the Proceeds Loan Obligors under the Covenant Agreement (other than the first paragraph and clauses (1) and (2) of the second paragraph of "*—Certain Covenants—Merger and Consolidation*") and the default provisions relating to such covenants under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision, the guarantee failure provision and the collateral failure provision described under "*—Events of Default*" above and the limitations contained in clauses (3) and (4) of the second paragraph of "*—Certain Covenants—Merger and Consolidation*" above ("covenant defeasance").

The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clauses (4), (5), (6), (7) (with respect only to Significant Subsidiaries) or (8) under "*—Events of Default*" above or because of the failure of the Company to comply with clauses (3) or (4) under the second paragraph of "*—Certain Covenants—Merger and Consolidation*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or an agent nominated by the Trustee for such purpose) euro, euro-denominated European Government Obligations or a combination thereof for the payment of principal, premium, if any, interest and

Additional Amounts, if any, on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including, among other things, delivery to the Trustee of an Opinion of Counsel (subject to customary exceptions and exclusions) to the effect that holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law.

### ***Satisfaction and Discharge***

The Indenture, the Note Security Documents, the Covenant Agreement and the rights, duties and obligations of the Trustee and the holders under the Collateral Sharing Agreement or any Additional Collateral Sharing Agreement will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

- (1) either:
  - (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to a Paying Agent or Registrar for cancellation; or
  - (b) (i) all Notes that have not been delivered to a Paying Agent or Registrar for cancellation (A) have become due and payable by reason of the mailing or delivery of a notice of redemption or otherwise or (B) will become due and payable within one year and (ii) the Issuer has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders with respect to the Notes, cash, Cash Equivalents, European Government Obligations or a combination thereof, in each case, denominated in euro in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to a Paying Agent or Registrar for cancellation for principal, premium and Additional Amounts (if any) and accrued interest to the date of maturity or redemption;
- (2) the Issuer has paid or caused to be paid all other amounts payable by it under the Indenture; and
- (3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, in each case, stating that all conditions precedent to satisfaction and discharge have been satisfied.

### ***Currency Indemnity***

The sole currency of account and payment for all sums payable by the Issuer under the Indenture with respect to the Notes is euro. Any amount received or recovered in a currency other than euros in respect of the Notes (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Trustee, any Proceeds Loan Obligor or otherwise) by the holder in respect of any sum expressed to be due to it from the Issuer will constitute a discharge of the Issuer only to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Note, the Issuer will indemnify the recipient against any loss sustained by it as a result. In any event the Issuer will indemnify the recipient against the cost of making any such purchase.

For the purposes of this indemnity, it will be sufficient for the holder to certify that it would have suffered a loss had an actual purchase of euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euro on such date had not been practicable, on the first date on which it would have been practicable). These indemnities constitute a separate and independent obligation from the other obligations of the Issuer, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any holder and will continue in full force and effect despite any other judgment, order, claim or

proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order, subject to the limited recourse provisions of the Indenture as described above under “—*Limited Recourse Obligations*”.

### **Listing**

The Issuer will use all reasonable efforts to have the Notes admitted to listing and trading on the Irish Stock Exchange's GEM within a reasonable period after the Issue Date and will maintain such listing as long as the Notes are outstanding; *provided*, however, that if the Issuer can no longer maintain such listing or it becomes unduly burdensome to make or maintain such listing (for the avoidance of doubt, preparation of financial statements in accordance with IFRS (except pursuant to the definition of GAAP) or any accounting standard other than GAAP and any other standard pursuant to which the Reporting Entity then prepares its financial statements shall be deemed unduly burdensome), the Issuer may cease to make or maintain such listing on the Irish Stock Exchange provided that the Issuer will use its reasonable best efforts to obtain and maintain the listing of the Notes on another recognized listing exchange for high yield issuers (which may be a stock exchange that is not regulated by the European Union). There can be no assurance that the application to list the Notes on the Irish Stock Exchange will be approved and settlement of the Notes is not conditioned on obtaining this listing.

### **No Personal Liability of Directors, Officers, Employees and Stockholders**

No director, officer, employee, incorporator, member or stockholder of the Issuer, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any other Proceeds Loan Obligor, any of their respective parent companies or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver and release may not be effective to waive liabilities under the United States federal securities laws and it is the view of the SEC that such a waiver is against public policy.

### **Consent to Jurisdiction and Service of Process**

The Indenture will provide that the Issuer and each Guarantors will irrevocably appoint Law Debenture Corporate Services Inc. as its agent for service of process in any suit, action or proceeding with respect to the Indenture and the Notes as the case may be, brought in any federal or state court located in the Borough of Manhattan in the City of New York and that each of the parties submit to the jurisdiction thereof. If for any reason Law Debenture Corporate Services Inc. is unable to serve in such capacity, the Issuer and such Guarantor shall appoint another agent reasonably satisfactory to the Trustee.

### **Concerning the Trustee and certain agents**

Deutsche Trustee Company Limited will be the Trustee and the Security Trustee with regard to the Notes. Deutsche Bank AG, London Branch in London, will initially act as Paying Agent for the Notes. The initial Registrar for the Notes will be Deutsche Bank Luxembourg S.A. in Luxembourg. The initial transfer agent for the Notes will be Deutsche Bank Luxembourg S.A. The Issuer will indemnify the Trustee and the agents for certain claims, liabilities and expenses incurred without gross negligence, wilful misconduct or fraud on its part.

### **Governing Law**

The Indenture will provide that it and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

### **Notices**

So long as the Notes are listed on the Irish Stock Exchange and the guidelines of such Stock Exchange shall so require, any notices to the holders regarding the Notes will be published through the Irish Stock Exchange's Companies Announcement Office. Additionally, in the event the Notes are in the form of Definitive Registered Notes, notices will be sent, by first-class mail, with a copy to the Trustee, to each holder of the Notes at such holder's address as it appears on the registration books of the Registrar. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the

Trustee may approve. If and so long as such Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange. If and so long as any Notes are represented by one or more Global Notes, notices will be delivered to such clearing agency for communication to the owners of book entry interests in the Notes. Notices given by publication will be deemed given on the first date on which publication is made and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing.

## **Prescription**

Claims against the Issuer for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

## **Certain Definitions**

“Acquisition” means the acquisition by LGE Holdco VII B.V. of shares in Ziggo N.V. following a recommended public offer pursuant to a merger protocol agreement dated January 27, 2014.

“Acquired Indebtedness” means Indebtedness (i) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (i) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (ii) of the preceding sentence, on the date of consummation of such acquisition of assets.

“Additional Assets” means:

- (1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary in a Related Business or are otherwise useful in a Related Business (it being understood that capital expenditure on property or assets already used in a Related Business or to replace any property or assets that are the subject of such Asset Disposition or any operating expenses Incurred in the day-to-day operations of a Related Business shall be deemed an Investment in Additional Assets);
- (2) the Capital Stock of a Person that is engaged in a Related Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary; or
- (3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

“Additional Debt” means (i) Public Debt and (ii) other Indebtedness Incurred under Credit Facilities, in each case Incurred by the Issuer or the Guarantors.

“Affiliate” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Affiliate Subsidiary” refers to any Subsidiary of Liberty Global (other than a Subsidiary of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor) that provides a Proceeds Loan Guarantee following the Issue Date.

“Applicable Premium” means with respect to a Note at any redemption date prior to January 15, 2020, the excess of (1) the present value at such redemption date of (a) the redemption price of such Note on January 15, 2020 (such redemption price being described under “—*Optional Redemption* — *Optional Redemption on or after January 15, 2020*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Note through January 15, 2020 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate plus 50 basis points over (2) the principal amount of

such Note on such redemption date. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, the Security Agent or any Registrar, Paying Agent or Transfer Agent.

“Asset Disposition” means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases, (other than an operating lease entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors’ qualifying shares), property or other assets (each referred to for the purposes of this definition as a “disposition”) by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Dispositions:

- (1) a disposition by a Restricted Subsidiary to the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary (other than a Receivables Entity) to a Restricted Subsidiary;
- (2) the sale or disposition of cash, Cash Equivalents or Investment Grade Securities in the ordinary course of business;
- (3) a disposition of inventory, consumer equipment, trading stock, communications capacity or other assets in the ordinary course of business;
- (4) a sale, lease, transfer or other disposition, or a series of related sales, leases, transfers, issuances or dispositions that are part of a common plan, of obsolete, surplus, or worn out equipment or other equipment and assets that are no longer useful in the conduct of the business of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries;
- (5) transactions permitted under “—*Certain Covenants—Merger and Consolidation*” or a transaction that constitutes a Change of Control;
- (6) an issuance of Capital Stock by a Restricted Subsidiary to the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or to another Restricted Subsidiary;
- (7) (a) for purposes of “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” only, the making of a Permitted Investment or a disposition subject to “—*Certain Covenants—Limitation on Restricted Payments*” and (b) solely for the purpose of clause (3) of the first paragraph under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*,” a disposition, the proceeds of which are used to make Restricted Payments permitted to be made under the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*” or Permitted Investments;
- (8) dispositions of assets in a single transaction or series of related transactions with an aggregate fair market value in any calendar year of less than the greater of €10.0 million and 1.0% of Total Assets (with unused amounts in any calendar year being carried over to the next succeeding year subject to a maximum of the greater of €10.0 million and 1.0% of Total Assets of carried over amounts for any calendar year);
- (9) dispositions in connection with Permitted Liens;
- (10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) the licensing or sublicensing of intellectual property or other general intangibles and licenses, sublicenses, leases or subleases of other property;
- (12) foreclosure, condemnation or similar action with respect to any property or other assets;
- (13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;
- (14) sales of accounts receivable and related assets or an interest therein of the type specified in the definition of “Qualified Receivables Transaction” to a Receivables Entity;

- (15) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;
- (16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;
- (17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;
- (18) (a) disposals of assets, rights or revenue not constituting part of the Distribution Business of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries, and (b) other disposals of non-core assets acquired in connection with any acquisition permitted under the Indenture;
- (19) any disposition of assets or Capital Stock which the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary is required by a regulatory authority or court of competent jurisdiction to dispose of;
- (20) any dispositions of other interests in other entities in an amount not to exceed €10.0 million;
- (21) any disposition of real property; provided that the fair market value of the real property disposed of in any calendar year does not exceed the greater of €50.0 million and 1.0% of Total Assets;
- (22) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary to such Person; and
- (23) any other disposition of assets comprising in aggregate percentage value of 10% or less of Total Assets.

In the event that a transaction (or any portion thereof) meets the criteria of a disposition permitted under clauses (1) through (23) above and would also be a Restricted Payment permitted to be made under the covenant described under “—*Certain Covenants —Limitation on Restricted Payments*” or a Permitted Investment, the Company, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as a disposition permitted under clauses (1) through (23) above and/or one or more of the types of Restricted Payments permitted to be made under the covenant described under “—*Certain Covenants —Limitation on Restricted Payments*” or Permitted Investments.

“Board of Directors” means, as to any Person, the board of directors of such Person or any duly authorized committee thereof, or, in the case of the Company, its managing director; provided that (i) if and for so long as the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor is a Subsidiary of Liberty Global, any action required to be taken under the Indenture by the Board of Directors of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor can, in the alternative, at the option of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, be taken by the Board of Directors of Liberty Global and (ii) following consummation of a Spin-Off, any action required to be taken under the Indenture by the Board of Directors of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor can, in the alternative, at the option of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, be taken by the Board of Directors of the Spin Parent.

“Bund Rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

- (1) “Comparable German Bund Issue” means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to January 15, 2020 and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to January 15, 2020; provided, however, that, if the period

from such redemption date to January 15, 2020 is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such redemption date to January 15, 2020, is less than one year, a fixed maturity of one year shall be used;

- (2) “Comparable German Bund Price” means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;
- (3) “Reference German Bund Dealer” means any dealer of German Bundesanleihe securities appointed by the Company in good faith; and
- (4) “Reference German Bund Dealer Quotations” means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Company in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m. Frankfurt am Main, Germany, time on a day no earlier than the third Business Day preceding the date of the delivery of the redemption notice in respect of such redemption date.

“Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions in the Netherlands, New York, New York, or London, England are authorized or required by law to close.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“Capitalized Lease Obligation” means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“Cash Equivalents” means:

- (1) securities issued or directly and fully guaranteed or insured by the United States Government or a member state of the European Union as of January 1, 2004 (each a “Qualified Country”) or any agency or instrumentality thereof (provided that the full faith and credit of such Qualified Country is pledged in support thereof), having maturities of not more than one year from the date of acquisition;
- (2) marketable general obligations issued by any political subdivision of any Qualified Country or any public instrumentality thereof maturing within one year from the date of acquisition of the United States (provided that the full faith and credit of the Qualified Country is pledged in support thereof) and, at the time of acquisition, having a credit rating of “A2” or better from either Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc.;
- (3) certificates of deposit, time deposits, eurodollar time deposits, bank deposits or bankers’ acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to any Credit Facility or by any bank or trust company (x) the long-term debt of which is rated at the time of acquisition thereof at least “A-” or the equivalent thereof by Standard & Poor’s Ratings Services, or “A-” or the equivalent thereof by Moody’s Investors Service, Inc. (or if at the time neither is issuing comparable ratings, then a comparable rating of another nationally recognized rating agency);
- (4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1), (2) and (3) entered into with any bank meeting the qualifications specified in clause (3) above;

- (5) commercial paper rated at the time of acquisition thereof at least “A-2” or the equivalent thereof by Standard & Poor’s Ratings Services or “P-2” or the equivalent thereof by Moody’s Investors Service, Inc., or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof; and
- (6) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (5) above.

“Change of Control” means:

- (1) Parent Company (a) ceases to be the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of each of the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor and (b) ceases, by virtue of any powers conferred by the articles of association or other documents regulating the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor to, directly or indirectly, direct or cause the direction of management and policies of the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor;
- (2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries taken as a whole to any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder;
- (3) the adoption by the stockholders of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor of a plan or proposal for the liquidation or dissolution of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, other than a transaction complying with the covenant described under “—*Certain Covenants—Merger and Consolidation*”;
- (4) the Senior Notes Issuer ceases to directly or indirectly hold 100% of the Capital Stock of the Issuer; or
- (5) the SPV Parent ceases to directly or indirectly hold 100% of the Capital Stock of the Senior Notes Issuer;

provided, however, that a Change of Control shall not be deemed to have occurred pursuant to clause (1) of this definition upon the consummation of the Post-Closing Reorganization or a Spin-Off.

“Collateral Sharing Agreement” means the collateral sharing agreement dated on or around the Escrow Release Date between, among others, the Issuer, the Senior Notes Issuer, the Guarantors, the Security Trustee and the Trustee, as amended, restated or otherwise modified or varied from time to time.

“Commodity Agreements” means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or nonvoting) of such Person’s common stock whether or not outstanding on the Issue Date, and includes, without limitation, all series and classes of such common stock.

“Consolidated EBITDA” means, for any period, operating income (loss) determined on the basis of GAAP of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries on Consolidated basis, plus the following (to the extent deducted from operating income (loss)):

- (1) Consolidated depreciation expense;
- (2) Consolidated amortization expense;
- (3) stock based compensation expense;
- (4) at the option of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, other non-cash charges reducing operating income (provided that if any such non-cash charge represents an

accrual of or reserve for potential cash charges in any future period, the cash payment in respect thereof in such future period shall reduce operating income to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period) less other non-cash items of income increasing operating income (excluding any such non-cash item of income to the extent it represents (i) a receipt of cash payments in any future period, (ii) the reversal of an accrual or reserve for a potential cash item that reduced operating income in any prior period and (iii) any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase operating income in such prior period);

- (5) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs, acquisition costs, disposition costs, business optimization, information technology implementation or development costs, costs related to governmental investigations and curtailments or modifications to pension or postretirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);
- (6) at the option of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, effects of adjustments (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries) in such Person's Consolidated financial statements pursuant to GAAP (including inventory, property, equipment, software, goodwill, intangible assets, in process research and development, deferred revenue and debt line items) attributable to the application of recapitalization accounting or acquisition accounting, as the case may be, in relation to any consummated acquisition or joint venture investment or the amortization or write-off or write-down of amounts thereof, net of taxes;
- (7) any net gain (or loss) realized upon the sale, held for sale or other disposition of any asset or disposed operations of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or senior management of the Company);
- (8) the amount of Management Fees and other fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "*Certain Covenants—Limitation on Affiliate Transactions*";
- (9) any reasonable expenses, charges or other costs related to any Equity Offering, Permitted Investment, acquisition, disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture, in each case, as determined in good faith by an Officer of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor;
- (10) at the option of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, any adjustments to reduce the impact of the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies;
- (11) the amount of loss on sale of assets in connection with a Qualified Receivables Transaction; and
- (12) Specified Legal Expenses;
- (13) at the option of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, an amount equal to 100% of the up-front installation fees associated with commercial contract installations completed during the applicable reporting period, less any portion of such fees included in Consolidated Net Income for such period, provided that the amount of such fees, to the extent amortized over the life of the underlying service contract, shall not be included in Consolidated Net Income in any future period; and
- (14) at the option of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, any fees or other amounts charged or credited to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary related to Intra-Group Services may be excluded from the calculation of Consolidated EBITDA to the extent such fees or other amounts (a) are not included in the externally reported operating cash flow or equivalent measure of the Reporting Entity (as defined in any earnings releases and other publicly disseminated information relating to the Reporting Entity) or (b) are deemed to be exceptional or unusual items.

“Consolidated Net Income” means, for any period, the net income (loss) determined on the basis of GAAP of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries on a Consolidated basis; provided, however, that there will not be included in such Consolidated Net Income:

- (1) subject to the limitations contained in clause (2) below, any net income (loss) of any Person (other than the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor) if such Person is not a Restricted Subsidiary, except that (a) the Company’s, UPC NL Holdco II’s or the Affiliate Proceeds Loan Obligor’s equity in the net income (loss) of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below) and (b) the Company’s, UPC NL Holdco II’s or the Affiliate Proceeds Loan Obligor’s equity in a net loss of any such Person (other than an Unrestricted Subsidiary) for such period will be included in determining such Consolidated Net Income to the extent such loss has been funded with cash from the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary;
- (2) any net income (loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor by operation of the terms of such Restricted Subsidiary’s charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) restrictions in effect on the Issue Date with respect to a Restricted Subsidiary (including pursuant to the Indenture, the Covenant Agreement, the Proceeds Loan, the Senior Facility Agreement, the Proceeds Loan Collateral Documents or the Priority Agreement) and other restrictions with respect to any Restricted Subsidiary that, taken as a whole, are not materially less favorable to the holders than restrictions in effect on the Issue Date and (d) restrictions as in effect on the Issue Date specified in clause (8), or restrictions specified in clause (10), of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*”), except that the net income (loss) of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);
- (3) any net gain (or loss) realized upon the sale, held for sale or other disposition of any asset or disposed operations of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or senior management of the Company);
- (4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs, acquisition costs, disposition costs, business optimization, information technology implementation or development costs, costs related to governmental investigations and curtailments or modifications to pension or postretirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);
- (5) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies;
- (6) any stock-based compensation expense;
- (7) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness and any net gain (loss), including financing costs that are expensed as incurred, from any extinguishment, modification, exchange or forgiveness of Indebtedness;

- (8) any unrealized gains or losses in respect of Hedging Obligations;
- (9) any goodwill, other intangible or tangible asset impairment charge or write-off;
- (10) the impact of capitalized interest on Subordinated Shareholder Loans;
- (11) any derivative instruments gains or losses, foreign exchange gains or losses, and gains or losses associated with fair value adjustment on financial instruments;
- (12) at the option of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, effects of adjustments (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries) pursuant to GAAP (including inventory, property, equipment, software, goodwill, intangible assets, in process research and development, deferred revenue and debt line items) attributable to the application of recapitalization accounting or purchase accounting, as the case may be, in relation to any consummated acquisition or joint venture investment or the amortization or write-off or write-down of amounts thereof, net of taxes;
- (13) accruals and reserves that are established or adjusted within twelve months after the closing date of any acquisition that are so required to be established or adjusted as a result of such acquisition that are so required to be established as a result of such acquisition in accordance with GAAP; and
- (14) any expenses, charges or losses to the extent covered by insurance or indemnity and actually reimbursed, or, so long as the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer or indemnifying party and only to the extent that such amount is in fact reimbursed within 365 days of the date of the insurable or indemnifiable event (net of any amount so added back in any prior period to the extent not so reimbursed within the applicable 365-day period).

In addition, to the extent not already included in the Consolidated Net Income, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include the amount of proceeds received from business interruption insurance and reimbursements of any expenses and charges that are covered by indemnification or other reimbursement provisions in connection with any acquisition, Investment or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture.

“Consolidated Net Leverage Ratio”, as of any date of determination, means the ratio of:

- (1) (a) the outstanding Indebtedness (other than (i) Subordinated Shareholder Loans, (ii) Indebtedness up to a maximum amount equal to the Revolving Facility Excluded Amount (or its equivalent in other currencies) at the relevant time incurred under any Permitted Revolving Credit Facility, (iii) any Indebtedness which is a contingent obligation of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary, provided that for purposes of calculating the Consolidated Net Leverage Ratio for purposes of clause (13) of the third paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”, any guarantee by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary of Indebtedness of a Parent shall be included in determining any such outstanding Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries, and (iv) any Indebtedness incurred pursuant to clause (17) of the third paragraph of the covenant under the caption “—*Certain Covenants—Limitation on Indebtedness*”) of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries on a Consolidated basis, less (b) the aggregate amount of cash and Cash Equivalents of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries on a Consolidated basis, to
- (2) the Pro forma EBITDA for the period of the most recent two consecutive fiscal quarters for which financial statements of the Reporting Entity have previously been furnished to holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*”, multiplied by 2.0;

provided, however, that the pro forma calculation of the Consolidated Net Leverage Ratio shall not give effect to (a) any Indebtedness Incurred on the date of determination pursuant to the provisions described in the third paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or (b) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds Incurred

pursuant to the provisions described in the third paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”.

For the avoidance of doubt, in determining Consolidated Net Leverage Ratio, no cash or Cash Equivalents shall be included that are the proceeds of Indebtedness in respect of which the calculation of the Consolidated Net Leverage Ratio is to be made.

“Consolidation” means the consolidation or combination of the accounts of each of the Restricted Subsidiaries with those of the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor in accordance with GAAP consistently applied; *provided*, however, that “Consolidation” will not include consolidation or combination of the accounts of any Unrestricted Subsidiary, but the interest of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment. The term “Consolidated” has a correlative meaning.

“Content” means any rights to broadcast, transmit, distribute or otherwise make available for viewing, exhibition or reception (whether in analogue or digital format and whether as a channel or an internet service, a teletext-type service, an interactive service, or an enhanced television service or any part of any of the foregoing, or on a pay-per-view basis, or near video-on-demand, or video-on-demand basis or otherwise) any one or more of audio and/or visual images, audio content, or interactive content (including hyperlinks, re-purposed web-site content, database content plus associated templates, formatting information and other data including any interactive applications or functionality), text, data, graphics, or other content, by means of any means of distribution, transmission or delivery system or technology (whether now known or hereinafter invented).

“Covenant Agreement” means the covenant agreement dated the Issue Date, between, among others, the Issuer, the Proceeds Loan Obligors and the Trustee pursuant to which the Proceeds Loan Obligors agree to be bound by the covenants in the Indenture applicable to them.

“Credit Facility” means, one or more debt facilities or arrangements (including, without limitation, the facilities made available under the Senior Facility Agreement) or commercial paper facilities with banks or other institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions or investors and whether provided under the Senior Facility Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement or instrument (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

“Credit Facility Assumption” means (i) the assumption by, or assignment or other transfer to, any Proceeds Loan Obligor of any obligations under Credit Facilities incurred by the Issuer and its Subsidiaries and/or (ii) the acquisition or other transfer of the Issuer and its Subsidiaries, together with any outstanding obligations under Credit Facilities incurred by the Issuer and its Subsidiaries, by any Proceeds Loan Obligor, in each case, pursuant to the Ziggo Group Combination.

“Currency Agreement” means, in respect of a Person, any foreign exchange contract, currency swap agreement, futures contract, option contract, derivative or other similar agreement as to which such Person is a party or a beneficiary.

“Default” means any event which is, or after notice or passage of time or both would be, an Event of Default, provided that any Default that results solely from the taking of an action that would have been permitted but for the

continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

“Designated Non-Cash Consideration” means the fair market value (as determined in good faith by the Board of Directors or senior management of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor) of non-cash consideration received by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under “— *Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*”

“Disqualified Stock” means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary); or
- (3) is redeemable at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of the date (a) of the Stated Maturity of the Notes or (b) on which there are no Notes outstanding, provided that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock; provided, further that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (each defined in a substantially identical manner to the corresponding definitions in the Indenture) shall not constitute Disqualified Stock if the terms of such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) provide that the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor may not repurchase or redeem any such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) pursuant to such provision prior to compliance by the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor with the provisions of the Indenture described under the captions “—*Certain Covenants—Change of Control*” and “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” and such repurchase or redemption complies with “—*Certain Covenants—Limitation on Restricted Payments*”.

“Distribution Business” means: (1) the business of upgrading, constructing, creating, developing, acquiring, operating, owning, leasing and maintaining cable television networks (including for avoidance of doubt master antenna television, satellite master antenna television, single and multi-channel microwave single or multi-point distribution systems and direct-to-home satellite systems) for the transmission, reception and/or delivery of multi-channel television and radio programming, telephony and internet and/or data services to the residential markets; or (2) any business which is incidental to or related to such business.

“Enforcement Sale” means (1) any sale or disposition (including by way of public auction) of the Proceeds Loan Collateral pursuant to an enforcement action taken by the Security Agent in accordance with the provisions of the Priority Agreement to the extent such sale or disposition is effected in compliance with the provisions of the Priority Agreement, or (2) any sale or disposition of the Proceeds Loan Collateral pursuant to the enforcement of security in favor of other Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries which complies with the terms of an Additional Priority Agreement (or if there is no such priority agreement, would substantially comply with the requirements of clause (1) hereof).

“Equity Offering” means (1) the distribution of Capital Stock of the Spin Parent in connection with any Spin-Off, or (2) a sale of (a) Capital Stock of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor

(other than Disqualified Stock), or (b) Capital Stock the proceeds of which are contributed as equity share capital to the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or as Subordinated Shareholder Loans, or (c) Subordinated Shareholder Loans.

“Escrowed Proceeds” means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term “Escrowed Proceeds” shall include any interest earned on the amounts held in escrow.

“European Union” means the European Union, including member states as of May 1, 2004 but excluding any country which became or becomes a member of the European Union after May 1, 2004.

“Euro Equivalent” means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Company, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The Financial Times in the “Currency Rates” section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Board of Directors or senior management of the Company) on the date of such determination.

“European Government Obligations” means any security that is (1) a direct obligation of Ireland, Belgium, the Netherlands, France, The Federal Republic of Germany or any other country that is a member of the European Monetary Union on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Excluded Contribution” means Net Cash Proceeds or property or assets received by the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor as capital contributions or Subordinated Shareholder Loans to the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor after May 7, 2010 or from the issuance or sale (other than to a Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, in each case to the extent designated as an Excluded Contribution pursuant to an Officers’ Certificate of the Company.

“Existing Senior Secured Notes” means the €750 million 3<sup>5</sup>/<sub>8</sub>% Senior Secured Notes due 2020 issued by Ziggo B.V. outstanding on the Issue Date.

“Expenses Agreement” means the expenses agreement dated on or about the Issue Date between, among others, the Issuer, the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor pursuant to which the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor will agree to pay certain obligations of the Issuer, including without limitation, in respect of maintenance of the Issuer’s existence, the payment of certain tax liabilities of the Issuer, the payment of Additional Amounts (as defined below) pursuant to the Indenture following certain tax events and the payment of additional interest required to be paid under the Notes on overdue principal and interest.

“fair market value” unless otherwise specified, wherever such term is used in the Indenture (except as otherwise specifically provided in this “*Description of the Notes*”), may be conclusively established by means of an Officer’s Certificate or a resolution of the Board of Directors of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

“Fold-In Issuer” means any of the Proceeds Loan Obligors (or their successors) following the Ziggo Group Combination.

“GAAP” means generally accepted accounting principles in the United States of America as in effect as of the Issue Date or, for purposes of the covenant described under “—*Certain Covenants—Reports*,” as in effect from time to time; provided that at any date after the Issue Date the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Issuer may make an irrevocable election to establish that “GAAP” shall mean GAAP as in effect on a date that is on or prior to the date of such election. Except as otherwise expressly provided below or in the Indenture, all ratios and calculations based on GAAP contained in the Indenture shall be computed in conformity with GAAP. At any time after the Issue Date, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Issuer may elect to apply for all purposes of the Indenture, in lieu of GAAP, IFRS and, upon such election, references to GAAP herein will be construed to mean IFRS as in effect on the Issue Date; provided that (1) all financial statements and reports to be provided, after such election, pursuant to the Indenture shall be prepared on the basis of IFRS as in effect from time to time (including that, upon first reporting its fiscal year results under IFRS, the financial statements of the Reporting Entity (but not the financial statements of the Issuer) shall be restated on the basis of IFRS for the year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of IFRS), and (2) from and after such election, all ratios, computations and other determinations based on GAAP contained in the Indenture shall, at the option of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Issuer, (a) continue to be computed in conformity with GAAP (provided that, following such election, the annual and quarterly information required by clauses (1) and (2) of the first paragraph of the covenant “—*Certain Covenants—Reports*” shall include a reconciliation, either in the footnotes thereto or in a separate report delivered therewith, of such GAAP presentation to the corresponding IFRS presentation of such financial information), or (b) be computed in conformity with IFRS with retroactive effect being given thereto assuming that such election had been made on the Issue Date. Thereafter, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Issuer may, at its option, elect to apply GAAP or IFRS and compute all ratios, computations and other determinations based on GAAP or IFRS, as applicable, all on the basis of the foregoing provisions of this definition of GAAP.

“guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or
- (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term “guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “guarantee” used as a verb has a corresponding meaning.

“guarantor” means the obligor under a guarantee.

“Hedging Obligations” of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Commodity Agreement or Currency Agreement.

“holder” means a Person in whose name a Note is registered on the Registrar’s books.

“Holding Company” means, in relation to a Person, an entity of which that Person is a Subsidiary.

“IFRS” means the accounting standards issued by the International Accounting Standards Board and its predecessors.

“Incur” means issue, create, assume, guarantee, incur or otherwise become liable for; *provided*, however, that any Indebtedness or Capital Stock of a Person existing at the time such person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary; and the terms “Incurred” and “Incurrence” have meanings correlative to the foregoing.

“Indebtedness” means, with respect to any Person on any date of determination (without duplication):

- (1) money borrowed or raised and debit balances at banks;

- (2) any bond, note, loan stock, debenture or similar debt instrument;
- (3) acceptance or documentary credit facilities;
- (4) receivables sold or discounted (otherwise than on a non-recourse basis and other than in the normal course of business for collections);
- (5) any other transaction (including without limitation forward sale or purchase agreements) having the commercial effect of a borrowing or raising of money or any of (2) to (4) above;
- (6) the principal component or liquidation preference of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends); and
- (7) the principal component of Indebtedness of other Persons to the extent guaranteed by such Person to the extent not otherwise included in the Indebtedness of such Person,

*provided* that Indebtedness which has been cash collateralized shall not be included in any calculation of Indebtedness to the extent so cash collateralized.

Notwithstanding the foregoing, “Indebtedness” shall not include (a) any deposits or prepayments received by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary from a customer or subscriber for its service, (b) any obligations to make payments in relation to earn-outs, (c) Indebtedness which is in the nature of equity (other than redeemable shares), (d) Capitalized Lease Obligations, (e) any indebtedness in respect of Qualified Receivables Transactions, (f) pension obligations, (g) any “parallel debt” obligations to the extent such obligations mirror other Indebtedness and (h) any payments for assets acquired or services supplied deferred (including Trade Payables) in accordance with the terms pursuant to which the relevant assets were or are to be acquired or services were or are to be supplied. The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

“Independent Financial Advisor” means an accounting, appraisal or investment banking firm of nationally recognized standing that is, in the good faith judgment of the Board of Directors or senior management of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, qualified to perform the task for which it has been engaged.

“Initial Public Offering” means an Equity Offering of common stock or other common equity interests of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor, the Spin Parent or any direct or indirect parent company of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (the “IPO Entity”) following which there is a Public Market and, as a result of which, the shares of the common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

“Interest Rate Agreement” means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is party or a beneficiary.

“Intra-Group Services” means any of the following (provided that the terms of each such transaction are not materially less favorable, taken as a whole, to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction in arm’s length dealings with a Person that is not an Affiliate):

- (1) the sale of programming or other content by Liberty Global, the Spin Parent or any of their respective Subsidiaries to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (2) the lease or sublease of office space, other premises or equipment by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries to Liberty Global, the Spin Parent or any of their Subsidiaries or by Liberty Global, the Spin Parent or any of their Subsidiaries to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries; and

- (3) the provision or receipt of other goods, services, facilities or other arrangements (in each case not constituting Indebtedness) in the ordinary course of business, by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries to or from Liberty Global, the Spin Parent or any of their Subsidiaries, including, without limitation, (a) the employment of personnel, (b) provision of employee healthcare or other benefits, (c) acting as agent to buy or develop equipment, other assets or services or to trade with residential or business customers, and (d) the provision of treasury, audit, accounting, banking, strategy, branding, marketing, network, technology, research and development, telephony, office, administrative, compliance, payroll or other similar services; and
- (4) the extension, in the ordinary course of business and on terms not materially less favorable to the Company or the Restricted Subsidiaries than arm's length terms, by or to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries to or by Liberty Global or any of their Subsidiaries of trade credit not constituting Indebtedness in relation to the provision or receipt of Intra-Group Services referred to in paragraphs (1), (2) or (3) of this definition of Intra-Group Services.

"Investment" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan (other than advances or extensions of credit to customers in the ordinary course of business) or other extensions of credit (including by way of guarantee or similar arrangement, but excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; provided that none of the following will be deemed to be an Investment:

- (1) Hedging Obligations entered into in the ordinary course of business and in compliance with the Indenture;
- (2) endorsements of negotiable instruments and documents in the ordinary course of business; and
- (3) an acquisition of assets, Capital Stock or other securities by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Subsidiary for consideration to the extent such consideration consists of Common Stock of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor.

For purposes of the definition of "Unrestricted Subsidiary" and "*Certain Covenants—Limitation on Restricted Payments*":

- (1) "Investment" will include the portion (proportionate to the Company's, UPC NL Holdco II's or the Affiliate Proceeds Loan Obligor's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's, UPC NL Holdco II's or the Affiliate Proceeds Loan Obligor's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company's, UPC NL Holdco II's or the Affiliate Proceeds Loan Obligor's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors or senior management of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor in good faith) of such Subsidiary at the time that such Subsidiary is so redesignated a Restricted Subsidiary; and
- (2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or senior management of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor.

If the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary transfers, conveys, sells, leases or otherwise disposes of Voting Stock of a Restricted Subsidiary such that such Subsidiary is no longer a Restricted Subsidiary, then the Investment of the Company, UPC NL Holdco II or the Affiliate Proceeds

Loan Obligor in such Person shall be deemed to have been made as of the date of such transfer or other disposition in an amount equal to the fair market value (as determined in good faith by the Board of Directors or senior management of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor).

“Investment Grade Securities” means:

- (1) securities issued by the U.S. government or by any agency or instrumentality thereof (other than Cash Equivalents) or directly and fully guaranteed or insured by the U.S. government and in each case with maturities not exceeding two years from the date of the acquisition;
- (2) securities issued by or a member of the European Union as of January 1, 2004, or any agency or instrumentality thereof (other than Cash Equivalents) or directly and fully guaranteed or insured by a member of the European Union as of January 1, 2004, and in each case with maturities not exceeding two years from the date of the acquisition;
- (3) debt securities or debt instruments with a rating of A or higher by Standard & Poor’s Ratings Services or A-2 or higher by Moody’s Investors Service, Inc. or the equivalent of such rating by such rating organization, or if no rating of Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc. then exists, the equivalent of such rating by any other nationally recognized securities ratings agency, by excluding any debt securities or instruments constituting loans or advances among the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and their Subsidiaries;
- (4) investments in any fund that invests exclusively in investments of the type described in clauses (1) through (3) which fund may also hold immaterial amounts of cash and Cash Equivalents pending investment and/or distribution; and
- (5) corresponding instruments in countries other than those identified in clauses (1) and (2) above customarily utilized for high quality investments and, in each case, with maturities not exceeding two years from the date of the acquisition.

“Investment Grade Status” shall occur when the Notes receive both of the following:

- (1) a rating of “Baa3” (or the equivalent) or higher from Moody’s Investors Service, Inc. or any of its successors or assigns; and
- (2) a rating of “BBB—” (or the equivalent) or higher from Standard & Poor’s Ratings Services, or any of its successors or assigns,

in each case, with a “stable outlook” from such rating agency.

“IPO Market Capitalization” means an amount equal to (i) the total number of issued and outstanding shares of Capital Stock of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold or distributed in such Initial Public Offering.

“Issue Date” means the date of first issuance of the Notes.

“Liberty Global” means Liberty Global plc and any and all successors thereto.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“Local GAAP” means generally accepted accounting principles of the jurisdiction of the Senior Notes Issuer as in effect from time to time.

“Management Fees” means any management, consultancy or other similar fees payable by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary.

“Market Capitalization” means an amount equal to (i) the total number of issued and outstanding shares of Capital Stock of the IPO Entity on the date of the declaration of the relevant dividend, multiplied by (ii) the arithmetic mean of the closing prices per share of such Capital Stock for the 30 consecutive trading days immediately preceding the date of the declaration of such dividend.

“Net Available Cash” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;
- (2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition;
- (3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition; and
- (4) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary after such Asset Disposition.

“Net Cash Proceeds” means, with respect to any issuance or sale of Capital Stock, Subordinated Shareholder Loans or other capital contributions, the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

“New Holdco” means the direct Subsidiary of Liberty Global following the Post-Closing Reorganizations, or, if the distribution or other transfer pursuant to the Post-Closing Reorganizations is to a second-tier Subsidiary of Liberty Global, such second-tier Subsidiary.

“Officer” of any Person means the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, any Managing Director, the Treasurer, any Assistant Treasurer, the Secretary, any Assistant Secretary or any authorized signatory of such Person.

“Officers’ Certificate” means a certificate signed by one or more Officers.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Trustee.

“Parent” means Liberty Global, any Subsidiary of Liberty Global of which the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor is a Subsidiary on the Issue Date and any other Person of which the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor at any time is or becomes a Subsidiary after the Issue Date.

“Parent Company” means the Reporting Company; *provided*, however, that upon consummation of (i) the Post-Closing Reorganization, “Parent Company” will mean New Holdco and its successors, and (ii) a Spin-Off, “Parent Company” will mean the Spin Parent and its successors.

“Parent Expenses” means:

- (1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, applicable rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the

Indenture or any other agreement or instrument relating to Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;

- (2) indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person with respect to its ownership of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or the conduct of the business of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries;
- (3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) with respect to its ownership of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor or the conduct of the business of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries;
- (4) general corporate overhead expenses, including professional fees and expenses and other operational expenses of any Parent or Subsidiary of a Parent related to the ownership or operation of the business (including, but not limited to, Intra-Group Services) of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries, including acquisitions or dispositions by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Subsidiaries permitted hereunder (whether or not successful) in each case, to the extent such costs, obligations and/or expenses are not paid by another Subsidiary of such Parent; and
- (5) fees and expenses payable by any Parent in connection with any Related Transaction.

“Permitted Asset Swap” means the concurrent purchase and sale or exchange of related business assets (including, without limitation, securities of a Related Business) or a combination of such assets, cash and Cash Equivalents between the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries and another Person.

“Permitted Business” means any business:

- (1) that consists of the upgrade, construction, creation, development, marketing, acquisition (to the extent permitted under the Indenture), operation, utilization and maintenance of networks that use existing or future technology for the transmission, reception and delivery of voice, video and/or other data (including networks that transmit, receive and/or deliver services such as multi channel television and radio, programming, telephony (including for the avoidance of doubt, mobile telephony), Internet services and content, high speed data transmission, video, multi media and related activities); or
- (2) engaged in by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries on the Issue Date;
- (3) or other activities that are reasonably similar, ancillary, complementary or related to, or a reasonable extension, development or expansion of, the businesses in which the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries are engaged on the Issue Date, including, without limitation, all forms of television, telephony (including for the avoidance of doubt, mobile telephony) and internet services and any services relating to carriers, networks, broadcast or communications services, or Content; or
- (4) that comprises being a Holding Company of one or more Persons engaged in any such business.

“Permitted Collateral Liens” means:

- (1) Liens on the Proceeds Loan Collateral that are described in one or more of clauses (2), (3), (4), (5), (7) and (10) of the definition of “Permitted Liens” and that, in each case, would not materially interfere with the ability of the Security Agent to enforce the Lien in the Proceeds Loan Collateral granted under the Proceeds Loan Collateral Documents; and
- (2) Liens on the Proceeds Loan Collateral to secure:
  - (a) any Additional Proceeds Loan,
  - (b) Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries and, in the case of clause (7) of the third paragraph of the covenant described under “—*Certain Covenants—Limitations on Indebtedness*”, the Company, UPC NL

Holdco II, the Restricted Subsidiaries and any Subordinated Proceeds Loan Obligor that is permitted to be Incurred under the second paragraph of the covenant described under “—*Certain Covenants—Limitations on Indebtedness*” or clauses (1), (3), (7), (12) (in the case of clause (12), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (15) and (17) of the third paragraph of the covenant described under “—*Certain Covenants—Limitations on Indebtedness*”;

- (c) Indebtedness that is permitted to be Incurred under clause (6) of the third paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” and guarantees thereof; provided that, at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred and after giving effect to the Incurrence of such Indebtedness on a pro forma basis, (i) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries would have been able to incur €1.00 of additional Indebtedness pursuant to the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or (ii) the Consolidated Net Leverage Ratio would not be greater than it was immediately prior to giving pro forma effect to such acquisition or other transaction and to the Incurrence of such Indebtedness); and
- (d) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (a), (b) and (c);

*provided*, however, that (i) such Lien ranks equal or junior to all other Liens on the Proceeds Loan Collateral securing Senior Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and a Proceeds Loan Guarantor, as applicable, if such Indebtedness is Senior Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Proceeds Loan Guarantor, and (ii) holders of Indebtedness referred to in this clause (2) (or their duly authorized Representative) shall accede to the Priority Agreement or enter into an Additional Priority Agreement as permitted under the covenant described under “—*Certain Covenants—Additional Priority Agreements*”.

“Permitted Holders” means, collectively, (1) Liberty Global, (2) in the event of a Spin-Off, the Spin Parent and any Subsidiary of the Spin Parent, (3) any Affiliate or Related Person of a Permitted Holder described in clause (1) above, and any successor to such Permitted Holder, Affiliate, or Related Person, (4) any Person who is acting as an underwriter in connection with any public or private offering of Capital Stock of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, acting in such capacity and (5) any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) whose acquisition of “beneficial ownership” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of Voting Stock or of all or substantially all of the assets of the Company and the Restricted Subsidiaries (taken as a whole) constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the covenant described under “—*Certain Covenants—Change of Control*”.

“Permitted Investment” means an Investment by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in:

- (1) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary (other than a Receivables Entity) or a Person which will, upon the making of such Investment, become a Restricted Subsidiary (other than a Receivables Entity);
- (2) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary (other than a Receivables Entity);
- (3) cash and Cash Equivalents or Investment Grade Securities;
- (4) receivables owing to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any such Restricted Subsidiary deems reasonable under the circumstances;

- (5) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (6) loans or advances to employees made in the ordinary course of business consistent with past practices of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary;
- (7) Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;
- (8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including without limitation an Asset Disposition, in each case, that was made in compliance with “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” and other Investments resulting from the disposition of assets in transactions excluded from the definition of “Asset Disposition” pursuant to the exclusions from such definition;
- (9) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification, replacement, renewal or reinvestment of any Investment or binding commitment existing on the Issue Date or made in compliance with the covenant entitled “—*Certain Covenants—Limitation on Restricted Payments*”; provided, that the amount of any such Investment or binding commitment may be increased (a) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities) or (b) as otherwise permitted under the Indenture;
- (10) Currency Agreements, Commodity Agreements and Interest Rate Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with “—*Certain Covenants—Limitation on Indebtedness*”;
- (11) Investments by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries, together with all other Investments pursuant to this clause (11), in an aggregate amount at the time of such Investment not to exceed the greater of €350.0 million and 5.0% of Total Assets at any one time; provided that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*”, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of “Permitted Investments” and not this clause;
- (12) Investments by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary in a Receivables Entity or any Investment by a Receivables Entity in any other Person, in each case, in connection with a Qualified Receivables Transaction, *provided*, however, that any Investment in any such Person is in the form of a Purchase Money Note, or any equity interest or interests in Receivables and related assets generated by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary and transferred to any Person in connection with a Qualified Receivables Transaction or any such Person owning such Receivables;
- (13) guarantees issued in accordance with “—*Certain Covenants—Limitation on Indebtedness*” and other guarantees (and similar arrangements) of obligations not constituting Indebtedness;
- (14) pledges or deposits (a) with respect to leases or utilities provided to third parties in the ordinary course of business or (b) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “—*Certain Covenants—Limitation on Liens*”;
- (15) the Notes and the Existing Senior Secured Notes;
- (16) so long as no Default or Event of Default of the type specified in clause (1) or (2) under “—Events of Default” has occurred and is continuing, (a) minority Investments in any Person engaged in a Permitted Business and (b) Investments in joint ventures that conduct a Permitted Business to the extent that, after giving pro forma effect to any such Investment, the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00;

- (17) any Investment to the extent made using as consideration Capital Stock of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (other than Disqualified Stock), Subordinated Shareholder Loans or Capital Stock of any Parent;
- (18) Investments acquired after the Issue Date as a result of the acquisition by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary, including by way of merger, amalgamation or consolidation with or into the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in a transaction that is not prohibited by the covenant described above under the caption “—*Certain Covenants—Merger and Consolidation*” after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (19) Investments resulting from the disposition of assets in transactions excluded from the definition of “Asset Disposition” pursuant to the exclusions from such definition;
- (20) any Person where such Investment was acquired by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary (a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Issuer or any such Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default; and
- (21) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*” (except those transactions described in clauses (1), (5), (9) and (19) of that paragraph).

“Permitted Liens” means:

- (1) Liens on Receivables and related assets of the type described in the definition of “Qualified Receivables Transaction” Incurred in connection with a Qualified Receivables Transaction;
- (2) pledges or deposits by such Person under workmen’s compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or United States government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case Incurred in the ordinary course of business;
- (3) Liens imposed by law, including carriers’, warehousemens’, mechanics’, landlords’, materialmens’, repairmens’ and other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;
- (4) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings provided appropriate reserves required pursuant to GAAP have been made in respect thereof;
- (5) Liens in favor of issuers of surety or performance bonds or letters of credit or bankers’ acceptances issued pursuant to the request of and for the account of such Person in the ordinary course of its business;
- (6) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries;

- (7) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be incurred under the Indenture, secured by a Lien on the same property securing such Hedging Obligation
- (8) leases, licenses, subleases and sublicenses of assets (including, without limitation, real property and intellectual property rights) which do not materially interfere with the ordinary conduct of the business of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries;
- (9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (10) Liens for the purpose of securing the payment of all or a part of the purchase price of, or Capitalized Lease Obligations, Purchase Money Obligations or other payments Incurred to finance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business provided that such Liens do not encumber any other assets or property of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries other than such assets or property and assets affixed or appurtenant thereto.
- (11) Liens arising solely by virtue of any statutory or common law provisions or customary business provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution; *provided* that such deposit account is not intended by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary to provide collateral to the depository institution;
- (12) Liens arising from United States Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries in the ordinary course of business;
- (13) Liens existing on, or provided for under written arrangements existing on, the Issue Date;
- (14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary; provided, however, that any such Lien may not extend to any other property owned by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (15) Liens on property at the time the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into any Restricted Subsidiary; *provided, however*, that such Liens may not extend to any other property owned by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary;
- (16) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary;
- (17) Liens securing the Proceeds Loan and any Additional Proceeds Loan;
- (18) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, provided that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien hereunder;
- (19) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;
- (20) Liens on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;
- (21) Liens in respect of the ownership interests in, or assets owned by, any joint ventures or similar arrangements securing obligations of such joint ventures or similar agreements;

- (22) Liens over rights under loan agreements relating to, or over notes or similar instruments evidencing, the on-loan of proceeds received by a Restricted Subsidiary from the issuance of Indebtedness Incurred by a Restricted Subsidiary, which Liens are created to secure payment of such Indebtedness;
- (23) Liens on assets or property of a Restricted Subsidiary that is not a Proceeds Loan Obligor securing Indebtedness of any Restricted Subsidiary that is not a Proceeds Loan Obligor permitted by the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”;
- (24) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;
- (25) Permitted Collateral Liens; and
- (26) Liens Incurred with respect to obligations that do not exceed the greater of (a) €250.0 million and (b) 5.0% of Total Assets at any time outstanding.

“Permitted Revolving Credit Facility” means, one or more debt facilities or arrangements that may be entered into by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries providing for revolving credit loans, letters of credit or other revolving indebtedness or other advances, in each case, Incurred in compliance with the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”.

“Permitted SPV Investment” means Investments in:

- (1) cash and Cash Equivalents;
- (2) the Notes;
- (3) any Additional Debt;
- (4) the Proceeds Loans; and
- (5) any Additional Proceeds Loan.

“Permitted SPV Maintenance Payments” means amounts paid to a direct or indirect Parent of the Issuer to the extent required to permit such Parent to pay reasonable amounts required to be paid by it to maintain the SPV Parent’s, the Issuer’s, and their Subsidiaries’ corporate existence and to pay reasonable accounting, legal, management and administrative fees and other bona fide operating expenses.

“Permitted SPV Liens” means:

- (1) Liens created for the benefit of (or to secure) the Notes or the Note Guarantees;
- (2) Liens on the Note Collateral to secure Additional Debt and guarantees of Additional Debt;
- (3) Liens arising by operation of law described in one or more of clauses (4), (9) or (11) of the definition of Permitted Liens; and
- (4) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision hereof or any other entity.

“Preferred Stock”, as applied to the Capital Stock of any corporation, partnership, limited liability company or other entity, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such entity, over shares of Capital Stock of any other class of such entity.

“Priority Agreement” means the priority agreement dated January 12, 2006 (as amended and restated on October 6, 2006, November 17, 2006, March 28, 2013 and November 14, 2014) between, among others, the Company, certain other Proceeds Loan Obligors and ING Bank N.V., as security agent, as previously amended and as may be further amended and in effect from time to time.

“Pro forma EBITDA” means, for any period, the Consolidated EBITDA of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries, provided, however, that for the purposes of calculating Pro forma EBITDA for such period, if, as of such date of determination:

- (1) since the beginning of such period the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary will have made any Asset Disposition or disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a “Sale”) or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Pro forma EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;
- (2) since the beginning of such period the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary (by merger or otherwise) will have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquires any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a “Purchase”) including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Purchase occurred on the first day of such period; and
- (3) since the beginning of such period any Person (that became a Restricted Subsidiary or was merged with or into the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Sale or Purchase occurred on the first day of such period.

For purposes of this definition and the definition of Consolidated Net Leverage Ratio, (a) whenever pro forma effect is to be given to any transaction or calculation, the pro forma calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including without limitation in respect of anticipated expense and cost reductions) including, without limitation, as a result of, or that would result from any actions taken, committed to be taken or with respect to which substantial steps have been taken, by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary including, without limitation, in connection with any cost reduction synergies or cost savings plan or program or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganization or otherwise (regardless of whether these cost savings and cost reduction synergies could then be reflected in pro forma financial statements to the extent prepared), (b) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period and (c) interest on any Indebtedness that bears interest at a floating rate and that is being given pro forma effect shall be calculated as if the rate in effect on the date of calculation had been applicable for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness).

“Proceeds Loan Borrowers” means in respect of each Proceeds Loan, either UPC NL Holdco III or Ziggo BV, any and all successors thereto, and any permitted assignees thereof under the Proceeds Loan Agreement.

“Proceeds Loan Guarantors” means, in respect of each Proceeds Loan, the Proceeds Loan Obligors other than the borrower of such Proceeds Loan, any and all successors thereto, and any permitted assignees thereof under the Proceeds Loans (including any Additional Proceeds Loan Guarantor).

“Proceeds Loan Obligors” means the Proceeds Loan Borrowers and the Proceeds Loan Guarantors (including any Additional Proceeds Loan Guarantor).

“Public Debt” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale. The term “Public Debt”: (a) shall not include the Notes (or any Additional Notes) and (b) for the avoidance of doubt, shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten Persons (provided that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not to be underwritten), or any Indebtedness under the Senior Facility Agreement, a Permitted Revolving Credit Facility, commercial bank or similar Indebtedness, Capitalized Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a “securities offering”.

“Public Market” means any time after an Equity Offering has been consummated, shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €75 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

“Public Offering” means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include any offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

“Public Offering Expenses” means expenses Incurred by any Parent in connection with any public offering of Capital Stock or Indebtedness (whether or not successful):

- (1) where the net proceeds of such offering are intended to be received by or contributed or loaned to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or a Restricted Subsidiary; or
- (2) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received, contributed or loaned; or
- (3) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed, in each case, to the extent such expenses are not paid by another Subsidiary of such Parent.

“Purchase Money Note” means a promissory note of a Receivables Entity evidencing the deferred purchase price of Receivables (and related assets) and/or a line of credit, which may be irrevocable, from the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in connection with a Qualified Receivables Transaction with a Receivables Entity, which deferred purchase price or line is repayable from cash available to the Receivables Entity, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts owing to such investors and amounts paid in connection with the purchase of newly generated Receivables.

“Purchase Money Obligations” means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

“Qualified Receivables Transaction” means any transaction or series of transactions that may be entered into by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries pursuant to which the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Entity (in the case of a transfer by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries) and (2) any other Person (in the case of a transfer by a Receivables Entity), or may grant a Lien in, any Receivables (whether now existing or arising in the future) of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such accounts

receivable, the proceeds of such Receivables and other assets which are customarily transferred, or in respect of which Liens are customarily granted, in connection with asset securitization involving Receivables.

“Receivable” means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an “account”, “chattel paper”, “payment intangible” or “instrument” under the Uniform Commercial Code as in effect in the State of New York and any “supporting obligations” as so defined.

“Receivables Entity” means a Wholly Owned Subsidiary of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (or another Person in which the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary makes an Investment and to which the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary transfers Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Entity:

- (1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:
  - (a) is guaranteed by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);
  - (b) is recourse to or obligates the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings; or
  - (c) subjects any property or asset of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;
- (2) with which neither the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Purchase Money Note or Qualified Receivables Transaction) other than on terms no less favorable to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, other than fees payable in the ordinary course of business in connection with servicing Receivables; and
- (3) to which neither the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor nor any Restricted Subsidiary has any obligation to maintain or preserve such entity’s financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a certified copy of the resolution of the Board of Directors of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor giving effect to such designation and an Officers’ Certificate certifying that such designation complied with the foregoing conditions.

“Refinancing Indebtedness” means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) (collectively, “refinance”, “refinances”, and “refinanced” shall have a correlative meaning) any Indebtedness existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness, including successive refinancings; *provided, however*, that:

- (1) if the Indebtedness being refinanced constitutes Subordinated Obligations, (a) if the Stated Maturity of the Indebtedness being refinanced is earlier than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced or (b) if the Stated Maturity of the Indebtedness being refinanced is later than the Stated

Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity later than the Stated Maturity of the Notes;

- (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced plus an amount to pay any interest, fees and expenses, premiums and defeasance costs, Incurred in connection therewith; and
- (3) if the Indebtedness being refinanced constitutes Subordinated Obligations, such Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the holders of the Notes as those contained in the documentation governing the Indebtedness being refinanced.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of all or any part of any such Credit Facility or other Indebtedness.

“Related Business” means any business that is the same as or related, ancillary or complementary to any of the businesses of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries on the Issue Date.

“Related Person” with respect to any Permitted Holder, means:

- (1) any controlling equity holder or majority (or more) owned Subsidiary of such Permitted Holder; or
- (2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or
- (3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein.

“Related Taxes” means:

- (1) any taxes, including but not limited to sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar taxes (other than (x) taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid by any Parent by virtue of its:
  - (a) being organized or incorporated or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Company’s, UPC NL Holdco II’s or the Affiliate Proceeds Loan Obligor’s Subsidiaries), or
  - (b) being a holding company parent of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Company’s, UPC NL Holdco II’s or the Affiliate Proceeds Loan Obligor’s Subsidiaries, or
  - (c) receiving dividends from or other distributions in respect of the Capital Stock of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, or any of the Company’s, UPC NL Holdco II’s or the Affiliate Proceeds Loan Obligor’s Subsidiaries, or
  - (d) having guaranteed any obligations of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Subsidiary of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, or
  - (e) having made any payment in respect to any of the items for which the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor is permitted to make payments to any Parent pursuant to “—Certain Covenants—Limitation on Restricted Payments”,

in each case, to the extent such taxes are not paid by another Subsidiary or such Parent; and

- (2) any taxes measured by income for which any Parent is liable up to an amount not to exceed with respect to such taxes the amount of any such taxes that the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and their Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and their Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and their Subsidiaries and any taxes imposed by way of withholding on payments made by one Parent to another Parent on any financing that is provided, directly or indirectly in relation to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and their Subsidiaries (reduced by any taxes measured by income actually paid by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and their Subsidiaries).

“Related Transaction” means (1) any transactions to effect or consummate the Reorganization Transactions, the Ziggo Group Combination and/or the Ziggo Group Assumption, which may include the contribution of an Affiliate entity by a Parent (“Contributed Entity”) which Contributed Entity indirectly holds Share Capital in the Company or the UPC NL Holdco II, (2) any transactions to effect or consummate the Credit Facility Assumption, (3) intercompany indebtedness (A) by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor, the Contributed Entity or a Restricted Subsidiary to an Affiliate or (B) by an Affiliate to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor, the Contributed Entity or a Restricted Subsidiary, in each case, to effect or consummate the Ziggo Group Combination and/or the Ziggo Group Assumption, (4) the Post-Closing Reorganization and (5) payment of fees, costs and expenses in connection with the Reorganization Transactions, the Ziggo Group Combination and/or the Ziggo Group Assumption and/or Credit Facility Assumption and the Post-Closing Reorganization.

“Reorganization Transactions” means the internal reorganization of Liberty Global’s broadband and wireless communications businesses in the Netherlands whereby UPC Nederland B.V. and/or its successor company and its subsidiaries will become subsidiaries of UPC Nederland Holding I B.V.

“Reporting Entity” refers to (i) Ziggo Group Holding B.V., (ii) following the accession of any Affiliate Subsidiary, Ziggo Group Holding B.V. or a common Parent of the Company, UPC NL Holdco II and the Affiliate Subsidiary, or (iii) following an Affiliate Proceeds Loan Obligor Accession, a common Parent of the Company, UPC NL Holdco II and the Affiliate Proceeds Loan Obligor.

“Restricted Investment” means any Investment other than a Permitted Investment.

“Restricted Subsidiary” means any Subsidiary of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor together with any Affiliate Subsidiaries other than an Unrestricted Subsidiary.

“Revolving Facility Excluded Amount” means the greater of (1) €400 million (or its equivalent in other currencies) and (2) 0.25 multiplied by the Pro Forma EBITDA of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries on a Consolidated basis for the period of the most recent two consecutive fiscal quarters for which financial statements have previously been furnished to the holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*”, multiplied by 2.0.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the United States Securities Act of 1933, as amended.

“Security Agent” means ING Bank N.V. and any successor or replacement Security Agent, acting in such capacity.

“Senior Facility Agreement” means the senior facility agreement dated January 27, 2014 between, among others, the Company, certain subsidiaries of the Company and certain financial institutions as lenders thereunder, as amended or supplemented from time to time, as described above under “*Description of Other Indebtedness—Existing Senior Secured Credit Facilities*”.

“Senior Indebtedness” means, whether outstanding on the Issue Date or thereafter Incurred, all amounts payable by, under or in respect of all other Indebtedness of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary, including premiums and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary at the rate specified in the documentation with respect thereto whether or not a claim for post filing interest is allowed in such proceeding) and fees relating thereto; *provided, however*, that Senior Indebtedness will not include:

- (1) any Indebtedness Incurred in violation of the Indenture;
- (2) any obligation of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor to any Restricted Subsidiary;
- (3) any liability for taxes owed or owing by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (4) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities);
- (5) any Indebtedness, guarantee or obligation of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor that is expressly subordinate or junior in right of payment to any other Indebtedness, guarantee or obligation of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, including, without limitation, any Subordinated Obligation; or
- (6) any Capital Stock.

“Significant Subsidiary” means any Restricted Subsidiary which, together with the Restricted Subsidiaries of such Restricted Subsidiary, accounted for more than 10% of Total Assets as of the end of the most recently completed fiscal year.

“Specified Legal Expenses” means, to the extent not constituting an extraordinary, non-recurring or unusual loss, charge or expense, all attorneys’ and experts’ fees and expenses and all other costs, liabilities (including all damages, penalties, fines and indemnification and settlement payments) and expenses paid or payable in connection with any threatened, pending, completed or future claim, demand, action, suit, proceeding, inquiry or investigation (whether civil, criminal, administrative, governmental or investigative).

“Spin-Off” means a transaction by which all outstanding ordinary shares of the Parent Company or a Parent of the Parent Company directly or indirectly owned by Liberty Global are distributed to all of Liberty Global’s shareholders either directly or indirectly through the distribution of shares in a company holding the Parent Company’s shares or such Parent’s shares.

“Spin Parent” means the company the shares of which are distributed to the shareholders of Liberty Global pursuant to the Spin-Off.

“SPV Asset Sale” means the sale, lease, conveyance or other disposition of any rights, property or assets by the Issuer and the Guarantors, other than the granting of a Permitted SPV Lien or any Permitted SPV Investment.

“Standard Securitization Undertakings” means representations, warranties, covenants and indemnities entered into by the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any Restricted Subsidiary which are reasonably customary in securitization of Receivables transactions.

“Stated Maturity” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“Subordinated Obligation” means in the case of each Proceeds Loan Borrower, any Indebtedness that is expressly subordinate or junior in right of payment to the applicable Proceeds Loan pursuant to a written agreement and, in the case of another Proceeds Loan Obligor, any Indebtedness that is expressly subordinate or junior in right of payment to the Proceeds Loan Guarantee of such Proceeds Loan Obligor pursuant to a written agreement.

“Subordinated Proceeds Loan Obligor” means (i) Ziggo Bond Company B.V., (ii) UPC Nederland Holding I B.V. and (iii) any other Parent of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor which is a borrower or guarantor of a proceeds loan from the Senior Notes Issuer.

“Subordinated Shareholder Loans” means Indebtedness of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (and any security into which such Indebtedness, other than Capital Stock, is convertible or for which it is exchangeable at the option of the holder) issued to and held by any Affiliate (other than a Restricted Subsidiary) that (either pursuant to its terms or pursuant to an agreement with respect thereto):

- (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such Indebtedness into Capital Stock (other than Disqualified Stock) of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, as applicable, or any Indebtedness meeting the requirements of this definition);
- (2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;
- (3) contains no change of control or similar provisions that are effective, and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment prior to the first anniversary of the Stated Maturity of the Notes;
- (4) does not provide for or require any Lien or encumbrance over any asset of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries;
- (5) is subordinated in right of payment to the prior payment in full of the Proceeds Loan or the Proceeds Loan Guarantee, as applicable, in the event of (a) a total or partial liquidation, dissolution or winding up of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, as applicable, (b) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property or UPC NL Holdco II or its property, as applicable, (c) an assignment for the benefit of creditors or (d) any marshalling of the assets and liabilities of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, as applicable;
- (6) under which the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor, as applicable, may not make any payment or distribution of any kind or character with respect to any obligations on, or relating to, such Subordinated Shareholder Loans if (a) a payment Default on the Notes occurs and is continuing or (b) any other Default under the Indenture occurs and is continuing on the Notes that permits the holders of the Notes to accelerate their maturity and the Company receives notice of such Default from the requisite holders of the Notes, until in each case the earliest of (i) the date on which such Default is cured or waived or (ii) 180 days from the date such Default occurs (and only once such notice may be given during any 360 day period); and
- (7) under which, if the holder of such Subordinated Shareholder Loans receives a payment or distribution with respect to such Subordinated Shareholder Loan (a) other than in accordance with the Indenture or as a result of a mandatory requirement of applicable law or (b) under circumstances described under clauses (5)(a) through (d) above, such holder will forthwith pay all such amounts to the Trustee to be held in trust for application in accordance with the Indenture.

“Subsidiary” of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor.

“Total Assets” means the Consolidated total assets of the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries as shown on the most recent balance sheet (excluding the footnotes

thereto) of the Reporting Entity (and, in the case of any determination relating to any Incurrence of Indebtedness or any Restricted Payment, on a pro forma basis including any property or assets being acquired in connection therewith).

“Trade Payables” means, with respect to any Person, any accounts payable or any Indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

“Unrestricted Subsidiary” means:

- (1) any Subsidiary of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Company in the manner provided below; and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor may designate any Subsidiary of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger or consolidation or Investment therein) to be an Unrestricted Subsidiary only if:

- (1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of or have any Investment in, or own or hold any Lien on any property of, any other Subsidiary of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and
- (2) such designation and the Investment of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor in such Subsidiary complies with “—*Certain Covenants—Limitation on Restricted Payments*”.

Any such designation by the Board of Directors of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor shall be evidenced to the Trustee by promptly filing with the Trustee a resolution of the Board of Directors of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor giving effect to such designation and an Officers’ Certificate certifying that such designation complies with the foregoing conditions. If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be Incurred as of such date.

The Board of Directors of the Company, UPC NL Holdco II or the Affiliate Proceeds Loan Obligor may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and either (1) the Company, UPC NL Holdco II, the Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries could Incur at least €1.00 of additional Indebtedness under the second paragraph of the covenant described under the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or (2) the Consolidated Net Leverage Ratio would be no greater than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation.

“U.S. Government Obligations” means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

“Voting Stock” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

“Wholly Owned Subsidiary” means (1) in respect of any Person, a Person, all of the Capital Stock of which (other than directors’ qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law or regulation or to ensure limited liability) is owned by that Person directly or (2) indirectly by a Person that satisfies the requirements of clause (1).

“Ziggo Group Combination” means the series of transactions whereby (i) the Company and its Subsidiaries are combined with UPC NL Holdco II and its Subsidiaries through one or more mergers, consolidations, contributions or similar transactions and/or (ii) the special purpose financing company structure whereby the Issuer

issued the Notes and funded proceeds loans is terminated and the Proceeds Loan Obligors and their Subsidiaries assume or otherwise acquire all of the outstanding Indebtedness of the Issuer and its Subsidiaries through the assumption, assignment or other transfer of such Indebtedness or the acquisition or other transfer of the Issuer and/or any of its Subsidiaries to the Proceeds Loan Obligors.

“Ziggo Group Combination Date” means the date the Ziggo Group Combination is consummated.

## DESCRIPTION OF THE FOLD-IN NOTES

Pursuant to a supplemental indenture, accession agreement or other similar agreement (in a form attached as a schedule to the Indenture (as defined below), the Fold-In Issuer (as defined under “—*Certain Definitions*”) will assume the obligations of Ziggo Secured Finance B.V. (the “Old Issuer”) under (i) an indenture (the “Indenture”) to be dated with effect from the Issue Date, between, among others, the Old Issuer and Deutsche Trustee Company Limited, as trustee (the “Trustee”) and Deutsche Trustee Company Limited, as security trustee and (ii) the €800,000,000 aggregate principal amount of senior secured notes due 2025 (the “Notes”) issued under the Indenture, in each case, in accordance with the provision set forth under the heading “—*Certain Covenants—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*” in the section “*Description of the Notes*” set out elsewhere in this Offering Memorandum.

You will find the definitions of capitalized terms used in this Description of the Fold-In Notes under the heading “—*Certain Definitions*”. For purposes of this description, the term “Fold-In Issuer” refers only to the Fold-In Issuer and its successors and not to any of its Subsidiaries. References to the Issue Date herein refer to the date of the original issuance of the Notes by the Old Issuer.

Following the Ziggo Group Combination and the Ziggo Group Assumption, the Notes will remain issued under the Indenture. The terms and conditions of the Notes, however, including the covenants, will be automatically modified as set out in this “Description of the Fold-In Notes”.

The Indenture will be unlimited in aggregate principal amount, but the aggregate principal amount of Notes referred to herein is limited to €800,000,000 aggregate principal amount of Notes. Thereafter, the Fold-In Issuer may issue an unlimited amount of additional notes having identical terms and conditions to the Notes (the “Additional Notes”). The Fold-In Issuer will only be permitted to issue such Additional Notes if, at the time of such issuance, the Fold-In Issuer, the Affiliate Issuer (as defined below) and the Note Guarantors are in compliance with the covenants contained in the Indenture. Any Additional Notes will be part of the same issue as the Notes and will vote on all matters with the holders of the Notes. Unless expressly stated otherwise, in this Description of the Fold-In Notes, references to the Notes include any Additional Notes.

The following description is a summary of the material provisions of the Indenture, the Notes, the Notes Collateral Documents (as defined under “—*Ranking of the Notes, Note Guarantees and Notes Collateral—Notes Collateral—Notes Collateral Documents*”) and certain other agreements relating to the Notes, as in effect following the Ziggo Group Combination and the Ziggo Group Assumption and includes references to the Priority Agreement. This description does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes, the Notes Collateral Documents, the Priority Agreement and those other agreements because they, and not the description in this Offering Memorandum, define your rights as holders of the Notes. Copies of the Indenture, the form of Note, the Notes Collateral Documents and the Priority Agreement are available as set forth below under “*Listing and General Information*”.

Following the Ziggo Group Combination and the Ziggo Group Assumption:

- the special purpose financing company structure whereby the Old Issuer issued the Notes and funded proceeds loans (the “Proceeds Loans”) falls away;
- the Fold-In Issuer, which was a Proceeds Loan Obligor, will become the direct issuer of the Notes;
- the Proceeds Loans will be, or will be deemed to be, repaid and cancelled;
- the guarantors of the Proceeds Loans (or their successors) will guarantee the Notes directly;
- the security granted to secure the obligations under the Proceeds Loans will secure the Notes directly;
- the Trustee will, on behalf of holders of the Notes, accede to the Priority Agreement and be directly afforded the benefit of all the covenants, protections and terms thereunder;
- the security and guarantees that were granted in favor of the Notes directly prior to the Ziggo Group Combination and the Ziggo Group Assumption will be released; and
- the Covenant Agreement, the Collateral Sharing Agreement (each as defined in the section “*Description of the Notes*” set out elsewhere in this Offering Memorandum) and certain other documents entered into in connection with the special purpose financing company structure will terminate and/or fall away.

## **General**

### ***The Notes***

The Notes will mature on January 15, 2025 and will initially be guaranteed by the Note Guarantors (as defined below) and be secured as described below under “—*Ranking of the Notes, Note Guarantees and Notes Collateral*”.

The Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

### ***Interest***

Interest on the Notes will accrue at the rate of 3.750% per annum and will be payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2015. Interest on the Notes will continue to accrue following the Ziggo Group Assumption from the date it was most recently paid. The Fold-In Issuer will make each interest payment for so long as the notes are Global Notes to the holders of record of the Notes at the close of business (in the relevant clearing system) on the Clearing System Business Day immediately before the due date for such payment, where “Clearing System Business Day” means a day on which each clearing system for which the Global Note is being held is open for business, or to the extent Definitive Registered Notes have been issued, to the holders of record of the Notes on the immediately preceding January 1 and July 1. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

### ***Payments on the Notes***

Principal, premium, if any, interest, and Additional Amounts (as defined under “—*Withholding Taxes*”), if any, on the Global Notes (as defined under “—*Transfer and Exchange*”) will be payable and the Global Notes may be exchanged or transferred, at the corporate trust office or agency of the Paying Agent, provided that, at the option of the Fold-In Issuer, payment of interest may be made by check mailed to the address of the holders of the Notes as such address appears in the Note register. Payments on the Global Notes (as defined under “—*Transfer and Exchange*”) will be made to the order of the common depository or its nominee as the registered holder of the Global Notes. The rights of holders to receive any payment in respect of any Global Notes are subject to applicable procedures of Euroclear and Clearstream (in each case as defined under “—*Transfer and Exchange*”). The Fold-In Issuer will pay interest on the Notes to persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender their Notes to the Paying Agent to collect principal payments.

Principal, premium, if any, interest, and Additional Amounts, if any, on the Notes issued in certificated non-global form (“Definitive Registered Notes”) will be payable at the corporate trust office or agency of the Paying Agent except that, at the option of the Fold-In Issuer, payment of interest may be made by check mailed to the address of the holders of Definitive Registered Notes as such address appears in the register for Definitive Registered Notes. The Fold-In Issuer will pay interest on Definitive Registered Notes to Persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender their Definitive Registered Notes to a Paying Agent to collect principal payments.

If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the holders thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

### ***Paying Agent and Registrar***

The Fold-In Issuer will maintain one or more paying agents (each, a “Paying Agent”) for the Notes. Deutsche Bank AG, London Branch in London, will initially act as Paying Agent for the Notes.

The Fold-In Issuer will also maintain one or more registrars (each, a “Registrar”) for so long as the Notes are listed and admitted to trading on the GEM of the Irish Stock Exchange and the rules of the Irish Stock Exchange so require. The Fold-In Issuer will also maintain a transfer agent. The initial Registrar for the Notes will be Deutsche Bank Luxembourg S.A. in Luxembourg. The initial transfer agent for the Notes will be Deutsche Bank Luxembourg S.A.. The Registrar will maintain a register on behalf of the Fold-In Issuer for so long as the Notes remain

outstanding reflecting ownership of Registered Notes outstanding from time to time. The Paying Agent will make payments on, and the transfer agents will facilitate transfer of, Registered Notes on behalf of the Fold-In Issuer. In the event that the Notes are no longer listed, the Fold-In Issuer or its agent will maintain a register reflecting ownership of the Notes.

The Fold-In Issuer may change a Paying Agent, Registrar or transfer agent for the Notes without prior notice to the holders of Notes, and the Fold-In Issuer may act as Paying Agent, Registrar or transfer agent for the Notes. In the event that a Paying Agent, Registrar or transfer agent is replaced, the Fold-In Issuer will provide notice thereof in accordance with the procedures described under “*Notices*.”

In addition, the Fold-In Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the European Council of Economics and Finance Ministers (“ECOFIN”) meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

### ***Transfer and Exchange***

The Notes will be issued in the form of several registered notes in global form, without interest coupons, as follows:

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

The Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee for the common depositary for the accounts of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream”).

During the 40 day distribution compliance period, book entry interests in the Regulation S Global Notes may be (1) held only through Euroclear and Clearstream for the account of Euroclear and Clearstream, and (2) transferred only to non U.S. persons under Regulation S or qualified institutional buyers under Rule 144A.

Ownership of interests in the Global Notes (“Book Entry Interests”) will be limited to persons that have accounts with Euroclear or Clearstream, as applicable, or persons that may hold interests through such participants. Ownership of interests in the Book Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under “*Transfer Restrictions*”. In addition, transfers of Book Entry Interests between participants in participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book Entry Interests in the Regulation S Global Notes denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Regulation S Book Entry Interests may be transferred to a person who takes delivery in the form of 144A Book Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Transfer Restrictions*” and in accordance with any applicable securities law of any other jurisdiction.

Any Book Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book Entry Interest in the Global Note from which it was transferred and will become a Book Entry Interest in the Global Note to which it was transferred.

Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book Entry Interests in the Global Note to which it was transferred.

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

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

Notwithstanding the foregoing, the Fold-In Issuer is not required to register the transfer of any Definitive Registered Note in registered form:

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

The Fold-In Issuer, the Trustee and the Paying Agents will be entitled to treat the registered holder of a Note as the owner of it for all purposes.

## **Ranking of the Notes, Note Guarantees and Notes Collateral**

### ***General***

The Notes will:

- be senior obligations of the Fold-In Issuer;
- rank *pari passu* in right of payment with any existing and future Indebtedness (including any Additional Notes) of the Fold-In Issuer that is not subordinated to the Notes (including the Senior Facility Agreement and the Existing Senior Secured Notes);
- rank senior in right of payment to any existing and future subordinated obligations of the Fold-In Issuer;
- be guaranteed by the Note Guarantors as described under “—*Guarantees*”;
- be secured directly by the Notes Collateral as described under “—*Notes Collateral*”; and
- be effectively subordinated to any existing and future Indebtedness of the Fold-In Issuer that is secured by Liens senior to the Liens securing the Notes, or secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness.

## **Guarantees**

### **General**

On the Ziggo Group Assumption Date, the Notes will be guaranteed by the Note Guarantors. Each Note Guarantor will, jointly and severally, irrevocably guarantee (each guarantee, a “Note Guarantee” and collectively, the “Note Guarantees”), as primary obligor and not merely as surety, on a senior basis, the full and punctual payment when due, whether at maturity, by acceleration or otherwise, all payment obligations of the Fold-In Issuer under the Indenture and the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise.

The obligations of the Note Guarantors will be contractually limited under the applicable Note Guarantee to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Note Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see *“Risk Factors—Risks Relating to the Notes and the Structure—Corporate benefit and financial assistance laws and other limitations on the obligations under the Notes, the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantees may adversely affect the validity and enforceability of the Notes, the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantees”*.

### **Ranking of the Note Guarantees**

The Note Guarantee of each Note Guarantor will:

- be a senior obligation of such Note Guarantor;
- be secured by the Notes Collateral as described under *“—Notes Collateral”*;
- be effectively subordinated to any existing and future Indebtedness of such Note Guarantor that is secured by property or assets that do not secure such Note Guarantee, to the extent of the value of the property and assets securing such Indebtedness;
- be *pari passu* in right of payment with all existing and future Indebtedness of such Note Guarantor that is not subordinated in right of payment to such Note Guarantee (including the Senior Facility Agreement and the Existing Senior Secured Notes); and
- be senior in right of payment to all existing and future Indebtedness of such Note Guarantor that is subordinated in right of payment to such Note Guarantee.

### **Additional Note Guarantees**

The Fold-In Issuer or the Affiliate Issuer may from time to time designate a Restricted Subsidiary or an Affiliate as an additional guarantor of the Notes (an “Additional Note Guarantor”) by causing it to execute and deliver to the Trustee a supplemental indenture to the Indenture. Each Additional Note Guarantor will, jointly and severally, with each other Note Guarantor, irrevocably guarantee (each guarantee, an “Additional Note Guarantee”), as primary obligor and not merely as surety, on a senior basis, the full and punctual payment when due, whether at maturity, by acceleration or otherwise, all payment obligations of the Fold-In Issuer under the Notes, whether for payment of principal of or interest on or in respect of the Notes, fees, expenses, indemnification or otherwise.

The obligations of any Additional Note Guarantor will be contractually limited under its Additional Note Guarantee to reflect limitations under applicable law, including among other things, with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Note Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see *“Risk Factors—Risks Relating to the Notes and the Structure—Corporate benefit and financial assistance laws and other limitations on the obligations under the Notes, the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantors may adversely affect the validity and enforceability of the Notes, the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loan Guarantees”*. Any Additional Note Guarantee shall be issued on substantially the same terms as the Note Guarantees. For purposes of the Indenture and this “Description of the Fold-In Notes”, references to the Note Guarantees include references to any Additional Note Guarantees and references to the Note Guarantors include any Additional Note Guarantors.

### *Release of the Note Guarantees*

The Fold-In Issuer will not cause or permit, directly or indirectly, any Note Guarantee to be released other than:

- (1) upon the sale or other disposition of all or substantially all of the Capital Stock of the relevant Note Guarantor pursuant to an Enforcement Sale;
- (2) upon the sale or other disposition (including through merger or consolidation but other than pursuant to an Enforcement Sale) in compliance with the Indenture of the Capital Stock of the relevant Note Guarantor (whether directly or through the disposition of a parent thereof), following which transaction such Note Guarantor is no longer a Restricted Subsidiary or Affiliate Subsidiary (other than a sale or other disposition to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary);
- (3) in the case of a Note Guarantor that is prohibited or restricted by applicable law from guaranteeing the Notes (other than customary legal and contractual limitations on the Note Guarantee of such Note Guarantor substantially similar to those provided for in the Notes or the Indenture in respect of the Note Guarantees), provided that such Note Guarantee will be released as a whole or in part to the extent it is necessary to achieve compliance with such prohibition or restriction;
- (4) if any Restricted Subsidiary that is a Note Guarantor is designated as an Unrestricted Subsidiary in accordance with the covenant captioned “—*Certain Covenants—Limitation on Restricted Payments*”;
- (5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Notes and the Indenture as provided below under the captions “—*Legal Defeasance and Covenant Defeasance*” and “—*Satisfaction and Discharge*”, in each case in accordance with the terms and conditions of the Indenture;
- (6) with respect to an Additional Note Guarantee given under the covenant captioned “—*Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries*” upon release of the guarantee that gave rise to the requirement to issue such Additional Note Guarantee so long as no Event of Default would arise as a result and no other Indebtedness that would give rise to an obligation to give an Additional Note Guarantee is at that time guaranteed by the relevant Note Guarantor;
- (7) upon the release or discharge of a Note Guarantor from its guarantee of Indebtedness of the Fold-In Issuer and the Note Guarantors under the Senior Facility Agreement, the Existing Senior Secured Notes or any other Indebtedness of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries in an amount in excess of €50.0 million (including any Indebtedness permitted to be incurred pursuant to clause (13) of the first paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”) so long as no Event of Default would arise as a result and no other Indebtedness that would give rise to an obligation to give an Additional Note Guarantee is at that time guaranteed by the relevant Note Guarantor;
- (8) as a result of a transaction permitted by, and in compliance with, the covenant entitled “—*Certain Covenants—Merger and Consolidation*”;
- (9) if such Note Guarantor is an Affiliate Subsidiary and such Affiliate Subsidiary becomes a Subsidiary of or is merged into or with the Fold-In Issuer, the Affiliate Issuer, another Restricted Subsidiary of the Fold-In Issuer or the Affiliate Issuer which is not an Affiliate Subsidiary, the Affiliate Issuer or a Note Guarantor;
- (10) as described under “—*Amendments and Waivers*”; and
- (11) upon the full and final payment and performance of all obligations of the Fold-In Issuer under the Indenture and the Notes.

### *Notes Collateral*

#### *General*

The Notes and the Note Guarantees will initially be secured by the Notes Collateral. In addition, on the Ziggo Group Assumption Date the Notes Collateral may include security over (the “Asset Collateral”) certain property and assets (including network assets) of the Fold-In Issuer and the Note Guarantors, including certain real estate, bank accounts, intellectual property rights, receivables and moveable and immovable assets (the “Asset Collateral”);

provided, however, that the Asset Collateral will be automatically released upon the redemption or purchase and cancellation of the Existing Senior Secured Notes as permitted under the Senior Facility Agreement. See “*Risk Factors—Risks Relating to the Notes and the Structure—There are circumstances other than repayment or discharge of the Notes under which certain Senior Secured Proceeds Loan Collateral will be released, without your consent.*”. Any other additional security interests that may in the future be pledged to secure obligations under the Notes would also constitute Notes Collateral.

The Notes Collateral also secures the obligations of the Fold-In Issuer and the Note Guarantors under the Senior Facility Agreement, the Existing Senior Secured Notes and certain Hedging Obligations. Subject to the terms of the Priority Agreement, the holders of the Notes, the lenders under the Senior Facility Agreement, the holders of the Existing Senior Secured Notes, certain hedging counterparties and other senior secured creditors will share equally in respect of any recoveries from the Notes Collateral. The agreements entered into between, among others, the Fold-In Issuer and the Note Guarantors and the Security Agent pursuant to which security interests in the Notes Collateral are granted to secure the Notes and the Note Guarantees from time to time are referred to as the “Notes Collateral Documents”.

Under the Indenture, the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries will be permitted to incur certain additional Indebtedness in the future that may share in the Notes Collateral, including additional Permitted Collateral Liens securing Indebtedness on a *pari passu* basis with the Notes, including Indebtedness under the Senior Facility Agreement, the Existing Senior Secured Notes and certain Hedging Obligations. The amount of such additional Indebtedness will be limited by the covenants described under the captions “—*Certain Covenants—Liens*” and “—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*”. Under certain circumstances, the amount of such additional Indebtedness secured by Permitted Collateral Liens could be significant.

The proceeds from the sale of the Notes Collateral may not be sufficient to satisfy the obligations of the Fold-In Issuer and the Note Guarantors under the Notes, under the Senior Facility Agreement, under the Existing Senior Secured Notes or to the creditors of other Indebtedness secured thereby. No appraisals of the Notes Collateral have been made in connection with this offering of the Notes or the incurrence of the Notes. By its nature, some or all of the Notes Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Notes Collateral may not be able to be sold in a short period of time, or at all. See “—*Risks Relating to the Notes and the Structure—The value of the Note Collateral securing the Notes may not be sufficient to satisfy the Issuer’s obligations under the Notes and the value of the Senior Secured Proceeds Loan Collateral securing the Senior Secured Proceeds Loans may not be sufficient to satisfy the Senior Secured Obligors’ obligations under the Senior Secured Proceeds Loans and, in each case, such collateral may be reduced or diluted under certain circumstances*”.

#### *Release of the Notes Collateral*

The Notes Collateral will be automatically and unconditionally released and discharged:

- (1) in the event of a sale or disposition (including through merger or consolidation but other than pursuant to an Enforcement Sale) of assets included in the Notes Collateral to a Person that is not (either before or after giving effect to such transaction) the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary, provided that such sale or disposition is in compliance with the Indenture, including the provisions described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”, or in connection with any other release of a Note Guarantee permitted under the Indenture;
- (2) if the Notes Collateral is the Capital Stock of, or an asset of, a Note Guarantor or any of its Subsidiaries, in connection with any sale or disposition of Capital Stock of that Note Guarantor or Subsidiary to a Person that is not (either before or after giving effect to such transaction) the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary, provided that such sale or disposition is in compliance with the Indenture, including the provisions described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”, or if the applicable Subsidiary of which such Capital Stock or assets are pledged is designated as an Unrestricted Subsidiary in compliance with the covenant entitled “—*Certain Covenants—Limitation on Restricted Payments*”;
- (3) to release and/or re-take any Lien under the Notes Collateral Documents to the extent otherwise permitted by the terms of the Indenture, the Notes Collateral Documents or the Priority Agreement;

- (4) if the Notes Collateral is owned by a Note Guarantor that is released from its Note Guarantee in accordance with the terms of the Indenture;
- (5) upon the sale or other disposition of any Notes Collateral pursuant to an Enforcement Sale;
- (6) as described under “—*Amendments and Waivers*”;
- (7) upon release of the Asset Collateral in accordance with the terms of the Senior Facility Agreement (as in effect on the Issue Date);
- (8) in connection with any merger or other transaction permitted by, and in compliance with, the covenant entitled “—*Certain Covenants—Merger and Consolidation*”; *provided that* any other Lien on such property or assets that secures any other Indebtedness (other than (a) any Indebtedness permitted to be incurred pursuant to clause (13) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” and (b) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (a)) of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiaries is simultaneously released;
- (9) with the consent of holders of at least seventy-five percent (75%) in aggregate principal amount of the Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes); and
- (10) upon the full and final payment and performance of all obligations of the Fold-In Issuer under the Indenture and the Notes.

In addition, the Liens created by the Notes Collateral Documents will be released in accordance with the Notes Collateral Documents and the Priority Agreement.

Upon certification by the Fold-In Issuer, the Trustee and the Security Agent shall take all necessary actions, including the granting of releases or waivers under the Priority Agreement, to effectuate any release in accordance with these provisions, subject to customary protections and indemnifications to the satisfaction of the Trustee and the Security Agent. The Security Agent and/or Trustee (as applicable) will agree to any release of the Liens created by the Notes Collateral Documents that is in accordance with the Indenture, the Notes Collateral Documents and the Intercreditor Agreement without requiring any consent of the holders.

### ***Priority Agreement***

On the Ziggo Group Assumption Date, the Trustee, acting on behalf of the holders of the Notes, will accede to the Priority Agreement as a “*Pari Passu* Creditor”. The Priority Agreement governs, among other things, the rights and obligations of the lenders under the Senior Facility Agreement, certain Hedging Obligations and the Existing Senior Secured Notes, in respect of enforcement of the Notes Collateral and the Note Guarantees. See “*Description of Other Indebtedness—Priority Agreement*”.

By accepting a Note, each holder will be deemed to have irrevocably:

- (1) agreed and accepted the terms and conditions of the Priority Agreement;
- (2) appointed the Security Agent to (A) perform the duties and exercise the rights, powers and discretions that specifically given to it under the Priority Agreement or the Notes Collateral Documents, together with any other incidental rights, power and discretions; and (B) execute each Notes Collateral Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

### ***Affiliate Issuer and Affiliate Subsidiaries***

The Fold-In Issuer may from time to time designate an Affiliate as an Affiliate Issuer (each an “Affiliate Issuer”) by causing it to execute and deliver a supplemental indenture to the Indenture whereby the Affiliate Issuer will provide a Note Guarantee (the “Affiliate Issuer Guarantee”) and accede as an Affiliate Issuer (the “Affiliate Issuer Accession”), *provided that*, prior to or immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

Concurrently with the Affiliate Issuer Accession, the Parent of the Affiliate Issuer will enter into a pledge of all of the issued Capital Stock of the Affiliate Issuer (which will rank pari passu with the share pledges included in the Notes Collateral taking into account the Priority Agreement) as security for the Affiliate Issuer Guarantee. In this Description of the Fold-In Notes, references to the Affiliate Issuer include all Affiliate Issuers so designated from time to time.

The Fold-In Issuer may designate an Affiliate as an Affiliate Subsidiary by causing it to execute and deliver to the Trustee a supplemental indenture to the Indenture whereby the Affiliate Subsidiary will provide a Note Guarantee, *provided* that, prior to or immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

### **Optional Redemption**

The optional redemption provisions below are substantially the same as those prior to the Ziggo Group Assumption and included in the section “*Description of the Notes*” set out elsewhere in this Offering Memorandum.

#### ***Optional Redemption on or after January 15, 2020***

Except as described below and under “—*Redemption for Taxation Reasons*”, the Notes are not redeemable until January 15, 2020. On or after January 15, 2020, the Fold-In Issuer may redeem all, or from time to time a part, of the Notes upon not less than 10 nor more than 60 days’ notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on January 15 of the years set out below:

<b>Year</b>	<b>Redemption Price</b>
2020 .....	101.875%
2021 .....	101.250%
2022 .....	100.625%
2023; and thereafter .....	100.000%

In each case above, any such redemption and notice may, in the discretion of the Fold-In Issuer, be subject to satisfaction of one or more conditions precedent, including that the Fold-In Issuer or any Paying Agent has received sufficient funds from the Fold-In Issuer to pay the full redemption price payable to the holders of the Notes on or before the relevant redemption date.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Fold-In Issuer.

#### ***Optional Redemption prior to January 15, 2020***

Prior to January 15, 2020, the Fold-In Issuer may redeem during each 12 month period commencing with the Issue Date up to 10% of the original aggregate principal amount of the Notes outstanding upon not less than 10 nor more than 60 days’ prior notice, at a redemption price equal to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

At any time prior to January 15, 2020, the Fold-In Issuer may redeem all, or from time to time a part, of the Notes upon not less than 10 nor more than 60 days’ notice, at a price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued but unpaid interest and Additional Amounts, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

In each case above, any such redemption and notice may, in the discretion of the Fold-In Issuer, be subject to satisfaction of one or more conditions precedent, including that the Fold-In Issuer or any Paying Agent has received

sufficient funds from the Fold-In Issuer to pay the full redemption price payable to the holders of the Notes on or before the relevant redemption date.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Fold-In Issuer.

### ***Optional Redemption upon Equity Offerings***

At any time, or from time to time, prior to January 15, 2018, the Fold-In Issuer may also at its option redeem, upon not less than 10 nor more than 60 days' notice, up to 40% of the principal amount of the Notes issued under the Indenture (including the principal amount of any Additional Notes) at a redemption price of 103.750% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), with the Net Cash Proceeds of one or more Equity Offerings; *provided that*:

- (1) at least 50% of the principal amount of the Notes (which includes Additional Notes, if any) issued under the Indenture remains outstanding immediately after any such redemption; and
- (2) the redemption occurs not more than 180 days after the consummation of any such Equity Offering.

In each case above, any such redemption and notice may, in the discretion of the Fold-In Issuer, be subject to satisfaction of one or more conditions precedent, including that the Fold-In Issuer or any Paying Agent has received sufficient funds from the Fold-In Issuer to pay the full redemption price payable to the holders of the Notes on or before the relevant redemption date.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption.

### **Selection and Notice**

In the case of any partial redemption, selection of the Notes for redemption will be made by the Trustee on a pro rata basis (or, in the case of Notes issued in global form, based on the procedures of the applicable depository) unless otherwise required by law or applicable stock exchange or depository requirements, although no Notes of €100,000 or less can be redeemed in part. The Trustee will not be liable for selections made by it in accordance with this paragraph. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note.

For Notes which are represented by Global Notes held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing.

### **Redemption for Taxation Reasons**

The Fold-In Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "Tax Redemption Date") (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), and Additional Amounts (as defined under "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Fold-In Issuer determines that, as a result of:

- (1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined under "*—Withholding Taxes*") affecting taxation; or

- (2) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) (each of the foregoing in clauses (1) and (2), a “Change in Tax Law”),

the relevant Payor (as defined under “—*Withholding Taxes*”) is, or on the next interest payment date in respect of the Notes or the Note Guarantees would be, required to pay more than de minimis Additional Amounts (but if the relevant Payor is a Note Guarantor, then only if the payment giving rise to such requirement cannot be made by the Fold-In Issuer or another Note Guarantor without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to it (including, without limitation, by appointing a new or additional paying agent in another jurisdiction). The Change in Tax Law must become effective on or after the date of this Offering Memorandum. In the case of a successor to the Fold-In Issuer or a relevant Note Guarantor, the Change in Tax Law must become effective after the date that such entity first makes payment in respect of the Notes or the Note Guarantee. Notice of redemption for taxation reasons will be published in accordance with the procedures described in the Indenture as described under “*Notices*”. Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the relevant Payor would be obliged to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Fold-In Issuer will deliver to the Trustee (a) an Officers’ Certificate stating that the Fold-In Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and that the relevant Payor cannot avoid the obligations to pay Additional Amounts by taking reasonable measures available to it; and (b) an opinion of an independent tax counsel reasonably satisfactory to the Trustee to the effect that the circumstances referred to above exist. The Trustee will accept and shall be entitled to rely on such Officers’ Certificate and opinion as sufficient evidence of the existence of satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes.

The foregoing provisions will apply mutatis mutandis to any successor to a Payor after such successor person becomes a party to the Indenture or the Notes.

### **Redemption at Maturity**

On January 15, 2025, the Fold-In Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

### **Withholding Taxes**

All payments made by the Fold-In Issuer, any Note Guarantor or any successor thereto (a “Payor”) on or with respect to the Notes (including any Note Guarantee for the purposes of this covenant) will be made without withholding or deduction for, or on account of, any present or future taxes (including interest penalties to the extent resulting from a failure by the Payor to timely pay amounts due), duties, assessments or governmental charges of whatever nature (“Taxes”) unless the withholding or deduction of such Taxes is then required by law or by the official interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) The Netherlands or any political subdivision or governmental authority thereof or therein having power to tax;
- (2) any jurisdiction from or through which payment on the Notes is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or
- (3) any other jurisdiction in which a Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a “Relevant Taxing Jurisdiction”),

will at any time be required from any payments made with respect to the Notes, including payments of principal, redemption price, interest or premium, the relevant Payor will pay (together with such payments) such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts received in

respect of such payments by each holder of the Notes, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts) equal the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; provided, however, that no such Additional Amounts will be payable with respect to:

- (a) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder or beneficial owner and the Relevant Taxing Jurisdiction imposing such Taxes (other than the mere ownership or holding of such Note or enforcement of rights thereunder or under the Indenture or the receipt of payments in respect thereof);
- (b) any Taxes that would not have been so imposed if the holder had made a declaration of non-residence or any other claim or filing for exemption to which it is entitled (provided that (i) such declaration of non-residence or other claim or filing for exemption is required by the applicable law of the Relevant Taxing Jurisdiction as a precondition to exemption from the requirement to deduct or withhold all or a part of any such Taxes and (ii) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption is required under the applicable law of the Relevant Taxing Jurisdiction, the relevant holder at that time has been notified (in accordance with the procedures set forth in the Indenture) by the relevant Payor or any other Person through whom payment may be made that a declaration of non-residence or other claim or filing for exemption is required to be made, but only to the extent the holder is legally entitled to provide such declaration, claim or filing);
- (c) any Note presented for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented during such 30-day period);
- (d) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest on the Notes;
- (e) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (f) any Taxes withheld or deducted on a payment required to be withheld or deducted pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive;
- (g) any Taxes which could have been avoided by the presentation (where presentation is required) of the relevant Note to another Paying Agent in a member state of the European Union;
- (h) all United States backup withholding taxes;
- (i) any withholding or deduction imposed pursuant to (i) Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (as amended), as of the Issue Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, (ii) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of (i) above or (iii) any agreement pursuant to the implementation of (i) or (ii) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction; or
- (j) any combination of items (a) through (i) above.

Such Additional Amounts will also not be payable where, had the beneficial owner of the Note been the holder of the Note, it would not have been entitled to payment of Additional Amounts by reason of any of clauses (a) to (j) inclusive above.

The relevant Payor will (1) make any required withholding or deduction and (2) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The relevant Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies (or, if certified copies are not available despite reasonable efforts of the relevant Payor, other evidence of payment

reasonably satisfactory to the Trustee) to each holder. The relevant Payor will attach to each certified copy (or other evidence) a certificate stating (a) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (b) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes, as the case may be. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Trustee by the holders of the Notes upon request and will be made available at the offices of the Paying Agent if the Notes are then listed on the Irish Stock Exchange.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable (unless such obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if the relevant Payor will be obligated to pay Additional Amounts with respect to such payment, the relevant Payor will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders on the payment date. Each such Officers' Certificate shall be relied upon until receipt of a further Officers' Certificate addressing such matters. The Trustee shall be entitled to rely solely on each such Officers' Certificate as conclusive proof that such payments are necessary.

Wherever mentioned in the Indenture, the Notes or this "*Description of the Fold-In Notes*", in any context: (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes, (3) interest, or (4) any other amount payable on or with respect to the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Each Payor will pay and indemnify the holders of any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies (including interest and penalties to the extent resulting from a failure by the Payor to timely pay amounts due) which arise in any jurisdiction from the execution, delivery or registration of any Notes or any other document or instrument referred to therein (other than a transfer of the Notes), or the receipt of any payments with respect to the Notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction or any jurisdiction in which a Paying Agent is located, other than those resulting from, or required to be paid in connection with, the enforcement of the Notes, the Notes Collateral or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized or any political subdivision or taxing authority or agency thereof or therein.

### **Post-Closing Reorganizations**

Following the issuance of the Notes, Liberty Global may effect a reorganization of its group (the "Post-Closing Reorganizations"). The Post-Closing Reorganizations are expected to include (i) a distribution or other transfer of Ziggo Group Holding B.V. or the Reporting Entity and their Subsidiaries to Liberty Global or a first-tier or second-tier Subsidiary of Liberty Global through one or more mergers, transfers, consolidations or other similar transactions, and/or (ii) the issuance by Ziggo Group Holding B.V. or the Reporting Entity of Capital Stock to Liberty Global or a first-tier or second-tier Subsidiary of Liberty Global and, as consideration therefor, the assignment or transfer by Liberty Global or such first-tier or second-tier Subsidiary of Liberty Global of assets to Ziggo Group Holding B.V. or the Reporting Entity.

### **Certain Covenants**

The covenants below are substantially the same as those prior to the Ziggo Group Assumption and included in the section "*Description of the Notes*" set out elsewhere in this Offering Memorandum other than removal of the special purpose financing company structure whereby the Old Issuer issued the Notes and funded proceeds loans.

### ***Change of Control***

If a Change of Control shall occur at any time, the Fold-In Issuer shall, pursuant to the procedures described below and in the Indenture, offer (the “Change of Control Offer”) to purchase all Notes in whole or in part in denominations of €100,000 and in integral multiples of €1,000 in excess thereof at a purchase price (the “Change of Control Purchase Price”) in cash in an amount equal to 101% of the principal amount of such Notes, plus any Additional Amounts and accrued and unpaid interest, if any, to the date of purchase (the “Change of Control Purchase Date”) (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date), *provided, however*, that the Fold-In Issuer shall not be obliged to repurchase Notes as described under this subsection “—*Change of Control*” in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived. No such purchase in part shall reduce the principal amount at maturity of the Notes held by any holder to below €100,000.

Unless the Fold-In Issuer has unconditionally exercised its right to redeem all the Notes as described under “—*Optional Redemption*” or all conditions to such redemption have been satisfied or waived, within 30 days of any Change of Control, or, at the Fold-In Issuer’s option, at any time prior to a Change of Control following the public announcement thereof or if a definitive agreement is in place for the Change of Control, the Fold-In Issuer shall notify the Trustee thereof and give written notice of such Change of Control to each holder of Notes stating, to the extent relevant, among other things:

- that a Change of Control has occurred (or may occur) and the date (or expected date) of such event;
- the circumstances and relevant facts regarding such Change of Control;
- the purchase price and the purchase date which shall be fixed by the Fold-In Issuer on a Business Day no earlier than 10 days nor later than 60 days from the date such notice is mailed or delivered, or such later date as is necessary to comply with requirements under the Exchange Act;
- that any Note not tendered will continue to accrue interest and unless the Fold-In Issuer defaults in payment of the Change of Control Purchase Price, any Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and
- certain other procedures that a holder of Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

If and for so long as the Notes are listed on the Irish Stock Exchange and the guidelines of such Stock Exchange so require, the Fold-In Issuer will publish a public announcement with respect to the results of any Change of Control Offer in a leading newspaper of general circulation in Ireland or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange. The ability of the Fold-In Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. See “*Risk Factors—Risks Relating to the Notes and the Structure—The Senior Secured Obligors may not be able to obtain enough funds necessary to finance prepayment of the Senior Secured Proceeds Loans upon the occurrence of certain events constituting a change of control (as defined in the Indenture) as required by the Indenture*”.

The Trustee or its authenticating agent will promptly authenticate and deliver a new note or notes equal in principal amount to any unpurchased portion of Notes surrendered, if any, to the holder of Notes in global form or to each holder of certificated notes; *provided that* each such new note will be in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof. The Fold-In Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

The Fold-In Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by us and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

If holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Fold-In Issuer, or any third party making a Change of Control Offer in lieu of the Fold-In Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such holders, the Fold-In Issuer or such third party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest to but excluding the date of the delivery of the notice for such redemption.

The term "all or substantially all" as used in the definition of "Change of Control" has not been interpreted under New York law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in the event the holders of the Notes elect to exercise their rights under the Indenture and the Fold-In Issuer elects to contest such election, there could be no assurance as to how a court interpreting New York law would interpret the phrase.

The provisions of the Indenture will not afford holders of the Notes the right to require the Fold-In Issuer to repurchase the Notes in the event of a highly leveraged transaction, certain transactions with the Fold-In Issuer's management or its Affiliates or certain other sale transactions, including a reorganization, restructuring, merger or similar transaction (including, in certain circumstances, an acquisition of the Fold-In Issuer by management or its affiliates) involving the Fold-In Issuer that may adversely affect holders of the Notes, if such transaction is not a transaction defined as a Change of Control.

The provisions under the Indenture related to the Fold-In Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes prior to the occurrence of a Change of Control.

The Fold-In Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an offer pursuant to this covenant), the Fold-In Issuer will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

### ***Limitation on Indebtedness***

The Fold-In Issuer and the Affiliate Issuer will not, and will not permit any of the Restricted Subsidiaries to, incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Fold-In Issuer, the Affiliate Issuer and any Restricted Subsidiary may incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving effect thereto on a pro forma basis the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

- (1) Indebtedness of the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries under Credit Facilities in the aggregate principal amount at any one time outstanding not to exceed (a) an amount equal to the greater of (i) (A) €6,000.0 million plus (B) the amount of any Credit Facilities incurred under the first paragraph of this covenant or any other provision of the second paragraph of this covenant to acquire any property, other assets or shares of Capital Stock of a Person and (ii) 5.0% of Total Assets, plus (b) any accrual or accretion of interest that increases the principal amount of Indebtedness under Credit Facilities plus (c) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

- (2) Indebtedness of the Fold-In Issuer or the Affiliate Issuer owing to and held by any Restricted Subsidiary (other than a Receivables Entity) or Indebtedness of a Restricted Subsidiary owing to and held by the Fold-In Issuer, the Affiliate Issuer or any other Restricted Subsidiary (other than a Receivables Entity); provided, however, that:
- (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary (other than a Receivables Entity); and
  - (b) any sale or other transfer of any such Indebtedness to a Person other than the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary (other than a Receivables Entity),
- shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary, as the case may be;
- (3) (a) Indebtedness represented by the Notes, (b) Indebtedness of the Note Guarantors represented by the Note Guarantees, (c) Indebtedness under the Existing Senior Secured Notes and (d) Indebtedness represented by the Notes Collateral Documents, including, with respect to each such Indebtedness “parallel debt” obligations created under the Priority Agreement and the Notes Collateral Documents;
- (4) any Indebtedness (other than the Indebtedness described in clauses (1), (2) and (3)) outstanding on the Issue Date after giving effect to the use of proceeds of the Notes;
- (5) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in clause (3), clause (4), this clause (5), clause (6), clause (8), clause (13), clause (15), clause (16) or clause (17) or Incurred pursuant to the first paragraph of this covenant;
- (6) Indebtedness of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary Incurred after the Issue Date (a) Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary or was designated the Affiliate Issuer or an Affiliate Subsidiary, (b) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or an Affiliate Issuer or was otherwise acquired by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary or was designated the Affiliate Issuer or an Affiliate Subsidiary or (c) Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary (other than Indebtedness Incurred in contemplation of the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary); *provided, however*, that with respect to (a) and (b) of this clause (6) only, immediately following the consummation of the acquisition of such Restricted Subsidiary by the Fold-In Issuer or the Affiliate Issuer or such other transaction, (i) the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving pro forma effect to the relevant acquisition or other transaction and the Incurrence of such Indebtedness pursuant to this clause (6) or (ii) the Consolidated Net Leverage Ratio would not be greater than immediately prior to such acquisition or such other transaction;
- (7) Indebtedness under Currency Agreements, Commodity Agreements and Interest Rate Agreements entered into for bona fide hedging purposes of (a) the Fold-In Issuer, the Affiliate Issuer or the Restricted Subsidiaries and (b) any Subordinated Issuer, in each case, not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Fold-In Issuer or the Affiliate Issuer);
- (8) Indebtedness consisting of (a) mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal), plant, equipment or other assets used or useful in the business of the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary or

- (b) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, development construction, installation or improvement of property (real or personal), plant, equipment or other assets used or useful in the business of the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Refinancing Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (8) will not exceed the greater of (i) €250.0 million and (ii) 5.0% of Total Assets at any time outstanding so long as such Indebtedness exists on the date of, or commissioning of, or contracting for, such purchase, design, development, construction, installation or improvement, or is created within 270 days thereafter;
- (9) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, bid, indemnity, surety, judgment, appeal, performance or appeal bonds, completion guarantees, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any government requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;
- (10) Indebtedness arising from agreements of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary providing for indemnification, obligations in respect of earn-outs or adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary, provided that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds (including the fair market value of non-cash proceeds) actually received by the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries in connection with such disposition;
- (11) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, provided, however, that such Indebtedness is extinguished within thirty Business Days of Incurrence;
- (12) guarantees by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary (other than of any Indebtedness Incurred in violation of this covenant);
- (13) Indebtedness of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary Incurred pursuant to any guarantees of Indebtedness of any Parent, *provided that*, for purposes of this clause (13), (i) on the date of such Incurrence and after giving effect thereto on a pro forma basis, the Consolidated Net Leverage Ratio, including for purposes of such calculation, any Indebtedness represented by guarantees by the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries of Indebtedness of any Parent, would not exceed 5.00 to 1.00, and (ii) such guarantees shall be subordinated to the Notes and the Note Guarantees pursuant to the Priority Agreement or any Additional Priority Agreement;
- (14) Subordinated Shareholder Loans Incurred by the Fold-In Issuer or the Affiliate Issuer;
- (15) Indebtedness of the Fold-In Issuer, the Affiliate Issuer or the Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (15) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Fold-In Issuer or the Affiliate Issuer from the issuance or sale (other than to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary) of its Subordinated Shareholder Loans or Capital Stock or otherwise contributed to the equity of the Fold-In Issuer or the Affiliate Issuer, in each case, subsequent to May 7, 2010 (and in each case, other than through the issuance of Disqualified Stock, Preferred Stock or an Excluded Contribution); *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under clauses 4(c)(ii) and

4(c)(iii) of the first paragraph and clause (1) of the second paragraph of the covenant described below under “—*Limitation on Restricted Payments*” to the extent the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary Incurs Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (15) to the extent the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary makes a Restricted Payment under clauses 4(c)(ii) and 4(c)(iii) of the first paragraph and clauses (1) of the second paragraph of the covenant described below under “—*Limitation on Restricted Payments*” in reliance thereon;

- (16) Indebtedness with Affiliates reasonably required to effect or consummate the Related Transactions.
- (17) in addition to the items referred to in clauses (1) through (16) above, Indebtedness of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (17) and then outstanding, will not exceed the greater of (i) €250.0 million and (ii) 5.0% of Total Assets at any time outstanding; and

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

- (1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Fold-In Issuer, in its sole discretion, will classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such Incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, and, from time to time, may reclassify all or a portion of such Indebtedness, in any manner that complies with this covenant;
- (2) guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included;
- (3) if obligations in respect of letters of credit are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1) of the second paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;
- (4) the principal amount of any Disqualified Stock of the Fold-In Issuer or the Affiliate Issuer, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;
- (5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and
- (6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest or dividends in the form of additional Indebtedness, Preferred Stock or Disqualified Stock and increases in the amount of Indebtedness due to a change in accounting principles will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date.

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent principal amount of Indebtedness denominated in a foreign currency shall be (1) calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Euro Equivalent), in

the case of revolving credit Indebtedness; provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable euro-dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; and (2) if and for so long as any such Indebtedness is subject to an agreement intended to protect against fluctuations in currency exchange rates with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the swapped rate of such Indebtedness as of the date of the applicable swap. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

For purposes of determining compliance with the first paragraph of this covenant, the Euro Equivalent principal amount of Indebtedness denominated in a foreign currency (if such Indebtedness has not been swapped into euros, or if such Indebtedness has been swapped into a currency other than euros) shall be calculated using the same weighted average exchange rates for the relevant period used in the consolidated financial statements of the Reporting Entity for calculating the Euro Equivalent of Consolidated EBITDA denominated in the same currency as the currency in which such Indebtedness is denominated or into which it has been swapped.

### ***Limitation on Restricted Payments***

The Fold-In Issuer and the Affiliate Issuer will not, and will not permit any of the Restricted Subsidiaries, directly or indirectly:

- (1) to declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries) except:
  - (a) dividends or distributions payable in Capital Stock of the Fold-In Issuer or the Affiliate Issuer (other than Disqualified Stock) or Subordinated Shareholder Loans; and
  - (b) dividends or distributions payable to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary (and if such Restricted Subsidiary is not a Wholly Owned Subsidiary of the Fold-In Issuer or the Affiliate Issuer, as applicable, to its other holders of common Capital Stock on a pro rata basis);
- (2) to purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Fold-In Issuer, the Affiliate Issuer, any Affiliate Subsidiary or any Parent of the Fold-In Issuer, the Affiliate Issuer or any Affiliate Subsidiary held by Persons other than the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary;
- (3) to purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than (x) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement or (y) Indebtedness permitted under clause (2) of the second paragraph under the covenant described under “—*Limitation on Indebtedness*”); or
- (4) to make any Restricted Investment in any Person;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) is referred to herein as a “Restricted Payment”), if at the time the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary makes such Restricted Payment:

- (a) a Default shall have occurred and be continuing (or would result therefrom); or

- (b) the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries are not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph under the covenant described under “—*Limitation on Indebtedness*”, after giving effect, on a pro forma basis, to such Restricted Payment; or
- (c) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made subsequent to May 7, 2010 and not returned or rescinded would exceed the sum of:
  - (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the beginning of the first fiscal quarter commencing after May 7, 2010 to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which financial statements are available (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit);
  - (ii) 100% of the aggregate Net Cash Proceeds and the fair market value, as determined in good faith by the Board of Directors or senior management of the Fold-In Issuer, of marketable securities, or other property or assets, received by the Fold-In Issuer or the Affiliate Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Loans or other capital contributions subsequent to May 7, 2010 (other than (x) Net Cash Proceeds received from an issuance or sale of such Capital Stock to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination, (y) Excluded Contributions or (z) Net Cash Proceeds and the fair market value of such assets received in connection with the Acquisition);
  - (iii) 100% of the aggregate Net Cash Proceeds and the fair market value, as determined in good faith by the Board of Directors or senior management of the Fold-In Issuer, of marketable securities, or other property or assets, received by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary) by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary subsequent to May 7, 2010 of any Indebtedness that has been converted into or exchanged for Capital Stock of the Fold-In Issuer or the Affiliate Issuer (other than Disqualified Stock) or Subordinated Shareholder Loans;
  - (iv) the amount equal to the net reduction in Restricted Investments made by the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries resulting from:
    - (A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary; or
    - (B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of “Investment”) not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in such Unrestricted Subsidiary,
 which amount in each case under this clause (iv) was included in the calculation of the amount of Restricted Payments; provided, however, that no amount will be included in Consolidated Net Income for the purposes of the preceding clause (i) to the extent that it is (at the Fold-In Issuer’s option) included under this clause (iv); and
  - (v) 100% of the Net Cash Proceeds and the fair market value (as determined in accordance with the next succeeding paragraph) of marketable securities, or other property or assets, received by the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries in connection with:
    - (A) the sale or other disposition (other than to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Fold-In Issuer, the Affiliate Issuer or any Subsidiary of the Fold-In Issuer or the Affiliate Issuer for the benefit of its employees to the extent funded by the Fold-In Issuer, the Affiliate Issuer or any

Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary; and (B) any dividend or distribution made by an Unrestricted Subsidiary to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary; provided however, that no amount will be included in Consolidated Net Income for the purposes of the preceding clause (i) to the extent that it is (at the Fold-In Issuer's option) included under this clause (v).

The provisions of the preceding paragraph will not prohibit:

- (1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Subordinated Shareholder Loans or Subordinated Obligations of the Fold-In Issuer or the Affiliate Issuer made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the sale or issuance within 90 days of, Capital Stock of the Fold-In Issuer or the Affiliate Issuer (other than Disqualified Stock or Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination), Subordinated Shareholder Loans or a substantially concurrent capital contribution to the Fold-In Issuer or the Affiliate Issuer; *provided, however*, that (a) such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments and (b) the Net Cash Proceeds from such sale or issuance of Capital Stock or Subordinated Shareholder Loans or from such capital contribution will be excluded from clause (c)(ii) of the preceding paragraph;
- (2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations of the Fold-In Issuer or the Affiliate Issuer made by exchange for, or out of the proceeds of the sale within 90 days of, Subordinated Obligations of the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary that is permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” and that in each case constitutes Refinancing Indebtedness; *provided, however*, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;
- (3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary made by exchange for, or out of the proceeds of the sale within 90 days of, Disqualified Stock of the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” and that in each case constitutes Refinancing Indebtedness; *provided, however*, that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;
- (4) dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this provision; *provided, however*, that such dividends will be included in subsequent calculations of the amount of Restricted Payments;
- (5) the purchase, repurchase, defeasance, redemption or other acquisition, cancellation or retirement for value of Capital Stock, or options, warrants, equity appreciation rights or other rights to purchase or acquire Capital Stock of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary or any parent of the Fold-In Issuer or the Affiliate Issuer held by any existing or former employees or management of the Fold-In Issuer, the Affiliate Issuer or any Subsidiary of the Fold-In Issuer or the Affiliate Issuer or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees; *provided* that such redemptions or repurchases pursuant to this clause will not exceed an amount equal to €0.0 million in the aggregate during any calendar year (with any unused amounts in any preceding calendar year being carried over to the succeeding calendar year); *provided, however*, that the amount of any such repurchase or redemption will be included in subsequent calculations of the amount of Restricted Payments;
- (6) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant

described under “—*Limitation on Indebtedness*” above; *provided, however*, that such dividends will be excluded from subsequent calculations of the amount of Restricted Payments;

- (7) purchases, repurchases, redemptions, defeasance or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price thereof; *provided, however*, that such repurchases will be excluded from subsequent calculations of the amount of Restricted Payments;
- (8) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Obligation:
  - (a) at a purchase price not greater than 101% of the principal amount of such Subordinated Obligation in the event of a Change of Control in accordance with provisions similar to the “—*Change of Control*” covenant;
  - (b) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions similar to the “—*Limitation on Sales of Assets and Subsidiary Stock*” covenant; *provided that*, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or other acquisition or retirement, the Fold-In Issuer has made the Change of Control Offer or Asset Disposition Offer, as applicable, as provided in such covenant with respect to the Notes and has completed the repurchase or redemption of all Notes validly tendered for payment in connection with such Change of Control Offer or Asset Disposition Offer; and *provided*, further, that such purchase, redemption or other acquisition of Subordinated Obligations will be excluded from subsequent calculations of the amount of Restricted Payments; or
  - (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Obligation plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;
- (9) dividends, loans, advances or distributions to any Parent or other payments by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in amounts equal to:
  - (a) the amounts required for any Parent to pay Parent Expenses;
  - (b) the amounts required for any Parent to pay Public Offering Expenses or fees and expenses related to any other equity or debt offering of such Parent that are directly attributable to the operation of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries;
  - (c) the amounts required for any Parent to pay Related Taxes; and
  - (d) amounts constituting payments satisfying the requirements of clauses (11) and (12) of the second paragraph of the covenant described under “—*Limitation on Affiliate Transactions*”;

*provided, however*, that such dividends, loans, advances, distributions or other payments will be excluded from subsequent calculations of the amount of Restricted Payments;
- (10) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause; *provided, however*, that the amount of such Restricted Payments will be excluded from subsequent calculations of the amount of Restricted Payments;
- (11) payments by the Fold-In Issuer or the Affiliate Issuer, or loans, advances, dividends or distributions to any parent company of the Fold-In Issuer or the Affiliate Issuer to make payments to holders of Capital Stock of the Fold-In Issuer or the Affiliate Issuer or any parent company of the Fold-In Issuer or the Affiliate Issuer in lieu of the issuance of fractional shares of such Capital Stock; *provided, however*, that the net amount of such payments will be excluded from subsequent calculations of the amount of Restricted Payments;
- (12) so long as no Default or Event of Default of the type specified in clauses (1) or (2) under “—*Events of Default*” has occurred and is continuing, Restricted Payments to be applied for the purpose of making

corresponding payments on Indebtedness of any Parent to the extent that such Indebtedness is guaranteed by the Fold-In Issuer or the Affiliate Issuer pursuant to a guarantee otherwise permitted to be Incurred under the Indenture; *provided, however*, that the amount of such payments will be included in subsequent calculations of the amount of Restricted Payments;

- (13) so long as no Default or Event of Default of the type specified in clauses (1) or (2) under “—*Events of Default*” has occurred and is continuing, any Restricted Payment to the extent that, after giving pro forma effect to any such Restricted Payment, the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00; *provided, however*, that the net amount of such payments will be included in subsequent calculations of the amount of Restricted Payments;
- (14) Restricted Payments in an aggregate amount at any time outstanding, when taken together with all other Restricted Payments made pursuant to this clause (14), not to exceed the greater of (a) €250.0 million and (b) 5.0% of Total Assets, in the aggregate in any calendar year (with any unused amounts in any preceding calendar year being carried over to the succeeding calendar year); *provided, however*, that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments;
- (15) the distribution, as a dividend or otherwise, of shares of Capital Stock of or, Indebtedness owed to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries; *provided, however*, that such distributions will be excluded from subsequent calculations of the amount of Restricted Payments;
- (16) following a Public Offering of the Fold-In Issuer, the Affiliate Issuer or any Parent, the declaration and payment by the Fold-In Issuer, the Affiliate Issuer or such Parent, or the making of any cash payments, advances, dividends or distributions to any Parent to pay, dividends or distributions on the Capital Stock, common stock or common equity interests of the Fold-In Issuer, the Affiliate Issuer or any Parent; *provided that* the aggregate amount of all such dividends or distributions under this clause (16) shall not exceed in any fiscal year the greater of (a) 6.0% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offering by the Fold-In Issuer or the Affiliate Issuer or contributed to the capital of the Fold-In Issuer or the Affiliate Issuer by any Parent in any form other than Indebtedness or Excluded Contributions and (b) following the Initial Public Offering, an amount equal to the greater of (i) 7.0% of the Market Capitalization and (ii) 7.0% of the IPO Market Capitalization, provided that after giving pro forma effect to the payment of any such dividend or making of any such distribution, the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00; *provided, however*, that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments;
- (17) after the designation of any Restricted Subsidiary as an Unrestricted Subsidiary, distributions (including by way of dividend) consisting of cash, Capital Stock or property or other assets of such Unrestricted Subsidiary that in each case is held by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary; *provided, however*, that (a) such distribution or disposition shall include the concurrent transfer of all liabilities (contingent or otherwise) attributable to the property or other assets being transferred; (b) any property or other assets received from any Unrestricted Subsidiary (other than Capital Stock issued by any Unrestricted Subsidiary) may be transferred by way of distribution or disposition pursuant to this clause (17) only if such property or other assets, together with all related liabilities, is so transferred in a transaction that is substantially concurrent with the receipt of the proceeds of such distribution or disposition by the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary; and (c) such distribution or disposition shall not, after giving effect to any related agreements, result nor be likely to result in any material liability, tax or other adverse consequences to the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries on a Consolidated basis; provided further, however, that such distributions will be excluded from the calculation of the amount of Restricted Payments, it being understood that proceeds from the disposition of any cash, Capital Stock or property or other assets of an Unrestricted Subsidiary that are so distributed will not increase the amount of Restricted Payments permitted under clause (c)(iv) of the preceding paragraph;
- (18) Restricted Payments reasonably required to consummate any Related Transaction; *provided, however*, that the amount of such Restricted Payments will be excluded in subsequent calculations of the amount of Restricted Payments;

- (19) Restricted Payments at any time outstanding made with the proceeds of any drawings under a Permitted Revolving Credit Facility in an amount not to exceed the Revolving Facility Excluded Amount, provided that the amount of any Restricted Payment made pursuant to this clause (19) shall be deemed to be reduced (but not below zero) by the aggregate principal amount of any prepayment or repayment (including on a cashless basis) of any such drawings under such Permitted Revolving Credit Facility; *provided, however*, that the net amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments;
- (20) Restricted Payments for the purpose of making corresponding payments on any Indebtedness of a Parent, provided that (a) on the date of Incurrence of such Indebtedness by a Parent and after giving effect thereto on a pro forma basis, the Consolidated Net Leverage Ratio, calculated for purposes of this clause (20) as if such Indebtedness of such Parent were being incurred by the Fold-In Issuer or the Affiliate Issuer, would not exceed 5.0 to 1.0 or (b) such Indebtedness of a Parent is guaranteed pursuant to clause (13) of the covenant described under “—*Limitation on Indebtedness*”, and, with respect to clause (a) and (b) of this clause (20), any Refinancing Indebtedness in respect thereof; *provided, however*, that the amount of such Restricted Payments will be included in subsequent calculations of the amount of Restricted Payments; and
- (21) distributions (including by way of dividend) to a Parent consisting of cash, Capital Stock or property or other assets of a Restricted Subsidiary that is in each case held by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary for sole purpose of transferring such cash, Capital Stock or property or other assets to the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment meets the criteria of more than one of the categories described in clauses (1) through (21) above, or is permitted pursuant to the first paragraph of this covenant, the Fold-In Issuer will be entitled to classify such Restricted Payment (or portion thereof) on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this covenant.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount and any non-cash Restricted Payment shall be determined in good faith by the Board of Directors or senior management of the Fold-In Issuer.

### ***Limitation on Liens***

The Fold-In Issuer and the Affiliate Issuer will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, create, incur or suffer to exist any Lien of any kind securing Indebtedness upon any of its property or assets (including Capital Stock of Restricted Subsidiaries), whether owned on the date of the Indenture or acquired after that date, except (1) in the case of any property or asset that does not constitute Notes Collateral, Permitted Liens, and (2) in the case of any property or asset that constitutes Notes Collateral, Permitted Collateral Liens.

### ***Limitation on Restrictions on Distributions from Restricted Subsidiaries***

The Fold-In Issuer and the Affiliate Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary;
- (2) make any loans or advances to the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary; or
- (3) transfer any of its property or assets to the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary;

provided that (a) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock and (b) the subordination of (including but not

limited to, the application of any standstill requirements to) loans or advances made to the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

The preceding provisions will not prohibit:

- (1) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the date of the Indenture, including, without limitation, the Indenture, the Senior Facility Agreement, the Existing Senior Secured Notes, the Priority Agreement, the Notes Collateral Documents and any related documentation, in each case, as in effect on the Issue Date;
- (2) any encumbrance or restriction pursuant to an agreement or instrument of a Person relating to any Capital Stock or Indebtedness of a Person, Incurred on or before the date on which such Person was acquired by or merged or consolidated with or into the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Fold-In Issuer or the Affiliate Issuer or was merged or consolidated with or into the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary or in contemplation of such transaction) and outstanding on such date, provided, that any such encumbrance or restriction shall not extend to any assets or property of the Fold-In Issuer, the Affiliate Issuer or any other Restricted Subsidiary other than the assets and property so acquired and provided, further, that for the purposes of this clause, if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;
- (3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refunding, replacement or refinancing of Indebtedness Incurred pursuant to, or that otherwise extends, renews, refunds, refinances or replaces, an agreement referred to in clause (1) or (2) of this paragraph or this clause (3) or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions, taken as a whole, with respect to such Restricted Subsidiary contained in any such agreement are no less favorable in any material respect to the holders of the Notes than the encumbrances and restrictions contained in such agreements referred to in clauses (1) or (2) of this paragraph (as determined in good faith by the Board of Directors or senior management of the Fold-In Issuer);
- (4) in the case of clause (3) of the first paragraph of this covenant, any encumbrance or restriction:
  - (i) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract;
  - (ii) contained in Liens permitted under the Indenture securing Indebtedness of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements; or
  - (iii) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary;
- (5) any encumbrance or restriction pursuant to (a) Purchase Money Obligations for property acquired in the ordinary course of business and (b) Capitalized Lease Obligations permitted under the Indenture, in each case that impose encumbrances or restrictions of the nature described in clause (3) of the first paragraph of this covenant on the property so acquired;
- (6) any Purchase Money Note or other Indebtedness or contractual requirements Incurred with respect to a Qualified Receivables Transaction relating exclusively to a Receivables Entity that, in the good faith determination of the Board of Directors or senior management of the Fold-In Issuer, are necessary to effect such Qualified Receivables Transaction;

- (7) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;
- (8) customary provisions in leases, asset sale agreements, joint venture agreements and other agreements and instruments entered into by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in the ordinary course of business;
- (9) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation, governmental license or order, or required by any regulatory authority;
- (10) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;
- (11) any encumbrance or restriction pursuant to Currency Agreements, Commodity Agreements or Interest Rate Agreements; and
- (12) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under “—*Limitation on Indebtedness*” if (a) the encumbrances and restrictions taken as a whole are not materially less favorable to the holders of the Notes than the encumbrances and restrictions contained in the Indenture, the Senior Facility Agreement, the Existing Senior Secured Notes, the Priority Agreement, the Notes Collateral Documents and any related documentation, in each case, as in effect on the Issue Date (as determined in good faith by the Board of Directors or senior management of the Fold-In Issuer or the Affiliate Issuer) or (b) such encumbrances and restrictions taken as a whole are not materially more disadvantageous to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Board of Directors or senior management of the Fold-In Issuer or the Affiliate Issuer) and, in each case, either (i) the Fold-In Issuer or the Affiliate Issuer reasonably believes that such encumbrances and restrictions will not materially affect the Fold-In Issuer’s ability to make principal or interest payments on the Notes as and when they come due or (ii) such encumbrances and restrictions apply only if a default occurs in respect of a payment or financial covenant relating to such Indebtedness.

#### ***Limitation on Sales of Assets and Subsidiary Stock***

The Fold-In Issuer and the Affiliate Issuer will not, and will not permit any of the Restricted Subsidiaries to, make any Asset Disposition unless:

- (1) the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors or senior management of the Fold-In Issuer (including as to the value of all non-cash consideration), of the shares and assets subject to such Asset Disposition;
- (2) unless the Asset Disposition is a Permitted Asset Swap, at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; and
- (3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary, as the case may be:
  - (a) to the extent the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness), to prepay, repay or purchase Senior Indebtedness of the Fold-In Issuer, the Affiliate Issuer or any Note Guarantor (including the Notes), or Indebtedness of a Restricted Subsidiary that is not a Note Guarantor (in each case other than Indebtedness owed to the Fold-In Issuer, the Affiliate Issuer or an Affiliate of the Fold-In Issuer) within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; *provided, however*, that, in connection with any prepayment,

repayment or purchase of Indebtedness pursuant to this clause (a), the Fold-In Issuer, the Affiliate Issuer, such Note Guarantor or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or

- (b) to the extent the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary elects to invest in or commit to invest in Additional Assets within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; *provided, however*, that any such reinvestment in Additional Assets made pursuant to a definitive agreement or a commitment approved by the Board of Directors or senior management of the Fold-In Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 6 months of such 365th day;

*provided* that pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied as provided in the preceding paragraph will be deemed to constitute “Excess Proceeds”. On the 366th day after an Asset Disposition, if the aggregate amount of Excess Proceeds exceeds €250.0 million, the Fold-In Issuer or the Affiliate Issuer will be required to make an offer (the “Asset Disposition Offer”) to all holders of Notes and to the extent notified by the Fold-In Issuer in such Notice, to all holders of other Indebtedness of the Fold-In Issuer, the Affiliate Issuer or any Note Guarantor that does not constitute Subordinated Obligations (“Other Asset Disposition Indebtedness”) to purchase the maximum principal amount of Notes and any such Other Asset Disposition Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount of the Notes and the Other Asset Disposition Indebtedness plus accrued and unpaid interest to the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Other Asset Disposition Indebtedness, as applicable, in each case in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Fold-In Issuer may use any remaining Excess Proceeds for general corporate purposes in any manner not prohibited by the Indenture. If the aggregate principal amount of Notes surrendered by holders thereof and Other Asset Disposition Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and Other Asset Disposition Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Other Asset Disposition Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Fold-In Issuer or the Affiliate Issuer that is within the Asset Disposition Offer Period. Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

The Asset Disposition Offer, insofar as it relates to the Notes, will remain open for a period of 20 Business Days following its commencement, except to the extent that a longer period is required by applicable law (the “Asset Disposition Offer Period”). No later than five Business Days after the termination of the Asset Disposition Offer Period (the “Asset Disposition Purchase Date”), the Fold-In Issuer will purchase the principal amount of Notes and Other Asset Disposition Indebtedness required to be purchased pursuant to this covenant (the “Asset Disposition Offer Amount”) or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Other Asset Disposition Indebtedness validly tendered in response to the Asset Disposition Offer.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Fold-In Issuer upon converting such portion into such currency.

If the Asset Disposition Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered

at the close of business on such record date, and no additional interest will be payable to holders who tender Notes pursuant to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Fold-In Issuer will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Other Asset Disposition Indebtedness or portions of Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn, in each case in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof. The Fold-In Issuer will deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Fold-In Issuer in accordance with the terms of this covenant. The Fold-In Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering holder of Notes or holder or lender of Other Asset Disposition Indebtedness, as the case may be, an amount equal to the purchase price of the Notes or Other Asset Disposition Indebtedness so validly tendered and not properly withdrawn by such holder or lender, as the case may be, and accepted by the Fold-In Issuer for purchase, and the Fold-In Issuer will promptly issue a new Note, and the Trustee (or its authenticating agent), upon delivery of an Officers' Certificate from the Fold-In Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount of €100,000 and in integral multiples of €1,000 in excess thereof. In addition, the Fold-In Issuer will take any and all other actions required by the agreements governing the Other Asset Disposition Indebtedness. Any Note not so accepted will be promptly mailed or delivered by the Fold-In Issuer to the holder thereof. The Fold-In Issuer will publicly announce the results of the Asset Disposition Offer on the Asset Disposition Purchase Date.

For the purposes of this covenant, the following will be deemed to be cash:

- (1) the assumption by the transferee of Indebtedness (other than Subordinated Obligations) of the Fold-In Issuer or the Affiliate Issuer or Indebtedness of a Restricted Subsidiary and the release of the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition (in which case the Fold-In Issuer will, without further action, be deemed to have applied such deemed cash to Indebtedness in accordance with clause (3)(a) above);
- (2) securities, notes or other obligations received by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary from the transferee that are convertible by the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;
- (3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Fold-In Issuer, the Affiliate Issuer and each other Restricted Subsidiary are released from any guarantee of payment of the principal amount of such Indebtedness in connection with such Asset Disposition;
- (4) consideration consisting of Indebtedness of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary;
- (5) any Designated Non-Cash Consideration received by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value not to exceed 25.0% of the consideration from such Asset Disposition (excluding any consideration received from such Asset Disposition in accordance with clauses (1) to (4) of this paragraph) (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); and
- (6) in addition to any Designated Non-Cash Consideration received pursuant to clause (5) of this paragraph, Designated Non-Cash Consideration received by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (6) that is at that time outstanding, not to exceed the greater of €120.0 million and 5.0% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Fold-In Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Fold-In Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

### ***Limitation on Affiliate Transactions***

The Fold-In Issuer and the Affiliate Issuer will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Fold-In Issuer or the Affiliate Issuer (an “Affiliate Transaction”) involving aggregate consideration in excess of €15.0 million for such Affiliate Transactions in any fiscal year, unless:

- (1) the terms of such Affiliate Transaction are not materially less favorable, taken as a whole, to the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction in arm’s-length dealings with a Person who is not such an Affiliate; and
- (2) in the event such Affiliate Transaction involves an aggregate consideration in excess of €100.0 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Fold-In Issuer.

The preceding paragraph will not apply to:

- (1) any Restricted Payment permitted to be made pursuant to the covenant described under “—*Limitation on Restricted Payments*” or any Permitted Investment;
- (2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Fold-In Issuer, the Affiliate Issuer or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultant plans (including, without limitation, valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) and/or indemnities provided on behalf of officers, employees or directors or consultants approved by the Board of Directors of the Fold-In Issuer or the Affiliate Issuer, in each case in the ordinary course of business;
- (3) loans or advances to employees, officers or directors in the ordinary course of business of the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries but in any event not to exceed €15.0 million in the aggregate outstanding at any one time with respect to all loans or advances made since the Issue Date;
- (4) (a) any transaction between or among the Fold-In Issuer, the Affiliate Issuer and a Restricted Subsidiary (or an entity that becomes a Restricted Subsidiary in connection with such transaction) or between or among Restricted Subsidiaries (or an entity that becomes a Restricted Subsidiary in connection with such transaction) and (b) any guarantees issued by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary for the benefit of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary (or an entity that becomes a Restricted Subsidiary in connection with such transaction), as the case may be, in accordance with “—*Limitation on Indebtedness*”;
- (5) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which, taken as a whole, are fair to the Fold-In Issuer, the Affiliate Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors of the Fold-In Issuer or the Affiliate Issuer or the senior management of the Fold-In Issuer, the Affiliate Issuer or the relevant Restricted Subsidiary, as applicable, or are on terms not materially less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

- (6) loans or advances to any Affiliate of the Fold-In Issuer or the Affiliate Issuer by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary, provided that the terms of such loan or advance are fair to the Fold-In Issuer, the Affiliate Issuer or the relevant Restricted Subsidiary, as the case may be, in the reasonable determination of the Board of Directors or senior management of the Fold-In Issuer or the Affiliate Issuer or are on terms not materially less favorable than those that could reasonably have been obtained from an unaffiliated party;
- (7) the payment of reasonable and customary fees paid to, and indemnity provided on behalf of, directors of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary;
- (8) the performance of obligations of the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries under (a) the terms of any agreement to which the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries is a party as of or on the Issue Date, or (b) any agreement entered into after the Issue Date on substantially similar terms to an agreement under clause (a) of this paragraph (8), in each case, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; *provided*, however, that any such agreement or amendment, modification, supplement, extension or renewal to such agreement, in each case, entered into after the Issue Date will be permitted to the extent that its terms are not materially more disadvantageous to the holders of the Notes than the terms of the agreements in effect on the Issue Date;
- (9) sales or other transfers or dispositions of accounts receivable and other related assets customarily transferred in an asset securitization transaction involving accounts receivable to a Receivables Entity in a Qualified Receivables Transaction, and acquisitions of Permitted Investments in connection with a Qualified Receivables Transaction;
- (10) the issuance of Capital Stock or any options, warrants or other rights to acquire Capital Stock (other than Disqualified Stock) of the Fold-In Issuer or the Affiliate Issuer to any Affiliate;
- (11) the payment to any Permitted Holder of all reasonable expenses Incurred by any Permitted Holder in connection with its direct or indirect investment in the Fold-In Issuer, the Affiliate Issuer and their Subsidiaries and unpaid amounts accrued for prior periods (but after the Issue Date);
- (12) the payment to any Parent or Permitted Holder (1) of Management Fees (a) on a bona fide arm's-length basis in the ordinary course of business, or (b) of up to the greater of €15.0 million and 0.5% of Total Assets in any calendar year, (2) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including without limitation in connection with acquisitions or divestitures, which payments are approved by a majority of the members of the Board of Directors of the Fold-In Issuer or the Affiliate Issuer or (3) of Parent Expenses;
- (13) guarantees of Indebtedness and other obligations otherwise permitted under the Indenture;
- (14) if not otherwise prohibited under the Indenture, the issuance of Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Loans (including the payment of cash interest thereon; *provided* that, after giving *pro forma* effect to any such cash interest payment, the Consolidated Net Leverage Ratio for the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries would not exceed 4.00 to 1.00) of the Fold-In Issuer or the Affiliate Issuer to any direct Parent of the Fold-In Issuer or the Affiliate Issuer or any Permitted Holder;
- (15) arrangements with customers, clients, suppliers, contractors, lessors or sellers of goods or services that are negotiated with an Affiliate, in each case, which are otherwise in compliance with the terms of the Indenture; *provided* that the terms and conditions of any such transaction or agreement as applicable to the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries, taken as a whole are fair to the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries and are on terms not materially less favorable to the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries than those that could have reasonably been obtained in respect of an analogous transaction or agreement that would not constitute an Affiliate Transaction (in each case, as determined in good faith by the Board of Directors or the senior management of the Fold-In Issuer or the Affiliate Issuer);
- (16) (a) transactions with Affiliates in their capacity as holders of Indebtedness or Capital Stock of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary, so long as such Affiliates are not treated materially more favorably than holders of such Indebtedness or Capital Stock generally, and (b) transactions with Affiliates in their capacity as borrowers of Indebtedness from the Fold-In Issuer,

the Affiliate Issuer or any Restricted Subsidiary, so long as such Affiliates are not treated materially more favorably than holders of such Indebtedness generally;

- (17) any tax sharing agreement or arrangement and payments pursuant thereto between or among Liberty Global, the Fold-In Issuer, the Affiliate Issuer or any other Person or a Restricted Subsidiary not otherwise prohibited by the Indenture and any payments or other transactions pursuant to a tax sharing agreement between the Fold-In Issuer or the Affiliate Issuer and any other Person or a Restricted Subsidiary and any other Person with which the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries files a consolidated tax return or with which the Fold-In Issuer or the Affiliate Issuer or any of the Restricted Subsidiaries is part of a group for tax purposes (including a fiscal unity) or any tax advantageous group contribution made pursuant to applicable legislation, provided that any such tax sharing agreement does not permit or require payments in excess of the amounts of tax that would be payable by the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries on a stand-alone basis;
- (18) transactions relating to the provision of Intra-Group Services in the ordinary course of business;
- (19) any transaction in the ordinary course of business between or among the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary and any Affiliate of the Fold-In Issuer or the Affiliate Issuer that is an Unrestricted Subsidiary or a joint venture or similar entity that would constitute an Affiliate Transaction solely because the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary owns an equity interest in or otherwise controls such Unrestricted Subsidiary, joint venture or similar entity;
- (20) commercial contracts entered into in the ordinary course of business between an Affiliate of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary that are on arm's-length terms or on a basis that senior management of the Fold-In Issuer or the Affiliate Issuer reasonably believes allocates costs fairly; and
- (21) any Related Transaction.

#### ***Limitation on Layering***

The Fold-In Issuer, the Affiliate Issuer and the Note Guarantors will not, directly or indirectly, Incur any Indebtedness that is or purports to be by its terms (or by the terms of any agreement governing such Indebtedness) subordinated in right of payment to any other Indebtedness of the Fold-In Issuer, the Affiliate Issuer and the Note Guarantors unless such Indebtedness is also by its terms (or by the terms of any agreement governing such Indebtedness) made expressly subordinate in right of payment to the Notes or the Note Guarantee, as applicable, to the same extent and in the same manner as such Indebtedness is subordinated to such other Indebtedness of the Fold-In Issuer, the Affiliate Issuer and the Note Guarantors; *provided*, however, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Fold-In Issuer, the Affiliate Issuer and the Note Guarantors solely by virtue of being unsecured or secured on a junior Lien basis or by virtue of not being Guaranteed or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

#### ***Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries***

The Fold-In Issuer and the Affiliate Issuer shall not permit any Restricted Subsidiary to, directly or indirectly, guarantee or otherwise become obligated under any Indebtedness of the Fold-In Issuer, the Affiliate Issuer or any other Note Guarantor in an amount in excess of €50 million unless such Restricted Subsidiary is or becomes an Additional Note Guarantor on the date on which such other guarantee or Indebtedness is Incurred (or as soon as reasonably practicable thereafter); *provided* that:

- (1) if such Restricted Subsidiary is not a Significant Subsidiary, such Significant Subsidiary shall only be obligated to guarantee the payment of the Notes if such Indebtedness is Indebtedness of the Fold-In Issuer or the Affiliate Issuer;
- (2) if the Indebtedness is *pari passu* in right of payment to the Notes, any such guarantee of such Restricted Subsidiary with respect to such Indebtedness shall rank *pari passu* in right of payment to its guarantees of the Notes;

- (3) if the Indebtedness is subordinated in right of payment to the Notes, any such guarantee of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated in right of payment to the guarantees of the Notes substantially to the same extent as such Indebtedness is subordinated in right of payment to the Notes;
- (4) a Restricted Subsidiary's guarantee may be limited in amount to the extent required by fraudulent conveyance, thin capitalization, corporate benefit, financial assistance or other similar laws (but, in such a case (a) each of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal limit and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant limit and (b) the relevant guarantee shall be given on an equal and ratable basis with the guarantee of any other Indebtedness giving rise to the obligation to guarantee the Notes); and
- (5) for so long as it is not permissible under applicable law for a Restricted Subsidiary to become a guarantor, such Restricted Subsidiary need not become a guarantor (but, in such a case, each of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal prohibition precluding the giving of the guarantee and will procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant legal prohibition, and shall give such guarantee at such time (and to the extent) that it thereafter becomes permissible).

The preceding paragraph shall not apply to: (1) the granting by such Restricted Subsidiary of a Permitted Lien under circumstances which do not otherwise constitute the guarantee of Indebtedness of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary; or (2) the guarantee by any Restricted Subsidiary of Indebtedness that refinances Indebtedness which benefited from a guarantee by any Restricted Subsidiary Incurred in compliance with this covenant immediately prior to such refinancing.

Notwithstanding the foregoing, any guarantee of the Notes created pursuant to the provisions described in the foregoing paragraph shall provide by its terms that it shall be automatically and unconditionally released and discharged upon the occurrence of any events described in clauses (1) through (10) under “—*Note Guarantees—Release of the Note Guarantees*”.

### ***Reports***

The Fold-In Issuer or the Affiliate Issuer will provide to the Trustee and, in each case of clauses (2) and (3) below, will post on its website (or make similar disclosure) the following (*provided*, however, that to the extent any reports are filed on the SEC's website or on the Reporting Entity's or Liberty Global's website, such reports shall be deemed to be provided to the Trustee):

- (1) within 150 days after the end of each fiscal year ending subsequent to the Issue Date, an annual report of the Reporting Entity, containing the following information: (a) audited combined or consolidated balance sheets of the Reporting Entity as of the end of the two most recent fiscal years (or such shorter period as the Reporting Entity has been in existence) and audited combined or consolidated income statements and statements of cash flow of the Reporting Entity for the three most recent fiscal years (or such shorter period as the Reporting Entity has been in existence), in each case prepared in accordance with GAAP, including appropriate footnotes to such financial statements and a report of the independent public accountants on the financial statements; (b) to the extent relating to such annual periods, an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources and critical accounting policies; and (c) to the extent not included in the audited financial statements or operating and financial review, a description of the business, management and shareholders of the Reporting Entity, and a description of all material debt instruments; *provided*, however, that such reports need not (i) contain any segment data other than as required under GAAP in its financial reports with respect to the period presented, (ii) include any exhibits, or (iii) include separate financial statements for any Affiliates of the Reporting Entity or any acquired businesses;
- (2) within 60 days after each of the first three fiscal quarters in each fiscal year, a quarterly report of the Reporting Entity containing the following information: (a) unaudited combined or consolidated income statements of the Reporting Entity for such period, prepared in accordance with GAAP, and (b) a

financial review of such period (including a comparison against the prior year's comparable period), consisting of a discussion of (i) the results of operations and financial condition of the Reporting Entity on a consolidated basis, and material changes between the current period and the prior year's comparable period, (ii) material developments in the business of the Reporting Entity and its Restricted Subsidiaries, (c) financial information and trends in the business in which the Reporting Entity and its Restricted Subsidiaries is engaged and (d) information with respect to any material acquisition or disposal during the period provided, however, that such reports need not (i) contain any segment data other than as required under GAAP in its financial reports with respect to the period presented, (ii) include any exhibits, or (iii) include separate financial statements for any Affiliates of the Reporting Entity or any acquired businesses; and

- (3) within 10 days after the occurrence of such event, information with respect to (a) any change in the independent public accountants of the Reporting Entity (unless such change is made in conjunction with a change in the auditor of Liberty Global), (b) any material acquisition or disposal, and (c) any material development in the business of the Reporting Entity and its Restricted Subsidiaries.

If the Reporting Entity has designated any of its Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries constitute Significant Subsidiaries of the Reporting Entity, then the annual and quarterly information required by the clauses (1) and (2) of the first paragraph of this covenant shall include a reasonably detailed presentation, either on the face of the financial statements, in the footnotes thereto or in a separate report delivered therewith, of the financial condition and results of operations of the Reporting Entity and its Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries.

Following any election by the Reporting Entity to change its accounting principles in accordance with the definition of GAAP set forth below under “—*Certain Definitions*”, the annual and quarterly information required by clauses (1) and (2) of the first paragraph of this covenant shall include any reconciliation presentation required by clause (2)(a) of the definition of GAAP set forth below under “—*Certain Definitions*”.

To the extent that material differences exist between the business, assets, results of operations or financial condition of (i) the Reporting Entity and (i) the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries, the annual and quarterly reports shall give a reasonably detailed description of such differences and include an unaudited reconciliation of the Reporting Entity's financial statements to the financial statements of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries.

In addition, so long as the Notes remain outstanding and during any period during which the Reporting Entity is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b) of the Exchange Act, the Reporting Entity shall furnish to the holders of the Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

### ***Merger and Consolidation***

Neither the Fold-In Issuer nor the Affiliate Issuer will consolidate with, or merge with or into, or convey, transfer or lease all or substantially all of their assets to, any Person, unless:

- (1) the resulting, surviving or transferee Person (the “Successor Company”) will be a corporation, partnership, trust or limited liability company organized and existing under the laws of any member of the state of the European Union that is a member of the European Union on the date of the Indenture, Bermuda, the Cayman Islands, or the United States of America, any State of the United States or the District of Columbia and the Successor Company (if not the Fold-In Issuer or the Affiliate Issuer, as applicable) will expressly assume all the obligations of the Fold-In Issuer under the Notes and the Indenture or the Affiliate Issuer under its Note Guarantee and the Indenture, as applicable;
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

- (3) either (a) immediately after giving effect to such transaction, the Fold-In Issuer, the Affiliate Issuer or such Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under “—*Limitation on Indebtedness*” or (b) the Consolidated Net Leverage Ratio of the Fold-In Issuer and the Affiliate Issuer, or such Successor Company, would be no greater than that of the Fold-In Issuer and the Affiliate Issuer immediately prior to giving effect to such transaction; and
- (4) the Fold-In Issuer shall have delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer comply with the Indenture; *provided* that in giving such opinion, such counsel may rely on an Officers’ Certificate as to compliance with clauses (2) and (3) above and as to any matters of fact.

A Note Guarantor will not consolidate with, or merge with or into, or convey, transfer or lease all or substantially all of their assets to, any Person, other than the Fold-In Issuer, the Affiliate Issuer or a Note Guarantor (other than in connection with a transaction that does not constitute an Asset Disposition or a transaction that is permitted under “—*Limitation on Sales of Assets and Subsidiary Stock*”), unless:

- (1) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and
- (2) either:
  - (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger will expressly assume all the obligations of such Note Guarantor under the applicable Note Guarantee; or
  - (b) the Net Cash Proceeds of such transaction are applied in accordance with the applicable provisions of the Indenture.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Fold-In Issuer or one or more Subsidiaries of the Affiliate Issuer (as applicable), which properties and assets, if held by the Fold-In Issuer or the Affiliate Issuer (as applicable) instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Fold-In Issuer or the Affiliate Issuer (as applicable) on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Fold-In Issuer or the Affiliate Issuer (as applicable).

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Fold-In Issuer or the Affiliate Issuer (as applicable) under the Indenture, and upon such substitution, the predecessor company will be released from its obligations under the Indenture and the Notes or the Note Guarantee (as applicable), but, in the case of a lease of all or substantially all its assets, the predecessor company will not be released from the obligation to pay the principal of and interest on the Notes.

Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The provisions set forth in this “—*Merger and Consolidation*” covenant shall not restrict (and shall not apply to): (i) any merger, consolidation or transfer of assets reasonably required to effect or consummate any Related Transaction (provided that, for the purposes of this clause (i), clause (1) under the first paragraph of this covenant shall apply to any such transaction), (ii) any Restricted Subsidiary from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Fold-In Issuer, the Affiliate Issuer or any other Restricted Subsidiary and (iii) the Fold-In Issuer or the Affiliate Issuer consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity, provided that, for the purposes of this clause (iii), clauses (1), (2) and (4) under the first paragraph of this covenant shall apply to any such transaction.

### ***Impairment of Liens***

The Fold-In Issuer and the Affiliate Issuer shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing any Lien in the Notes Collateral granted under the Notes Collateral Documents (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair any Lien in the Notes Collateral granted under the Notes Collateral Documents) for the benefit of the Trustee, the Security Agent and the holders of the Notes, and the Fold-In Issuer and the Affiliate Issuer shall not, and the Fold-In Issuer and the Affiliate Issuer shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent for the benefit of the Trustee, the Security Agent and the holders of the Notes and the other beneficiaries described in the Notes Collateral Documents and the Priority Agreement, any interest in any of the Notes Collateral, except that (1) the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries may Incur Permitted Collateral Liens, (2) the Notes Collateral may be discharged and released in accordance with the Notes, the Indenture, the Notes Collateral Documents and the Priority Agreement, and (3) the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries may consummate any other transaction permitted under “—*Certain Covenants—Merger and Consolidation*”; provided, however, that, except with respect to any discharge or release of Notes Collateral in accordance with the Notes, the Indenture, the Notes Collateral Documents or the Priority Agreement, in connection with the Incurrence of Liens for the benefit of the Trustee, the Security Agent and the holders of the Notes, or the release or replacement of any Notes Collateral in compliance with the terms of the Indenture as described under “—*Notes Collateral*”, no Notes Collateral Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, except that, without the consent of the holders of the Notes, the Fold-In Issuer, the Affiliate Issuer, the Security Agent and the other parties thereto may from time to time enter into one or more amendments to the Notes Collateral Documents to: (a) cure any ambiguity, omission, manifest error, defect or inconsistency therein; (b) provide for Permitted Collateral Liens; (c) make any change necessary or desirable, in the good faith determination of the Fold-In Issuer in order to implement transactions permitted under “—*Certain Covenants—Merger and Consolidation*”; (d) provide for the release of any Lien on any properties and assets constituting Notes Collateral from the Lien of the Notes Collateral Documents, provided that such release is followed by the substantially concurrent re-taking of a Lien of at least equivalent priority over the same properties and assets securing the Notes; and (e) make any other change that does not adversely affect the holders of the Notes in any material respect, provided that, contemporaneously with any such action in clauses (b), (d) and (e), the Fold-In Issuer or the Affiliate Issuer delivers to the Trustee either (i) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an Independent Financial Advisor confirming the solvency of the Fold-In Issuer, the Affiliate Issuer and their Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (ii) a certificate from the responsible financial or accounting officer of the relevant grantor (acting in good faith) which confirms the solvency of the Person granting such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or (iii) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the Notes Collateral Documents, as applicable, so amended, extended, renewed, restated, supplemented, modified or replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

### ***Priority Agreement; Additional Priority Agreements***

The Trustee will become party to the Priority Agreement on or about the Ziggo Group Assumption Date, and each holder of a Note, by accepting such Note, will be deemed to have (i) authorized the Trustee to enter into the Priority Agreement, (ii) agreed to be bound by all the terms and provisions of the Priority Agreement applicable to such holder and (iii) irrevocably appointed each of the Trustee and the Security Agent to act on its behalf and to perform the duties and exercise the rights, powers and discretions that are specifically given to them under the Priority Agreement.

The Indenture will provide that, at the request of the Fold-In Issuer or the Affiliate Issuer, in connection with the Incurrence by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary of any Indebtedness that is permitted to share the Notes Collateral pursuant to the definition of Permitted Collateral Lien, the Fold-In Issuer, the Affiliate Issuer and the Trustee shall enter into with the holders of such Indebtedness (or their duly authorized

Representatives) an intercreditor agreement, including a restatement, accession, amendment or other modification of an existing an intercreditor agreement (an “Additional Priority Agreement”), on substantially the same terms as the Priority Agreement (or terms not materially less favorable to the holders); provided, that such Additional Priority Agreement will not impose any personal obligations on the Trustee or adversely affect the personal rights, duties, liabilities or immunities of the Trustee under the Indenture or the Additional Priority Agreement.

At the direction of the Fold-In Issuer or the Affiliate Issuer and without the consent of the holders of the Notes, the Trustee and the Security Agent will from time to time enter into one or more amendments to the Priority Agreement or any Additional Priority Agreement to: (i) cure any ambiguity, omission, manifest error, defect or inconsistency therein; (ii) add other parties (such as representatives of new issuances of Indebtedness) thereto; (iii) further secure the Notes (including Additional Notes); (iv) make provision for equal and ratable grants of Liens on the Notes Collateral to secure Additional Notes or to implement any Permitted Collateral Liens; (v) make any other change to the Priority Agreement or such Additional Priority Agreement to provide for additional Indebtedness (including with respect to any Priority Agreement or Additional Priority Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes) or other obligations that are permitted by the terms of the Indenture to be Incurred and secured by a Lien on the Notes Collateral on a senior, *pari passu* or junior basis with the Liens securing the Notes, (vi) amend the Priority Agreement or any Additional Priority Agreement in accordance with the terms thereof or; (vii) implement any transaction in connection with the renewal, extension, refinancing, replacement or increase of any Indebtedness that is secured by the Notes Collateral and that is not prohibited by the Indenture; or (viii) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect; *provided* that no such changes shall be permitted to the extent they affect the ranking of any Note, enforcement of Liens over the Notes Collateral, the application of proceeds from the enforcement of the Notes Collateral or the release of any Notes Collateral in a manner than would adversely affect the rights of the holders of the Notes in any material respect except as otherwise permitted by the Indenture, the Priority Agreement or any Additional Priority Agreement immediately prior to such change. The Fold-In Issuer or the Affiliate Issuer will not otherwise direct the Trustee or the Security Agent to enter into any amendment to the Priority Agreement or, if applicable, any Additional Priority Agreement, without the consent of the holders of a majority in principal amount of the outstanding Notes outstanding, except as described above or otherwise permitted below under “—*Amendments and Waivers*”, and the Fold-In Issuer or the Affiliate Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Priority Agreement or any Additional Priority Agreement.

Each holder of a Note, by accepting such Note, will be deemed to have:

- (a) appointed and authorized the Trustee and the Security Agent from time to time to give effect to such provisions;
- (b) authorized each of the Trustee and the Security Agent from time to time to become a party to any Additional Priority Agreement;
- (c) agreed to be bound by such provisions and the provisions of any Additional Priority Agreement; and
- (d) irrevocably appointed the Trustee and the Security Agent to act on its behalf from time to time to enter into and comply with such provisions and the provisions of any Additional Priority Agreement,

in each case, without the need for the consent of the holders.

The Indenture will also provide that, in relation to the Priority Agreement or an Additional Priority Agreement, the Trustee shall consent on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; provided, however, that such transaction would comply with the covenant described under “—*Limitation on Restricted Payments*”.

#### ***Suspension of Covenants on Achievement of Investment Grade Status***

If, during any period after the Issue Date, the Notes have achieved and continue to maintain Investment Grade Status and no Event of Default has occurred and is continuing (such period hereinafter referred to as an “Investment Grade Status Period”), then the Fold-In Issuer or the Affiliate Issuer will notify the Trustee of this fact and

beginning on such date, the covenants in the Indenture described under “—*Limitation on Indebtedness*”, “—*Limitation on Restricted Payments*”, “—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*”, “—*Limitation on Sales of Assets and Subsidiary Stock*”, “—*Limitation on Affiliate Transactions*”, and under “—*Change of Control*”, the provisions of clause (3) of the first paragraph of the covenant described under “—*Merger and Consolidation*” and any related default provisions of the Indenture will be suspended and will not, during such Investment Grade Status Period, be applicable to the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries (or, with respect to under “—*Change of Control*”, the Fold-In Issuer). As a result, during any such Investment Grade Status Period, the Notes will lose a significant amount of the covenant protection initially provided under the Indenture. No action taken during an Investment Grade Status Period or prior to an Investment Grade Status Period in compliance with the covenants then applicable will require reversal or constitute a default under the Indenture or the Notes in the event that suspended covenants are subsequently reinstated or suspended, as the case may be. An Investment Grade Status Period will terminate immediately upon the failure of the Notes to maintain Investment Grade Status (the “Reinstatement Date”). The Fold-In Issuer or the Affiliate Issuer will promptly notify the Trustee in writing of any failure of the Notes to maintain Investment Grade Status and the Reinstatement Date.

### ***Events of Default***

Each of the following is an “Event of Default” under the Indenture:

- (1) default in any payment of interest or Additional Amounts on any Note when due, which has continued for 30 days;
- (2) default in the payment of principal of or premium, if any, on any Note when due at its Stated Maturity, upon optional redemption, upon required repurchase or otherwise;
- (3) failure by the Fold-In Issuer or any Note Guarantor to comply for 60 days after notice specified in the Indenture with its other agreements contained in the Notes or the Indenture; provided, however, that the Fold-In Issuer or the Affiliate Issuer, as applicable, shall have 90 days after receipt of such notice to remedy, or receive a waiver for, any failure to comply with the obligations to file annual, quarterly and current reports, as applicable, in accordance with the covenant described under “—*Certain Covenants—Reports*” so long as the Fold-In Issuer or the Affiliate Issuer, as applicable, is attempting to cure such failure as promptly as reasonably practicable;
- (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries (or the payment of which is guaranteed by the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries), other than Indebtedness owed to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists, or is created after the Issue Date, which default:
  - (a) is caused by a failure to pay principal of such Indebtedness at its Stated Maturity after giving effect to any applicable grace period provided in such Indebtedness (“payment default”); or
  - (b) results in the acceleration of such Indebtedness prior to its maturity (the “cross acceleration provision”);

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €75.0 million or more;

- (5) certain events of bankruptcy, insolvency or reorganization of the Fold-In Issuer, the Affiliate Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited Consolidated financial statements delivered to the holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*” for the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries), would constitute a Significant Subsidiary (the “bankruptcy provisions”) have been commenced or have occurred;
- (6) failure by the Fold-In Issuer, the Affiliate Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited Consolidated financial statements delivered to holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*” for the Fold-In Issuer, the Affiliate Issuer and its Restricted Subsidiaries), would constitute a Significant

Subsidiary, to pay final judgments aggregating in excess of €75.0 million (net of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days (the “judgment default provision”);

- (7) any Note Guarantee of a Significant Subsidiary ceases to be in full force and effect (except in accordance with the terms of the Indenture) or is declared invalid or unenforceable in a judicial proceeding and such Default continues for 30 days after the notice specified in the Indenture (the “guarantee failure provision”); or
- (8) any Lien in the Notes Collateral created under Notes Collateral Documents having a fair market value of in excess of €100.0 million, or any Lien in the Notes Collateral created under the Notes Collateral Documents, (a) at any time, ceases to be in full force and effect in any material respect for any reason other than as a result of its release in accordance with the Indenture and the Notes Collateral Documents or the Notes Collateral Documents, as applicable, or (b) is declared invalid or unenforceable in a judicial proceeding and, in each case, and such Default continues for 60 days after the notice specified in the Indenture (the “collateral failure provision”).

However, a default under clauses (3), (7) or (8) of the first paragraph above will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of the outstanding Notes notify the Fold-In Issuer of the default and the Fold-In Issuer does not cure such default within the time specified in clauses (3), (7) or (8) of the immediately preceding paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Fold-In Issuer, or the holders of at least 25% in principal amount of the outstanding Notes by notice to the Fold-In Issuer and the Trustee, may, and the Trustee at the request of such holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, if any, and Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest and Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under “—*Events of Default*” has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary or waived by the holders of the relevant Indebtedness within 20 days after the declaration of acceleration with respect thereto and if (a) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (b) all existing Events of Default, except non-payment of principal, premium or interest and Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest and Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders. The holders of a majority in principal amount of the outstanding Notes may waive all past defaults (except with respect to non-payment of principal, premium, interest or Additional Amounts) and rescind any such acceleration with respect to the Notes and its consequences if (a) rescission would not conflict with any judgment or decree of a court of competent jurisdiction, (b) all existing Events of Default, other than the non-payment of the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and (c) the Fold-In Issuer has paid the Trustee its compensation and reimbursed the Trustee for its properly incurred expenses, disbursements and advances.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders unless such holders have offered to the Trustee indemnity, security or prefunding satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, interest or Additional Amounts, if any, when due, no holder of Notes may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such holder of Notes has previously given the Trustee written notice that an Event of Default is continuing;
- (2) holders of at least 50% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

- (3) such holders of Notes have offered the Trustee security, indemnity or prefunding satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and
- (5) the holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture provides that in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use under the circumstances in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to security or indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The Indenture provides that if a Default occurs and is continuing and is actually known to the Trustee, the Trustee must give notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium, if any, interest or Additional Amounts, if any, on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the holders. In addition, the Fold-In Issuer or the Affiliate Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Fold-In Issuer or the Affiliate Issuer is also required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which they are aware which would constitute certain Defaults with respect to the Fold-In Issuer and the Note Guarantors or the Affiliate Issuer, as applicable, the status of such events and what action the Fold-In Issuer or the Affiliate Issuer is taking or proposing to take in respect thereof.

### ***Amendments and Waivers***

Subject to certain exceptions, the Indenture, the Notes, the Note Guarantees, the Notes Collateral Documents, the Priority Agreement and any Additional Priority Agreement may be amended or supplemented with the consent of the holders of a majority in principal amount of the Notes then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any past default or compliance with any provisions of the Indenture, the Notes, the Note Guarantees, the Notes Collateral Documents, the Priority Agreement and any Additional Priority Agreement may be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes, an amendment may not:

- (1) reduce the principal amount of Notes whose holders must consent to an amendment or waiver;
- (2) reduce the stated rate of or extend the stated time for payment of interest or Additional Amounts on any Note;
- (3) reduce the principal of or extend the Stated Maturity of any Note;
- (4) whether through an amendment or waiver of provisions in the covenants, definitions or otherwise
  - (i) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed as described above under “Optional Redemption” (other than the notice provisions), or
  - (ii) reduce the premium payable upon repurchase of any Note or change the time at which any Note is to be repurchased as described under “—Certain Covenants—Change of Control” or “—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock” at any time after the obligation to repurchase has arisen;
- (5) make any Note payable in money other than that stated in the Note (except to the extent the currency stated in the Notes has been succeeded or replaced pursuant to applicable law);

- (6) impair the right of any holder to receive payment of, premium, if any, principal of or interest or Additional Amounts, if any, on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes; or
- (7) make any change in the amendment or waiver provisions described in this paragraph.

In addition, without the consent of at least 75% in aggregate principal amount of Notes then outstanding, no amendment or supplement may:

- (1) release any Note Guarantor from any of its obligations under its Note Guarantee or modify any Note Guarantee except, in each case, in accordance with the terms of the Indenture and the Priority Agreement; or
- (2) modify any Notes Collateral Document or the provisions in the Indenture dealing with the Notes Collateral Documents or application of trust moneys in any manner, taken as a whole, materially adverse to the holders or otherwise release all or substantially all of the Notes Collateral other than pursuant to the terms of the Notes Collateral Documents, the Priority Agreement, any Additional Priority Agreement, as applicable, or as otherwise permitted by the Indenture.

Notwithstanding the foregoing, without the consent of any holder, the Indenture, the Notes, the Note Guarantees, the Notes Collateral Documents, the Priority Agreement and any Additional Priority Agreement may be amended to:

- (1) cure any ambiguity, omission, manifest error, defect or inconsistency;
- (2) provide for the assumption by a Successor Company of the obligations of the Fold-In Issuer the Affiliate Issuer or another Note Guarantor under the Priority Agreement, any Additional Priority Agreement and the Notes Collateral Documents;
- (3) provide for uncertificated Notes in addition to or in place of certificated Notes;
- (4) add guarantees with respect to the Notes;
- (5) secure the Notes or enter into additional or supplemental Notes Collateral Documents;
- (6) add to the covenants of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries for the benefit of the holders of the Notes or surrender any right or power conferred upon the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries under the Indenture, the Notes or the Notes Collateral Documents;
- (7) make any change that does not adversely affect the rights of any holder in any material respect;
- (8) release the Notes Collateral as provided by the terms of the Indenture;
- (9) provide for the issuance of Additional Notes in accordance with the terms of the Indenture;
- (10) give effect to Permitted Collateral Liens;
- (11) release any Note Guarantee in accordance with the terms of the Indenture;
- (12) evidence and provide the acceptance of the appointment of a successor Trustee or Security Agent under the Indenture;
- (13) to the extent reasonable required to allow for the Related Transactions;
- (14) to the extent necessary to grant a Lien for the benefit of any Person; provided that the granting of such Lien is permitted by the Indenture or the Notes Collateral Documents;
- (15) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation to facilitate the issuance and administration of the Notes; *provided*, however, that (a) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (b) such amendment does not materially and adversely affect the rights of holders to transfer Notes;
- (16) conform the text of the Indenture, the Notes, the Notes Collateral Documents, the Note Guarantees, the Priority Agreement and any Additional Priority Agreement to any provision of this "Description of the Fold-In Notes" to the extent that such provision in this "Description of the Fold-In Notes" was intended to be a verbatim recitation thereof; or

- (17) give effect to any amendment to the Priority Agreement that is permitted under the Senior Facility Agreement (as in effect on the Issue Date), including to provide for the release of the Asset Collateral in accordance with the terms of the Senior Facility Agreement (as in effect on the Issue Date).

In formulating any opinion on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems appropriate, including an Opinion of Counsel and an Officers' Certificate of the Fold-In Issuer or the Affiliate Issuer, as applicable.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any holder of Notes given in connection with a tender of such holder's Notes will not be rendered invalid by such tender. For so long as the Notes are listed on the Irish Stock Exchange and the guidelines of such Stock Exchange so require, the Fold-In Issuer or the Affiliate Issuer will notify the Irish Stock Exchange of any such amendment, supplement and waiver.

### ***Defeasance***

The Fold-In Issuer at any time may terminate all its obligations under the Notes and the Indenture ("legal defeasance"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes.

The Fold-In Issuer at any time may terminate its obligations under the covenants described under "*Certain Covenants*" (other than clauses (1) and (2) of the first paragraph of "*Certain Covenants—Merger and Consolidation*") and the default provisions relating to such covenants under "*Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision, the guarantee failure provision and the collateral failure provision described under "*Events of Default*" above and the limitations contained in clauses (3) and (4) of the first paragraph of "*Certain Covenants—Merger and Consolidation*" above ("covenant defeasance").

The Fold-In Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Fold-In Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Fold-In Issuer exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clauses (4), (5), (6), (7) (with respect only to Significant Subsidiaries) or (8) under "*Events of Default*" above or because of the failure of the Fold-In Issuer to comply with clauses (3) or (4) under the first paragraph of "*Certain Covenants—Merger and Consolidation*" above.

In order to exercise either defeasance option, the Fold-In Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or an agent nominated by the Trustee for such purpose) euro, euro-denominated European Government Obligations or a combination thereof for the payment of principal, premium, if any, interest and Additional Amounts, if any, on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including, among other things, delivery to the Trustee of an Opinion of Counsel (subject to customary exceptions and exclusions) to the effect that holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law.

### ***Satisfaction and Discharge***

The Indenture, the Notes Collateral Documents and the rights, duties and obligations of the Trustee and the holders under the Priority Agreement or any Additional Priority Agreement will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

- (1) either:
  - (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Fold-In Issuer, have been delivered to a Paying Agent or Registrar for cancellation; or
  - (b) (i) all Notes that have not been delivered to a Paying Agent or Registrar for cancellation (A) have become due and payable by reason of the mailing or delivery of a notice of redemption or otherwise or (B) will become due and payable within one year and (ii) the Fold-In Issuer has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders with respect to the Notes, cash, Cash Equivalents, European Government Obligations or a combination thereof, in each case, denominated in euro in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to a Paying Agent or Registrar for cancellation for principal, premium and Additional Amounts (if any) and accrued interest to the date of maturity or redemption;
- (2) the Fold-In Issuer has paid or caused to be paid all other amounts payable by it under the Indenture; and
- (3) the Fold-In Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Fold-In Issuer must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, in each case, stating that all conditions precedent to satisfaction and discharge have been satisfied.

### ***Currency Indemnity***

The sole currency of account and payment for all sums payable by the Fold-In Issuer under the Indenture with respect to the Notes is euro. Any amount received or recovered in a currency other than euros in respect of the Notes (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Fold-In Issuer, the Affiliate Issuer, any Subsidiary or otherwise) by the holder in respect of any sum expressed to be due to it from the Fold-In Issuer will constitute a discharge of the Fold-In Issuer only to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Note, the Fold-In Issuer will indemnify the recipient against any loss sustained by it as a result. In any event the Fold-In Issuer will indemnify the recipient against the cost of making any such purchase.

For the purposes of this indemnity, it will be sufficient for the holder to certify that it would have suffered a loss had an actual purchase of euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euro on such date had not been practicable, on the first date on which it would have been practicable). These indemnities constitute a separate and independent obligation from the other obligations of the Fold-In Issuer, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any holder and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

### ***Listing***

The Old Issuer will use all reasonable efforts to have the Notes admitted to listing and trading on the Irish Stock Exchange's GEM within a reasonable period after the Issue Date and the Fold-In Issuer will maintain such listing as long as the Notes are outstanding; *provided*, however, that if the Fold-In Issuer can no longer maintain such listing or it becomes unduly burdensome to make or maintain such listing (for the avoidance of doubt, preparation of financial statements in accordance with IFRS (except pursuant to the definition of GAAP) or any

accounting standard other than GAAP and any other standard pursuant to which the Reporting Entity then prepares its financial statements shall be deemed unduly burdensome), the Fold-In Issuer may cease to make or maintain such listing on the Irish Stock Exchange provided that the Fold-In Issuer will use its reasonable best efforts to obtain and maintain the listing of the Notes on another recognized listing exchange for high yield issuers (which may be a stock exchange that is not regulated by the European Union). There can be no assurance that the application to list the Notes on the Irish Stock Exchange will be approved and settlement of the Notes is not conditioned on obtaining this listing.

#### **No Personal Liability of Directors, Officers, Employees and Stockholders**

No director, officer, employee, incorporator, member or stockholder of the Fold-In Issuer or the Affiliate Issuer, any of their respective parent companies or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Fold-In Issuer or the Affiliate Issuer under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver and release may not be effective to waive liabilities under the United States federal securities laws and it is the view of the SEC that such a waiver is against public policy.

#### **Consent to Jurisdiction and Service of Process**

The Indenture will provide that the Fold-In Issuer and each Note Guarantor will irrevocably appoint Law Debenture Corporate Services Inc. as its agent for service of process in any suit, action or proceeding with respect to the Indenture and the Notes as the case may be, brought in any federal or state court located in the Borough of Manhattan in the City of New York and that each of the parties submit to the jurisdiction thereof. If for any reason Law Debenture Corporate Services Inc. is unable to serve in such capacity, the Fold-In Issuer and such Note Guarantor shall appoint another agent reasonably satisfactory to the Trustee.

#### **Concerning the Trustee and certain agents**

Deutsche Trustee Company Limited will be the Trustee and ING Bank N.V. will be the Security Agent with regard to the Notes. Deutsche Bank AG, London Branch in London, will initially act as Paying Agent for the Notes. The initial Registrar for the Notes will be Deutsche Bank Luxembourg S.A. in Luxembourg. The initial transfer agent for the Notes will be Deutsche Bank Luxembourg S.A.. The Fold-In Issuer will indemnify the Trustee and the agents for certain claims, liabilities and expenses incurred without gross negligence, wilful misconduct or fraud on its part.

#### **Governing Law**

The Indenture will provide that it and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

#### **Notices**

So long as the Notes are listed on the Irish Stock Exchange and the guidelines of such Stock Exchange shall so require, any notices to the holders regarding the Notes will be published through the Irish Stock Exchange's Companies Announcement Office. Additionally, in the event the Notes are in the form of Definitive Registered Notes, notices will be sent, by first-class mail, with a copy to the Trustee, to each holder of the Notes at such holder's address as it appears on the registration books of the Registrar. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. If and so long as such Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange. If and so long as any Notes are represented by one or more Global Notes, notices will be delivered to such clearing agency for communication to the owners of book entry interests in the Notes. Notices given by publication will be deemed given on the first date on which publication is made and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing.

## Prescription

Claims against the Fold-In Issuer for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Fold-In Issuer for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

## Certain Definitions

“Acquisition” means the acquisition by LGE Holdco VII B.V. of shares in Ziggo N.V. following a recommended public offer pursuant to a merger protocol agreement dated January 27, 2014.

“Acquired Indebtedness” means Indebtedness (i) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or (ii) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (i) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (ii) of the preceding sentence, on the date of consummation of such acquisition of assets.

“Additional Assets” means:

- (1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary in a Related Business or are otherwise useful in a Related Business (it being understood that capital expenditure on property or assets already used in a Related Business or to replace any property or assets that are the subject of such Asset Disposition or any operating expenses Incurred in the day-to-day operations of a Related Business shall be deemed an Investment in Additional Assets);
- (2) the Capital Stock of a Person that is engaged in a Related Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary; or
- (3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

“Affiliate” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Affiliate Subsidiary” refers to any Subsidiary of Liberty Global (other than a Subsidiary of the Fold-In Issuer or the Affiliate Issuer) that provides a Note Guarantee following the Issue Date.

“Applicable Premium” means with respect to a Note at any redemption date prior to January 15, 2020, the excess of (1) the present value at such redemption date of (a) the redemption price of such Note on January 15, 2020 (such redemption price being described under “—*Optional Redemption*—*Optional Redemption on or after January 15, 2020*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Note through January 15, 2020 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate plus 50 basis points over (2) the principal amount of such Note on such redemption date. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, the Security Agent or any Registrar, Paying Agent or Transfer Agent.

“Asset Disposition” means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases, (other than an operating lease entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors’ qualifying shares), property or other assets (each referred to for the purposes of this definition as a “disposition”) by the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Dispositions:

- (1) a disposition by a Restricted Subsidiary to the Fold-In Issuer or the Affiliate Issuer or by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary (other than a Receivables Entity) to a Restricted Subsidiary;
- (2) the sale or disposition of cash, Cash Equivalents or Investment Grade Securities in the ordinary course of business;
- (3) a disposition of inventory, consumer equipment, trading stock, communications capacity or other assets in the ordinary course of business;
- (4) a sale, lease, transfer or other disposition, or a series of related sales, leases, transfers, issuances or dispositions that are part of a common plan, of obsolete, surplus, or worn out equipment or other equipment and assets that are no longer useful in the conduct of the business of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries;
- (5) transactions permitted under “—*Certain Covenants—Merger and Consolidation*” or a transaction that constitutes a Change of Control;
- (6) an issuance of Capital Stock by a Restricted Subsidiary to the Fold-In Issuer, the Affiliate Issuer or to another Restricted Subsidiary;
- (7) (a) for purposes of “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” only, the making of a Permitted Investment or a disposition subject to “—*Certain Covenants—Limitation on Restricted Payments*” and (b) solely for the purpose of clause (3) of the first paragraph under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*,” a disposition, the proceeds of which are used to make Restricted Payments permitted to be made under the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*” or Permitted Investments;
- (8) dispositions of assets in a single transaction or series of related transactions with an aggregate fair market value in any calendar year of less than the greater of €10.0 million and 1.0% of Total Assets (with unused amounts in any calendar year being carried over to the next succeeding year subject to a maximum of the greater of €10.0 million and 1.0% of Total Assets of carried over amounts for any calendar year);
- (9) dispositions in connection with Permitted Liens;
- (10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) the licensing or sublicensing of intellectual property or other general intangibles and licenses, sublicenses, leases or subleases of other property;
- (12) foreclosure, condemnation or similar action with respect to any property or other assets;
- (13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;
- (14) sales of accounts receivable and related assets or an interest therein of the type specified in the definition of “Qualified Receivables Transaction” to a Receivables Entity;
- (15) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;
- (16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;
- (17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

- (18) (a) disposals of assets, rights or revenue not constituting part of the Distribution Business of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries, and (b) other disposals of non-core assets acquired in connection with any acquisition permitted under the Indenture;
- (19) any disposition of assets or Capital Stock which the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary is required by a regulatory authority or court of competent jurisdiction to dispose of;
- (20) any dispositions of other interests in other entities in an amount not to exceed €10.0 million;
- (21) any disposition of real property; provided that the fair market value of the real property disposed of in any calendar year does not exceed the greater of €50.0 million and 1.0% of Total Assets;
- (22) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary to such Person; and
- (23) any other disposition of assets comprising in aggregate percentage value of 10% or less of Total Assets.

In the event that a transaction (or any portion thereof) meets the criteria of a disposition permitted under clauses (1) through (23) above and would also be a Restricted Payment permitted to be made under the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*” or a Permitted Investment, the Fold-In Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as a disposition permitted under clauses (1) through (23) above and/or one or more of the types of Restricted Payments permitted to be made under the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*” or Permitted Investments.

“Board of Directors” means, as to any Person, the board of directors of such Person or any duly authorized committee thereof, or, in the case of the Fold-In Issuer, its managing director; provided that (i) if and for so long as the Fold-In Issuer or the Affiliate Issuer is a Subsidiary of Liberty Global, any action required to be taken under the Indenture by the Board of Directors of the Fold-In Issuer or the Affiliate Issuer can, in the alternative, at the option of the Fold-In Issuer or the Affiliate Issuer, be taken by the Board of Directors of Liberty Global and (ii) following consummation of a Spin-Off, any action required to be taken under the Indenture by the Board of Directors of the Fold-In Issuer or the Affiliate Issuer can, in the alternative, at the option of the Fold-In Issuer or the Affiliate Issuer, be taken by the Board of Directors of the Spin Parent.

“Bund Rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

- (1) “Comparable German Bund Issue” means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to January 15, 2020 and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to January 15, 2020; provided, however, that, if the period from such redemption date to January 15, 2020 is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such redemption date to January 15, 2020, is less than one year, a fixed maturity of one year shall be used;
- (2) “Comparable German Bund Price” means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Fold-In Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;
- (3) “Reference German Bund Dealer” means any dealer of German Bundesanleihe securities appointed by the Fold-In Issuer in good faith; and

- (4) “Reference German Bund Dealer Quotations” means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Fold-In Issuer in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Fold-In Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt am Main, Germany, time on a day no earlier than the third Business Day preceding the date of the delivery of the redemption notice in respect of such redemption date.

“Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions in the Netherlands, New York, New York, or London, England are authorized or required by law to close.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“Capitalized Lease Obligation” means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“Cash Equivalents” means:

- (1) securities issued or directly and fully guaranteed or insured by the United States Government or a member state of the European Union as of January 1, 2004 (each a “Qualified Country”) or any agency or instrumentality thereof (provided that the full faith and credit of such Qualified Country is pledged in support thereof), having maturities of not more than one year from the date of acquisition;
- (2) marketable general obligations issued by any political subdivision of any Qualified Country or any public instrumentality thereof maturing within one year from the date of acquisition of the United States (provided that the full faith and credit of the Qualified Country is pledged in support thereof) and, at the time of acquisition, having a credit rating of “A2” or better from either Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc.;
- (3) certificates of deposit, time deposits, eurodollar time deposits, bank deposits or bankers’ acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to any Credit Facility or by any bank or trust company (x) the long-term debt of which is rated at the time of acquisition thereof at least “A-” or the equivalent thereof by Standard & Poor’s Ratings Services, or “A-” or the equivalent thereof by Moody’s Investors Service, Inc. (or if at the time neither is issuing comparable ratings, then a comparable rating of another nationally recognized rating agency);
- (4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1), (2) and (3) entered into with any bank meeting the qualifications specified in clause (3) above;
- (5) commercial paper rated at the time of acquisition thereof at least “A-2” or the equivalent thereof by Standard & Poor’s Ratings Services or “P-2” or the equivalent thereof by Moody’s Investors Service, Inc., or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof; and
- (6) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (5) above.

“Change of Control” means:

- (1) Parent Company (a) ceases to be the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of each of the Fold-In Issuer and the Affiliate Issuer and (b) ceases, by virtue of any powers conferred by the articles of association or other documents regulating the Fold-In Issuer and the Affiliate Issuer to,

directly or indirectly, direct or cause the direction of management and policies of the Fold-In Issuer and the Affiliate Issuer;

- (2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries taken as a whole to any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder; or
- (3) the adoption by the stockholders of the Fold-In Issuer or the Affiliate Issuer of a plan or proposal for the liquidation or dissolution of the Fold-In Issuer or the Affiliate Issuer, other than a transaction complying with the covenant described under “—*Certain Covenants—Merger and Consolidation*”;

provided, however, that a Change of Control shall not be deemed to have occurred pursuant to clause (1) of this definition upon the consummation of the Post-Closing Reorganization or a Spin-Off.

“Commodity Agreements” means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or nonvoting) of such Person’s common stock whether or not outstanding on the Issue Date, and includes, without limitation, all series and classes of such common stock.

“Consolidated EBITDA” means, for any period, operating income (loss) determined on the basis of GAAP of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries on Consolidated basis, plus the following (to the extent deducted from operating income (loss)):

- (1) Consolidated depreciation expense;
- (2) Consolidated amortization expense;
- (3) stock based compensation expense;
- (4) at the option of the Fold-In Issuer or the Affiliate Issuer, other non-cash charges reducing operating income (provided that if any such non-cash charge represents an accrual or reserve for potential cash charges in any future period, the cash payment in respect thereof in such future period shall reduce operating income to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period) less other non-cash items of income increasing operating income (excluding any such non-cash item of income to the extent it represents (i) a receipt of cash payments in any future period, (ii) the reversal of an accrual or reserve for a potential cash item that reduced operating income in any prior period and (iii) any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase operating income in such prior period);
- (5) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs, acquisition costs, disposition costs, business optimization, information technology implementation or development costs, costs related to governmental investigations and curtailments or modifications to pension or postretirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);
- (6) at the option of the Fold-In Issuer or the Affiliate Issuer, effects of adjustments (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries) in such Person’s Consolidated financial statements pursuant to GAAP (including inventory, property, equipment, software, goodwill, intangible assets, in process research and development, deferred revenue and debt line items) attributable to the application of recapitalization accounting or acquisition accounting, as the case may be, in relation to any consummated acquisition or joint venture investment or the amortization or write-off or write-down of amounts thereof, net of taxes;

- (7) any net gain (or loss) realized upon the sale, held for sale or other disposition of any asset or disposed operations of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or senior management of the Fold-In Issuer);
- (8) the amount of Management Fees and other fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*”;
- (9) any reasonable expenses, charges or other costs related to any Equity Offering, Permitted Investment, acquisition, disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture, in each case, as determined in good faith by an Officer of the Fold-In Issuer or the Affiliate Issuer;
- (10) at the option of the Fold-In Issuer or the Affiliate Issuer, any adjustments to reduce the impact of the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies;
- (11) the amount of loss on sale of assets in connection with a Qualified Receivables Transaction; and
- (12) Specified Legal Expenses;
- (13) at the option of the Fold-In Issuer or the Affiliate Issuer, an amount equal to 100% of the up-front installation fees associated with commercial contract installations completed during the applicable reporting period, less any portion of such fees included in Consolidated Net Income for such period, provided that the amount of such fees, to the extent amortized over the life of the underlying service contract, shall not be included in Consolidated Net Income in any future period; and
- (14) at the option of the Fold-In Issuer or the Affiliate Issuer, any fees or other amounts charged or credited to the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary related to Intra-Group Services may be excluded from the calculation of Consolidated EBITDA to the extent such fees or other amounts (a) are not included in the externally reported operating cash flow or equivalent measure of the Reporting Entity (as defined in any earnings releases and other publicly disseminated information relating to the Reporting Entity) or (b) are deemed to be exceptional or unusual items.

“Consolidated Net Income” means, for any period, the net income (loss) determined on the basis of GAAP of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries on a Consolidated basis; provided, however, that there will not be included in such Consolidated Net Income:

- (1) subject to the limitations contained in clause (2) below, any net income (loss) of any Person (other than the Fold-In Issuer or the Affiliate Issuer) if such Person is not a Restricted Subsidiary, except that (a) the Fold-In Issuer’s or the Affiliate Issuer’s equity in the net income (loss) of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below) and (b) the Fold-In Issuer’s or the Affiliate Issuer’s equity in a net loss of any such Person (other than an Unrestricted Subsidiary) for such period will be included in determining such Consolidated Net Income to the extent such loss has been funded with cash from the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary;
- (2) any net income (loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Fold-In Issuer or the Affiliate Issuer by operation of the terms of such Restricted Subsidiary’s charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) restrictions in effect on the Issue Date with respect to a Restricted Subsidiary (including pursuant to the Indenture, the Notes, the Senior Facility Agreement, the Notes Collateral Documents or the Priority Agreement) and other restrictions with respect to any Restricted Subsidiary that, taken as a whole, are not materially less favorable to the holders than restrictions in effect on the Issue Date and (d) restrictions as in effect on the Issue Date specified in clause (8), or restrictions specified in clause

(10), of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*”), except that the net income (loss) of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Fold-In Issuer, the Affiliate Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

- (3) any net gain (or loss) realized upon the sale, held for sale or other disposition of any asset or disposed operations of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or senior management of the Fold-In Issuer);
- (4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs, acquisition costs, disposition costs, business optimization, information technology implementation or development costs, costs related to governmental investigations and curtailments or modifications to pension or postretirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);
- (5) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies;
- (6) any stock-based compensation expense;
- (7) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness and any net gain (loss), including financing costs that are expensed as incurred, from any extinguishment, modification, exchange or forgiveness of Indebtedness;
- (8) any unrealized gains or losses in respect of Hedging Obligations;
- (9) any goodwill, other intangible or tangible asset impairment charge or write-off;
- (10) the impact of capitalized interest on Subordinated Shareholder Loans;
- (11) any derivative instruments gains or losses, foreign exchange gains or losses, and gains or losses associated with fair value adjustment on financial instruments;
- (12) at the option of the Fold-In Issuer or the Affiliate Issuer, effects of adjustments (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries) pursuant to GAAP (including inventory, property, equipment, software, goodwill, intangible assets, in process research and development, deferred revenue and debt line items) attributable to the application of recapitalization accounting or purchase accounting, as the case may be, in relation to any consummated acquisition or joint venture investment or the amortization or write-off or write-down of amounts thereof, net of taxes;
- (13) accruals and reserves that are established or adjusted within twelve months after the closing date of any acquisition that are so required to be established or adjusted as a result of such acquisition that are so required to be established as a result of such acquisition in accordance with GAAP; and
- (14) any expenses, charges or losses to the extent covered by insurance or indemnity and actually reimbursed, or, so long as the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer or indemnifying party and only to the extent that such amount is in fact reimbursed within 365 days of the date of the insurable or indemnifiable event (net of any amount so added back in any prior period to the extent not so reimbursed within the applicable 365-day period).

In addition, to the extent not already included in the Consolidated Net Income, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include the amount of proceeds received from business interruption insurance and reimbursements of any expenses and charges that are covered by indemnification or other reimbursement provisions in connection with any acquisition, Investment or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture.

“Consolidated Net Leverage Ratio”, as of any date of determination, means the ratio of:

- (1) (a) the outstanding Indebtedness (other than (i) Subordinated Shareholder Loans, (ii) Indebtedness up to a maximum amount equal to the Revolving Facility Excluded Amount (or its equivalent in other currencies) at the relevant time incurred under any Permitted Revolving Credit Facility, (iii) any Indebtedness which is a contingent obligation of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary, provided that for purposes of calculating the Consolidated Net Leverage Ratio for purposes of clause (13) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”, any guarantee by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary of Indebtedness of a Parent shall be included in determining any such outstanding Indebtedness of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries, and (iv) any Indebtedness incurred pursuant to clause (17) of the second paragraph of the covenant under the caption “—*Certain Covenants—Limitation on Indebtedness*”) of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries on a Consolidated basis, less (b) the aggregate amount of cash and Cash Equivalents of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries on a Consolidated basis, to
- (2) the Pro forma EBITDA for the period of the most recent two consecutive fiscal quarters for which financial statements of the Reporting Entity have previously been furnished to holders of the Notes pursuant to the covenant described under “—*Certain Covenants—Reports*”, multiplied by 2.0;

provided, however, that the pro forma calculation of the Consolidated Net Leverage Ratio shall not give effect to (a) any Indebtedness Incurred on the date of determination pursuant to the provisions described in the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or (b) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”.

For the avoidance of doubt, in determining Consolidated Net Leverage Ratio, no cash or Cash Equivalents shall be included that are the proceeds of Indebtedness in respect of which the calculation of the Consolidated Net Leverage Ratio is to be made.

“Consolidation” means the consolidation or combination of the accounts of each of the Restricted Subsidiaries with those of the Fold-In Issuer and the Affiliate Issuer in accordance with GAAP consistently applied; *provided*, however, that “Consolidation” will not include consolidation or combination of the accounts of any Unrestricted Subsidiary, but the interest of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment. The term “Consolidated” has a correlative meaning.

“Content” means any rights to broadcast, transmit, distribute or otherwise make available for viewing, exhibition or reception (whether in analogue or digital format and whether as a channel or an internet service, a teletext-type service, an interactive service, or an enhanced television service or any part of any of the foregoing, or on a pay-per-view basis, or near video-on-demand, or video-on-demand basis or otherwise) any one or more of audio and/or visual images, audio content, or interactive content (including hyperlinks, re-purposed web-site content, database content plus associated templates, formatting information and other data including any interactive applications or functionality), text, data, graphics, or other content, by means of any means of distribution, transmission or delivery system or technology (whether now known or hereinafter invented).

“Credit Facility” means, one or more debt facilities or arrangements (including, without limitation, the facilities made available under the Senior Facility Agreement) or commercial paper facilities with banks or other institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions or investors and whether provided under the Senior Facility Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including but not limited to any notes and letters of credit issued pursuant

thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement or instrument (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

“Credit Facility Assumption” means (i) the assumption by, or assignment or other transfer to, any Proceeds Loan Obligor of any obligations under Credit Facilities incurred by the Old Issuer and its Subsidiaries and/or (ii) the acquisition or other transfer of the Old Issuer and its Subsidiaries, together with any outstanding obligations under Credit Facilities incurred by the Old Issuer and its Subsidiaries, by any Proceeds Loan Obligor, in each case, pursuant to the Ziggo Group Combination.

“Currency Agreement” means, in respect of a Person, any foreign exchange contract, currency swap agreement, futures contract, option contract, derivative or other similar agreement as to which such Person is a party or a beneficiary.

“Default” means any event which is, or after notice or passage of time or both would be, an Event of Default, provided that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

“Designated Non-Cash Consideration” means the fair market value (as determined in good faith by the Board of Directors or senior management of the Fold-In Issuer or the Affiliate Issuer) of non-cash consideration received by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*”

“Disqualified Stock” means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary); or
- (3) is redeemable at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of the date (a) of the Stated Maturity of the Notes or (b) on which there are no Notes outstanding, provided that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock; provided, further that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Fold-In Issuer or the Affiliate Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (each defined in a substantially identical manner to the corresponding definitions in the Indenture) shall not constitute Disqualified Stock if the terms of such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) provide that the Fold-In Issuer and the Affiliate Issuer may not repurchase or redeem any such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) pursuant to such provision prior to compliance by the Fold-In Issuer or the Affiliate Issuer with the provisions of the Indenture described under the captions “—*Certain Covenants—Change of Control*” and “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” and such repurchase or redemption complies with “—*Certain Covenants—Limitation on Restricted Payments*”.

“Distribution Business” means: (1) the business of upgrading, constructing, creating, developing, acquiring, operating, owning, leasing and maintaining cable television networks (including for avoidance of doubt master antenna television, satellite master antenna television, single and multi-channel microwave single or multi-point distribution systems and direct-to-home satellite systems) for the transmission, reception and/or delivery of multi-channel television and radio programming, telephony and internet and/or data services to the residential markets; or (2) any business which is incidental to or related to such business.

“Enforcement Sale” means (1) any sale or disposition (including by way of public auction) of the Notes Collateral pursuant to an enforcement action taken by the Security Agent in accordance with the provisions of the Priority Agreement to the extent such sale or disposition is effected in compliance with the provisions of the Priority Agreement, or (2) any sale or disposition of the Notes Collateral pursuant to the enforcement of security in favor of other Indebtedness of the Fold-In Issuer, the Affiliate Issuer or the Restricted Subsidiaries which complies with the terms of an Additional Priority Agreement (or if there is no such priority agreement, would substantially comply with the requirements of clause (1) hereof).

“Equity Offering” means (1) the distribution of Capital Stock of the Spin Parent in connection with any Spin-Off, or (2) a sale of (a) Capital Stock of the Fold-In Issuer or the Affiliate Issuer (other than Disqualified Stock), or (b) Capital Stock the proceeds of which are contributed as equity share capital to the Fold-In Issuer or the Affiliate Issuer or as Subordinated Shareholder Loans, or (c) Subordinated Shareholder Loans.

“Escrowed Proceeds” means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term “Escrowed Proceeds” shall include any interest earned on the amounts held in escrow.

“European Union” means the European Union, including member states as of May 1, 2004 but excluding any country which became or becomes a member of the European Union after May 1, 2004.

“Euro Equivalent” means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Fold-In Issuer, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The Financial Times in the “Currency Rates” section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Board of Directors or senior management of the Fold-In Issuer) on the date of such determination.

“European Government Obligations” means any security that is (1) a direct obligation of Ireland, Belgium, the Netherlands, France, The Federal Republic of Germany or any other country that is a member of the European Monetary Union on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Excluded Contribution” means Net Cash Proceeds or property or assets received by the Fold-In Issuer or the Affiliate Issuer as capital contributions or Subordinated Shareholder Loans to the Fold-In Issuer or the Affiliate Issuer after May 7, 2010 or from the issuance or sale (other than to a Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Fold-In Issuer or the Affiliate Issuer, in each case to the extent designated as an Excluded Contribution pursuant to an Officers’ Certificate of the Fold-In Issuer.

“Existing Senior Secured Notes” means the €750 million 3<sup>5</sup>/<sub>8</sub>% Senior Secured Notes due 2020 issued by Ziggo B.V. outstanding on the Issue Date

“fair market value” unless otherwise specified, wherever such term is used in the Indenture (except as otherwise specifically provided in this “*Description of the Fold-In Notes*”), may be conclusively established by

means of an Officer's Certificate or a resolution of the Board of Directors of the Fold-In Issuer or the Affiliate Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"Fold-In Issuer" means any of the Proceeds Loan Obligors (or their successors) following the Ziggo Group Combination.

"GAAP" means generally accepted accounting principles in the United States of America as in effect as of the Issue Date or, for purposes of the covenant described under "*Certain Covenants—Reports*," as in effect from time to time; provided that at any date after the Issue Date the Fold-In Issuer or the Affiliate Issuer may make an irrevocable election to establish that "GAAP" shall mean GAAP as in effect on a date that is on or prior to the date of such election. Except as otherwise expressly provided below or in the Indenture, all ratios and calculations based on GAAP contained in the Indenture shall be computed in conformity with GAAP. At any time after the Issue Date, the Fold-In Issuer or the Affiliate Issuer may elect to apply for all purposes of the Indenture, in lieu of GAAP, IFRS and, upon such election, references to GAAP herein will be construed to mean IFRS as in effect on the Issue Date; provided that (1) all financial statements and reports to be provided, after such election, pursuant to the Indenture shall be prepared on the basis of IFRS as in effect from time to time (including that, upon first reporting its fiscal year results under IFRS, the financial statements of the Reporting Entity (but not the financial statements of the Fold-In Issuer) shall be restated on the basis of IFRS for the year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of IFRS), and (2) from and after such election, all ratios, computations and other determinations based on GAAP contained in the Indenture shall, at the option of the Fold-In Issuer or the Affiliate Issuer, (a) continue to be computed in conformity with GAAP (provided that, following such election, the annual and quarterly information required by clauses (1) and (2) of the first paragraph of the covenant "*Certain Covenants—Reports*" shall include a reconciliation, either in the footnotes thereto or in a separate report delivered therewith, of such GAAP presentation to the corresponding IFRS presentation of such financial information), or (b) be computed in conformity with IFRS with retroactive effect being given thereto assuming that such election had been made on the Issue Date. Thereafter, the Fold-In Issuer or the Affiliate Issuer may, at its option, elect to apply GAAP or IFRS and compute all ratios, computations and other determinations based on GAAP or IFRS, as applicable, all on the basis of the foregoing provisions of this definition of GAAP.

"guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or
- (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"guarantor" means the obligor under a guarantee.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Commodity Agreement or Currency Agreement.

"holder" means a Person in whose name a Note is registered on the Registrar's books.

"Holding Company" means, in relation to a Person, an entity of which that Person is a Subsidiary.

"IFRS" means the accounting standards issued by the International Accounting Standards Board and its predecessors.

"Incur" means issue, create, assume, guarantee, incur or otherwise become liable for; *provided*, however, that any Indebtedness or Capital Stock of a Person existing at the time such person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary; and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing.

“Indebtedness” means, with respect to any Person on any date of determination (without duplication):

- (1) money borrowed or raised and debit balances at banks;
- (2) any bond, note, loan stock, debenture or similar debt instrument;
- (3) acceptance or documentary credit facilities;
- (4) receivables sold or discounted (otherwise than on a non-recourse basis and other than in the normal course of business for collections);
- (5) any other transaction (including without limitation forward sale or purchase agreements) having the commercial effect of a borrowing or raising of money or any of (2) to (4) above;
- (6) the principal component or liquidation preference of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends); and
- (7) the principal component of Indebtedness of other Persons to the extent guaranteed by such Person to the extent not otherwise included in the Indebtedness of such Person,

*provided* that Indebtedness which has been cash collateralized shall not be included in any calculation of Indebtedness to the extent so cash collateralized.

Notwithstanding the foregoing, “Indebtedness” shall not include (a) any deposits or prepayments received by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary from a customer or subscriber for its service, (b) any obligations to make payments in relation to earn-outs, (c) Indebtedness which is in the nature of equity (other than redeemable shares), (d) Capitalized Lease Obligations, (e) any indebtedness in respect of Qualified Receivables Transactions, (f) pension obligations, (g) any “parallel debt” obligations to the extent such obligations mirror other Indebtedness and (h) any payments for assets acquired or services supplied deferred (including Trade Payables) in accordance with the terms pursuant to which the relevant assets were or are to be acquired or services were or are to be supplied. The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

“Independent Financial Advisor” means an accounting, appraisal or investment banking firm of nationally recognized standing that is, in the good faith judgment of the Board of Directors or senior management of the Fold-In Issuer or the Affiliate Issuer qualified to perform the task for which it has been engaged.

“Initial Public Offering” means an Equity Offering of common stock or other common equity interests of the Fold-In Issuer, the Affiliate Issuer, the Spin Parent or any direct or indirect parent company of the Fold-In Issuer or the Affiliate Issuer (the “IPO Entity”) following which there is a Public Market and, as a result of which, the shares of the common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

“Interest Rate Agreement” means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is party or a beneficiary.

“Intra-Group Services” means any of the following (provided that the terms of each such transaction are not materially less favorable, taken as a whole, to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction in arm’s length dealings with a Person that is not an Affiliate):

- (1) the sale of programming or other content by Liberty Global, the Spin Parent or any of their respective Subsidiaries to the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary;
- (2) the lease or sublease of office space, other premises or equipment by the Fold-In Issuer, the Affiliate Issuer or the Restricted Subsidiaries to Liberty Global, the Spin Parent or any of their Subsidiaries or by Liberty Global, the Spin Parent or any of their Subsidiaries to the Fold-In Issuer, the Affiliate Issuer or the Restricted Subsidiaries;

- (3) the provision or receipt of other goods, services, facilities or other arrangements (in each case not constituting Indebtedness) in the ordinary course of business, by the Fold-In Issuer, the Affiliate Issuer or the Restricted Subsidiaries to or from Liberty Global, the Spin Parent or any of their Subsidiaries, including, without limitation, (a) the employment of personnel, (b) provision of employee healthcare or other benefits, (c) acting as agent to buy or develop equipment, other assets or services or to trade with residential or business customers, and (d) the provision of treasury, audit, accounting, banking, strategy, branding, marketing, network, technology, research and development, telephony, office, administrative, compliance, payroll or other similar services; and
- (4) the extension, in the ordinary course of business and on terms not materially less favorable to the Fold-In Issuer or the Restricted Subsidiaries than arm's length terms, by or to the Fold-In Issuer, the Affiliate Issuer or the Restricted Subsidiaries to or by Liberty Global or any of their Subsidiaries of trade credit not constituting Indebtedness in relation to the provision or receipt of Intra-Group Services referred to in paragraphs (1), (2) or (3) of this definition of Intra-Group Services.

"Investment" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan (other than advances or extensions of credit to customers in the ordinary course of business) or other extensions of credit (including by way of guarantee or similar arrangement, but excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; provided that none of the following will be deemed to be an Investment:

- (1) Hedging Obligations entered into in the ordinary course of business and in compliance with the Indenture;
- (2) endorsements of negotiable instruments and documents in the ordinary course of business; and
- (3) an acquisition of assets, Capital Stock or other securities by the Fold-In Issuer, the Affiliate Issuer or a Subsidiary for consideration to the extent such consideration consists of Common Stock of the Fold-In Issuer or the Affiliate Issuer.

For purposes of the definition of "Unrestricted Subsidiary" and "*Certain Covenants—Limitation on Restricted Payments*":

- (1) "Investment" will include the portion (proportionate to the Fold-In Issuer's or the Affiliate Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Fold-In Issuer and the Affiliate Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Fold-In Issuer or the Affiliate Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Fold-In Issuer's or the Affiliate Issuer's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Fold-In Issuer's or the Affiliate Issuer's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors or senior management of the Fold-In Issuer or the Affiliate Issuer in good faith) of such Subsidiary at the time that such Subsidiary is so redesignated a Restricted Subsidiary; and
- (2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or senior management of the Fold-In Issuer or the Affiliate Issuer.

If the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary transfers, conveys, sells, leases or otherwise disposes of Voting Stock of a Restricted Subsidiary such that such Subsidiary is no longer a Restricted Subsidiary, then the Investment of the Fold-In Issuer or the Affiliate Issuer in such Person shall be deemed to have been made as of the date of such transfer or other disposition in an amount equal to the fair market value (as determined in good faith by the Board of Directors or senior management of the Fold-In Issuer or the Affiliate Issuer).

“Investment Grade Securities” means:

- (1) securities issued by the U.S. government or by any agency or instrumentality thereof (other than Cash Equivalents) or directly and fully guaranteed or insured by the U.S. government and in each case with maturities not exceeding two years from the date of the acquisition;
- (2) securities issued by or a member of the European Union as of January 1, 2004, or any agency or instrumentality thereof (other than Cash Equivalents) or directly and fully guaranteed or insured by a member of the European Union as of January 1, 2004, and in each case with maturities not exceeding two years from the date of the acquisition;
- (3) debt securities or debt instruments with a rating of A or higher by Standard & Poor’s Ratings Services or A-2 or higher by Moody’s Investors Service, Inc. or the equivalent of such rating by such rating organization, or if no rating of Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc. then exists, the equivalent of such rating by any other nationally recognized securities ratings agency, by excluding any debt securities or instruments constituting loans or advances among the Fold-In Issuer, the Affiliate Issuer and their Subsidiaries;
- (4) investments in any fund that invests exclusively in investments of the type described in clauses (1) through (3) which fund may also hold immaterial amounts of cash and Cash Equivalents pending investment and/or distribution; and
- (5) corresponding instruments in countries other than those identified in clauses (1) and (2) above customarily utilized for high quality investments and, in each case, with maturities not exceeding two years from the date of the acquisition.

“Investment Grade Status” shall occur when the Notes receive both of the following:

- (1) a rating of “Baa3” (or the equivalent) or higher from Moody’s Investors Service, Inc. or any of its successors or assigns; and
- (2) a rating of “BBB—” (or the equivalent) or higher from Standard & Poor’s Ratings Services, or any of its successors or assigns,

in each case, with a “stable outlook” from such rating agency.

“IPO Market Capitalization” means an amount equal to (i) the total number of issued and outstanding shares of Capital Stock of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold or distributed in such Initial Public Offering.

“Issue Date” means the date of first issuance of the Notes.

“Liberty Global” means Liberty Global plc and any and all successors thereto.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“Management Fees” means any management, consultancy or other similar fees payable by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary.

“Market Capitalization” means an amount equal to (i) the total number of issued and outstanding shares of Capital Stock of the IPO Entity on the date of the declaration of the relevant dividend, multiplied by (ii) the arithmetic mean of the closing prices per share of such Capital Stock for the 30 consecutive trading days immediately preceding the date of the declaration of such dividend.

“Net Available Cash” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;
- (2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition;
- (3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition; and
- (4) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary after such Asset Disposition.

“Net Cash Proceeds” means, with respect to any issuance or sale of Capital Stock, Subordinated Shareholder Loans or other capital contributions, the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

“New Holdco” means the direct Subsidiary of Liberty Global following the Post-Closing Reorganizations, or, if the distribution or other transfer pursuant to the Post-Closing Reorganizations is to a second-tier Subsidiary of Liberty Global, such second-tier Subsidiary.

“Notes Collateral” has the meaning ascribed to “Fold-In Collateral” under the heading “—*Certain Covenants—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*” in the section “*Description of the Notes*” set out elsewhere in this Offering Memorandum.

“Note Guarantors” has the meaning ascribed thereto under the heading “—*Certain Covenants—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*” in the section “*Description of the Notes*” set out elsewhere in this Offering Memorandum, and each Restricted Subsidiary or Affiliate Subsidiary that may become a guarantor as provided under the Indenture.

“Officer” of any Person means the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, any Managing Director, the Treasurer, any Assistant Treasurer, the Secretary, any Assistant Secretary or any authorized signatory of such Person.

“Officers’ Certificate” means a certificate signed by one or more Officers.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Fold-In Issuer, the Affiliate Issuer or the Trustee.

“Parent” means Liberty Global, any Subsidiary of Liberty Global of which the Fold-In Issuer or the Affiliate Issuer is a Subsidiary on the Issue Date and any other Person of which the Fold-In Issuer or the Affiliate Issuer at any time is or becomes a Subsidiary after the Issue Date.

“Parent Company” means the Reporting Company; *provided*, however, that upon consummation of (i) the Post-Closing Reorganization, “Parent Company” will mean New Holdco and its successors, and (ii) a Spin-Off, “Parent Company” will mean the Spin Parent and its successors.

“Parent Expenses” means:

- (1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, applicable rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary;
- (2) indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person with respect to its ownership of the Fold-In Issuer or the Affiliate Issuer or the conduct of the business of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries;
- (3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) with respect to its ownership of the Fold-In Issuer or the Affiliate Issuer or the conduct of the business of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries;
- (4) general corporate overhead expenses, including professional fees and expenses and other operational expenses of any Parent or Subsidiary of a Parent related to the ownership or operation of the business (including, but not limited to, Intra-Group Services) of the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries, including acquisitions or dispositions by the Fold-In Issuer, the Affiliate Issuer or the Subsidiaries permitted hereunder (whether or not successful) in each case, to the extent such costs, obligations and/or expenses are not paid by another Subsidiary of such Parent; and
- (5) fees and expenses payable by any Parent in connection with any Related Transaction.

“Permitted Asset Swap” means the concurrent purchase and sale or exchange of related business assets (including, without limitation, securities of a Related Business) or a combination of such assets, cash and Cash Equivalents between the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries and another Person.

“Permitted Business” means any business:

- (1) that consists of the upgrade, construction, creation, development, marketing, acquisition (to the extent permitted under the Indenture), operation, utilization and maintenance of networks that use existing or future technology for the transmission, reception and delivery of voice, video and/or other data (including networks that transmit, receive and/or deliver services such as multi channel television and radio, programming, telephony (including for the avoidance of doubt, mobile telephony), Internet services and content, high speed data transmission, video, multi media and related activities); or
- (2) engaged in by the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries on the Issue Date;
- (3) or other activities that are reasonably similar, ancillary, complementary or related to, or a reasonable extension, development or expansion of, the businesses in which the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries are engaged on the Issue Date, including, without limitation, all forms of television, telephony (including for the avoidance of doubt, mobile telephony) and internet services and any services relating to carriers, networks, broadcast or communications services, or Content; or
- (4) that comprises being a Holding Company of one or more Persons engaged in any such business.

“Permitted Collateral Liens” means:

- (1) Liens on the Notes Collateral that are described in one or more of clauses (2), (3), (4), (5), (7) and (10) of the definition of “Permitted Liens” and that, in each case, would not materially interfere with the ability of the Security Agent to enforce the Lien in the Notes Collateral granted under the Notes Collateral Documents; and
- (2) Liens on the Notes Collateral to secure:
  - (a) any Additional Notes,

- (b) Indebtedness of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries and, in the case of clause (7) of the second paragraph of the covenant described under “—*Certain Covenants—Limitations on Indebtedness*”, the Fold-In Issuer, the Affiliate Issuer, the Restricted Subsidiaries, any Subordinated Issuer that is permitted to be Incurred under the second paragraph of the covenant described under “—*Certain Covenants—Limitations on Indebtedness*” or clauses (1), (3), (7), (12) (in the case of clause (12), to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (15) and (17) of the second paragraph of the covenant described under “—*Certain Covenants—Limitations on Indebtedness*”;
- (c) Indebtedness that is permitted to be Incurred under clause (6) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” and guarantees thereof; provided that, at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred and after giving effect to the Incurrence of such Indebtedness on a pro forma basis, (i) the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries would have been able to incur €1.00 of additional Indebtedness pursuant to the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or (ii) the Consolidated Net Leverage Ratio would not be greater than it was immediately prior to giving pro forma effect to such acquisition or other transaction and to the Incurrence of such Indebtedness); and
- (d) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (a), (b) and (c);

*provided*, however, that (i) such Lien ranks equal or junior to all other Liens on the Notes Collateral securing Senior Indebtedness of the Fold-In Issuer, the Affiliate Issuer and a Note Guarantor, as applicable, if such Indebtedness is Senior Indebtedness of the Fold-In Issuer, the Affiliate Issuer or such Note Guarantor, and (ii) holders of Indebtedness referred to in this clause (2) (or their duly authorized Representative) shall accede to the Priority Agreement or enter into an Additional Priority Agreement as permitted under the covenant described under “—*Certain Covenants—Priority Agreements; Additional Priority Agreements*”.

“Permitted Holders” means, collectively, (1) Liberty Global, (2) in the event of a Spin-Off, the Spin Parent and any Subsidiary of the Spin Parent, (3) any Affiliate or Related Person of a Permitted Holder described in clause (1) above, and any successor to such Permitted Holder, Affiliate, or Related Person, (4) any Person who is acting as an underwriter in connection with any public or private offering of Capital Stock of the Fold-In Issuer or the Affiliate Issuer, acting in such capacity and (5) any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) whose acquisition of “beneficial ownership” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of Voting Stock or of all or substantially all of the assets of the Fold-In Issuer and the Restricted Subsidiaries (taken as a whole) constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the covenant described under “—*Certain Covenants—Change of Control*”.

“Permitted Investment” means an Investment by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in:

- (1) the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary (other than a Receivables Entity) or a Person which will, upon the making of such Investment, become a Restricted Subsidiary (other than a Receivables Entity);
- (2) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary (other than a Receivables Entity);
- (3) cash and Cash Equivalents or Investment Grade Securities;
- (4) receivables owing to the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the

- Fold-In Issuer, the Affiliate Issuer or any such Restricted Subsidiary deems reasonable under the circumstances;
- (5) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
  - (6) loans or advances to employees made in the ordinary course of business consistent with past practices of the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary;
  - (7) Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;
  - (8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including without limitation an Asset Disposition, in each case, that was made in compliance with “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” and other Investments resulting from the disposition of assets in transactions excluded from the definition of “Asset Disposition” pursuant to the exclusions from such definition;
  - (9) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification, replacement, renewal or reinvestment of any Investment or binding commitment existing on the Issue Date or made in compliance with the covenant entitled “—*Certain Covenants—Limitation on Restricted Payments*”; provided, that the amount of any such Investment or binding commitment may be increased (a) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities) or (b) as otherwise permitted under the Indenture;
  - (10) Currency Agreements, Commodity Agreements and Interest Rate Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with “—*Certain Covenants—Limitation on Indebtedness*”;
  - (11) Investments by the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries, together with all other Investments pursuant to this clause (11), in an aggregate amount at the time of such Investment not to exceed the greater of €350.0 million and 5.0% of Total Assets at any one time; provided that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*”, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of “Permitted Investments” and not this clause;
  - (12) Investments by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary in a Receivables Entity or any Investment by a Receivables Entity in any other Person, in each case, in connection with a Qualified Receivables Transaction, *provided*, however, that any Investment in any such Person is in the form of a Purchase Money Note, or any equity interest or interests in Receivables and related assets generated by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary and transferred to any Person in connection with a Qualified Receivables Transaction or any such Person owning such Receivables;
  - (13) guarantees issued in accordance with “—*Certain Covenants—Limitation on Indebtedness*” and other guarantees (and similar arrangements) of obligations not constituting Indebtedness;
  - (14) pledges or deposits (a) with respect to leases or utilities provided to third parties in the ordinary course of business or (b) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “—*Certain Covenants—Limitation on Liens*”;
  - (15) the Notes and the Existing Senior Secured Notes;
  - (16) so long as no Default or Event of Default of the type specified in clause (1) or (2) under “—Events of Default” has occurred and is continuing, (a) minority Investments in any Person engaged in a Permitted Business and (b) Investments in joint ventures that conduct a Permitted Business to the extent that, after

giving pro forma effect to any such Investment, the Consolidated Net Leverage Ratio would not exceed 4.00 to 1.00;

- (17) any Investment to the extent made using as consideration Capital Stock of the Fold-In Issuer or the Affiliate Issuer (other than Disqualified Stock), Subordinated Shareholder Loans or Capital Stock of any Parent;
- (18) Investments acquired after the Issue Date as a result of the acquisition by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary, including by way of merger, amalgamation or consolidation with or into the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in a transaction that is not prohibited by the covenant described above under the caption “—*Certain Covenants—Merger and Consolidation*” after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (19) Investments resulting from the disposition of assets in transactions excluded from the definition of “Asset Disposition” pursuant to the exclusions from such definition;
- (20) any Person where such Investment was acquired by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary (a) in exchange for any other Investment or accounts receivable held by the Fold-In Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the Fold-In Issuer or such other Investment or accounts receivable or (b) as a result of a foreclosure by the Fold-In Issuer or any such Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default; and
- (21) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*” (except those transactions described in clauses (1), (5), (9) and (19) of that paragraph).

“Permitted Liens” means:

- (1) Liens on Receivables and related assets of the type described in the definition of “Qualified Receivables Transaction” Incurred in connection with a Qualified Receivables Transaction;
- (2) pledges or deposits by such Person under workmen’s compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or United States government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case Incurred in the ordinary course of business;
- (3) Liens imposed by law, including carriers’, warehousemen’s, mechanics’, landlords’, materialmen’s, repairmen’s and other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;
- (4) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings provided appropriate reserves required pursuant to GAAP have been made in respect thereof;
- (5) Liens in favor of issuers of surety or performance bonds or letters of credit or bankers’ acceptances issued pursuant to the request of and for the account of such Person in the ordinary course of its business;
- (6) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries;

- (7) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be incurred under the Indenture, secured by a Lien on the same property securing such Hedging Obligation
- (8) leases, licenses, subleases and sublicenses of assets (including, without limitation, real property and intellectual property rights) which do not materially interfere with the ordinary conduct of the business of the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries;
- (9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (10) Liens for the purpose of securing the payment of all or a part of the purchase price of, or Capitalized Lease Obligations, Purchase Money Obligations or other payments Incurred to finance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business provided that such Liens do not encumber any other assets or property of the Fold-In Issuer, the Affiliate Issuer or the Restricted Subsidiaries other than such assets or property and assets affixed or appurtenant thereto.
- (11) Liens arising solely by virtue of any statutory or common law provisions or customary business provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution; *provided* that such deposit account is not intended by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary to provide collateral to the depository institution;
- (12) Liens arising from United States Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries in the ordinary course of business;
- (13) Liens existing on, or provided for under written arrangements existing on, the Issue Date;
- (14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary; provided, however, that any such Lien may not extend to any other property owned by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary;
- (15) Liens on property at the time the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into any Restricted Subsidiary; *provided, however*, that such Liens may not extend to any other property owned by the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary;
- (16) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary;
- (17) Liens securing the Notes and any Additional Notes;
- (18) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, provided that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien hereunder;
- (19) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;
- (20) Liens on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;
- (21) Liens in respect of the ownership interests in, or assets owned by, any joint ventures or similar arrangements securing obligations of such joint ventures or similar agreements;
- (22) Liens over rights under loan agreements relating to, or over notes or similar instruments evidencing, the on-loan of proceeds received by a Restricted Subsidiary from the issuance of Indebtedness Incurred by a Restricted Subsidiary, which Liens are created to secure payment of such Indebtedness;

- (23) Liens on assets or property of a Restricted Subsidiary that is not a Note Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Note Guarantor permitted by the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”;
- (24) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;
- (25) Permitted Collateral Liens; and
- (26) Liens Incurred with respect to obligations that do not exceed the greater of (a) €250.0 million and (b) 5.0% of Total Assets at any time outstanding.

“Permitted Revolving Credit Facility” means, one or more debt facilities or arrangements that may be entered into by the Fold-In Issuer, the Affiliate Issuer or the Restricted Subsidiaries providing for revolving credit loans, letters of credit or other revolving indebtedness or other advances, in each case, Incurred in compliance with the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision hereof or any other entity.

“Preferred Stock”, as applied to the Capital Stock of any corporation, partnership, limited liability company or other entity, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such entity, over shares of Capital Stock of any other class of such entity.

“Priority Agreement” means the priority agreement dated January 12, 2006 (as amended and restated on October 6, 2006, November 17, 2006, March 28, 2013 and November 14, 2014) between, among others, Amsterdamse Beheer- en Consultingmaatschappij B.V., certain other Subsidiaries of Amsterdamse Beheer- en Consultingmaatschappij B.V. and ING Bank N.V., as security agent, as previously amended and as may be further amended and in effect from time to time.

“Pro forma EBITDA” means, for any period, the Consolidated EBITDA of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries, provided, however, that for the purposes of calculating Pro forma EBITDA for such period, if, as of such date of determination:

- (1) since the beginning of such period the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary will have made any Asset Disposition or disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a “Sale”) or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Pro forma EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;
- (2) since the beginning of such period the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary (by merger or otherwise) will have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquires any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a “Purchase”) including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Purchase occurred on the first day of such period; and
- (3) since the beginning of such period any Person (that became a Restricted Subsidiary or was merged with or into the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary since

the beginning of such period, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Sale or Purchase occurred on the first day of such period.

For purposes of this definition and the definition of Consolidated Net Leverage Ratio, (a) whenever pro forma effect is to be given to any transaction or calculation, the pro forma calculations will be as determined in good faith by a responsible financial or accounting officer of the Fold-In Issuer (including without limitation in respect of anticipated expense and cost reductions) including, without limitation, as a result of, or that would result from any actions taken, committed to be taken or with respect to which substantial steps have been taken, by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary including, without limitation, in connection with any cost reduction synergies or cost savings plan or program or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganization or otherwise (regardless of whether these cost savings and cost reduction synergies could then be reflected in pro forma financial statements to the extent prepared), (b) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period and (c) interest on any Indebtedness that bears interest at a floating rate and that is being given pro forma effect shall be calculated as if the rate in effect on the date of calculation had been applicable for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness).

“Proceeds Loan Obligors” has the meaning ascribed thereto in the section “*Description of the Notes*” set out elsewhere in this Offering Memorandum.

“Public Market” means any time after an Equity Offering has been consummated, shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €75 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

“Public Offering” means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include any offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

“Public Offering Expenses” means expenses Incurred by any Parent in connection with any public offering of Capital Stock or Indebtedness (whether or not successful):

- (1) where the net proceeds of such offering are intended to be received by or contributed or loaned to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary; or
- (2) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received, contributed or loaned; or
- (3) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Fold-In Issuer, the Affiliate Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed, in each case, to the extent such expenses are not paid by another Subsidiary of such Parent.

“Purchase Money Note” means a promissory note of a Receivables Entity evidencing the deferred purchase price of Receivables (and related assets) and/or a line of credit, which may be irrevocable, from the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in connection with a Qualified Receivables Transaction with a Receivables Entity, which deferred purchase price or line is repayable from cash available to the Receivables Entity, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts owing to such investors and amounts paid in connection with the purchase of newly generated Receivables.

“Purchase Money Obligations” means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

“Qualified Receivables Transaction” means any transaction or series of transactions that may be entered into by the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries pursuant to which the Fold-In Issuer, the Affiliate Issuer or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Entity (in the case of a transfer by the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries) and (2) any other Person (in the case of a transfer by a Receivables Entity), or may grant a Lien in, any Receivables (whether now existing or arising in the future) of the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such Receivables and other assets which are customarily transferred, or in respect of which Liens are customarily granted, in connection with asset securitization involving Receivables.

“Receivable” means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an “account”, “chattel paper”, “payment intangible” or “instrument” under the Uniform Commercial Code as in effect in the State of New York and any “supporting obligations” as so defined.

“Receivables Entity” means a Wholly Owned Subsidiary of the Fold-In Issuer or the Affiliate Issuer (or another Person in which the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary makes an Investment and to which the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary transfers Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the Fold-In Issuer (as provided below) as a Receivables Entity:

- (1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:
  - (a) is guaranteed by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);
  - (b) is recourse to or obligates the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings; or
  - (c) subjects any property or asset of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;
- (2) with which neither the Fold-In Issuer, the Affiliate Issuer nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Purchase Money Note or Qualified Receivables Transaction) other than on terms no less favorable to the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Fold-In Issuer or the Affiliate Issuer, other than fees payable in the ordinary course of business in connection with servicing Receivables; and
- (3) to which neither the Fold-In Issuer, the Affiliate Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such entity’s financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Fold-In Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a certified copy of the resolution of the Board of Directors of the Fold-In Issuer or the Affiliate Issuer giving effect to such designation and an Officers’ Certificate certifying that such designation complied with the foregoing conditions.

“Refinancing Indebtedness” means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) (collectively, “refinance”, “refinances”, and “refinanced” shall have a correlative meaning) any Indebtedness existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness of the Fold-In Issuer or the Affiliate Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness, including successive refinancings; *provided, however*, that:

- (1) if the Indebtedness being refinanced constitutes Subordinated Obligations, (a) if the Stated Maturity of the Indebtedness being refinanced is earlier than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced or (b) if the Stated Maturity of the Indebtedness being refinanced is later than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity later than the Stated Maturity of the Notes;
- (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced plus an amount to pay any interest, fees and expenses, premiums and defeasance costs, Incurred in connection therewith; and
- (3) if the Indebtedness being refinanced constitutes Subordinated Obligations, such Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the holders of the Notes as those contained in the documentation governing the Indebtedness being refinanced.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of all or any part of any such Credit Facility or other Indebtedness.

“Related Business” means any business that is the same as or related, ancillary or complementary to any of the businesses of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries on the Issue Date.

“Related Person” with respect to any Permitted Holder, means:

- (1) any controlling equity holder or majority (or more) owned Subsidiary of such Permitted Holder; or
- (2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or
- (3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein.

“Related Taxes” means:

- (1) any taxes, including but not limited to sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar taxes (other than (x) taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid by any Parent by virtue of its:
  - (a) being organized or incorporated or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than the Fold-In Issuer, the Affiliate Issuer or any of the Fold-In Issuer’s or the Affiliate Issuer’s Subsidiaries), or
  - (b) being a holding company parent of the Fold-In Issuer, the Affiliate Issuer or any of the Fold-In Issuer’s or the Affiliate Issuer’s Subsidiaries, or

- (c) receiving dividends from or other distributions in respect of the Capital Stock of the Fold-In Issuer or the Affiliate Issuer, or any of the Fold-In Issuer's or the Affiliate Issuer's Subsidiaries, or
- (d) having guaranteed any obligations of the Fold-In Issuer, the Affiliate Issuer or any Subsidiary of the Fold-In Issuer or the Affiliate Issuer, or
- (e) having made any payment in respect to any of the items for which the Fold-In Issuer or the Affiliate Issuer is permitted to make payments to any Parent pursuant to "*Certain Covenants—Limitation on Restricted Payments*",

in each case, to the extent such taxes are not paid by another Subsidiary or such Parent; and

- (2) any taxes measured by income for which any Parent is liable up to an amount not to exceed with respect to such taxes the amount of any such taxes that the Fold-In Issuer, the Affiliate Issuer and their Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Fold-In Issuer, the Affiliate Issuer and their Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Fold-In Issuer, the Affiliate Issuer and their Subsidiaries and any taxes imposed by way of withholding on payments made by one Parent to another Parent on any financing that is provided, directly or indirectly in relation to the Fold-In Issuer, the Affiliate Issuer and their Subsidiaries (reduced by any taxes measured by income actually paid by the Fold-In Issuer, the Affiliate Issuer and their Subsidiaries).

"Related Transaction" means (1) any transactions to effect or consummate the Ziggo Group Combination and/or the Ziggo Group Assumption, which may include the contribution of an Affiliate entity by a Parent ("Contributed Entity") which Contributed Entity indirectly holds Share Capital in the Fold-In Issuer or the Affiliate Issuer, (2) any transactions to effect or consummate the Credit Facility Assumption, (3) intercompany indebtedness (A) by the Fold-In Issuer, the Affiliate Issuer, the Contributed Entity or a Restricted Subsidiary to an Affiliate or (B) by an Affiliate to the Fold-In Issuer, the Affiliate Issuer, the Contributed Entity or a Restricted Subsidiary, in each case, to effect or consummate the Ziggo Group Combination and/or the Ziggo Group Assumption, (4) the Post-Closing Reorganization and (5) payment of fees, costs and expenses in connection with the Ziggo Group Combination and/or the Ziggo Group Assumption and/or Credit Facility Assumption and the Post-Closing Reorganization.

"Reporting Entity" refers to (i) Ziggo Group Holding B.V., (ii) following the accession of any Affiliate Subsidiary, Ziggo Group Holding B.V. or a common Parent of the Fold-In Issuer, the Affiliate Issuer and the Affiliate Subsidiary, or (iii) following an Affiliate Issuer Accession, a common Parent of the Fold-In Issuer and the Affiliate Issuer.

"Restricted Investment" means any Investment other than a Permitted Investment.

"Restricted Subsidiary" means any Subsidiary of the Fold-In Issuer or the Affiliate Issuer together with any Affiliate Subsidiaries other than an Unrestricted Subsidiary.

"Revolving Facility Excluded Amount" means the greater of (1) €400 million (or its equivalent in other currencies) and (2) 0.25 multiplied by the Pro Forma EBITDA of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries on a Consolidated basis for the period of the most recent two consecutive fiscal quarters for which financial statements have previously been furnished to the holders of the Notes pursuant to the covenant described under "*Certain Covenants—Reports*", multiplied by 2.0.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Security Agent" means ING Bank N.V. and any successor or replacement Security Agent, acting in such capacity.

"Senior Facility Agreement" means the senior facility agreement dated January 27, 2014 between, among others, Amsterdamse Beheer- en Consultingmaatschappij B.V., certain subsidiaries of Amsterdamse Beheer- en Consultingmaatschappij B.V. and certain financial institutions as lenders thereunder, as amended or supplemented

from time to time, as described above under “*Description of Other Indebtedness—Existing Senior Secured Credit Facilities*”.

“Senior Indebtedness” means, whether outstanding on the Issue Date or thereafter Incurred, all amounts payable by, under or in respect of all other Indebtedness of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary, including premiums and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary at the rate specified in the documentation with respect thereto whether or not a claim for post filing interest is allowed in such proceeding) and fees relating thereto; *provided, however*, that Senior Indebtedness will not include:

- (1) any Indebtedness Incurred in violation of the Indenture;
- (2) any obligation of the Fold-In Issuer or the Affiliate Issuer to any Restricted Subsidiary;
- (3) any liability for taxes owed or owing by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary;
- (4) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities);
- (5) any Indebtedness, guarantee or obligation of the Fold-In Issuer or the Affiliate Issuer that is expressly subordinate or junior in right of payment to any other Indebtedness, guarantee or obligation of the Fold-In Issuer or the Affiliate Issuer, including, without limitation, any Subordinated Obligation; or
- (6) any Capital Stock.

“Significant Subsidiary” means any Restricted Subsidiary which, together with the Restricted Subsidiaries of such Restricted Subsidiary, accounted for more than 10% of Total Assets as of the end of the most recently completed fiscal year.

“Specified Legal Expenses” means, to the extent not constituting an extraordinary, non-recurring or unusual loss, charge or expense, all attorneys’ and experts’ fees and expenses and all other costs, liabilities (including all damages, penalties, fines and indemnification and settlement payments) and expenses paid or payable in connection with any threatened, pending, completed or future claim, demand, action, suit, proceeding, inquiry or investigation (whether civil, criminal, administrative, governmental or investigative).

“Spin-Off” means a transaction by which all outstanding ordinary shares of the Parent Company or a Parent of the Parent Company directly or indirectly owned by Liberty Global are distributed to all of Liberty Global’s shareholders either directly or indirectly through the distribution of shares in a company holding the Parent Company’s shares or such Parent’s shares.

“Spin Parent” means the company the shares of which are distributed to the shareholders of Liberty Global pursuant to the Spin-Off.

“Standard Securitization Undertakings” means representations, warranties, covenants and indemnities entered into by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary which are reasonably customary in securitization of Receivables transactions.

“Stated Maturity” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“Subordinated Issuer” means (i) Ziggo Bond Company B.V., (ii) UPC Nederland Holding I B.V. and (iii) any other Parent of the Fold-In Issuer or the Affiliate Issuer which Incurs Indebtedness.

“Subordinated Obligation” means in the case of the Fold-In Issuer or the Affiliate Issuer, any Indebtedness that is expressly subordinate or junior in right of payment to the Notes pursuant to a written agreement and, in the case of a Note Guarantor, any Indebtedness that is expressly subordinate or junior in right of payment to the Note Guarantee of such Note Guarantor pursuant to a written agreement.

“Subordinated Shareholder Loans” means Indebtedness of the Fold-In Issuer or the Affiliate Issuer (and any security into which such Indebtedness, other than Capital Stock, is convertible or for which it is exchangeable at the option of the holder) issued to and held by any Affiliate (other than a Restricted Subsidiary) that (either pursuant to its terms or pursuant to an agreement with respect thereto):

- (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such Indebtedness into Capital Stock (other than Disqualified Stock) of the Fold-In Issuer or the Affiliate Issuer, as applicable, or any Indebtedness meeting the requirements of this definition);
- (2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;
- (3) contains no change of control or similar provisions that are effective, and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment prior to the first anniversary of the Stated Maturity of the Notes;
- (4) does not provide for or require any Lien or encumbrance over any asset of the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries;
- (5) is subordinated in right of payment to the prior payment in full of the Notes or the Note Guarantee, as applicable, in the event of (a) a total or partial liquidation, dissolution or winding up of the Fold-In Issuer or the Affiliate Issuer, as applicable, (b) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Fold-In Issuer or its property or the Affiliate Issuer or its property, as applicable, (c) an assignment for the benefit of creditors or (d) any marshalling of the assets and liabilities of the Fold-In Issuer or the Affiliate Issuer, as applicable;
- (6) under which the Fold-In Issuer or the Affiliate Issuer, as applicable, may not make any payment or distribution of any kind or character with respect to any obligations on, or relating to, such Subordinated Shareholder Loans if (a) a payment Default on the Notes occurs and is continuing or (b) any other Default under the Indenture occurs and is continuing on the Notes that permits the holders of the Notes to accelerate their maturity and the Fold-In Issuer receives notice of such Default from the requisite holders of the Notes, until in each case the earliest of (i) the date on which such Default is cured or waived or (ii) 180 days from the date such Default occurs (and only once such notice may be given during any 360 day period); and
- (7) under which, if the holder of such Subordinated Shareholder Loans receives a payment or distribution with respect to such Subordinated Shareholder Loan (a) other than in accordance with the Indenture or as a result of a mandatory requirement of applicable law or (b) under circumstances described under clauses (5)(a) through (d) above, such holder will forthwith pay all such amounts to the Trustee to be held in trust for application in accordance with the Indenture.

“Subsidiary” of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or Persons performing similar functions) or (b) any partnership, joint venture limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Fold-In Issuer or the Affiliate Issuer.

“Total Assets” means the Consolidated total assets of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries as shown on the most recent balance sheet (excluding the footnotes thereto) of the Reporting Entity (and, in the case of any determination relating to any Incurrence of Indebtedness or any Restricted Payment, on a pro forma basis including any property or assets being acquired in connection therewith).

“Trade Payables” means, with respect to any Person, any accounts payable or any Indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

“Unrestricted Subsidiary” means:

- (1) any Subsidiary of the Fold-In Issuer or the Affiliate Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Fold-In Issuer in the manner provided below; and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Fold-In Issuer or the Affiliate Issuer may designate any Subsidiary of the Fold-In Issuer or the Affiliate Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger or consolidation or Investment therein) to be an Unrestricted Subsidiary only if:

- (1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of or have any Investment in, or own or hold any Lien on any property of, any other Subsidiary of the Fold-In Issuer or the Affiliate Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and
- (2) such designation and the Investment of the Fold-In Issuer or the Affiliate Issuer in such Subsidiary complies with “—*Certain Covenants—Limitation on Restricted Payments*”.

Any such designation by the Board of Directors of the Fold-In Issuer or the Affiliate Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a resolution of the Board of Directors of the Fold-In Issuer or the Affiliate Issuer giving effect to such designation and an Officers’ Certificate certifying that such designation complies with the foregoing conditions. If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be Incurred as of such date.

The Board of Directors of the Fold-In Issuer or the Affiliate Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and either (1) the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries could Incur at least €1.00 of additional Indebtedness under the first paragraph of the covenant described under the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or (2) the Consolidated Net Leverage Ratio would be no greater than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation.

“U.S. Government Obligations” means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

“Voting Stock” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

“Wholly Owned Subsidiary” means (1) in respect of any Person, a Person, all of the Capital Stock of which (other than directors’ qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law or regulation or to ensure limited liability) is owned by that Person directly or (2) indirectly by a Person that satisfies the requirements of clause (1).

“Ziggo Group Assumption” means the assumption by the Fold-In Issuer of the obligations of the Old Issuer under the Notes and the Indenture and the deemed repayment in full and cancellation of the Proceeds Loans.

“Ziggo Group Assumption Date” means the date the Ziggo Group Assumption is consummated.

“Ziggo Group Combination” means the series of transactions whereby (i) Amsterdamse Beheer- en Consultingmaatschappij B.V. and its Subsidiaries are combined with UPC Nederland Holding II B.V. and its Subsidiaries through one or more mergers, consolidations, contributions or similar transactions and/or (ii) the special purpose financing company structure whereby the Old Issuer issued the Notes and funded proceeds loans is terminated and the Proceeds Loan Obligors and their Subsidiaries assume or otherwise acquire all of the outstanding Indebtedness of the Old Issuer and its Subsidiaries through the assumption, assignment or other transfer of such Indebtedness or the acquisition or other transfer of the Old Issuer and/or any of its Subsidiaries to the Proceeds Loan Obligors.

“Ziggo Group Combination Date” means the date the Ziggo Group Combination is consummated.

## BOOK ENTRY, DELIVERY AND FORM OF NOTES

### General

Notes sold outside the United States to non-U.S. persons pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the “**Regulation S Global Notes**”). The Regulation S Global Notes will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Notes sold within the United States to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act, in a private transaction in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) thereof will initially be represented by one or more global notes in registered form without interest coupons attached (the “**144A Global Notes**” and, together with the Regulation S Global Notes, the “**Global Notes**”). The 144A Global Notes will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes (“**144A Book-Entry Interests**”) and ownership of interests in the Regulation S Global Notes (the “**Regulation S Book-Entry Interest**”, and together with the 144A Book-Entry Interests, the “**Book-Entry Interests**”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and/or Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, “holders” of Book-Entry Interests will not be considered the owners or “holders” of the Notes for any purpose. Only the registered holder of a Note will be treated as the owner of such Note.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable, (or their respective nominees) will be considered the sole holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream and indirect participants must rely on the procedures of Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the Indenture.

Neither the Issuer nor the Trustee under the Indenture or any of the Issuer’s agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

### Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the “**Definitive Registered Notes**”):

- (1) Euroclear and/or Clearstream notify the Issuer that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days;
- (2) if the Issuer, at its option, notifies the Trustee in writing that they elect to exchange in whole, but not in part, the Global Note for Definitive Notes;
- (3) in whole, but not in part, if the Issuer or Euroclear and/or Clearstream so request following an Event of Default under the Indenture; or
- (4) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear and/or Clearstream or to the Issuer following an Event of Default under the Indenture.

Euroclear has advised the Issuers that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (3), its current procedure is to request that the Issuer issues or causes to be issued the Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in “*Transfer Restrictions*”, unless that legend is not required by the Indenture or applicable law.

The Issuer, the Trustee, the transfer agents, the Paying Agent and the Registrar shall treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration in the register maintained by the Registrar and such registration is a means of evidencing title to the Notes.

The Issuer shall not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream, as applicable.

### **Redemption of Global Notes**

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note, subject to any applicable withholding taxes. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof), subject to any applicable withholding taxes. The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants’ accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000, in principal amount at maturity, or less, may be redeemed in part.

### **Payments on Global Notes**

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the common depository for Euroclear and/or Clearstream which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.e., Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Trustee or any of its respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in “street name”.

## **Currency and Payment for the Global Notes**

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such Notes through Euroclear and/or Clearstream in euro.

## **Action by Owners of Book-Entry Interests**

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

## **Transfers**

The Global Notes will bear a legend to the effect set forth in “*Transfer Restrictions*”. Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in “*Transfer Restrictions*”.

144A Book-Entry Interests may be transferred to a person who takes delivery in the form of Regulation S Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act. Prior to 40 days after the date of initial issuance of the Notes, ownership of Regulation S Book-Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such periods unless such resale or transfer is made pursuant to Rule 144A. Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Transfer Restrictions*” and in accordance with any applicable securities laws of any other jurisdiction.

Subject to the foregoing, and as set forth in “*Transfer Restrictions*”, Book-Entry Interests may be transferred and exchanged as described under “*Description of the Notes—Transfer and Exchange*”. Any Book-Entry Interest in a Global Note that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as that person retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under “*Issuance of Definitive Registered Notes*” and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to the Notes. See “*Transfer Restrictions*”.

## **Information concerning Euroclear and Clearstream**

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants,

including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

### **Initial Settlement**

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

### **Secondary Market Trading, Global Clearance and Settlement under the Book-Entry System**

Application has been made to the Irish Stock Exchange for the Notes represented by the Global Notes to be listed on the Irish Stock Exchange and to be admitted for trading on the Global Exchange Market thereof. We expect that secondary trading in any certificated Notes will also be settled in immediately available funds.

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Note Guarantors, the Trustee or any Paying Agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

## TRANSFER RESTRICTIONS

The Notes and the Note Guarantees have not been registered under the U.S. Securities Act or any other applicable securities laws and, unless so registered, the Notes may not be offered, sold, pledged or otherwise transferred within the U.S. or to or for the account of any U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws. The Notes are being offered and sold and issued (1) in the United States, to “qualified institutional buyers” as defined in Rule 144A under the U.S. Securities Act, and (2) outside the United States, to persons other than “U.S. persons” as defined in Rule 902 under the U.S. Securities Act in offshore transactions in compliance with Regulation S under the U.S. Securities Act.

By purchasing the Notes, you will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the U.S. Securities Act are used herein as defined therein):

- (1) You are not an “affiliate” (as defined in Rule 144 under the U.S. Securities Act) of the Issuer, you are not acting on behalf of the Issuer and you (A) (i) are a “qualified institutional buyer” (as defined in Rule 144A under the U.S. Securities Act), (ii) are aware that the sale to you is being made in reliance on Rule 144A; and (iii) are acquiring the Notes for your own account or for the account of a qualified institutional buyer; or (B) are not a U.S. person (as defined in Regulation S under the U.S. Securities Act) (and are not purchasing the Notes for the account or benefit of a U.S. person, other than a distributor) and are purchasing the Notes in an offshore transaction pursuant to Regulation S.
- (2) You understand that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes have not been and will not be registered under the U.S. Securities Act or any other applicable securities laws and that (A) if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (i) for so long as the Notes are eligible for resale under Rule 144A, in the United States to a person whom you reasonably believe is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; (ii) outside the United States in a transaction complying with the provisions of Regulation S under the U.S. Securities Act; or (iii) to the Issuer, in each case in accordance with any applicable securities laws; and (B) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from you or it of the resale restrictions referred to the legend below.
- (3) You acknowledge that neither the Issuer, the Initial Purchasers nor any person representing the Issuer or the Initial Purchasers has made any representation to you with respect to the Issuer or the offer or sale of any of the Notes, other than by the Issuer with respect to the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning the Issuer, the Note Guarantors, the Indenture, the Notes and the security documents as you deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.
- (4) You also acknowledge that:
  - (a) the Issuer and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under the paragraph two above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer and the Trustee; and
  - (b) each Global Note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE

ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) THAT IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATES OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE)] [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S], ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT TO THE ISSUER’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ACCEPTING THIS NOTE (OR AN INTEREST IN THE NOTE REPRESENTED HEREBY) EACH ACQUIRER AND EACH TRANSFEREE IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) EITHER (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN IT WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”)), SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, (“CODE”), APPLIES, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA)), BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN’S AND/OR PLAN’S INVESTMENT IN SUCH ENTITY (EACH, A “BENEFIT PLAN INVESTOR”), OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR THE PROHIBITED TRANSACTION PROVISIONS OF ERISA AND/OR SECTION 4975 OF THE CODE (“SIMILAR LAWS”), AND NO PART OF

THE ASSETS USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAWS); (2) NEITHER THE ISSUER NOR ANY OF ITS AFFILIATES IS A “FIDUCIARY” (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975 OF THE CODE OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF “FIDUCIARY” UNDER SIMILAR LAWS) WITH RESPECT TO THE PURCHASER OR HOLDER IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THIS NOTE, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THIS NOTE, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE PURCHASER OR HOLDER IN CONNECTION WITH THIS NOTE AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THIS NOTE; AND (3) IT WILL NOT SELL OR OTHERWISE TRANSFER THIS NOTE OR ANY INTEREST HEREIN OTHERWISE THAN TO A PURCHASER OR TRANSFEREE THAT IS DEEMED TO MAKE THESE SAME REPRESENTATIONS, WARRANTIES AND AGREEMENTS WITH RESPECT TO ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE.

- (c) The following legend shall also be included, if applicable:

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT (“OID”) WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE.

Holders may obtain information regarding the amount of any OID, the issue price, the Issue Date and the yield to maturity relating to the Notes by contacting the Treasurer; Ziggo B.V. at Atoomweg 100, 3542 AB Utrecht, The Netherlands, +31(0)88717199.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

- (1) You acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth herein have been complied with.
- (2) You acknowledge that:
  - (a) the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify the Issuer and the Initial Purchasers promptly in writing; and
  - (b) if you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:
    - (i) you have sole investment discretion; and
    - (ii) you have full power to make, and make, the foregoing acknowledgments, representations and agreements.
- (3) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.
- (4) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession,

circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth hereunder.

### European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”), the Initial Purchasers have represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”), it has not made and will not make an offer of the Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or
- (c) any other entity in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Notes shall require the Issuer or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive.

For the purposes of this provision, the expression an “offer of the Notes to the public” in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC as amended, including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State.

### The Netherlands

The Notes (including rights representing an interest in each global note that represents the Notes) may not be offered or sold to individuals or legal entities in The Netherlands other than to qualified investors as defined in The Netherlands Financial Supervision Act (*Wet op het financieel toezicht*).

### ERISA Considerations

By acquiring the Notes, you will be deemed to have further represented and agreed as follows:

- (1) With respect to the acquisition, holding and disposition of the Notes, or any interest therein, (A) either (i) you are not, and are not acting on behalf of (and for so long as you hold such Notes or any interest therein will not be, and will not be acting on behalf of), an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”)), subject to the provisions of part 4 of subtitle B of Title I of ERISA, a plan to which Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (“**Code**”), applies, or any entity whose underlying assets include “plan assets” (within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA)) by reason of such an employee benefit plan’s and/or plan’s investment in such entity (each, a “Benefit Plan Investor”), or a governmental, church or non-U.S. plan which is subject to any U.S. federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code (“**Similar Laws**”), and no part of the assets to be used by you to acquire or hold such Notes or any interest therein constitutes the assets of any such Benefit Plan Investor or such a governmental, church or non-U.S. plan, or (ii) your acquisition, holding and disposition of such Note, or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a non-exempt violation of any Similar Laws); and (B) neither the Issuer nor any of its affiliates is a Fiduciary (within the meaning of Section 3(21) of ERISA or Section 4975 of the Code or, with respect to a governmental, church or non-U.S. plan, any definition of “fiduciary” under Similar

Laws) with respect to you, as the purchaser or holder, in connection with your purchase or holding of the Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of you as the purchaser or holder in connection with the Notes and the transactions contemplated with respect to the Notes; and (C) you will not sell or otherwise transfer such Notes or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its acquisition, holding and disposition of any such Notes or any interest therein.

- (2) You and any fiduciary causing you to acquire an interest in the Notes agree to indemnify and hold harmless the Issuer, the Initial Purchasers and the Trustee and their respective affiliates, from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.
- (3) Any purported acquisition or transfer of any Note or beneficial interest therein to an acquirer or transferee that does not comply with the foregoing requirements shall be null and void *ab initio*.

## CERTAIN TAX CONSIDERATIONS

The following is a summary based on present law of certain Dutch and U.S. federal income tax considerations for prospective purchasers of the Notes. It addresses only purchasers that buy in the original offering at the original offering price and, in the case of a U.S. Holder (as defined below), that hold the Notes as capital assets and use the U.S. dollar as their functional currency and, in the case of Dutch resident holders of the Notes, that use the euro as their functional currency. The discussion does not consider the circumstances of particular purchasers subject to special tax regimes, such as banks, insurance companies, dealers, tax exempt organizations or persons holding the Notes as part of a hedge, straddle, conversion, integrated or constructive sale transaction. This summary is based upon the law as in effect and as applied on the date of this offering memorandum and is subject to any change in law, court rulings or administrative practice that may take effect after such date even with retrospective effect. The summary of U.S. tax considerations is further limited as described below. The discussion is a general summary only; it is not a substitute for tax advice.

EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN OFFERED SECURITIES UNDER THE LAWS OF THE NETHERLANDS, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

### Certain Netherlands Tax Considerations

#### *General*

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of the Notes. It does not purport to describe every aspect of taxation that may be relevant to a particular Holder of Notes (as defined below). Any potential investor should consult his tax adviser for more information about the tax consequences of acquiring, owning and disposing of the Notes in his particular circumstances.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this summary the terms “The Netherlands” and “Dutch” are used, these refer solely to the European part of the Kingdom of The Netherlands. This summary assumes that the Issuer is organised, and that its business will be conducted, in the manner outlined in this Offering Memorandum. A change to such organizational structure or to the manner in which the Issuer conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of The Netherlands (unpublished case law not included) as it stands at the date of this Offering Memorandum. The tax law upon which this summary is based, is subject to changes, perhaps with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

This summary assumes that each transaction with respect to the Notes is at arm’s length.

Where in this Dutch taxation paragraph reference is made to a “Holder of Notes”, that concept includes, without limitation:

1. an owner of one or more the Notes who in addition to the title to such Notes has an economic interest in such Notes;
2. a person who or an entity that holds the entire economic interest in one or more Notes;
3. a person who or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Dutch tax purposes, the assets of which comprise one or more Notes, within the meaning of 1. or 2. above; or
4. a person who is deemed to hold an interest in the Notes, as referred to under 1. to 3., pursuant to the attribution rules of article 2.14a, of the Dutch Income Tax Act 2001, with respect to property that has been segregated, for instance in a trust or a foundation.

## **Withholding tax**

All payments under the Notes may be made free from withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority of or in The Netherlands.

## **Taxes on income and capital gains**

### ***Resident Holders of Notes***

The summary set out in this section “*Dutch Taxation—Taxes on income and capital gains—Resident Holders of Notes*” applies only to a Holder of Notes who is a “Dutch Individual” or a “Dutch Corporate Entity”.

A Holder of Notes is a “Dutch Individual” if:

- he is an individual; and
- he is resident, or deemed to be resident, in The Netherlands for Dutch income tax purposes.

A Holder of Notes is a “Dutch Corporate Entity” if:

- it is a corporate entity, including an association that is taxable as a corporate entity, that is subject to Dutch corporation tax;
- it is resident, or deemed to be resident, in The Netherlands for Dutch corporation tax purposes;
- it is not an entity that, although in principle subject to Dutch corporation tax, is, in whole or in part, specifically exempt from that tax; and
- it is not an investment institution as defined in the Dutch Corporation Tax Act 1969.

If a Holder of Notes is not an individual and if it does not satisfy any one or more of these tests, with the exception of the second test, its Dutch tax position is not discussed in this Offering Memorandum.

### ***Dutch Individuals deriving profits or deemed to be deriving profits from an enterprise***

Any benefits derived or deemed to be derived from the Notes, including any gain realised on the disposal of the Notes, by a Dutch Individual that are attributable to an enterprise from which such Dutch Individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net value of an enterprise, other than as a shareholder, are generally subject to Dutch income tax at progressive rates.

### ***Dutch Individuals deriving benefits from miscellaneous activities***

Any benefits derived or deemed to be derived from the Notes, including any gain realised on the disposal of the Notes, by a Dutch Individual that constitute benefits from miscellaneous activities are generally subject to Dutch income tax at progressive rates.

Benefits derived from the Notes by a Dutch Individual are taxable as benefits from miscellaneous activities if he, or an individual who is a connected person in relation to him as meant by article 3.91, paragraph 2, letter b, or c, of the Dutch Income Tax Act 2001, has a substantial interest in the Issuer.

Generally, a person has a substantial interest in the Issuer if such person—either alone or, in the case of an individual, together with his partner, if any—owns or is deemed to own, directly or indirectly, either a number of shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer, or rights to acquire, directly or indirectly, shares, whether or not already issued, representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer or profit participating certificates relating to five per cent. or more of the annual profits of the Issuer or to five per cent. or more of the liquidation proceeds of the Issuer.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and such person’s entitlement to such benefits is considered a share or a profit participating certificate, as the case may be.

Furthermore, a Dutch Individual may, inter alia, derive, or be deemed to derive, benefits from the Notes that are taxable as benefits from miscellaneous activities in the following circumstances:

- a. if his investment activities go beyond the activities of an active portfolio investor, for instance in the case of use of insider knowledge or comparable forms of special knowledge;
- b. if he makes the Notes available or is deemed to make the Notes available, legally or as a matter of fact, directly or indirectly, to certain parties as meant by articles 3.91 and 3.92 of the Dutch Income Tax Act 2001 under circumstances described there; or
- c. if he holds the Notes, whether directly or indirectly, and any benefits to be derived from such Notes are intended, in whole or in part, as remuneration for activities performed by him or by a person who is a connected person in relation to him as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act 2001.

#### *Other Dutch Individuals*

If a Holder of Notes is a Dutch Individual whose situation has not been discussed before in this section “*Dutch taxation—Taxes on income and capital gains—Resident Holders of Notes*”, benefits from his Notes are taxed annually as a benefit from savings and investments. Such benefit is deemed to be 4 per cent. per annum of his “yield basis”, generally to be determined at the beginning of the calendar year, to the extent that such yield basis exceeds the “exempt net asset amount” for the relevant year. The benefit is taxed at the rate of 30 per cent. The value of his Notes forms part of his yield basis. Actual benefits derived from his Notes, including any gain realised on the disposal of the Notes, are not as such subject to Dutch income tax.

#### *Attribution rule*

Benefits derived or deemed to be derived from certain miscellaneous activities by, and yield basis for benefits from savings and investments of, a child or a foster child who is under eighteen years of age are attributed to the parent who exercises, or to the parents who exercise, authority over the child, irrespective of the country of residence of the child.

#### *Dutch Corporate Entities*

Any benefits derived or deemed to be derived from the Notes, including any gain realised on the disposal thereof, that are held by a Dutch Corporate Entity are generally subject to Dutch corporation tax.

#### *Non-resident Holders of Notes*

The summary set out in this section “*Dutch Taxation—Taxes on income and capital gains—Non-resident Holders of Notes*” applies only to a Holder of Notes who is a Non-Resident Holder of Notes.

A Holder of Notes will be considered a “Non-Resident Holder of Notes” if he is neither resident, nor deemed to be resident, in The Netherlands for the purposes of Dutch income tax or corporation tax, as the case may be.

#### *Individuals*

A Non-Resident Holder of Notes who is an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefits derived or deemed to be derived from the Notes, including any payment under the Notes and any gain realised on the disposal of the Notes, except if

1. he derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in The Netherlands, and his Notes are attributable to such enterprise; or
2. he derives benefits or is deemed to derive benefits from the Notes that are taxable as benefits from miscellaneous activities in The Netherlands.

See the section “*Dutch Taxation—Taxes on income and capital gains—Resident Holders of Notes—Dutch Individuals deriving benefits from miscellaneous activities*” for a description of the circumstances under which the

benefits derived from the Notes may be taxable as benefits from miscellaneous activities, on the understanding that such benefits will be taxable in The Netherlands only if such activities are performed or deemed to be performed in The Netherlands.

#### *Attribution rule*

Benefits derived or deemed to be derived from certain miscellaneous activities by a child or a foster child who is under eighteen years of age are attributed to the parent who exercises, or to the parents who exercise, authority over the child, irrespective of the country of residence of the child.

#### *Entities*

A Non-Resident Holder of Notes other than an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefits derived or deemed to be derived from the Notes, including any payment under the Notes and any gain realised on the disposal of the Notes, except if

1. such Non-Resident Holder of Notes derives profits from an enterprise directly, or pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, such enterprise either being managed in The Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative which is taxable in The Netherlands, and its Notes are attributable to such enterprise; or
2. such Non-Resident Holder of Notes has a substantial interest in the Issuer (as described above under Individuals) or a deemed substantial interest in the Issuer.

A deemed substantial interest may be present if shares, profit participating certificates or rights to acquire shares in the Issuer are held by such person or deemed to be held by such person following the application of a non-recognition provision.

#### **General**

Subject to the above, a Non-Resident Holder of Notes will not be subject to income taxation in The Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of the Notes or the performance by the Issuer of its obligations under such documents or under the Notes.

#### **Gift and inheritance taxes**

If a Holder of Notes disposes of the Notes by way of gift, in form or in substance, or if a Holder of Notes who is an individual dies, no Dutch gift tax or Dutch inheritance tax, as applicable, will be due, unless:

- (i) the donor is, or the deceased was resident or deemed to be resident in The Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, as applicable; or
- (ii) the donor made a gift of the Notes, then became a resident or deemed resident of The Netherlands, and died as a resident or deemed resident of The Netherlands within 180 days of the date of the gift.

For purposes of the above, a gift of the Notes made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

#### **Value-added tax**

No Dutch VAT will arise in respect of any payment in consideration for the issue of the Notes or with respect to any payment by the relevant Issuer of principal or interest on the Notes.

#### **Registration taxes and duties**

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in The Netherlands in respect of or in connection with (i) the execution and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of The Netherlands) of the documents relating to the issue of the Notes, (ii) the performance by the Issuer of its obligations under such documents or under the Notes, or (iii) the transfer of the Notes, except that Dutch real property transfer tax may be

due upon an acquisition in connection with Notes of (a) real property situated in The Netherlands, (b) (an interest in) an asset that qualifies as real property situated in The Netherlands, or (c) (an interest in) a right over real property situated in The Netherlands, for the purposes of Dutch real property transfer tax.

### ***No residency***

A Holder of Notes will not be deemed to be resident in The Netherlands for Dutch tax purposes by reason only of the acquisition, ownership or disposal of the Notes.

### ***The EU Savings Directive***

Under EU Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income (EU Savings Directive), Member States are required to provide to the tax authorities of another Member State details of payments of interest within the meaning of the EU Savings Directive or other similar income paid by a paying agent within its jurisdiction within the meaning of the EU Savings Directive to (or for the benefit of) an individual resident in that other Member State or certain limited types of entities established in that other Member State.

However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other territories). On 18 March 2014, the Luxembourg government submitted to the Luxembourg parliament the draft law no. 6668 replacing the withholding tax system as from 1 January 2015 by the automatic exchange of information system under the EU Savings Directive.

A number of non-EU countries (including Switzerland, which has adopted a withholding system) and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in such Member State to, or collected by such a person for, an individual resident in the relevant territory.

On March 24, 2014, the EU Council adopted an EU Council Directive amending and broadening the scope of the EU Savings Directive, including extending the range of payments covered by the EU Savings Directive and expanding on the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. The EU Savings Directive may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the EU. Member States are required to introduce legislation giving effect to these changes by January 1, 2016. On 15 October 2014, the European Commission announced in a press release that they will consider to repeal the Savings Directive in view of proposed amendments to EU Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation as agreed by the Economic and Financial Affairs Council (ECOFIN) on 14 October 2014 regarding an automatic exchange of information. If implemented, this would amend and broaden the scope of the requirements above.

If a payment with respect to any Note were to be made or collected through a Member State that has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, none of the Issuer or any paying agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

### **Certain U.S. Federal Income Tax Considerations**

The following is a description of certain U.S. federal income tax considerations relevant to the acquisition, ownership, and disposition of the Notes by a U.S. Holder (as defined below). This description only applies to Notes held as capital assets (generally, property held for investment) and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as:

- banks or other financial institutions;
- insurance companies;

- real estate investment trusts, individual retirement accounts or other tax deferred accounts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- persons that will own the Notes through partnerships or other pass-through entities;
- dealers or traders in securities or currencies;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- certain former citizens and long-term residents of the United States;
- U.S. Holders that use a mark-to-market method of accounting; or
- U.S. Holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, and disposition of the Notes and does not address the 3.8% Medicare tax on net investment income that can also apply to certain U.S. holders' capital gains and interest in respect of the Notes. This description also does not address the U.S. federal income tax treatment of holders that do not acquire the Notes as part of the initial distribution at their initial issue price (generally, the first price to the public at which a substantial amount of the Notes is sold for money). Each prospective purchaser should consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, holding and disposing of the Notes.

This description is based on the Code, U.S. Treasury Regulations promulgated thereunder ("**Treasury Regulations**"), administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change or differing interpretations (possibly with retroactive effect), which could affect the tax considerations described herein. No opinion of counsel or ruling from the Internal Revenue Service ("**IRS**") has been or will be given with respect to any of the considerations discussed herein. No assurances can be given that the IRS would not assert, or that a court would not sustain, a position different from any of the tax considerations discussed below.

For purposes of this description, a U.S. Holder is a beneficial owner of the Notes who for U.S. federal income tax purposes is:

- a citizen or individual resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any State thereof, including the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences.

The discussion below assumes that the Proceeds Loans and the Notes are treated as indebtedness for U.S. federal income tax purposes, except as otherwise described.

Persons considering the purchase, ownership or disposition of Notes should consult their own tax advisors concerning the U.S. federal income tax considerations related to their particular situations as well as any considerations arising under the laws of any other taxing jurisdiction.

### ***Characterization of the Issuer***

The Issuer will file IRS Form 8832, electing to be treated as an entity disregarded from its sole owner for U.S. federal income tax purposes, to be effective on or prior to the issuance of the Notes.

### ***Possible Effect of a Ziggo Group Combination and Ziggo Group Assumption or Certain Other Transactions Including Reorganizations, Mergers and Consolidations***

It is possible that a Ziggo Group Combination will be followed, at the sole option of the Senior Secured Proceeds Loan Borrowers, by a Ziggo Group Assumption (each as generally described in this offering memorandum). In that case, the Ziggo Group Assumption will potentially give rise to a significant modification of the Notes, which would cause a deemed exchange of the Notes for “new” Notes for U.S. federal income tax purposes, though it may be possible for a holder to take a contrary position. Assuming a significant modification results, U.S. Holders would generally recognize gain or loss as described under “Sale, Exchange or Taxable Disposition by a U.S. Holder” (although such loss may be disallowed under the wash sale rules). The amount deemed to be realized in such a taxable exchange would be the issue price of the “new” Notes, which would be the fair market value of the Notes as of the date of the deemed exchange if, as seems likely, the Notes are treated as publicly traded for U.S. federal income tax purposes. In addition, a U.S. Holder could be treated as acquiring the “new” Notes with original issue discount (“OID”). This would occur if the issue price of the “new” Notes as of the date of the deemed exchange (based on the fair market value of the “new” Notes if the “new” Notes are treated as publicly traded for U.S. federal income tax purposes) was less than the stated principal amount of the “new” Notes by at least the “OID de minimis amount” (as described below). If the “new” Notes are issued with OID, a U.S. Holder may be required to include such excess in income as OID, as it accrues, in accordance with a constant yield method based on a compounding of interest before the receipt of cash payments attributable to this income for U.S. federal income tax purposes. Except as noted above in this paragraph, the U.S. federal income tax considerations related to owning a “new” Note should generally be the same as the U.S. federal income tax considerations related to owning a Note. U.S. Holders are urged to consult their own tax advisors about their individual U.S. federal income tax considerations related to the potential Ziggo Group Combination and Ziggo Group Assumption.

In addition, the Issuer or the Ziggo Fold-In Issuer may engage in certain transactions, including reorganizations, mergers and consolidations as described above under “*Description of the Notes—Post-Closing Reorganizations*” and “*Description of the Notes—Merger and Consolidation*” and the “*Description of the Fold-In Notes—Post-Closing Reorganizations*” and “*Description of the Fold-In Notes—Merger and Consolidation*”. Depending on the circumstances, a change in the obligor of the notes as a result of the transaction could similarly result in a deemed taxable exchange to a U.S. Holder and the modified note could be treated as newly issued at that time, potentially resulting in the recognition of taxable gain or loss.

### ***Redemptions and Additional Amounts***

In certain circumstances (see “*Description of the Notes—Optional Redemption*,” “*Description of the Notes—Withholding Taxes*,” “*Description of the Notes—Certain Covenants*,” “*Description of the Fold-In Notes—Optional Redemption*,” “*Description of the Fold-In Notes—Withholding Taxes*” and “*Description of the Fold-In Notes—Certain Covenants*”), the Issuers may be obligated to make payments in excess of stated interest and the adjusted issue price of the Notes (“**Additional Amounts**”) or redeem the Notes in advance of their expected maturity. The Issuers believe, and intend to take the position if required, that the Notes should not be treated as contingent payment debt instruments because of the possibility of such payments or redemptions. This position is based in part on assumptions regarding the likelihood as of the date of issuance of the Notes, of such payments or redemptions. Assuming such position is respected, any such amounts paid to a U.S. Holder pursuant to any repurchase or redemption would be taxable as described below in “—*Sale, Exchange, Retirement or Taxable Disposition*” and any payments of Additional Amounts should be taxable as additional ordinary income when received or accrued, in accordance with such holder’s method of accounting for U.S. federal income tax purposes. The IRS may, however, take a position contrary to the position described above, which could affect the amount, timing and character of a U.S. Holder’s income with respect to the Notes. A U.S. Holder that desires to take the position that the Notes are subject to the contingent payment debt instrument rules should consult with its tax advisor, including regarding the manner in which to disclose such position as required by applicable U.S. Treasury Regulations; the IRS may disagree with such holder’s contrary position. U.S. Holders should consult their tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof. This discussion assumes that the Notes are not treated as contingent payment debt instruments.

### ***Payments and Accruals of Stated Interest***

Stated interest paid on the Notes generally will be treated as “qualified stated interest”. Payments of qualified stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder’s method of accounting for U.S. federal income tax purposes, as detailed below. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer), or that is treated as constructively received, at least annually at a single fixed rate.

Stated interest paid in euros will be included in a U.S. Holder’s gross income in an amount equal to the U.S. dollar value of the euros, including the amount of any withholding tax thereon, regardless of whether the euros are converted into U.S. dollars. Generally, a U.S. Holder that uses the cash method of tax accounting will determine such U.S. dollar value using the spot rate of exchange on the date of receipt. A cash method U.S. Holder generally will not realize foreign currency gain or loss on the receipt of the interest payment but may have foreign currency gain or loss attributable to the actual disposition of the euros received. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. dollar value of accrued interest income using the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year). Alternatively, an accrual basis U.S. Holder may make an election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS) to translate accrued interest income at the spot rate of exchange on the last day of the accrual period (or the last day of the portion of the accrual period within each taxable year in the case of a partial accrual period) or the spot rate on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date the payment is received differs from the rate used in translating the accrual of that interest. The amount of foreign currency gain or loss to be recognized by such U.S. Holder will be an amount equal to the difference between the U.S. dollar value of the euro interest payment (determined on the basis of the spot rate on the date the interest income is received) in respect of the accrual period and the U.S. dollar value of the interest income that has accrued during the accrual period (as determined above) regardless of whether the payment is converted to U.S. dollars. This foreign currency gain or loss will be ordinary income or loss and generally will not be treated as an adjustment to interest income or expense. Foreign currency gain or loss generally will be U.S. source provided that the residence of a taxpayer is considered to be the United States for purposes of the rules regarding foreign currency gain or loss.

Interest including OID, if any, included in a U.S. Holder’s gross income with respect to the Notes will be treated as foreign source income for U.S. federal income tax purposes. The limitation on non-U.S. taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific “baskets” of income. For this purpose, interest should generally constitute “passive category income”, or in the case of certain U.S. Holders, “general category income”. Any non-U.S. withholding tax paid by a U.S. Holder at the rate applicable to the U.S. Holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits.

### ***Original Issue Discount***

A Note may be treated as issued with OID for U.S. federal income tax purposes. An obligation generally is treated as having been issued with OID for U.S. federal income tax purposes if its “stated redemption price at maturity” exceeds its issue price by at least the “OID de minimis amount”. The OID de minimis amount equals  $\frac{1}{4}$  of 1% of the debt instrument’s stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity. The “stated redemption price at maturity” of a Note is the sum of all payments required to be made on the Note other than qualified stated interest payments.

If a Note is issued with OID, a U.S. Holder generally will be required to include OID in income before the receipt of the associated cash payment, regardless of such U.S. Holder’s accounting method for tax purposes. The amount of OID a U.S. Holder should include in income is the sum of the “daily portions” of the OID for the Note for each day during the taxable year (or portion of the taxable year) in which the Note is held by such U.S. Holder. The daily portion is determined by allocating pro rata portion of the OID for each day of the accrual period. An accrual period may be of any length and the accrual periods may vary in length over the term of the Note, provided that each

accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first day of an accrual period or on the final day of an accrual period. The amount of OID allocable to an accrual period is equal to the difference between (1) the product of the “adjusted issue price” of the Note at the beginning of the accrual period and its yield to maturity (computed generally on a constant yield method and compounded at the end of each accrual period, taking into account the length of the particular accrual period) and (2) the amount of any qualified stated interest allocable to the accrual period. The “adjusted issue price” of a Note at the beginning of any accrual period is the sum of the issue price of the Note plus the amount of OID allocable to all prior accrual periods reduced by any payments received on the Note that were not qualified stated interest.

Under these rules, a U.S. Holder generally will have to include in income increasingly greater amounts of OID in successive accrual periods. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Under the Treasury Regulations, a holder of a Note with OID may elect to include in gross income all interest that accrues on the Note using the constant yield method. Once made with respect to the Note, the election cannot be revoked without the consent of the IRS. A U.S. Holder considering an election under these rules should consult its own tax advisor.

U.S. Holders may obtain information regarding the amount of OID, if any, the issue price, the issue date and yield to maturity by contacting the Treasurer; Ziggo B.V. at Atoomweg 100, 3542 AB Utrecht, The Netherlands, +31(0)88717199.

Any OID on a Note generally will be determined for any accrual period in euros and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder. Upon receipt of an amount attributable to OID (whether in connection with a sale or disposition of such a Note or otherwise), a U.S. Holder generally will recognize foreign currency gain or loss in an amount determined in the same manner as interest income received by a holder on the accrual basis, as described above. Holders are urged to consult their own tax advisors regarding the interplay between the application of the OID and foreign currency exchange gain or loss rules.

The rules regarding OID are complex. U.S. Holders are urged to consult their own tax advisors regarding the application of these rules to their particular situations.

### ***Sale, Exchange, Retirement or Other Taxable Disposition***

A U.S. Holder generally will recognize gain or loss on the sale, exchange, retirement or other taxable disposition of a Note equal to the difference, if any, between the amount realized on such sale, exchange, retirement or other taxable disposition (other than any amount received in respect of accrued and unpaid interest which will be subject to tax in the manner described above in “—*Payments and Accruals of Stated Interest*” to the extent not previously included in income), and the U.S. Holder’s adjusted tax basis in such Note.

A U.S. Holder’s adjusted tax basis in a Note generally will be its U.S. dollar cost increased by the amount of any OID previously included in income and decreased by payments other than stated interest made with respect to the Note. If a U.S. Holder purchases a Note with euros, the U.S. dollar cost of the Note generally will be the U.S. dollar value of the purchase price on the date of purchase calculated at the spot rate of exchange on that date. The amount realized upon the disposition of a Note generally will be the U.S. dollar value of the amount received on the date of the disposition calculated at the spot rate of exchange on that date. However, if the Note is traded on an established securities market, a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder) should determine the U.S. dollar value of the cost of or amount received on the Note, as applicable, by translating the amount paid or received at the spot rate of exchange on the settlement date of the purchase or disposition, as applicable. The election available to accrual basis U.S. Holders in respect of the purchase and disposition of Notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Subject to the foreign currency rules discussed below, any gain or loss recognized on the sale, exchange, retirement, or other taxable disposition of a Note will be capital gain or loss, and will be long-term capital gain or loss if the Note has been held for more than one year. Long-term capital gain of a non-corporate U.S. Holder generally is taxed at preferential rates. The ability of a U.S. Holder to offset capital losses against ordinary income is

limited. Any gain or loss recognized on the sale, exchange, retirement or other taxable disposition of a Note generally will be treated as gain or loss from sources within the United States.

Gain or loss recognized by a U.S. Holder on the sale, exchange, retirement or other taxable disposition of a Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in foreign currency exchange rates during the period in which the U.S. Holder held such Note. Such foreign currency gain or loss will equal the difference between (i) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the date of the sale, exchange, retirement or other taxable disposition and (ii) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the date of purchase of the Note. If the Note is traded on an established securities market, with respect to a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder), such foreign currency gain or loss will equal the difference between (x) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the settlement date of the disposition and (y) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the settlement date of the purchase of the Note. The realization of any foreign currency gain or loss, including foreign currency gain or loss with respect to amounts attributable to accrued and unpaid stated interest and any OID, will be limited to the amount of overall gain or loss realized on the disposition of the Notes.

#### ***Exchange of Amounts in Other than U.S. Dollars***

If a U.S. Holder receives euros as interest on a Note or on the sale, exchange, retirement or other taxable disposition of a Note, such U.S. Holder's tax basis in the euros will equal the U.S. dollar value when the euros are received. If a U.S. Holder purchased a Note with previously owned non-U.S. currency, gain or loss will be recognized in an amount equal to the difference, if any, between the U.S. Holder's tax basis in such currency and the spot rate on the date of purchase. Any such gain or loss generally will be treated as ordinary income or loss from sources within the United States provided that the residence of the U.S. Holder is considered to be the United States for purposes of the rule governing foreign currency transactions.

#### ***Reportable Transaction Reporting***

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any non-U.S. currency received as interest or as proceeds from the sale, exchange, retirement or other taxable disposition of the Notes.

#### ***Alternative Characterization of the Notes***

The proper characterization of instruments such as the Notes for U.S. federal income tax purposes is uncertain. It is possible that the Notes may not be treated as indebtedness of the Issuers, but even if an alternative characterization were to apply, a U.S. Holder should, in general, be taxed in the manner similar to that described above with respect to such holder's share of interest and any disposition of the Notes. U.S. Holders are urged to consult their tax advisors in this regard.

#### ***Additional Notes***

The Issuer or the Fold-In Issuer may issue additional Notes as described under "*Description of the Notes—General*" and "*Description of the Fold-In Notes—General*" (the "Additional Notes"). These Additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may not be fungible with the original Notes for U.S. federal income tax purposes, which may affect the market value of the original Notes even if the Additional Notes are not otherwise distinguishable from the original Notes.

### ***U.S. Backup Withholding Tax and Information Reporting***

Backup withholding and information reporting requirements may apply to certain payments of principal of, and interest and accruals of OID, if any, on, an obligation and to proceeds of the sale, exchange, retirement or other taxable disposition of an obligation, to certain U.S. Holders. The payor will be required to withhold backup withholding tax on payments made within the United States, or by a U.S. payor or U.S. middleman or certain of their affiliates, on a Note to, or from gross proceeds of the sale or disposition of a Note paid to, a U.S. Holder if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Payments within the United States, or by a U.S. payor or U.S. middleman (and certain subsidiaries thereof), of principal and interest (including OID, if any) and proceeds of a sale, exchange, retirement or other taxable disposition to a holder of a Note that is not a U.S. person generally are subject to information reporting, but will not be subject to backup withholding tax if an appropriate certification is timely provided by the holder to the payor and the payor does not have actual knowledge or a reason to know that the certificate is incorrect.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's U.S. federal income tax liability. A holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for a refund with the IRS and furnishing any required information in a timely manner.

Certain U.S. Holders are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in custodial accounts maintained by certain financial institutions). U.S. Holders are urged to consult their own tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Notes.

### ***FATCA***

Legislation referred to as the Foreign Account Tax Compliance Act ("**FATCA**") generally may impose withholding at a rate of 30% on payments made to any foreign entity on debt obligations generating U.S. source interest or certain other debt obligations generating non-U.S. source interest issued by a foreign financial institution that (i) enters into certain agreements with the IRS or (ii) becomes subject to provisions of local law intended to implement an intergovernmental agreement entered into pursuant to FATCA, in each case to the extent such payments are attributable to U.S. source income, unless the foreign entity receiving such payments complies with various U.S. information reporting and/or due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with such foreign entity) or otherwise qualifies for an exemption. Withholding on payments on debt obligations issued by foreign financial institutions, including on debt obligations generating non-U.S. source interest, will not occur before 2017. Notwithstanding the foregoing, even if payments on the Notes are treated as or are paid from a foreign financial institution, including in the event the Issuer is treated as a foreign financial institution, and such payments are treated as "foreign passthru payments," the Notes will be grandfathered because no final regulations defining a "foreign passthru payment" have been issued and therefore are not subject to the FATCA rules (including the withholding rules) described above. If, however, the Notes are modified at a time when the grandfathering rules are no longer available (i.e., more than six months after the date final regulations define a "foreign passthru payment"), withholding can apply and holders and beneficial owners of the Notes will not be entitled to receive any additional amounts to compensate them for such withholding. In addition, if Additional Notes are issued after the expiration of the grandfathering period, have the same CUSIP or ISIN as the Notes issued hereby, and are subject to withholding under FATCA, then withholding agents may treat all notes, including the Notes issued hereby, as subject to withholding under FATCA. An intergovernmental agreement between the United States and a foreign country where a holder or intermediary is located may modify the requirements in this paragraph. Holders should consult their tax advisors regarding the possible implications of this legislation on their investment in the Notes.

**The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.**

## CERTAIN EMPLOYEE BENEFIT PLAN CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes certain fiduciary standards and certain other requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) that are subject to ERISA, including entities such as collective investment funds, certain insurance company separate accounts, certain insurance company general accounts, and entities whose underlying assets are treated as being subject to ERISA (collectively, “**ERISA Plans**”), and on those persons who are fiduciaries with respect to ERISA Plans. Any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan under ERISA. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan and the applicable provisions of ERISA, the Code or any Similar Laws (as defined below). The prudence of a particular investment must be determined by the fiduciary of an ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of such investment, including, but not limited to, the matters discussed above under “*Risk Factors*” and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Notes or any interest therein.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), prohibit certain transactions involving the assets of an ERISA Plan, as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans (together with ERISA Plans, “**Plans**”), and certain persons or entities (referred to as “parties in interest” under Section 3(14) of ERISA or “disqualified persons” under Section 4975 of the Code) having certain relationships to Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a non-exempt prohibited transaction (including without limitation, the lending of money or the extension of credit) may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. For example, a Plan holding a Note would be viewed by the U.S. Department of Labor as a continuing extension of credit by the Plan to the Company. In addition, a fiduciary of an ERISA Plan that engages in a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code, including an obligation to correct the transaction.

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if the Notes are acquired with the assets of a Plan with respect to which the Issuers, the Initial Purchasers or the Trustee, or any of their respective affiliates, is a party in interest or a disqualified person. Even if none of the Issuers, the Initial Purchasers or the Trustee is a party in interest or a disqualified person, a prohibited transaction may arise if the fiduciary authorizing the investment has an interest in or affiliation with any of the foregoing parties that may affect his, her or its judgment as a fiduciary. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption (“**PTCE**”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by “independent qualified professional asset managers”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 95-60 (relating to investments by insurance company general accounts), and PTCE 96-23 (relating to transactions effected by in-house asset managers), (“**Investor-Based Exemptions**”). There is also a statutory exemption that may be available under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code to a party in interest that is a service provider to a Plan investing in the Notes for adequate consideration, provided such service provider is not (i) the fiduciary with respect to the Plan’s assets used to acquire the Notes or an affiliate of such fiduciary or (ii) an affiliate of the employer sponsoring the Plan (the “**Service Provider Exemption**”). Adequate consideration means fair market as determined in good faith by the Plan fiduciary pursuant to regulations to be promulgated by the Department of Labor. However, there can be no assurance that any of these Investor-Based Exemptions or the Service Provider Exemption or any other administrative or statutory exemption will be available with respect to any particular transaction involving the Notes.

Governmental plans, certain church plans and certain non-U.S. plans, while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may

nevertheless be subject to U.S. federal, state, local, non-U.S. or other laws or regulations (such as the prohibited transaction rules of Section 503 of the Code) that are substantially similar to the foregoing provisions of ERISA or the Code ("**Similar Laws**").

The purchase of the Notes using the assets of a Plan might be deemed to be a violation of the prohibited transaction rules of Section 406 of ERISA and/or Section 4975 of the Code for which no exemption may be available. Accordingly, the Notes may not be purchased or held by any person investing the assets of any Plan unless such purchase, holding, and, if applicable, dispositions will not constitute a non-exempt prohibited transaction under ERISA or the Code or a violation under any applicable Similar Laws.

EACH ACQUIRER AND EACH TRANSFEREE OF A NOTE OR ANY INTEREST THEREIN WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTE OR ANY INTEREST THEREIN THAT (1) EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE ACTING ON BEHALF OF) AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF ERISA, THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE CODE APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA)) BY REASON OF A PLAN'S INVESTMENT IN SUCH ENTITY (EACH, A "BENEFIT PLAN INVESTOR") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY SIMILAR LAWS, AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH NOTES OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE OR ANY INTEREST THEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAWS); (2) NEITHER THE ISSUER NOR ANY OF ITS AFFILIATES IS A FIDUCIARY (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975 OF THE CODE OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF "FIDUCIARY" UNDER SIMILAR LAWS) WITH RESPECT TO THE PURCHASER OR HOLDER IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THE NOTE, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THE NOTE, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE PURCHASER OR HOLDER IN CONNECTION WITH THE NOTE AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THE NOTE; AND (3) IT WILL NOT SELL OR OTHERWISE TRANSFER SUCH NOTE OR ANY INTEREST THEREIN OTHERWISE THAN TO AN ACQUIRER OR TRANSFEREE THAT IS DEEMED TO MAKE THESE SAME REPRESENTATIONS, WARRANTIES AND AGREEMENTS WITH RESPECT TO ITS ACQUISITION, HOLDING AND DISPOSITION OF ANY SUCH NOTE.

THE ISSUER, THE INITIAL PURCHASERS AND THE TRUSTEE, AND THEIR RESPECTIVE AFFILIATES, SHALL BE ENTITLED TO CONCLUSIVELY RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS BY ACQUIRERS AND TRANSFEREES OF ANY NOTES WITHOUT FURTHER INQUIRY. THE ACQUIRER AND ANY FIDUCIARY CAUSING IT TO ACQUIRE AN INTEREST IN ANY NOTES AGREES TO INDEMNIFY AND HOLD HARMLESS THE ISSUER, THE INITIAL PURCHASERS AND THE TRUSTEE, AND THEIR RESPECTIVE AFFILIATES, FROM AND AGAINST ANY COST, DAMAGE OR LOSS INCURRED BY ANY OF THEM AS A RESULT OF ANY OF THE FOREGOING REPRESENTATIONS AND AGREEMENTS BEING OR BECOMING FALSE.

ANY PURPORTED ACQUISITION OR TRANSFER OF ANY NOTE OR BENEFICIAL INTEREST THEREIN TO AN ACQUIRER OR TRANSFEREE THAT DOES NOT COMPLY WITH THE REQUIREMENTS DESCRIBED HEREIN SHALL BE NULL AND VOID AB INITIO.

The transfer of any Note or any interest therein to a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Laws is in no respect a representation by the Issuer, the Initial Purchasers or the Trustee, or any of their respective affiliates, that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular such plan; that the Investor-Based Exemptions or the Service Provider Exemption described above, or any other prohibited transaction exemption, would apply to such an investment by such plans in general or any particular such plan; or that such an investment is appropriate for such plans generally or any particular such plan.

The discussion of ERISA and Section 4975 of the Code contained in this Offering Memorandum, is, of necessity, general, and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

**Due to the complexity of the rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that any Plan or any employee benefit plan, and any fiduciary thereof, proposing to invest in the Notes or any interest therein consult with its legal advisors regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA, Section 4975 of the Code and any Similar Laws, to such investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of any applicable requirement of ERISA, Section 4975 of the Code or Similar Laws.**

## PLAN OF DISTRIBUTION

The Issuer, and the Initial Purchasers have entered into a purchase agreement dated as of the date of this Offering Memorandum (the “**Purchase Agreement**”), under the terms and conditions of which, the Issuer has agreed to sell to each of the Initial Purchasers, and, subject to certain conditions contained therein, such Initial Purchasers have agreed to purchase the entire principal amount of the Notes.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The Purchase Agreement provides that the Initial Purchasers are obligated to purchase all of the relevant Notes if any of them are purchased.

The Initial Purchasers initially propose to offer each of the Notes for resale at the issue price that appears on the cover of this Offering Memorandum. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

In each Purchase Agreement, the Issuer has agreed that:

- subject to certain exceptions, the Issuer and the Note Guarantors will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities Exchange Commission a registration statement under the U.S. Securities Act relating to any debt securities, which are substantially similar to the Notes offered hereby, issued by the Issuer, having a maturity of more than one year from the date of issue of the Notes, without the prior consent of Credit Suisse Securities (Europe) Limited for a period of 30 days after the closing date of this offering of Notes; and
- the Issuer and the Note Guarantors will indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

Certain of the Initial Purchasers are not broker-dealers registered with the SEC, and therefore may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that any such Initial Purchaser intends to effect sales of the Notes in the United States, it will do so only through one or more affiliated U.S. registered broker dealers, or otherwise as permitted by applicable U.S. law.

### United States

Each purchaser of Notes offered by this Offering Memorandum, in making its purchase, will be deemed to have made the acknowledgements, representations and agreements as described under “*Transfer Restrictions*”.

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. For a description of certain further restrictions on resale or transfer of the Notes, see “*Transfer Restrictions*”.

The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

### United Kingdom

In the Purchase Agreement, each Initial Purchaser has also represented and agreed that:

- (i) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to such Initial Purchaser.

Each Initial Purchaser has also agreed in the Purchase Agreement that it has complied with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Memorandum, and will subject to certain provisions in the relevant Purchase Agreement, obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force.

This Offering Memorandum is directed solely at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as “relevant persons”). This Offering Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

### **The Netherlands**

The Notes (including rights representing an interest in each global note that represents the Notes) may not be offered or sold to individuals or legal entities in The Netherlands other than to qualified investors as defined in The Netherlands Financial Supervision Act (*Wet op het financieel toezicht*).

### **European Economic Area**

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the relevant Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall require the Relevant Issuer or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC as amended including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

### **General**

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under “*Transfer Restrictions*”. The Issuer will apply to list the Notes on the Official List of the Irish Stock Exchange and for the admission for trading on the Global Exchange Market thereof. The Initial Purchasers have advised the Issuer that they intend to make a market in the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time in their sole discretion. In addition, such market making activities will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, the Issuer cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be ten business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as “T + 10”). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next six succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with the offering of the Notes, the Stabilizing Managers may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Stabilizing Managers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

From time to time, the Initial Purchasers and their affiliates have provided, and may in the future provide, investment banking, commercial banking, consulting, financial advisory and other services to ABC, UPC Netherlands Holdco II, Ziggo BV and UPC Netherlands Holdco III and any of their respective affiliates including hedging lines, for which such Initial Purchasers have received or may receive customary fees and commissions. In addition, certain of the Initial Purchasers or their respective affiliates are lenders under the RCF. ING Bank N.V., London Branch and Morgan Stanley & Co. International or one of their affiliates are each, directly or indirectly, a lender under the UPC Broadband Holding credit agreement, a portion of which will be repaid with a portion of the proceeds of this offering. Additionally, Merrill Lynch International and Morgan Stanley & Co. International or one of their affiliates are each, directly or indirectly, a lender, and ING Bank N.V., London Branch is security agent, under the Existing Senior Secured Credit Facility. Further, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch and Nomura International plc, or one of their affiliates, are acting as arrangers of the New UPC Facilities, for which they will receive customary compensation in connection with such roles.

## **LEGAL MATTERS**

Certain legal matters in connection with this offering will be passed upon for us by Ropes & Gray International LLP, London, England as to matters of United States federal, New York and English law, and by Allen & Overy LLP, The Netherlands, as to matters of Dutch law. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, as to matters of United States federal, New York and English law and by Clifford Chance LLP, Amsterdam, as to matters of Dutch law.

## **ENFORCEMENT OF JUDGMENTS**

We have been advised by our Dutch counsel, Allen & Overy LLP, that there is doubt as to the enforceability in The Netherlands of civil liabilities based on the securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. courts. The United States and The Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by any court in the United States, whether or not predicated solely upon U.S. securities laws, would not be enforceable in The Netherlands. In order to obtain a judgment which is enforceable in The Netherlands, the claim must be relitigated before a competent Dutch court. A final judgment by a U.S. court, however, may under current practice be given binding effect, if and to the extent that the Dutch court finds that the jurisdiction of the U.S. court has been based on grounds which are internationally acceptable and that the legal procedures met the basic requirements of a fair trial, unless such judgment contravenes principles of Dutch public policy.

Dutch courts usually deny the recognition and enforcement of punitive damages. Moreover, a Dutch court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

Dutch civil procedure differs substantially from U.S. civil procedure in a number of respects. Insofar as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may prior to trial compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under Dutch law.

## **INDEPENDENT AUDITORS**

### **Independent Auditors of Ziggo Bondco**

The statutory auditors of Ziggo Bondco are Ernst & Young Accountants LLP. The consolidated financial statements of Ziggo Bondco and its subsidiaries as of and for the financial years ended December 31, 2013, 2012 and 2011 included in this Offering Memorandum have been audited by Ernst & Young Accountants LLP, as stated in their reports appearing herein.

### **Independent Auditors of UPC Nederland**

The statutory auditors of UPC Nederland are KPMG Accountants N.V.. KPMG Accountants N.V. are members of Koninklijk Nederlands Instituut van Registeraccountants. The consolidated financial statements of UPC Nederland and its subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years ended December 31, 2013, 2012 and 2011 included in this Offering Memorandum have been audited by KPMG Accountants N.V., as stated in their report appearing herein.

### **Independent Auditors of Ziggo Bond Finance**

The statutory auditors of Ziggo Bond Finance are KPMG Accountants N.V.. The consolidated financial statements of Ziggo Bond Finance and its subsidiaries as of December 1, 2014 and December 10, 2014 and the results of their operations and their cash flows for the 10 days period then ended included in this Offering Memorandum have been audited by KPMG Accountants N.V., as stated in their report appearing herein and consolidate the financial information of the Issuer.

## LISTING AND GENERAL INFORMATION

### Application to Trading and Listing

Application has been made for the Notes to be listed on the Official List of the Irish Stock Exchange and to be admitted for trading on the Irish Stock Exchange's Global Exchange Market

### Listing Information

So long as the Notes are listed on the Official List of the Irish Stock Exchange and are traded on the Irish Stock Exchange's Global Exchange Market and the rules of such exchange shall so require, copies of the following documents may be inspected and obtained free of charge in electronic and physical form at the registered office of the listing agent referred to in below during normal business hours on any business day (Saturdays, Sundays and public holidays excepted):

- (1) the organizational documents of the Issuer;
- (2) the financial statements included in this Offering Memorandum;
- (3) the Indenture;
- (4) the Intercreditor Agreements;
- (5) the documents granting the Notes Collateral;
- (6) the organizational documents of the Notes Guarantors; and
- (7) the organizational documents of UPC Netherlands Holdco III.

Copies of the annual and quarterly reports required to be delivered under the covenant described under “*Description of the Notes—Certain Covenants—Reports*” and “*Description of the Fold-In Notes—Reports*” will be available free of charge at the offices of the Paying Agent.

The Issuer has appointed Maples and Calder as the Irish Listing Agent with respect to the Notes. The Issuer reserves the right to vary such appointment in accordance with the terms of the Indenture.

The total expenses to be incurred in connection with the admission to trading on the Irish Stock Exchange are approximately €9,000.

The Issuer and the Note Guarantors accept responsibility for the information contained in this Offering Memorandum (except in relation to the information in respect of the Senior Secured Obligors, each of their holding companies, subsidiaries and affiliates, for which the Senior Secured Obligors take sole responsibility). To the best knowledge and belief of each of the Issuer, the Note Guarantors and the Senior Secured Obligors, the information contained in this Offering Memorandum for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Credit Suisse Securities (Europe) Limited, a joint book-running manager for the offering of the Notes, offices are located at One Cabot Square, London E14 4QJ, United Kingdom.

### Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes 117581365 and 117581446, respectively. The ISIN Number for the Notes sold pursuant to Regulation S is XS1175813655 and the ISIN Number for the Notes sold pursuant to Rule 144A is XS1175814463.

### Legal Information

#### Issuer

The Issuer is a private limited company incorporated under the laws of The Netherlands on December 1, 2014. The registered office of the Issuer is at Naritaweg 165, Telestone 8, 1043 BW, Amsterdam, The Netherlands. The Issuer's telephone number is + 31 (0)20 5722300. The Issuer is registered with the Dutch Commercial Register under number 61998907. The Issuer's share capital consists of one share with a nominal value of €0.01.

Ziggo Bond Finance is a private limited company incorporated under the laws of The Netherlands on December 1, 2014. The registered office of Ziggo Bond Finance is at Naritaweg 165, Telestone 8, 1043 BW, Amsterdam, The Netherlands. Ziggo Bond Finance's telephone number is + 31 (0)20 5722300. The Issuer is registered with the Dutch Commercial Register under number 61995460.

The Issuer has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of the Notes. The creation and issuance of the Notes was authorized by the Issuer's board of directors on January 19, 2015.

The sole director of the Issuer is Trust International Management (T.I.M) B.V. ("**TIM**"). TIM is a subsidiary of the Citco Group of Companies, a global network of companies that provide corporate secretarial and administrative services. TIM is a private limited company incorporated under the laws of the Netherlands on April 15, 1980. The registered office of TIM is at Naritaweg 165, Telestone 8, 1043 BW, Amsterdam, The Netherlands. TIM's telephone number is + 31 (0)20 5722300. TIM is registered with the Dutch Commercial Register under number 33160097.

#### ***UPC Nederland Holding I B.V.***

UPC Netherlands Bondco is a private limited company incorporated under the laws of The Netherlands on January 8, 2015. The registered office of UPC Netherlands Bondco is at Atoomweg 100, 3542 AB, Utrecht, The Netherlands. UPC Netherlands Bondco is registered with the Dutch Commercial Register under number 62352865.

#### ***Ziggo Bond Company B.V.***

Ziggo Bondco is a private limited company incorporated under the laws of The Netherlands on March 30, 2010. The registered office of Ziggo Bondco is at Winschotendiep 60, 9723 AB Groningen, The Netherlands. Ziggo Bondco is registered with the Dutch Commercial Register under number 01180301.

#### ***Amsterdamse Beheer-en Consultingmaatschappij B.V.***

ABC is a private limited company incorporated under the laws of the The Netherlands on September 25, 1987. The registered office of ABC is at Atoomweg 100, 3542AB Utrecht, The Netherlands. ABC is registered with the Dutch commercial Register under number 33195889.

#### ***UPC Nederland Holding II B.V.***

UPC Netherlands Holdco II is a private limited company incorporated under the laws of The Netherlands on January 9, 2015. The registered office of UPC Netherlands Holdco II is at Atoomweg 100, 3542AB Utrecht, The Netherlands. UPC Netherlands Holdco II is registered with the Dutch Commercial Register under number 62361929.

#### ***UPC Nederland Holding III B.V.***

UPC Netherlands Holdco III is a private limited company incorporated under the laws of The Netherlands on January 9, 2015. The registered office of UPC Netherlands Holdco III is at Atoomweg 100, 3542AB Utrecht, The Netherlands. UPC Netherlands Holdco III's telephone number is +31 887 170 000. UPC Netherlands Holdco III is registered with the Dutch Commercial Register under number 62366289. The sole shareholder of UPC Netherlands Holdco III is UPC Netherlands Holdco II. As part of the Reorganization Transactions, UPC Netherlands Holdco III will become the sole shareholder of UPC Nederland. See "*Summary—The Transactions—The Reorganization Transactions*".

#### ***Ziggo B.V.***

Ziggo BV is a private limited company incorporated under the laws of The Netherlands on February 15, 1951. The registered office of Ziggo BV is at Atoomweg 100, 3542AB Utrecht, The Netherlands. Ziggo BV is registered with the Dutch Commercial Register under number 37026706.

Ziggo BV has securities listed on the Luxembourg Stock Exchange. See "*Description of other Indebtedness—Existing 2020 Senior Secured Notes*" elsewhere in this Offering Memorandum for further details.

### ***Ziggo Secured Finance II B.V.***

Ziggo Secured Finance II B.V. is a private limited company incorporated under the laws of The Netherlands on December 1, 2014. The registered office of Ziggo Secured Finance II B.V. is at Naritaweg 165, Telestone 8, 1043 BW, Amsterdam, The Netherlands. The telephone number of Ziggo Secured Finance II B.V. is + 31 (0)20 5722300. Ziggo Secured Finance II B.V. is registered with the Dutch Commercial Register under number 62000616. The sole shareholder of Ziggo Secured Finance II B.V. is Ziggo Secured Finance B.V. As of the date of this Offering Memorandum, Ziggo Secured Finance II B.V. has not produced financial statements. The entire share capital of Ziggo Secured Finance II B.V. consists of one share with a nominal value of €0.01.

The sole director of Ziggo Secured Finance II B.V. is Trust International Management (T.I.M) B.V. (“TIM”). TIM is a subsidiary of the Citco Group of Companies, a global network of companies that provide corporate secretarial and administrative services. TIM is a private limited company incorporated under the laws of the Netherlands on April 15, 1980. The registered office of TIM is at Naritaweg 165, Telestone 8, 1043 BW, Amsterdam, The Netherlands. TIM’s telephone number is + 31 (0)20 5722300. TIM is registered with the Dutch Commercial Register under number 33160097.

### ***Ziggo Secured Finance Partnership***

Ziggo Secured Finance Partnership is a partnership formed under the laws of Delaware on December 10, 2014. The principal office of Ziggo Secured Finance Partnership is at Naritaweg 165, Telestone 8, 1043 BW, Amsterdam, The Netherlands. The telephone number of Ziggo Secured Finance Partnership is + 31 (0)20 5722300. The managing partner of Ziggo Secured Finance Partnership is Ziggo Secured Finance B.V. Ziggo Secured Finance B.V. holds 99.9% of the units in Ziggo Secured Finance Partnership and Ziggo Secured Finance II B.V. holds 0.01%. As of the date of this Offering Memorandum, Ziggo Secured Finance Partnership has not produced financial statements.

### **General**

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in our prospects since December 31, 2013;
- there has been no significant change in the financial or trading position of UPC Nederland since September 30, 2014; and
- neither we, nor any of our direct or indirect subsidiaries is or has been in the past 12 months, involved in any litigation, governmental proceeding or arbitration that may have or have had a significant effect on our, or any of our direct or indirect subsidiaries’ financial position or profitability except as otherwise disclosed in this Offering Memorandum, and, so far as we are aware, no such litigation, governmental proceeding or arbitration is pending or threatened.

The language of this Offering Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable laws.

## GLOSSARY

<b>ADSL or ADSL2+</b> .....	An asymmetric digital subscriber line is a system for high-speed data transmission over existing telephone cables. In the ADSL system, the telephone cable is effectively divided into three bands: the downstream band from the service provider to the end customer; the upstream band from the end customer to the service provider; and a voice band through which (using a splitter) telephone calls (analog or via ISDN) can be made). ADSL2+ extends the capacity of the underlying ADSL system by further utilizing the frequency spectrum and extending transfer speeds for the downstream band to up to 25 Mbps.
<b>Analog</b> .....	Comes from the word “analogous”, which means “similar to” in telephone transmission, the signal being transmitted (voice, video or image) is “analogous” to the original signal.
<b>Backbone</b> .....	A backbone refers to the principal data routes between large, interconnected networks or within a large operator’s network.
<b>Bandwidth</b> .....	The transmission capacity of a communication line or transmission link at any given time. The bandwidth is generally indicated in bits per second or amount of spectrum available in MHz.
<b>Broadband</b> .....	A signaling method that includes a relatively wide range of frequencies, that can be divided into channels or frequency “bins”, and by which various data components are sent at the same time in order to increase the rate of transmission. The wider the bandwidth, the more information it can carry within a certain period of time.
<b>Bundle/bundling</b> .....	Bundling is a marketing strategy that involves offering several products for sale as one combined product.
<b>CI+</b> .....	Common Interface Plus, which allow customers with modern television sets to enjoy digital TV without using a separate set-top box. The customer still requires a smartcard.
<b>Digital</b> .....	The use of a binary code to represent information in telecommunications recording and computing. Analog signals, such as voice or music, are encoded digitally by sampling the voice or music analog signals many times a second and assigning a number to each sample. Recording or transmitting information digitally has two major benefits: First, digital signals can be reproduced more precisely so digital transmission is “cleaner” than analog transmission and the electronic circuitry necessary to handle digital is becoming cheaper and more powerful; and second, digital signals require less transmission capacity than analog signals.
<b>DSL</b> .....	Digital Subscriber Line is a generic name for a range of digital technologies relating to the transmission of internet and data signals from the telecommunications service provider’s central office to the end customer’s premises over the standard copper wire used for voice services.
<b>DTH</b> .....	Direct-to-home, which refers to satellite television broadcasts intended for home reception.
<b>DTT</b> .....	Digital terrestrial television.

<b>DVR</b> .....	Digital video recorder is a device that allows end users to digitally record television programming for later playback.
<b>Euro DOCSIS</b> .....	Data Over Cable Service Interface Specification (DOCSIS) is an international standard that defines the communications and operation support interface requirements for a data over cable system. It permits the addition of high-speed data transfer to an existing cable TV system. Cable companies use the Euro DOCSIS standard to improve speeds they can offer. While the Euro DOCSIS 2.0 standard allows regular speeds of up to 50 Mbps, the new EuroDOCSIS 3.0 broadband technology allows speed levels of 100 Mbps and beyond.
<b>Fiber-to-the building (FTTB)/ Fiber-to-the-home (FTTH)</b> .....	Network architecture that uses optical fiber to reach the end user's street or home in order to deliver broadband internet services.
<b>Free-to-air</b> .....	Transmission of content for which television viewers are not required to pay a fee for receiving transmissions.
<b>HDTV or HD</b> .....	High definition television
<b>IP</b> .....	Internet Protocol is a protocol used for communicating data across a packet-switched network. It is used for transmitting data over the internet and other similar networks. The data is broken down into data packets, each data packet is assigned an individual address, then the data packets are transmitted independently and finally reassembled at the destination.
<b>IPTV</b> .....	Internet Protocol Television is the transmission of television content using IP over a network infrastructure, such as a broadband connection.
<b>Kbps</b> .....	Kilobits per second; a unit of data transfer rate equal to 1,000 bits per second.
<b>Local loop infrastructure</b> .....	The local loop is the physical link between the first demarcation point of the customer's premises and the delivery point into the network of the provider renting the local loop. The local loop is referred to as the "last mile".
<b>LTE</b> .....	Long-term evolution wireless service, next generation of ultra high-speed mobile data.
<b>Mbps</b> .....	Megabits per second; a unit of data transfer rate equal to 1,000,000 bits per second. The bandwidths of broadband networks are often indicated in Mbps.
<b>MHz</b> .....	Megahertz (or one million hertz) is the basic measure of frequency and represents one million cycles per second.
<b>Smart card</b> .....	A smart card is any pocket-sized card with embedded integrated circuits which can process data and provide identification and authentication for digital services.
<b>Unbundled local loop</b> .....	The twisted-pair connection between the local exchange and the home.

<b>VoD</b> .....	Video-on-Demand is the transmission of digital video data on demand, by either streaming data or allowing data to be downloaded. The data is transmitted to the end customer via a broadband connection.
<b>VDSL</b> .....	Very high bit rate DSL.
<b>VoIP</b> .....	Voice over IP or the transmission of voice calls via Internet Protocol.

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## **Independent auditors' report**

The Board of Directors  
Ziggo Bond Finance B.V.

### **Report on the Financial Statements**

We have audited the accompanying special purpose consolidated financial statements of Ziggo Bond Finance B.V. and its subsidiaries, which comprise the consolidated balance sheet as of December 1, 2014 and December 10, 2014, and the related notes to the consolidated financial statements including the notes on the statement of operations and statement of cash flows.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the special purpose consolidated financial statements referred to above present fairly in all material respects, the financial position of Ziggo Bond Finance B.V. and its subsidiaries as of December 1, 2014 and December 10, 2014 and the result of their operations and their cash flows for the 10 days period then ended in accordance with U.S. generally accepted accounting principles.

Amstelveen, the Netherlands

December 19, 2014

KPMG Accountants N.V.

**Ziggo Bond Finance B.V.**  
**Consolidated Balance Sheet**

	<u>December 10, 2014</u>	<u>December 1, 2014 (a)</u>
<b>ASSETS</b>		
Current assets:		
Receivable – related party .....	€ 0.01	€ 0.01
Total current assets .....	<u>0.01</u>	<u>0.01</u>
Total assets .....	<u>€ 0.01</u>	<u>€ 0.01</u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
Shareholder's equity:		
Share capital (par value €0.01; issued and outstanding one share) .....	€ 0.01	€ 0.01
Total shareholder's equity .....	<u>0.01</u>	<u>0.01</u>
Total liabilities & shareholder's equity .....	<u>€ 0.01</u>	<u>€ 0.01</u>

(a) Date of incorporation

The accompanying notes are an integral part of these consolidated financial statements.

**Ziggo Bond Finance B.V.**  
**Notes to Consolidated Financial Statements**  
**December 10, 2014 and December 1, 2014**

**(1) Basis of Presentation**

Ziggo Bond Finance B.V. (“the Company” or “Ziggo Bond Finance”) was incorporated on December 1, 2014 as private limited liability company under the laws of The Netherlands. Ziggo Bond Finance is wholly-owned by Stichting Eldfell, a Foundation incorporated on December 1, 2014 under the laws of The Netherlands.

Subsequent to its incorporation on December 1, 2014 Ziggo Bond Finance incorporated Ziggo Secured Finance B.V. (Ziggo Secured Finance) as private limited liability company under the laws of The Netherlands. Subsequently, on December 1, 2014 Ziggo Secured Finance incorporated Ziggo Secured Finance II B.V. (Ziggo Secured Finance II) as private limited liability company under the laws of the Netherlands. On December 10, 2014 Ziggo Secured Finance together with Ziggo Secured Finance II formed Ziggo Secured Finance Partnership as a general partnership under the laws of the state of Delaware, United States of America. In these notes, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to Ziggo Bond Finance or collectively to Ziggo Bond Finance and its subsidiaries.

Our Company is a special purpose vehicle which engages in limited activities, and is managed by its directors. It is currently anticipated that the business of our Company will be for the benefit of certain subsidiaries of Liberty Global plc (Liberty Global). As permitted by its articles of incorporation, the business of the Company is:

- (a) to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with aforementioned activities;
- (b) to incorporate, to participate in any way whatsoever in, to manage, to supervise businesses and companies;
- (c) to finance businesses and companies;
- (d) to render advice and services to businesses and companies with which the Company forms a group and to third parties;
- (e) to grant guarantees, to bind the Company and to pledge its assets for obligations of businesses and companies with which it forms a group and on behalf of third parties;

and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

These consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through December 19, 2014, the date of issuance.

**(2) Summary of Significant Accounting Policies**

***Estimates***

The preparation of special purpose financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Principles of Consolidation***

The accompanying consolidated financial statements include our accounts and the accounts of all voting interest entities where we exercise a controlling financial interest through the ownership of a direct or indirect controlling voting interest and variable interest entities for which our Company is the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Ziggo Bond Finance B.V.**  
**Notes to Consolidated Financial Statements**  
**December 10, 2014 and December 1, 2014**

***Functional Currency***

The reporting currency of our Company is the euro. The functional currency of our foreign operations generally is the applicable local currency for each foreign subsidiary.

***Receivable***

Receivables are recorded at the net realizable value and do not bear interest. As of December 10, 2014 and December 1, 2014, respectively, the receivable represents a €0.01 payment due from Stichting Eldfell, the sole shareholder of the Company.

***Statement of Operations***

These consolidated financial statements do not include a statement of operations because the Company has not (i) earned any revenue or income, or (ii) incurred any expenses through December 10, 2014. In this regard, general and administrative costs associated with the formation of the Company are the responsibility of Liberty Global B.V., a subsidiary of Liberty Global, and, as such, are not presented in these consolidated financial statements.

***Statement of Cash Flows***

These consolidated financial statements do not include a statement of cash flows because the Company has no cash flows through December 10, 2014.

**(3) Shareholder Equity**

Ziggo Bond Finance is a private limited liability company under Dutch law. The share capital of our Company consists of shares with a nominal value of one euro cent (€0.01) each. As of December 10, 2014 and December 1, 2014, one share has been issued. Shares are registered; share certificates can be issued. Shares are ordinary shares for a private limited liability company under Dutch law. A shareholder wishing to transfer one or more shares must first offer such shares to co-shareholders in a written notification to the management board, stating the number of shares to be transferred, and the management board is required to notify the co-shareholders. Co-shareholders then have to notify the management board of a decision to purchase the shares. If the company itself is a co-shareholder, it can only be entitled to act as an interested party with the consent of the offeror of the shares. Each shareholder has the right of pre-emption in proportion to the aggregate nominal value of its shares subject to certain limitations including as prescribed by Dutch Law.

**(4) Income Taxes**

The Company's activities will be limited to the issuance of debt and the on-lending of the proceeds of those issuances. It is not anticipated that it will generate any taxable profits on those activities. However, the Company will recharge the costs of managing these activities, including a mark-up for certain specific costs. The net result will be subject to Dutch corporate income tax.

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**UPC NEDERLAND B.V.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**

	September 30, 2014	December 31, 2013
	in millions	
ASSETS		
Current assets:		
Cash . . . . .	€ 12.2	€ 0.9
Trade receivables, net . . . . .	52.4	60.2
Deferred income taxes . . . . .	8.8	8.6
Value-added taxes (VAT) receivable . . . . .	2.0	5.0
Other current assets (note 7) . . . . .	15.0	8.5
Total current assets . . . . .	90.4	83.2
Property and equipment, net (note 4) . . . . .	849.5	867.0
Goodwill . . . . .	914.3	914.3
Intangible assets subject to amortization, net (note 4) . . . . .	15.8	30.5
Loans receivable – related-party (note 7) . . . . .	1,806.2	1,533.1
Deferred income taxes . . . . .	148.4	158.9
Other assets, net (note 7) . . . . .	98.3	31.5
Total assets . . . . .	€ 3,922.9	€ 3,618.5

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC NEDERLAND B.V.

CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)  
(unaudited)

	September 30, 2014	December 31, 2013
	in millions	
<b>LIABILITIES AND PARENT'S EQUITY</b>		
Current liabilities:		
Accounts payable:		
Third-party . . . . .	€ 34.1	€ 39.0
Related-party (note 7) . . . . .	11.5	41.4
Accrued and other current liabilities:		
Third-party . . . . .	72.7	75.2
Related-party (note 7) . . . . .	40.1	10.9
Deferred revenue and advance payments from subscribers and others . . . . .	60.8	76.2
VAT payable . . . . .	28.1	32.4
Current portion of debt and capital lease obligations – related-party (note 5) . . . .	17.7	6.1
Total current liabilities . . . . .	265.0	281.2
Long-term debt and capital lease obligations – related-party (note 5) . . . . .	1,129.8	1,105.7
Other long-term liabilities (note 7) . . . . .	111.8	28.7
Total liabilities . . . . .	1,506.6	1,415.6
Commitments and contingencies (notes 5 and 8)		
Parent's equity – contributions and accumulated earnings in excess of distributions (note 6) . . . . .	2,416.3	2,202.9
Total liabilities and parent's equity . . . . .	€ 3,922.9	€ 3,618.5

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC NEDERLAND B.V.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)

	Nine months ended September 30,	
	2014	2013
	in millions	
Revenue (notes 7 and 9) .....	€ 690.4	€ 700.9
Operating costs and expenses:		
Operating (other than depreciation and amortization) (including share-based compensation) (note 7) .....	201.6	216.3
Selling, general and administrative (SG&A) (including share-based compensation) (note 7) .....	89.7	82.5
Related-party fees and allocations (note 7) .....	65.7	59.4
Depreciation and amortization .....	137.9	130.6
Impairment, restructuring and other operating items, net .....	—	(1.8)
	494.9	487.0
Operating income .....	195.5	213.9
Non-operating income (expense):		
Interest expense – third-party .....	(2.0)	(0.1)
Interest expense – related-party (note 7) .....	(65.2)	(68.6)
Interest income – related-party (note 7) .....	97.6	80.6
	30.4	11.9
Earnings before income taxes .....	225.9	225.8
Income tax expense (note 7) .....	(58.1)	(58.8)
Net earnings / comprehensive earnings .....	€ 167.8	€ 167.0

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC NEDERLAND B.V.

CONDENSED CONSOLIDATED STATEMENT OF PARENT'S EQUITY  
(unaudited)

		Parent's equity — contributions and accumulated earnings in excess of distributions
		<u>in millions</u>
Balance at January 1, 2014 .....	€	2,202.9
Net earnings .....		167.8
Intercompany tax allocations (note 7) .....		47.9
Excess of carrying value over consideration received for property and equipment transferred to entities under common control (note 7) .....		(1.6)
Distribution to related party (note 6) .....		<u>(0.7)</u>
Balance at September 30, 2014 .....	€	<u><u>2,416.3</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC NEDERLAND B.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)

	Nine months ended September 30,	
	2014	2013
	in millions	
Cash flows from operating activities:		
Net earnings	€ 167.8	€ 167.0
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Share-based compensation expense	0.9	0.9
Related-party fees and allocations	65.7	59.4
Depreciation and amortization	137.9	130.6
Impairment, restructuring and other operating items, net	—	(1.8)
Non-cash interest expense	65.2	68.6
Non-cash interest income	(97.6)	(80.6)
Deferred income tax expense	10.2	13.9
Changes in operating assets and liabilities	(24.4)	(25.7)
Net cash provided by operating activities	325.7	332.3
Cash flows from investing activities:		
Advances to related parties, net	(248.8)	(232.8)
Capital expenditures	(102.1)	(117.9)
Other investing activities, net	1.4	0.5
Net cash used by investing activities	(349.5)	(350.2)
Cash flows from financing activities:		
Cash received related to a leasing transaction	21.2	—
Net borrowings of related-party debt and capital lease obligations	18.0	27.6
Equity distributions to related party, net	(4.1)	(8.7)
Other financing activities, net	—	(0.2)
Net cash provided by financing activities	35.1	18.7
Net increase in cash	11.3	0.8
Cash:		
Beginning of year	0.9	0.6
End of year	€ 12.2	€ 1.4
Cash paid for interest	€ 2.5	€ 0.4

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**(1) Basis of Presentation**

UPC Nederland B.V. (UPC Nederland) is a wholly-owned subsidiary of UPC Western Europe Holding B.V. (UPC Western Europe), which in turn is a wholly-owned subsidiary of Liberty Global plc (Liberty Global), the successor to Liberty Global, Inc. UPC Nederland, which operates in the Netherlands, provides video, broadband internet, fixed-line telephony and mobile services. In these notes, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to UPC Nederland or collectively to UPC Nederland and its subsidiaries.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Accordingly, these financial statements do not include all of the information required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2013 annual report.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming and copyright costs, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets and share-based compensation. Actual results could differ from those estimates.

Our functional currency is the euro (€).

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through December 12, 2014, the date of issuance.

**(2) Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace existing revenue recognition guidance in U.S. GAAP when it becomes effective on January 1, 2017. Early application is not permitted. This new standard permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

**(3) Fair Value Measurements**

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Fair value measurements are used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of our company, customer relationship intangible assets, property and equipment and the implied value of goodwill. The valuation of our company (our only reporting unit) is based at least in part on discounted cash flow analyses. With the exception of certain inputs for our weighted average cost of capital and discount rate calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. The valuation of customer relationships is primarily based on an

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excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. All of our valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. We did not perform significant nonrecurring fair value measurements during the nine months ended September 30, 2014 or 2013.

**(4) Long-lived Assets**

***Property and Equipment, Net***

The details of our property and equipment and the related accumulated depreciation are set forth below:

	<b>September 30, 2014</b>	<b>December 31, 2013</b>
	<b>in millions</b>	
Distribution systems .....	€ 1,264.7	€ 1,217.6
Customer premises equipment .....	408.2	400.7
Support equipment, buildings and land .....	101.2	97.6
	<u>1,774.1</u>	<u>1,715.9</u>
Accumulated depreciation .....	<u>(924.6)</u>	<u>(848.9)</u>
Total property and equipment, net .....	<u>€ 849.5</u>	<u>€ 867.0</u>

During the nine months ended September 30, 2014 and 2013, we recorded non-cash increases to our property and equipment related to assets acquired under capital lease arrangements from Liberty Global Services B.V. (Liberty Global Services), another subsidiary of Liberty Global, of €3.1 million and €4.7 million, respectively. In addition, during the nine months ended September 30, 2014 and 2013, we recorded non-cash increases related to vendor financing arrangements with UPC Broadband Holding B.V. (UPC Broadband Holding) of €9.6 million and €0.3 million, respectively. For additional information, see note 5.

***Intangible Assets Subject to Amortization, Net***

The details of our intangible assets subject to amortization are set forth below:

	<b>September 30, 2014</b>	<b>December 31, 2013</b>
	<b>in millions</b>	
Customer relationships .....	€ 208.1	€ 308.3
Accumulated amortization .....	<u>(192.3)</u>	<u>(277.8)</u>
Total, net .....	<u>€ 15.8</u>	<u>€ 30.5</u>

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**(5) Debt and Capital Lease Obligations**

The components of our consolidated debt and capital lease obligations are as follows:

	Weighted average interest rate (a)	Estimated fair value		Carrying value	
		September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
		in millions			
Related-party debt:					
Liberty Global Services Notes					
Payable (b) . . . . .	7.72%	(c)	(c)	€ 1,024.6	€ 1,024.6
Liberty Global Europe Note (d) . .	9.29%	(c)	(c)	73.4	41.8
Unitymedia Hessen Note (e) . . . .	2.47%	(c)	(c)	26.1	33.0
Other (f) . . . . .	3.55%	(c)	(c)	13.6	3.0
Total related-party debt . . . . .	<u>7.65%</u>			1,137.7	1,102.4
Capital lease obligations – related-party . . . . .				9.8	9.4
Total debt and capital lease obligations . . . . .				1,147.5	1,111.8
Current maturities . . . . .				(17.7)	(6.1)
Long-term debt and capital lease obligations . . . . .				€ 1,129.8	€ 1,105.7

- (a) Represents the weighted average interest rate in effect at September 30, 2014 for all borrowings outstanding pursuant to each debt instrument.
- (b) Represents amounts owed to Liberty Global Services, as further described below.
- (c) The fair values are not subject to reasonable estimation due to the related-party nature of these loans.
- (d) Represents amounts owed to Liberty Global Europe Financing B.V. (Liberty Global Europe), a subsidiary of Liberty Global, as further described below.
- (e) Represents amounts owed to Unitymedia Hessen GmbH & Co. KG (Unitymedia Hessen), a subsidiary of Liberty Global, as further described below.
- (f) Represents amounts owed pursuant to a related-party vendor financing loan in connection with assets purchased on our behalf pursuant to vendor financing arrangements of UPC Broadband Holding, the immediate parent to UPC Western Europe, as defined below. This loan is interest-bearing and amounts owed pursuant to this loan are generally due within one year of the borrowing date. Repayments of this vendor financing loan will be included in repayments of related-party debt in our condensed consolidated statements of cash flow.

***Related-party Debt***

***Liberty Global Services Notes Payable***

In December 2011, in connection with transactions whereby we converted net operating losses into additional tax basis in network assets (the Network Transfer), we issued the Liberty Global Services Notes Payable to Liberty Global Services. In addition, in connection with the Network Transfer, UPC Western Europe issued to our company the UPC Western Europe Loans Receivable, as defined and described in note 7. The original principal balances attached to the Liberty Global Services Notes Payable and the UPC Western Europe Loans Receivable were equivalent and, therefore, no cash was exchanged between the related parties involved in the transaction. The Liberty Global Services Notes Payable (€1,024.6 million principal balance at September 30, 2014) mature on October 31, 2021 and have no repayment schedule, however, annual repayments are subject to

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the following restrictions: (i) during the first five years annual repayments may not exceed 10% of the outstanding principal and (ii) during years five to eight repayments that exceed 10% of the outstanding principal shall also include certain premiums. The interest rate on the Liberty Global Services Notes Payable is 7.72%. Accrued interest on the Liberty Global Services Notes Payable is included in other long-term liabilities until January 1 of each fiscal year and then it is transferred to the loan balance. Interest expense related to the Liberty Global Services Notes Payable was €60.4 million and €66.9 million during the nine months ended September 30, 2014 and 2013, respectively.

*Liberty Global Europe Note*

Effective March 16, 2012, UPC Equipment B.V. (UPC Equipment) entered into a loan agreement with Liberty Global Europe (the Liberty Global Europe Note). UPC Equipment is a variable interest entity that is consolidated by UPC Nederland. The Liberty Global Europe Note (€73.4 million principal balance at September 30, 2014) has a maturity date of March 30, 2032 and bears interest at 9.29%. Accrued interest on the Liberty Global Europe Note is included in other long-term liabilities until January 1 of each fiscal year and then it is transferred to the loan balance. The net increase during the nine months ended September 30, 2014 includes (a) cash borrowings of €29.3 million, (b) the transfer of €2.5 million in non-cash accrued interest to the loan balance and (c) cash payments of €0.2 million. During the nine months ended September 30, 2014 and 2013, none of the debt repayments were payments of interest.

*Unitymedia Hessen Note*

Effective August 2, 2013, Unitymedia International GmbH (UMI) entered into a loan agreement with Unitymedia Hessen (the Unitymedia Hessen Note). UMI is a variable interest entity that is consolidated by UPC Nederland. The Unitymedia Hessen Note has an initial maturity date of February 28, 2016. Subsequent borrowings must be paid 30 months after each additional borrowing by UMI. The Unitymedia Hessen Note (€26.1 million principal balance at September 30, 2014) bears interest at 2.47%. Accrued interest on the Unitymedia Hessen Note is included in other long-term liabilities until January 1 of each fiscal year and then it is transferred to the loan balance. The net decrease during the nine months ended September 30, 2014 includes (a) cash payments of €32.8 million, (b) cash borrowings of €25.8 million and (c) the transfer of €0.1 million in non-cash accrued interest to the loan balance. During the nine months ended September 30, 2014, none of the debt repayments were payments of interest.

*Other*

We are subject to the debt covenants of UPC Holding B.V. (UPC Holding), and its subsidiary, UPC Broadband Holding. These covenants, among other considerations, effectively restrict our ability to incur third-party debt.

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***Maturities of Related-party Debt and Capital Lease Obligations***

Maturities of our related-party debt and capital lease obligations as of September 30, 2014 are presented below:

	<u>Debt</u>	<u>Capital lease obligations</u>	<u>Total</u>
		in millions	
Year ending December 31:			
2014 (remainder of year) . . . . .	€ 3.6	€ 0.1	€ 3.7
2015 . . . . .	10.0	4.5	14.5
2016 . . . . .	0.3	3.6	3.9
2017 . . . . .	25.8	2.0	27.8
2018 . . . . .	—	0.6	0.6
2019 . . . . .	—	—	—
Thereafter . . . . .	1,098.0	—	1,098.0
Total maturities . . . . .	1,137.7	10.8	1,148.5
Amounts representing interest . . . . .	—	(1.0)	(1.0)
Total debt and capital lease obligations . . . . .	€ 1,137.7	€ 9.8	€ 1,147.5
Current portion . . . . .	€ 13.6	€ 4.1	€ 17.7
Noncurrent portion . . . . .	€ 1,124.1	€ 5.7	€ 1,129.8

**(6) Parent's Equity**

As required by a profit-sharing agreement between Unitymedia Hessen and UMI, a distribution of €0.7 million was made to Unitymedia Hessen during the nine months ended September 30, 2014.

**(7) Related-party Transactions**

Our related-party transactions are as follows:

	<u>Nine months ended September 30,</u>	
	<u>2014</u>	<u>2013</u>
	in millions	
Revenue . . . . .	€ 1.9	€ 1.8
Operating expenses . . . . .	(19.5)	(24.0)
SG&A expenses . . . . .	(1.4)	(1.5)
Allocated share-based compensation expense:		
Included in operating expenses . . . . .	(0.2)	(0.2)
Included in SG&A expenses . . . . .	(0.7)	(0.7)
Fees and allocations . . . . .	(65.7)	(59.4)
Included in operating income . . . . .	(85.6)	(84.0)
Interest expense . . . . .	(65.2)	(68.6)
Interest income . . . . .	97.6	80.6
Intercompany tax allocations . . . . .	(47.9)	(44.9)
Included in net earnings . . . . .	€ (101.1)	€ (116.9)
Property and equipment additions . . . . .	€ 40.8	€ 74.9
Transfers of used property and equipment . . . . .	€ (2.5)	€ (2.4)

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*General.* Certain Liberty Global subsidiaries, including Liberty Global Services, charge fees and allocate costs and expenses to our company. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) our estimated share of the underlying costs, (ii) our estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. Through June 30, 2014, our related-party operating and SG&A expenses and our related-party fees and allocations generally were based on our company's estimated share of the applicable estimated costs (including personnel-related and other costs associated with the services provided) incurred by the applicable Liberty Global subsidiaries. The estimated amounts charged were reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The revisions to reflect the actual costs underlying our related-party fees and allocations for 2013 and 2012 amounted to increases of €0.7 million and €4.6 million, respectively, in our billings from Liberty Global Services, which amounts were recorded during the first quarters of 2014 and 2013, respectively. The revisions to reflect actual costs for our related-party operating and SG&A expenses for 2013 and 2012 were not material. During the third quarter of 2014, Liberty Global and its subsidiaries began basing the fees charged and amounts allocated among Liberty Global and its subsidiaries on actual costs incurred. As a result, during the third quarter of 2014, we recorded a €7.7 million increase to the fees and allocations charged to our company by Liberty Global Services to reflect the impact of this change in methodology for the full nine-month period ended September 30, 2014. The impact of this change in methodology on our related-party operating and SG&A expenses was not material. Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our condensed consolidated statements of operations are reflective of the costs that we would incur on a standalone basis. Except as noted below, our related-party transactions are generally cash settled.

*Revenue.* Amounts represent charges for certain commercial telephony services provided to other Liberty Global subsidiaries and affiliates.

*Operating expenses.* Amounts represent charges from other Liberty Global subsidiaries and affiliates primarily related to (i) programming and related services provided to our company of €14.8 million and €20.7 million during the nine months ended September 30, 2014 and 2013, respectively, and (ii) certain customer premises equipment, backbone and other network-related expenses of €4.7 million and €3.3 million during the nine months ended September 30, 2014 and 2013, respectively.

*SG&A expenses.* Amounts consist primarily of information technology-related charges and other SG&A charges from other Liberty Global subsidiaries.

*Allocated share-based compensation expense.* Amounts are allocated to our company by Liberty Global and represent share-based compensation associated with the Liberty Global share-based incentive awards held by certain UPC Nederland employees. Awards consist of (i) share appreciation rights, (ii) restricted share units and (iii) certain performance-based awards.

*Fees and allocations.* Amounts represent fees charged by Liberty Global Services to our company that originate with Liberty Global, Liberty Global Services and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support our company's broadband communications operations, including the use of the UPC trademark. These charges may be cash or loan settled. During the nine months ended September 30, 2014 and 2013, nil and €5.5 million, respectively, of these charges were loan settled.

*Interest expense.* Amounts relate to the Liberty Global Services Notes Payable, the Liberty Global Europe Note, a vendor financing loan and, during the nine months ended September 30, 2014, the Unitymedia Hessen Note. For additional information, see note 5.

*Interest income.* Amounts relate to the UPC Western Europe Loans Receivable, the UPC Broadband Loan Receivable, the 2013 UPC Broadband Loan Receivable (each as defined and described below), and, during the nine months ended September 30, 2013, the loan receivable from Unitymedia Hessen.

*Intercompany tax allocations.* Amounts represent intercompany tax allocations from the Dutch Fiscal Unity. The Dutch Fiscal Unity combines individual tax-paying Dutch entities and their ultimate Dutch parent

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company as one taxpayer for Dutch tax purposes. Intercompany tax allocations from the Dutch Fiscal Unity are not subject to tax-sharing agreements and no cash payments are made between the companies related to the Dutch tax attributes. Accordingly, any intercompany tax allocations are reflected as an adjustment of accumulated net contributions in our condensed consolidated statement of parent's equity.

*Property and equipment additions.* Amounts represent new customer premises and network-related equipment acquired from other Liberty Global subsidiaries, generally at cost. These Liberty Global subsidiaries centrally procure equipment on behalf of our company and various other Liberty Global subsidiaries.

*Transfers of used property and equipment.* Amounts represent the aggregate carrying value of used customer premises and network-related equipment transferred to other Liberty Global subsidiaries. The excess of the aggregate carrying values of the transferred equipment over the consideration received is recorded as a reduction to accumulated net contributions in our statement of parent's equity.

The following table provides details of our related-party balances:

	September 30, 2014	December 31, 2013
	in millions	
Assets:		
Other current assets (a) . . . . .	€ 3.5	€ 2.1
Loans receivable:		
UPC Western Europe Loan Receivable (b) . . . . .	1,024.6	1,024.6
UPC Broadband Loan Receivable (c) . . . . .	743.7	488.4
2013 UPC Broadband Loan Receivable (d) . . . . .	37.9	20.1
Total loans receivable . . . . .	1,806.2	1,533.1
Other assets, net (e) . . . . .	97.6	31.0
Total assets . . . . .	€ 1,907.3	€ 1,566.2
Liabilities:		
Accounts payable (f) . . . . .	€ 11.5	€ 41.4
Accrued and other current liabilities (f) . . . . .	40.1	10.9
Debt and capital lease obligations (g) . . . . .	1,147.5	1,111.8
Other long-term liabilities (h) . . . . .	64.5	2.5
Total liabilities . . . . .	€ 1,263.6	€ 1,166.6

(a) Represents receivables from other Liberty Global subsidiaries and affiliates.

(b) Represents loans receivable from UPC Western Europe (the UPC Western Europe Loans Receivable) issued in connection with the Network Transfer and the related issuance of the Liberty Global Services Notes Payable. The UPC Western Europe Loans Receivable are due on October 31, 2021 and have no repayment schedule, however, annual repayments are subject to the following restrictions: (i) during the first five years annual repayments may not exceed 10% of the outstanding principal and (ii) during years five to eight repayments that exceed 10% of the outstanding principal would require coupon premiums payable. The interest rate on the UPC Western Europe Loans Receivable is 6.80%. Accrued interest on the UPC Western Europe Loans Receivable is included in other assets, net, until January 1 of each fiscal year and then it is transferred to the loan balance. Interest income earned on the UPC Western Europe Loans Receivable was €52.8 million and €58.5 million during the nine months ended September 30, 2014 and 2013, respectively.

(c) Represents a loan receivable from UPC Broadband Holding (the UPC Broadband Loan Receivable) that originated in 2012. The UPC Broadband Loan Receivable bears interest at 9.29% and has a maturity date

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in December 2026. Interest income earned from this loan was €43.5 million and €21.5 million during the nine months ended September 30, 2014 and 2013, respectively. Accrued interest on the UPC Broadband Loan Receivable is included in other assets, net, until January 1 of each fiscal year and then it is transferred to the loan balance. The net increase in the principal balance of the UPC Broadband Loan Receivable during the nine months ended September 30, 2014 includes (i) cash loaned of €705.6 million, (ii) cash received of €481.0 million and (iii) the transfer of €30.7 million in non-cash accrued interest to the loan receivable balance. During the nine months ended September 30, 2014, none of the repayments were payments of interest.

- (d) During the third quarter of 2013, UPC International Operations B.V. (UPC International) entered into a loan receivable from UPC Broadband Holding (the 2013 UPC Broadband Loan Receivable). UPC International is a variable interest entity that is consolidated by UPC Nederland. The 2013 UPC Broadband Loan Receivable bears interest at 5.81% and has a maturity date in November 2021. Interest income earned from this loan was €1.3 million and €0.1 million during the nine months ended September 30, 2014 and 2013, respectively. Accrued interest on the 2013 UPC Broadband Loan Receivable is included in other assets, net, until January 1 of each fiscal year and then it is transferred to the loan balance. The net increase in the principal balance of the 2013 UPC Broadband Loan Receivable during the nine months ended September 30, 2014 includes (i) cash loaned of €24.2 million, (ii) a non-cash settlement of €6.7 million and (iii) the transfer of €0.3 million in non-cash accrued interest to the loan receivable balance.
- (e) Represents accrued interest related to the UPC Western Europe Loans Receivable, the UPC Broadband Loan Receivable and the 2013 UPC Broadband Loan Receivable.
- (f) Represents the non-interest bearing payables, accrued capital expenditures for property and equipment acquired and other accrued liabilities from other Liberty Global subsidiaries that may be cash or loan settled.
- (g) Represents the (i) principal amounts outstanding under (a) the Liberty Global Services Notes Payable, (b) the Liberty Global Europe Note, (c) the Unitymedia Hessen Note and (d) a vendor financing loan and (ii) capital lease obligations with Liberty Global Services. For additional information, see note 5.
- (h) Represents accrued interest related to the Liberty Global Services Notes Payable, Liberty Global Europe Note and the Unitymedia Hessen Note.

**(8) Commitments and Contingencies**

***Commitments***

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to programming contracts, non-cancelable operating leases, purchases of customer premises equipment and other items. These commitments as of September 30, 2014 are presented below:

	Payments due during:							Total
	Remainder of 2014	2015	2016	2017	2018	2019	Thereafter	
	in millions							
Programming commitments . . . . .	€ 8.3	€ 21.2	€ 18.6	€ 8.7	€ 1.4	€ —	€ —	€ 58.2
Operating leases . . . . .	2.6	9.4	7.7	6.5	5.0	3.3	7.8	42.3
Other commitments (a) . . .	4.1	0.7	—	0.8	—	0.2	—	5.8
Total (b) . . . . .	<u>€ 15.0</u>	<u>€ 31.3</u>	<u>€ 26.3</u>	<u>€ 16.0</u>	<u>€ 6.4</u>	<u>€ 3.5</u>	<u>€ 7.8</u>	<u>€ 106.3</u>

- (a) The 2014 amount includes €2.5 million related to related-party purchase obligations.

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- (b) The commitments reflected in this table do not reflect any liabilities that are included in our September 30, 2014 condensed consolidated balance sheet.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the nine months ended September 30, 2014 and 2013, the programming and copyright costs incurred by our operations aggregated €82.5 million and €84.4 million, respectively.

Other commitments are primarily comprised of unconditional purchase obligations associated with commitments to purchase customer premises and other equipment and services that are enforceable and legally binding on us. Other commitments also include certain fixed minimum contractual commitments associated with our agreements with municipal authorities.

***Guarantees and Other Credit Enhancements***

In the ordinary course of business, we may provide indemnifications to our lenders, our vendors and certain other parties and performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

***Legal and Regulatory Proceedings and Other Contingencies***

*Netherlands Regulatory Developments.* In December 2011, the Autoriteit Consument & Markt (ACM), formerly Onafhankelijke Post en Telecommunicatie Autoriteit, completed a market assessment of the television market in the Netherlands, concluding that there were no grounds for regulation of that market. On December 22, 2011, referring to its final assessment of the television market, ACM rejected previously filed requests from a number of providers to perform a new market analysis of the television market. This decision by ACM was appealed by such providers to the Dutch Supreme Administrative Court. On November 5, 2012, the Dutch Supreme Administrative Court rejected the appeals against ACM's decision.

In May 2012, the Dutch Senate adopted laws that provide, among other matters, the power to ACM to impose an obligation for the mandatory resale of television services and to the Commissariaat voor de Media to supervise the resale obligation introduced by these new laws. These laws became effective on January 1, 2013 notwithstanding the above-described November 5, 2012 decision of the Dutch Supreme Administrative Court. In January 2014, a Dutch civil court, in a proceeding initiated by our company, declared the resale obligation laws non-binding because they infringe European Union (EU) law. The Dutch Government did not appeal the January 2014 decision, and the resale obligation law has now been withdrawn by the Dutch Senate. We cannot predict whether the Dutch Senate will seek to enact a new resale obligation law, if our operations would otherwise become subject to resale obligation regulation, or the effect on our results of operations, cash flows or financial position from any implementation of a resale regime.

*Other Regulatory Issues.* Broadband communications and mobile businesses are subject to significant regulation and supervision by various regulatory bodies in the Netherlands including Dutch and EU authorities. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

**UPC NEDERLAND B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
**(unaudited)**

*Other.* In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business, including (i) legal proceedings, (ii) issues involving VAT and wage, property and other tax issues, and (iii) disputes over interconnection, programming, copyright and carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

**(9) Segment Reporting**

We operate in one geographical area, the country of the Netherlands. We operate in one segment, within which we provide video, broadband internet, fixed-line telephony and mobile services to residential and business customers.

Our revenue by major category is set forth below:

		Nine months ended September 30,	
		2014	2013
		in millions	
Subscription revenue (a):			
Video . . . . .	€	346.4	€ 343.6
Broadband internet . . . . .		149.6	166.8
Fixed-line telephony . . . . .		134.9	126.1
Cable subscription revenue . . . . .		630.9	636.5
Mobile subscription revenue . . . . .		0.2	0.2
Total subscription revenue . . . . .		631.1	636.7
Business-to-business (B2B) revenue (b) . . . . .		42.1	43.6
Other revenue (c) . . . . .		17.2	20.6
Total revenue . . . . .	€	690.4	€ 700.9

- (a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (b) B2B revenue includes revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small office and home office (SOHO) subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €18.6 million and €12.7 million during the nine months ended September 30, 2014 and 2013, respectively, is included in cable subscription revenue.
- (c) Other revenue includes, among other items, installation, interconnect and late fees revenue.

**UPC NEDERLAND B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**September 30, 2014**  
**(unaudited)**

**(10) Subsequent Event**

***Acquisition of Ziggo by Liberty Global***

On January 27, 2014, LGE Holdco VII B.V., another subsidiary of Liberty Global, reached an agreement on an offer to acquire all of the shares of Ziggo N.V. (Ziggo) that Liberty Global and its subsidiaries did not already own (the Ziggo Offer) in a share and cash transaction. The Ziggo Offer expired on November 4, 2014 and was declared unconditional on November 5, 2014. 67.2% of the issued and outstanding Ziggo shares were tendered in the Ziggo Offer and such shares were acquired by Liberty Global on November 11, 2014, resulting in Liberty Global owning 87.9% of the outstanding shares of Ziggo as of such date. Following the completion of the Ziggo Offer, Liberty Global commenced a post-closing acceptance period, which ended on November 19, 2014. During the post-closing acceptance period, 10.6% additional shares of Ziggo were tendered and accepted. As a result, after completion of the Ziggo Offer and the related post-closing acceptance period, Liberty Global owned 98.4% of the outstanding shares of Ziggo.

On December 3, 2014, Liberty Global initiated a statutory squeeze-out procedure in accordance with the Dutch Civil Code in order to acquire the remaining shares that it did not own. Upon completion of such statutory squeeze-out, Liberty Global will own 100% of the share capital of Ziggo. In addition, on December 22, 2014, Ziggo will be delisted from the Euronext Amsterdam. Following the acquisition of Ziggo, Liberty Global has begun the process of integrating our company with Ziggo.

In connection with the completion of the Ziggo Offer, Liberty Global obtained regulatory clearance from the European Commission on October 10, 2014, which clearance is subject to the following commitments:

- Liberty Global's commitment to divest their *Film1* channel to a third party and to carry *Film1* on Ziggo's and our network for a period of three years; and
- Liberty Global's commitment for a period of eight years with respect to our and Ziggo's network (i) not to enforce certain clauses currently contained in carriage agreements with broadcasters that restrict the ability of broadcasters to offer their channels and content via over-the-top services, (ii) not to enter into carriage agreements containing such clauses and (iii) to maintain adequate interconnection capacity through at least three uncongested routes into our and Ziggo's network, at least one of which must be with a large transit provider.

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## **Independent Auditors' Report**

The Board of Directors  
UPC Nederland B.V.:

We have audited the accompanying consolidated financial statements of UPC Nederland B.V. and its subsidiaries which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, parent's equity, and cash flows for the years ended December 31, 2013, 2012 and 2011, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of UPC Nederland B.V. and its subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years ended December 31, 2013, 2012 and 2011, in accordance with U.S. generally accepted accounting principles.

Amstelveen, the Netherlands  
December 12, 2014

KPMG Accountants N.V.

**UPC NEDERLAND B.V.**  
**CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2013	2012
	in millions	
ASSETS		
Current assets:		
Cash . . . . .	€ 0.9	€ 0.6
Trade receivables, net . . . . .	60.2	52.0
Related-party receivables (note 9) . . . . .	2.1	3.8
Deferred income taxes (note 7) . . . . .	8.6	4.5
Value-added taxes (VAT) receivable . . . . .	5.0	2.5
Other current assets . . . . .	6.4	4.5
Total current assets . . . . .	83.2	67.9
Property and equipment, net (note 5) . . . . .	867.0	837.6
Goodwill (note 5) . . . . .	914.3	914.3
Intangible assets subject to amortization, net (note 5) . . . . .	30.5	50.6
Loans receivable – related-party (note 9) . . . . .	1,533.1	1,369.9
Deferred income taxes (note 7) . . . . .	158.9	181.6
Other assets, net (note 9) . . . . .	31.5	3.5
Total assets . . . . .	€ 3,618.5	€ 3,425.4

The accompanying notes are an integral part of these consolidated financial statements.

UPC NEDERLAND B.V.

CONSOLIDATED BALANCE SHEETS — (Continued)

	December 31,	
	2013	2012
	in millions	
<b>LIABILITIES AND PARENT’S EQUITY</b>		
Current liabilities:		
Accounts payable:		
Third-party .....	€ 39.0	€ 42.6
Related-party (note 9) .....	41.4	60.1
Accrued and other current liabilities:		
Third-party .....	75.2	79.1
Related-party (note 9) .....	10.9	18.1
Deferred revenue and advance payments from subscribers and others .....	76.2	68.6
VAT payable .....	32.4	32.5
Current portion of debt and capital lease obligations (note 6):		
Third-party .....	—	0.2
Related-party (note 9) .....	6.1	2.5
Total current liabilities .....	281.2	303.7
Long-term debt and capital lease obligations – related-party (note 6) .....	1,105.7	1,157.6
Other long-term liabilities (note 9) .....	28.7	25.5
Total liabilities .....	1,415.6	1,486.8
Commitments and contingencies (notes 6, 7 and 10)		
Parent’s equity — contributions and accumulated earnings in excess of distributions (note 8) .....		
	2,202.9	1,938.6
Total liabilities and parent’s equity .....	€ 3,618.5	€ 3,425.4

The accompanying notes are an integral part of these consolidated financial statements.

UPC NEDERLAND B.V.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,					
	2013		2012		2011	
			in millions			
Revenue (note 9) .....	€	935.3	€	955.6	€	914.9
Operating costs and expenses:						
Operating (other than depreciation and amortization) (including share-based compensation) (note 9) .....		283.7		276.0		269.8
Selling, general and administrative (SG&A) (including share-based compensation) (note 9) .....		111.0		108.1		103.8
Related-party fees and allocations (note 9) .....		84.3		63.7		61.7
Depreciation and amortization .....		176.2		167.5		156.1
Impairment, restructuring and other operating items, net .....		1.1		1.6		0.7
		<u>656.3</u>		<u>616.9</u>		<u>592.1</u>
Operating income .....		<u>279.0</u>		<u>338.7</u>		<u>322.8</u>
Non-operating income (expense):						
Interest expense – related-party, net (note 9) .....		(91.7)		(100.1)		(30.0)
Interest income – related-party (note 9) .....		110.0		87.4		4.3
Other expense, net .....		(0.3)		—		(0.2)
		<u>18.0</u>		<u>(12.7)</u>		<u>(25.9)</u>
Earnings before income taxes .....		<u>297.0</u>		<u>326.0</u>		<u>296.9</u>
Income tax expense (notes 7 and 9) .....		<u>(77.6)</u>		<u>(83.1)</u>		<u>(75.2)</u>
Net earnings / comprehensive earnings .....	€	<u>219.4</u>	€	<u>242.9</u>	€	<u>221.7</u>

The accompanying notes are an integral part of these consolidated financial statements.

UPC NEDERLAND B.V.

CONSOLIDATED STATEMENTS OF PARENT'S EQUITY

	Parent's equity — contributions and accumulated earnings in excess of distributions
	in millions
Balance at January 1, 2011 .....	€ 1,065.2
Net earnings .....	221.7
Intercompany tax allocations (note 7) .....	300.5
Contribution from related party (note 8) .....	61.0
Excess of carrying value over consideration received for property and equipment transferred to entities under common control (note 9) .....	(0.9)
Balance at December 31, 2011 .....	1,647.5
Net earnings .....	242.9
Intercompany tax allocations (note 7) .....	65.1
Distribution to related party (note 1) .....	(15.1)
Excess of carrying value over consideration received for property and equipment transferred to entities under common control (note 9) .....	(1.8)
Balance at December 31, 2012 .....	1,938.6
Net earnings .....	219.4
Intercompany tax allocations (note 7) .....	59.0
Distributions to related parties (notes 1 and 8) .....	(12.3)
Excess of carrying value over consideration received for property and equipment transferred to entities under common control (note 9) .....	(1.6)
Other .....	(0.2)
Balance at December 31, 2013 .....	€ 2,202.9

The accompanying notes are an integral part of these consolidated financial statements.

UPC NEDERLAND B.V.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2013	2012	2011
	in millions		
Cash flows from operating activities:			
Net earnings	€ 219.4	€ 242.9	€ 221.7
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Share-based compensation expense	1.3	1.1	1.0
Related-party fees and allocations	84.3	63.7	61.7
Depreciation and amortization	176.2	167.5	156.1
Impairment, restructuring and other operating items, net	1.1	1.6	0.7
Non-cash interest expense	91.7	100.1	30.0
Non-cash interest income	(110.0)	(87.4)	(4.3)
Deferred income tax expense (benefit)	18.6	18.0	(225.3)
Changes in operating assets and liabilities:			
Receivables and other operating assets	(7.0)	(7.0)	7.0
Payables and accruals	0.9	(84.8)	(73.6)
Net cash provided by operating activities	476.5	415.7	175.0
Cash flows from investing activities:			
Advances to related parties, net	(356.7)	(271.8)	—
Capital expenditures	(167.2)	(111.1)	(140.0)
Other investing activities, net	0.7	(3.6)	—
Net cash used by investing activities	(523.2)	(386.5)	(140.0)
Cash flows from financing activities:			
Net borrowings (repayments) of related-party debt and capital lease obligations	57.6	(14.2)	(92.8)
Equity contributions from (distributions to) related party, net	(8.9)	(16.2)	60.2
Other financing activities, net	(1.7)	(0.4)	(1.3)
Net cash provided (used) by financing activities	47.0	(30.8)	(33.9)
Net increase (decrease) in cash	0.3	(1.6)	1.1
Cash:			
Beginning of year	0.6	2.2	1.1
End of year	€ 0.9	€ 0.6	€ 2.2
Cash paid for interest	€ 0.5	€ 182.3	€ 383.7

The accompanying notes are an integral part of these consolidated financial statements.

**UPC NEDERLAND B.V.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2013, 2012 and 2011**

**(1) Basis of Presentation**

UPC Nederland B.V. (UPC Nederland) is a wholly-owned subsidiary of UPC Western Europe Holding B.V. (UPC Western Europe), which in turn is a wholly-owned subsidiary of Liberty Global plc (Liberty Global), the successor of Liberty Global, Inc. UPC Nederland, which operates in the Netherlands (NL), provides video, broadband internet, fixed-line telephony and mobile services. In the following text, the terms “we,” “our” “our company,” and “us” may refer, as the context requires, to UPC Nederland or collectively to UPC Nederland and its subsidiaries.

The following entities are included the consolidated financial statements of UPC Nederland at December 31, 2013:

<u>Name of subsidiary</u>	<u>Headquarters location</u>	<u>Share of equity</u>
UPC Nederland Services B.V. ....	Amsterdam, NL	100%
UPC Nederland Mobile B.V. ....	Amsterdam, NL	100%
UPC Nederland Netwerk 2 B.V. ....	Amsterdam, NL	100%
UPC Nederland Business B.V. ....	Amsterdam, NL	100%
Unitymedia International GmbH (UMI) ....	Cologne, Germany	(a)
UPC Equipment B.V. (UPC Equipment) ....	Amsterdam, NL	(a)
UPC International Operations B.V. (UPC International) ....	Amsterdam, NL	(a)

- (a) UMI, UPC Equipment and UPC International are variable interest entities that were formed for the purpose of acquiring and legally owning certain customer premise equipment assets that are leased to UPC Nederland, including certain assets that were the subject of sale and leaseback transactions that were initiated in December 2011. Although Unitymedia Hessen GmbH & Co. KG (Unitymedia Hessen), another subsidiary of Liberty Global, holds a 100% equity interest in UMI and UPC Holding B.V. (UPC Holding), another subsidiary of Liberty Global and an indirect parent of UPC Western Europe, holds 100% equity interests in UPC Equipment and UPC International, all of the revenue of these entities has been derived from us through December 31, 2013 and we have the substantive power to direct the significant activities of these entities. As such, we are required to consolidate UMI, UPC Equipment and UPC International. Since May 31, 2013, UPC Nederland’s obligation on the lease payable is with UPC International. Prior to that date, our obligation on the lease payable was with Liberty Global Services B.V. (Liberty Global Services), another subsidiary of Liberty Global that is not considered a variable interest entity and is not consolidated by us. Consistent with the required approach for the December 31, 2013 balance sheet, we have not included the amounts due under the lease payable from UPC Nederland to Liberty Global Services as liabilities in the December 31, 2012 consolidated balance sheet. As of December 31, 2012, the lease payable from UPC Nederland to Liberty Global Services that is not reflected in our December 31, 2012 consolidated liabilities amounted to €49.6 million. As a result of the exclusion of this lease obligation from our consolidated liabilities, payments related to the lease payable from UPC Nederland to Liberty Global Services of €6.6 million and €15.1 million for the five months ended May 31, 2013 and the year ended December 31, 2012, respectively, have been reflected as equity distributions to a related party in our statements of parent’s equity. For the period from January 1, 2013 to May 31, 2013 and for the years ended December 31, 2012 and 2011, the gross amounts of lease income and expense were €0.8 million, €2.5 million and nil, respectively. Unitymedia Hessen’s equity interest in UMI and UPC Holding’s equity interests in UPC Equipment and UPC International have been reflected as parent’s equity in our consolidated balance sheets as Unitymedia Hessen, UPC Holding and UPC Nederland are under the common control of Liberty Global.

Our functional currency is the euro (€).

These consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through December 12, 2014, the date of issuance.

**(2) Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which requires an entity to recognize the amount of

**UPC NEDERLAND B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace existing revenue recognition guidance in accounting principles generally accepted in the United States (U.S. GAAP) when it becomes effective on January 1, 2017. Early application is not permitted. This new standard permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

**(3) Summary of Significant Accounting Policies**

***Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming and copyright expenses, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets and share-based compensation. Actual results could differ from those estimates.

***Principles of Consolidation***

The accompanying consolidated financial statements include our accounts and the accounts of all voting interest entities where we exercise a controlling financial interest through the ownership of a direct or indirect controlling voting interest and variable interest entities for which our company is the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

***Cash Flow Statement***

For purposes of determining the classification of cash flows in our consolidated statements of cash flows, payments or receipts on related-party loans are first applied to principal and then to capitalized interest.

***Trade Receivables***

Our trade receivables are reported net of an allowance for doubtful accounts. Such allowance aggregated €3.3 million and €4.0 million at December 31, 2013 and 2012, respectively. The allowance for doubtful accounts is based upon our assessment of probable loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions and specific customer credit risk. The allowance is maintained until either receipt of payment or the likelihood of collection is considered to be remote.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers. We also manage this risk by disconnecting services to customers whose accounts are delinquent.

***Financial Instruments***

Due to the short maturities of trade and other receivables, other current assets, accounts payable, accrued liabilities, subscriber advance payments and deposits, VAT payable and other current liabilities, their respective carrying values approximate their respective fair values. The fair values of our related-party debt and loan receivables are not subject to reasonable estimation due to the related-party nature of these loans. For information concerning how we arrive at certain of our fair value measurements, see note 4.

***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. We capitalize costs associated with the construction of new cable transmission and distribution facilities and the installation of new cable services. Capitalized construction and installation costs include materials, labor and other directly attributable costs. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a

**UPC NEDERLAND B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities such as reconnecting customer locations where a drop already exists, disconnecting customer locations and repairing or maintaining drops, are expensed as incurred. Interest capitalized with respect to construction activities was not material during any of the periods presented.

Capitalized internal-use software is included as a component of property and equipment. We capitalize internal and external costs directly associated with the development of internal-use software. We also capitalize costs associated with the purchase of software licenses. Maintenance and training costs, as well as costs incurred during the preliminary stage of an internal-use software development project, are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the underlying asset. Useful lives used to depreciate our property and equipment are assessed periodically and are adjusted when warranted. The useful lives of cable distribution systems that are undergoing a rebuild are adjusted such that property and equipment to be retired will be fully depreciated by the time the rebuild is completed. For additional information regarding the useful lives of our property and equipment, see note 5.

Additions, replacements and improvements that extend the asset life are capitalized. Repairs and maintenance are expensed as incurred.

We recognize a liability for asset retirement obligations in the period in which it is incurred if sufficient information is available to make a reasonable estimate of fair values. Asset retirement obligations may arise from the loss of rights of way that we obtain from local municipalities or other relevant authorities. Under certain circumstances, the authorities could require us to remove our network equipment from an area if, for example, we were to discontinue using the equipment for an extended period of time or the authorities were to decide not to renew our access rights. However, because the rights of way are integral to our ability to deliver broadband communications services to our customers, we expect to conduct our business in a manner that will allow us to maintain these rights for the foreseeable future. In addition, we have no reason to believe that the authorities will not renew our rights of way and, historically, renewals have been granted. We also have obligations in lease agreements to restore the property to its original condition or remove our property at the end of the lease term. Sufficient information is not available to estimate the fair value of our asset retirement obligations in certain of our lease arrangements. This is the case in long-term lease arrangements in which the underlying leased property is integral to our operations, there is not an acceptable alternative to the leased property and we have the ability to indefinitely renew the lease. Accordingly, for most of our rights of way and certain lease agreements, the possibility is remote that we will incur significant removal costs in the foreseeable future and, as such, we do not have sufficient information to make a reasonable estimate of the fair value for these asset retirement obligations.

As of December 31, 2013 and 2012, the recorded value of our asset retirement obligations was €2.6 million and €2.5 million, respectively.

***Intangible Assets***

Our primary intangible assets are goodwill and customer relationships. Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired in a business combination. Customer relationships were originally recorded at their fair values in connection with business combinations.

Goodwill is not amortized, but instead is tested for impairment at least annually. Intangible assets with finite lives are amortized on a straight-line basis over their respective estimated useful lives to their estimated residual values, and reviewed for impairment when a triggering event occurs.

For additional information regarding the useful lives of our intangible assets, see note 5.

***Impairment of Property and Equipment and Intangible Assets***

We review, when circumstances warrant, the carrying amounts of our property and equipment and our intangible assets (other than goodwill) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include, among other items, (i) an expectation of a sale or disposal of a long-lived asset or asset group, (ii) adverse changes in market or competitive conditions, (iii) an adverse change in

**UPC NEDERLAND B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

legal factors or business climate in the markets in which we operate and (iv) operating or cash flow losses. For purposes of impairment testing, long-lived assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities, generally at or below the reporting unit level (see below). If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (a) sale prices for similar assets, (b) discounted estimated future cash flows using an appropriate discount rate and/or (c) estimated replacement cost. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

We evaluate goodwill for impairment at least annually on October 1 and whenever other facts and circumstances indicate that the carrying amounts of goodwill may not be recoverable. For impairment evaluations with respect to goodwill, we first make a qualitative assessment to determine if the goodwill may be impaired, if it is more-likely-than-not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). We have identified one reporting unit to which all goodwill is assigned. If the carrying value of the reporting unit were to exceed its fair value, we would then compare the implied fair value of the reporting unit's goodwill to its carrying amount, and any excess of the carrying amount over the fair value would be charged to operations as an impairment loss.

***Income Taxes***

Income taxes are accounted for under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. Net deferred tax assets are then reduced by a valuation allowance if we believe it is more-likely-than-not such net deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. Interest and penalties related to income tax liabilities are included in income tax expense.

UPC Nederland is part of a Dutch tax fiscal unity (the Dutch Fiscal Unity), along with its ultimate Dutch parent and certain other Dutch subsidiaries of Liberty Global. The income taxes of UPC Nederland and its subsidiaries are presented in our consolidated financial statements on a separate return basis for each tax paying entity. For additional information on our income taxes, including the intercompany tax allocations from the Dutch Fiscal Unity, see note 7.

***Revenue Recognition***

*Service Revenue – Cable Networks.* We recognize revenue from the provision of video, broadband internet and fixed-line telephony services over our cable network to customers in the period the related services are provided. Installation revenue (including reconnect fees) related to services provided over our cable network is recognized as revenue in the period during which the installation occurs to the extent these fees are equal to or less than direct selling costs, which costs are expensed as incurred. To the extent installation revenue exceeds direct selling costs, the excess revenue is deferred and amortized over the average expected subscriber life.

*Sale of Multiple Products and Services.* We sell video, broadband internet and fixed-line telephony services to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Revenue from bundled packages generally is allocated proportionally to the individual services based on the relative standalone price for each respective service.

*Mobile Revenue.* We recognize revenue from mobile services in the period the related services are provided. Mobile handset revenue is recognized to the extent of cash collected when the goods have been delivered and title has passed.

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*Business-to-Business (B2B) Revenue.* We defer upfront installation and certain nonrecurring fees received on B2B contracts where we maintain ownership of the installed equipment. The deferred fees are amortized into revenue on a straight-line basis over the term of the arrangement or the expected period of performance.

*Promotional Discounts.* For subscriber promotions, such as discounted or free services during an introductory period, revenue is recognized only to the extent of the discounted monthly fees charged to the subscriber, if any.

*Subscriber Advance Payments and Deposits.* Payments received in advance for the services we provide are deferred and recognized as revenue when the associated services are provided.

*Sales, Use and Other VAT.* Revenue is recorded net of applicable sales, use and other VAT.

***Litigation Costs***

Legal fees and related litigation costs are expensed as incurred.

**(4) Fair Value Measurements**

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Fair value measurements are used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting, respectively. These valuations include the valuation of our company, customer relationship intangible assets, property and equipment and the implied value of goodwill. The valuation of our company (our only reporting unit) is based at least in part on discounted cash flow analyses. With the exception of certain inputs for our weighted average cost of capital and discount rate calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges, and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. All of these valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. We did not perform significant nonrecurring fair value measurements during 2013 or 2012.

**(5) Long-lived Assets**

***Property and Equipment, Net***

The details of our property and equipment and the related accumulated depreciation are set forth below:

	Estimated useful life at December 31, 2013	December 31,	
		2013	2012
		in millions	
Distribution systems .....	4 to 30 years	€ 1,217.6	€ 1,160.6
Customer premises equipment .....	5 years	400.7	369.3
Support equipment, buildings and land .....	3 to 20 years	97.6	75.0
		1,715.9	1,604.9
Accumulated depreciation .....		(848.9)	(767.3)
Total property and equipment, net .....		€ 867.0	€ 837.6

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Depreciation expense related to our property and equipment was €156.1 million, €146.2 million and €139.9 million during 2013, 2012 and 2011, respectively.

During 2013, we recorded non-cash increases to our property and equipment of €4.8 million related to assets acquired pursuant to a financing arrangement. During 2013, 2012 and 2011, we recorded non-cash increases to our property and equipment of €8.6 million, €6.2 million and €1.1 million, respectively, related to assets acquired on our behalf pursuant to vendor financing arrangements of UPC Broadband Holding, as defined in note 6, and capital lease arrangements of Liberty Global Services. Furthermore, during 2012 and 2011, we recorded non-cash increases to our property and equipment of €49.8 million and €18.8 million, respectively, related to assets transferred to our company from related parties in exchange for adjustments to our related-party loan payables and receivables. For additional information, see note 6.

At December 31, 2013 and 2012, the amount of property and equipment, net, recorded under capital leases was €12.2 million and €6.5 million, respectively. Most of these amounts relate to assets included in our distribution systems category. Depreciation of assets under capital leases is included in depreciation and amortization in our consolidated statements of operations.

***Goodwill***

Changes in the carrying amount of our goodwill during 2013 and 2012 are set forth below:

	<b>Year ended December 31,</b>	
	<b>2013</b>	<b>2012</b>
	<b>in millions</b>	
Balance at January 1, . . . . .	€ 914.3	€ 912.1
Acquisitions and related adjustments . . . . .	—	2.2
Balance at December 31, . . . . .	<u>€ 914.3</u>	<u>€ 914.3</u>

No impairment of our goodwill was required to be recorded in connection with our October 1, 2013 and 2012 impairment tests and we have no accumulated goodwill impairments as of December 31, 2013. If, among other factors, (i) our enterprise value or Liberty Global's equity value were to decline significantly or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

***Intangible Assets Subject to Amortization, Net***

The details of our intangible assets subject to amortization are set forth below:

	<b>Estimated useful life at December 31, 2013</b>	<b>December 31,</b>	
		<b>2013</b>	<b>2012</b>
		<b>in millions</b>	
Customer relationships . . . . .	10 years	€ 308.3	€ 308.3
Accumulated amortization . . . . .		(277.8)	(257.7)
Total, net . . . . .		<u>€ 30.5</u>	<u>€ 50.6</u>

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Amortization of intangible assets with finite useful lives was €20.1 million, €21.3 million and €16.2 million during 2013, 2012 and 2011, respectively. Based on our amortizable intangible asset balances at December 31, 2013, we expect that amortization expense will be as follows for the next five years and thereafter (in millions):

2014 .....	€	19.5
2015 .....		9.9
2016 .....		0.2
2017 .....		0.2
2018 .....		0.2
Thereafter .....		0.5
Total .....	€	<u>30.5</u>

**(6) Debt and Capital Lease Obligations**

The components of our consolidated debt and capital lease obligations are as follows:

	Weighted average interest rate (a)	Estimated fair value		Carrying value	
December 31,		December 31,			
2013		2012	2013	2012	
in millions					
Third-party debt . . . . .	—	€ —	€ 0.2	€ —	€ 0.2
Related-party debt:					
Liberty Global Services Notes					
Payable (b) . . . . .	7.72%	(c)	(c)	1,024.6	1,138.7
Liberty Global Europe Note (d) . . . .	9.29%	(c)	(c)	41.8	15.3
Unitymedia Hessen Note (e) . . . . .	2.47%	(c)	—	33.0	—
Other (f) . . . . .	3.49%	(c)	(c)	3.0	1.1
Total related-party debt . . . . .	7.61%			1,102.4	1,155.1
Total debt . . . . .	7.61%			1,102.4	1,155.3
Capital lease obligations – related-party . . . . .				9.4	5.0
Total debt and capital lease obligations . . . . .				1,111.8	1,160.3
Current maturities . . . . .				(6.1)	(2.7)
Long-term debt and capital lease obligations . . . . .				€ 1,105.7	€ 1,157.6

- (a) Represents the weighted average interest rate in effect at December 31, 2013 for all borrowings outstanding pursuant to each debt instrument.
- (b) Represents amounts owed to Liberty Global Services, as further described below.
- (c) The fair values are not subject to reasonable estimation due to the related-party nature of these loans.
- (d) Represents amount owed to Liberty Global Europe Financing B.V. (Liberty Global Europe), a subsidiary of Liberty Global, as further described below.
- (e) Represents amount owed to Unitymedia Hessen, as further described below.
- (f) Represents amounts owed pursuant to a related-party vendor financing loan in connection with assets purchased on our behalf pursuant to vendor financing arrangements of UPC Broadband Holding B.V. (UPC Broadband Holding). This loan is interest-bearing and amounts owed pursuant to this loan are generally due within one year of the borrowing date. Repayments of this vendor financing loan will be included in repayments of related-party debt in our consolidated cash flow statements.

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***Related-party Debt***

*Liberty Global Services Notes Payable*

In December 2011, in connection with transactions whereby we converted net operating losses into additional tax basis in network assets (the Network Transfer), we issued the Liberty Global Services Notes Payable to Liberty Global Services. In addition, in connection with the Network Transfer, UPC Western Europe issued to our company the UPC Western Europe Loans Receivable, as defined and described in note 9. The original principal balances attached to the Liberty Global Services Notes Payable and the UPC Western Europe Loans Receivable were equivalent and, therefore, no cash was exchanged between the related parties involved in the transaction. The Liberty Global Services Notes Payable mature on October 31, 2021 and have no repayment schedule, however, annual repayments are subject to the following restrictions: (i) during the first five years annual repayments may not exceed 10% of the outstanding principal and (ii) during years five to eight repayments that exceed 10% of the outstanding principal shall also include certain premiums. The interest rate on the Liberty Global Services Notes Payable is 7.72%.

Interest expense related to the Liberty Global Services Notes Payable was €88.6 million, €95.0 million and €4.6 million during 2013, 2012 and 2011, respectively. In December 2013, accrued interest of (i) €77.8 million was settled against accrued interest outstanding pursuant to the UPC Western Europe Loans Receivable and (ii) €10.8 million, representing the interest rate differential between the Liberty Global Services Notes Payable and the UPC Western Europe Loans Receivable, was loan settled against the UPC Broadband Loan Receivable. In December 2012, accrued interest of (a) €83.5 million was settled against accrued interest outstanding pursuant to the UPC Western Europe Loans Receivable and (b) €11.5 million, representing the interest rate differential between the Liberty Global Services Notes Payable and the UPC Western Europe Loans Receivable, was loan settled against the UPC Broadband Loan Receivable. The accrued interest for 2011 was added to the principal balance of the loan on January 1, 2012.

The decrease in the principal balance of the Liberty Global Services Notes Payable during 2013 includes (i) a €109.2 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Western Europe Loans Receivable, (ii) a €4.6 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Broadband Loan Receivable and (iii) individually insignificant net non-cash decreases aggregating €0.3 million. The net decrease in the Liberty Global Services Notes Payable during 2012 is due to (a) a €78.9 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Western Europe Loans Receivable, (b) the transfer of €4.6 million in non-cash accrued interest to the loan balance and (c) a €4.6 million non-cash increase related to the settlement of related-party charges and allocations. The increase in the Liberty Global Services Notes Payable during 2011 is attributable to non-cash borrowings of €1,208.4 million.

*Liberty Global Europe Note*

Effective March 16, 2012, UPC Equipment entered into a loan agreement with Liberty Global Europe (the Liberty Global Europe Note). The Liberty Global Europe Note (€41.8 million principal balance at December 31, 2013) has a maturity date of March 30, 2032 and bears interest at 9.29% as of December 31, 2013. The interest rate on the Liberty Global Europe Note is reviewed annually, with any adjustments being effective January 1. Accrued interest on the Liberty Global Europe Note is included in other long-term liabilities until January 1 of each fiscal year and then it is transferred to the loan balance. The net increase during 2013 is due to (a) cash borrowings of €26.3 million, (b) the transfer of €0.7 million in non-cash accrued interest to the loan balance, (c) cash payments of €0.3 million and (d) individually insignificant net non-cash decreases aggregating €0.2 million. The increase during 2012 is due to (a) cash borrowings of €15.1 million and (b) individually insignificant net non-cash increases aggregating €0.2 million. During the year ended December 31, 2013, none of the debt repayments were payments of interest.

*Unitymedia Hessen Note*

Effective August 2, 2013, UMI entered into a loan agreement with Unitymedia Hessen (the Unitymedia Hessen Note). The Unitymedia Hessen Note has an initial maturity date of February 28, 2016. Subsequent borrowings must be paid 30 months after each additional borrowing by UMI. The Unitymedia Hessen Note (€33.0

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million principal balance at December 31, 2013) bears interest at 2.47% as of December 31, 2013. The interest rate on the Unitymedia Hessen Note is reviewed annually, with any adjustments being effective January 1. Accrued interest on the Unitymedia Hessen Note is included in other long-term liabilities until January 1 of each fiscal year and then it is transferred to the loan balance. The net increase during 2013 is due to (a) cash borrowings of €43.3 million and (b) cash payments of €10.3 million. During the period ended December 31, 2013, none of the debt repayments were payments of interest.

*UPC Broadband Note*

We previously had a loan agreement (the UPC Broadband Note) with UPC Broadband Holding, the immediate parent to UPC Western Europe, which was repaid during 2012. During 2012, the UPC Broadband Note bore interest at 7.19%. The net decrease in the UPC Broadband Note during 2012 is due to (i) cash payments of €565.9 million (including €182.0 million that was applied to interest), (ii) cash borrowings of €354.6 million, (iii) the transfer of €25.4 million in non-cash accrued interest to the loan balance, (iv) a €25.7 million non-cash increase related to the settlement of related-party charges and allocations, (v) a €2.5 million non-cash increase related to property and equipment additions and (vi) a €1.1 million non-cash increase related to the settlement of share-based compensation. The net decrease in the UPC Broadband Note during 2011 is due to (a) cash payments of €1,001.2 million (including €383.4 million that was applied to interest), (b) cash borrowings of €525.0 million, (c) a €73.0 million non-cash increase related to the settlement of related-party charges and allocations, (d) the transfer of €28.5 million in non-cash accrued interest to the loan balance, (e) a €18.8 million non-cash increase related to property and equipment additions and (f) a €1.0 million non-cash increase related to the settlement of share-based compensation.

*Other*

We are subject to the debt covenants of UPC Holding and its subsidiary, UPC Broadband Holding, an indirect parent entity of our company. These covenants, among other considerations, effectively restrict our ability to incur third-party debt.

***Maturities of Related-party Debt and Capital Lease Obligations***

Maturities of our related-party debt and capital lease obligations as of December 31, 2013 are presented below:

	<b>Related- party debt</b>	<b>Capital lease obligations</b>	<b>Total</b>
		<b>in millions</b>	
Year ending December 31:			
2014 .....	€ 3.0	€ 3.6	€ 6.6
2015 .....	—	3.3	3.3
2016 .....	33.0	2.6	35.6
2017 .....	—	1.0	1.0
2018 .....	—	—	—
Thereafter .....	1,066.4	—	1,066.4
Total maturities .....	1,102.4	10.5	1,112.9
Amounts representing interest .....	—	(1.1)	(1.1)
Total debt and capital lease obligations .....	€ 1,102.4	€ 9.4	€ 1,111.8
Current portion .....	€ 3.0	€ 3.1	€ 6.1
Noncurrent portion .....	€ 1,099.4	€ 6.3	€ 1,105.7

**(7) Income Taxes**

UPC Nederland and its Dutch subsidiaries are part of the Dutch Fiscal Unity with its ultimate Dutch parent company, Liberty Global Holding B.V., and certain other non-UPC Nederland subsidiaries. The Dutch Fiscal Unity

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combines individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch tax purposes. Intercompany tax allocations from the Dutch Fiscal Unity are not subject to tax-sharing agreements and no cash payments are made between the companies related to the Dutch tax attributes. Accordingly, any intercompany tax allocations are reflected as an adjustment of accumulated net contributions in our consolidated statements of parent's equity. UMI has entered into a tax integration agreement and a profit-sharing agreement with its immediate parent, Unitymedia Hessen, who is primarily liable for the related tax obligations. As a result, UMI's income is fully attributed to Unitymedia Hessen and no provision for income taxes has been made in our consolidated financial statements for UMI under the separate return method. In addition to UMI, our consolidated financial statements include the income taxes on a separate return basis of (i) UPC Nederland and its Dutch subsidiaries, (ii) UPC Equipment and (iii) UPC International based on the local tax law.

The details of our current and deferred income tax expense consists of:

	Year ended December 31,		
	2013	2012	2011 (a)
	in millions		
Intercompany allocation of current taxes .....	€ 59.0	€ 65.1	€ 300.5
Deferred tax expense (benefit) .....	18.6	18.0	(225.3)
Total income tax expense .....	<u>€ 77.6</u>	<u>€ 83.1</u>	<u>€ 75.2</u>

- (a) The 2011 amounts each include €230.6 million of current tax expense and deferred tax benefit, respectively, associated with the Network Transfer.

The income tax expense attributable to our earnings before income taxes differs from the amounts computed using the applicable Dutch income tax rate of 25.0% as a result of the following:

	Year ended December 31,		
	2013	2012	2011
	in millions		
Computed "expected" tax expense .....	€ 74.3	€ 81.5	€ 74.2
Other, net .....	3.3	1.6	1.0
Total income tax expense .....	<u>€ 77.6</u>	<u>€ 83.1</u>	<u>€ 75.2</u>

The current and non-current components of our deferred tax assets are as follows:

	December 31,	
	2013	2012
	in millions	
Current deferred tax assets .....	€ 8.6	€ 4.5
Non-current deferred tax assets .....	158.9	181.6
Total deferred tax asset .....	<u>€ 167.5</u>	<u>€ 186.1</u>

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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	December 31,	
	2013	2012
	in millions	
<b>Deferred tax assets:</b>		
Net operating loss .....	€ 1.6	€ 1.0
Property and equipment .....	147.5	182.3
Leases .....	26.3	13.9
Other .....	—	0.1
Deferred tax assets .....	175.4	197.3
Valuation allowance .....	(1.6)	(1.0)
Deferred tax assets, net of valuation allowance .....	173.8	196.3
<b>Deferred tax liabilities:</b>		
Deferred tax liabilities – intangible assets .....	6.3	10.2
Net deferred tax asset .....	€ 167.5	€ 186.1

Our tax loss carryforwards are subject to usage restrictions that limit the ability to offset taxable income of one company with the tax losses of another separate company as a result of certain profit and loss pooling agreements made pursuant to relevant tax law. Some of these losses are limited while the agreement is in place, while some are not expected to be realized.

**(8) Parent's Equity**

*General.* UPC Nederland is a private limited liability company under Dutch law. The authorized share capital of our company equals two hundred twenty-five thousand euros (€225,000), divided into two hundred twenty-five thousand shares with a nominal value of one euro (€1) each. As of December 31, 2013 and 2012, 45,379 shares have been issued and fully paid-in. All shares are registered; no share certificates can be issued. All shares are ordinary shares for a private limited liability company under Dutch law.

UMI was formed for the purpose of effecting certain asset purchase and related leasing transactions involving certain of our subsidiaries, including certain purchase and leaseback transactions that were initiated in December 2011, when Unitymedia Hessen made an initial €61.0 million equity contribution to UMI. As further described in note 1, we are required to consolidate UMI. As a result, the transactions between UMI and our remaining consolidated group are eliminated in our consolidated financial statements.

As required by a profit-sharing agreement between Unitymedia Hessen and UMI, a distribution of €5.7 million was made to Unitymedia Hessen during 2013.

In addition, during 2013 and 2012, distributions were made to Liberty Global Services in connection with certain leasing activity prior to May 31, 2013, as further described in note 1.

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**(9) Related-party Transactions**

Our related-party transactions are as follows:

	Year ended December 31,		
	2013	2012	2011
	in millions		
Revenue .....	€ 1.6	€ 1.1	€ 0.6
Operating expenses .....	(29.3)	(27.2)	(23.4)
SG&A expenses .....	(1.8)	(0.7)	(0.2)
Allocated share-based compensation expense .....	(1.3)	(1.1)	(1.0)
Fees and allocations .....	(84.3)	(63.7)	(61.7)
Included in operating income .....	(115.1)	(91.6)	(85.7)
Interest expense .....	(91.7)	(100.1)	(30.0)
Interest income .....	110.0	87.4	4.3
Intercompany tax allocations .....	(59.0)	(65.1)	(300.5)
Included in net earnings .....	€ (155.8)	€ (169.4)	€ (411.9)
Property and equipment additions .....	€ 85.0	€ 55.8	€ 19.8
Transfers of used property and equipment .....	€ (2.9)	€ (4.9)	€ (5.7)

*General.* Certain Liberty Global subsidiaries, including Liberty Global Services, charge fees and allocate costs and expenses to our company. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) our estimated share of the underlying costs, (ii) our estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. Our related-party operating and SG&A expenses and our related-party fees and allocations generally are based on our company's estimated share of the applicable estimated costs (including personnel-related and other costs associated with the services provided) incurred by the applicable Liberty Global subsidiaries. The estimated amounts charged are reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The revisions to reflect the actual costs underlying our related-party fees and allocations for 2012, 2011 and 2010 amounted to increases (decreases) of €4.6 million, (€2.1 million) and (€1.2 million), respectively, in our billings from Liberty Global Services, which amounts were recorded during the first quarters of 2013, 2012 and 2011, respectively. The revisions to reflect actual costs for our related-party operating and SG&A expenses for 2013, 2012 and 2011 were not material. Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our consolidated statements of operations are reflective of the costs that we would incur on a standalone basis. Except as noted below, our related-party transactions are generally cash settled.

*Revenue.* Amounts represent charges for certain commercial telephony services provided to other Liberty Global subsidiaries and affiliates.

*Operating expenses.* Amounts represent net charges from (to) other Liberty Global subsidiaries primarily related to (i) programming and related services provided to our company of €24.1 million, €23.6 million and €23.2 million during 2013, 2012 and 2011, respectively, (ii) certain customer premises equipment, backbone and other network-related expenses of €6.1 million, €4.8 million and €5.6 million during 2013, 2012 and 2011, respectively, and (iii) refurbishment of certain customer premises equipment and other expenses of (€0.9 million), (€1.2 million) and (€5.4 million) during 2013, 2012 and 2011, respectively. All of these charges were cash settled with the exception of €9.5 million that was loan settled during 2011.

*SG&A expenses.* Amounts consist primarily of information technology-related charges and other SG&A charges from other Liberty Global subsidiaries.

*Allocated share-based compensation expense.* Amounts are allocated to our company by Liberty Global and represent share-based compensation associated with the Liberty Global share-based incentive awards held by

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certain UPC Nederland employees. Awards consist of (i) share appreciation rights, (ii) restricted share units and (iii) certain performance-based awards. Share-based compensation expense is included in operating and SG&A expenses in our consolidated statements of operations. During 2012 and 2011, €1.1 million and €1.0 million, respectively, of these charges were loan settled.

*Fees and allocations.* Amounts represent fees charged by Liberty Global Services to our company that originate with Liberty Global, Liberty Global Services and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support our company's broadband communications operations, including the use of the UPC trademark. These charges may be cash or loan settled. During 2013, 2012 and 2011, €5.5 million, €63.7 million and €61.7 million, respectively, of these charges were loan settled.

*Interest expense.* Amounts relate to the Liberty Global Services Notes Payable, the Liberty Global Europe Note, a vendor financing loan, the Unitymedia Hessen Note during 2013, and the UPC Broadband Note during 2012 and 2011. For additional information, see note 6.

*Interest income.* Amounts relate to the UPC Western Europe Loans Receivable, the UPC Broadband Loan Receivable, the 2013 UPC Broadband Loan Receivable during 2013, (each as defined and described below), and the loan receivable from Unitymedia Hessen (as described below).

*Intercompany tax allocations.* Amounts represent intercompany tax allocations from the Dutch Fiscal Unity. For additional information, see note 7.

*Property and equipment additions.* Amounts represent new customer premises and network-related equipment acquired from other Liberty Global subsidiaries, generally at cost. These Liberty Global subsidiaries centrally procure equipment on behalf of our company and various other Liberty Global subsidiaries.

*Transfers of used property and equipment.* Amounts represent the aggregate carrying value of used customer premises and network-related equipment transferred to other Liberty Global subsidiaries. The excess of the aggregate carrying values of the transferred equipment over the consideration received is recorded as a reduction to accumulated net contributions in our statements of parent's equity.

The following table provides details of our significant related-party balances:

	<b>December 31,</b>	
	<b>2013</b>	<b>2012</b>
	<b>in millions</b>	
<b>Assets:</b>		
Related-party receivables .....	€ 2.1	€ 3.8
<b>Loans receivable:</b>		
UPC Western Europe Loan Receivable (a) .....	1,024.6	1,133.8
UPC Broadband Loan Receivable (b) .....	488.4	224.7
2013 UPC Broadband Loan Receivable (c) .....	20.1	—
Unitymedia Hessen (d) .....	—	11.4
Total loans receivable .....	<u>1,533.1</u>	<u>1,369.9</u>
Other assets, net (e) .....	<u>31.0</u>	<u>2.7</u>
Total assets .....	<u>€ 1,566.2</u>	<u>€ 1,376.4</u>
<b>Liabilities:</b>		
Accounts payable (f) .....	€ 41.4	€ 60.1
Accrued and other current liabilities (f) .....	10.9	18.1
Debt and capital lease obligations (g) .....	1,111.8	1,160.1
Other long-term liabilities (h) .....	2.5	5.0
Total liabilities .....	<u>€ 1,166.6</u>	<u>€ 1,243.3</u>

**UPC NEDERLAND B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

- 
- (a) Represents loans receivable from UPC Western Europe (the UPC Western Europe Loans Receivable) issued in connection with the Network Transfer and the related issuance of the Liberty Global Services Notes Payable. The UPC Western Europe Loans Receivable are due on October 31, 2021 and have no repayment schedule, however, annual repayments are subject to the following restrictions: (i) during the first five years annual repayments may not exceed 10% of the outstanding principal and (ii) during years five to eight repayments that exceed 10% of the outstanding principal would require coupon premiums payable. The interest rate on the UPC Western Europe Loans Receivable is 6.8%. During 2013, 2012 and 2011, interest income earned on the UPC Western Europe Loans Receivable was €77.8 million, €83.5 million and €4.3 million, respectively. In December 2013 and 2012, accrued interest of €77.8 million and €83.5 million, respectively, was settled against accrued interest outstanding pursuant to the Liberty Global Services Notes Payable. The decrease in the principal amount of the UPC Western Europe Loans Receivable during 2013 includes a €109.2 million non-cash settlement against amounts outstanding pursuant to the Liberty Global Services Notes Payable. The net decrease in the principal amount during 2012 includes (1) a €78.9 million non-cash settlement against amounts outstanding pursuant to the Liberty Global Services Notes Payable and (2) the transfer of €4.3 million in non-cash accrued interest to the loan receivable balance. The non-cash increase in the principal amount during 2011 of €1,208.4 million is attributable to the Network Transfer.
- (b) Represents a loan receivable from UPC Broadband Holding (the UPC Broadband Loan Receivable) that originated in 2012. The UPC Broadband Loan Receivable bears interest at 9.29% and has a maturity date in December 2026. During 2013 and 2012, interest income earned from this loan was €31.5 million and €2.7 million, respectively. Accrued interest on the UPC Broadband Loan Receivable is included in other assets, net, until January 1 of each fiscal year and then it is transferred to the loan balance. The net increase in the principal balance of the UPC Broadband Loan Receivable during 2013 includes (i) cash loaned of €995.7 million, (ii) cash received of €653.6 million, (iii) a €62.2 million non-cash decrease related to the settlement of related-party charges and allocations, (iv) Liberty Global Services Notes Payable loan settlements of €10.8 million, representing the interest rate differential between the Liberty Global Services Notes Payable and the UPC Western Europe Loans Receivable, (v) Liberty Global Services Notes Payable loan settlements of €4.6 million of principal, (vi) the transfer of €4.3 million in non-cash accrued interest payable related to the UPC Broadband Note to the loan receivable balance, (vii) the transfer of €2.7 million in non-cash accrued interest to the loan receivable balance and (viii) individually insignificant non-cash decreases aggregating €0.8 million. The net increase in the principal balance of the UPC Broadband Loan Receivable during 2012 includes (a) cash loaned of €530.3 million, (b) cash received of €269.9 million, (c) a €24.2 million non-cash decrease related to the settlement of related-party charges and allocations and (d) Liberty Global Services Notes Payable loan settlements of €11.5 million, representing the interest rate differential between the Liberty Global Services Notes Payable and the UPC Western Europe Loans Receivable. During the two-year period ended December 31, 2013, none of the repayments were payments of interest.
- (c) During the third quarter of 2013, UPC International entered into a loan receivable from UPC Broadband Holding (the 2013 UPC Broadband Loan Receivable). The 2013 UPC Broadband Loan Receivable bears interest at 5.81% and has a maturity date in November 2021. During 2013, interest income earned from this loan was €0.3 million. Accrued interest on the 2013 UPC Broadband Loan Receivable is included in other assets, net, until January 1 of each fiscal year and then it is transferred to the loan balance. The net increase in the principal balance of the 2013 UPC Broadband Loan Receivable during 2013 includes (i) cash loaned of €23.0 million and (ii) a non-cash settlement of €2.9 million.
- (d) Represents UMI's loan receivable from Unitymedia Hessen that was originated in 2012 and settled in 2013. This note bore interest at 10.0% per year. Interest income earned on this note was €0.4 million and €1.2 million during 2013 and 2012, respectively. The net decrease in the principal balance of the loan receivable during 2013 includes (i) cash received of €18.1 million, (ii) cash loaned of €8.6 million, (iii) a €3.1 million non-cash decrease related to the partial settlement of a profit-sharing agreement and (iv) the transfer of €1.2 million in non-cash accrued interest to the loan receivable balance. The net increase in the principal balance of the loan receivable during 2012 includes (i) cash loaned of €24.5 million and (ii) cash received of €13.1 million.

**UPC NEDERLAND B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

- (e) Represents accrued interest related to the UPC Broadband Loan Receivable and, during 2013, the 2013 UPC Broadband Loan Receivable.
- (f) Represents the non-interest bearing payables, accrued capital expenditures for property and equipment acquired and other accrued liabilities from other Liberty Global subsidiaries that may be cash or loan settled.
- (g) Represents the (i) principal amounts outstanding under (a) the Liberty Global Services Notes Payable, (b) the Liberty Global Europe Note, (c) the Unitymedia Hessen Note and (d) a vendor financing loan and (ii) capital lease obligations with Liberty Global Services. For additional information, see note 6.
- (h) Represents accrued interest related to the Liberty Global Europe Note and, during 2012, the UPC Broadband Note.

**(10) Commitments and Contingencies**

***Commitments***

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to non-cancelable operating leases, programming contracts, purchases of customer premises equipment and other items. These commitments as of December 31, 2013 are presented below:

		Payments due during:													
		2014		2015		2016		2017		2018		Thereafter		Total	
		in millions													
Operating leases . . . . .	€	9.5	€	7.6	€	6.1	€	5.1	€	3.7	€	11.2	€	43.2	
Programming commitments . . . . .		13.2		—		—		—		—		—		13.2	
Other commitments (a) . . .		30.9		1.1		1.1		1.1		1.1		0.3		35.6	
Total (b) . . . . .	€	53.6	€	8.7	€	7.2	€	6.2	€	4.8	€	11.5	€	92.0	

- (a) The 2014 amount includes €26.6 million related to related-party purchase obligations.
- (b) The commitments reflected in this table do not reflect any liabilities that are included in our December 31, 2013 consolidated balance sheet.

Programming commitments consist of obligations associated with certain of our programming contracts, that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate cable service to a portion of our subscribers or dispose of a portion of our distribution systems. The amounts reflected in the table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during 2013, 2012 and 2011, programming and copyright costs incurred by our operations aggregated €109.3 million, €104.0 million and €101.4 million, respectively.

Other commitments are primarily comprised of unconditional purchase obligations associated with commitments to purchase customer premises and other equipment and services that are enforceable and legally binding on us. Other commitments also include certain fixed minimum contractual commitments associated with our agreements with municipal authorities.

Rental expense under non-cancelable operating lease arrangements amounted to €13.8 million, €12.6 million and €11.7 million in 2013, 2012 and 2011, respectively. It is expected that in the normal course of business, operating leases that expire generally will be renewed or replaced by similar leases.

**UPC NEDERLAND B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

We have established various defined contribution benefit plans for our and our subsidiaries' employees. The aggregate expense of our matching contributions under the various defined contribution employee benefit plans during 2013, 2012 and 2011 was €11.8 million, €10.6 million and €9.0 million, respectively.

***Guarantees and Other Credit Enhancements***

In the ordinary course of business, we may provide indemnifications to our lenders, our vendors and certain other parties and performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

***Legal and Regulatory Proceedings and Other Contingencies***

*Netherlands Regulatory Developments.* In December 2011, the Autoriteit Consument & Markt (ACM), formerly Onafhankelijke Post en Telecommunicatie Autoriteit, completed a market assessment of the television market in the Netherlands, concluding that there were no grounds for regulation of that market. On December 22, 2011, referring to its final assessment of the television market, ACM rejected previously filed requests from a number of providers to perform a new market analysis of the television market. This decision by ACM was appealed by such providers to the Dutch Supreme Administrative Court. On November 5, 2012, the Dutch Supreme Administrative Court rejected the appeals against ACM's decision.

In May 2012, the Dutch Senate adopted laws that provide, among other matters, the power to ACM to impose an obligation for the mandatory resale of television services and to the Commissariaat voor de Media to supervise the resale obligation introduced by these new laws. These laws became effective on January 1, 2013 notwithstanding the above-described November 5, 2012 decision of the Dutch Supreme Administrative Court. In January 2014, a Dutch civil court, in a proceeding initiated by our company, declared the resale obligation laws non-binding because they infringe European Union (EU) law. The Dutch Government did not appeal the January 2014 decision, and the resale obligation law has now been withdrawn by the Dutch Senate. We cannot predict whether the Dutch Senate will seek to enact a new resale obligation law, if our operations would otherwise become subject to resale obligation regulation, or the effect on our results of operations, cash flows or financial position from any implementation of a resale regime.

*Other Regulatory Issues.* Broadband communications and mobile businesses are subject to significant regulation and supervision by various regulatory bodies in the Netherlands including Dutch and EU authorities. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

*Other.* In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property and other tax issues, and (iii) disputes over interconnection, programming, copyright and carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

**(11) Segment Reporting**

We operate in one segment in the country of the Netherlands, within which we provide video, broadband internet, fixed-line telephony and mobile services to residential and business customers.

**UPC NEDERLAND B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

Our revenue by major category is as follows:

	Year ended December 31,		
	2013	2012	2011
	in millions		
Subscription revenue (a):			
Video .....	€ 456.7	€ 472.7	€ 466.2
Broadband internet .....	221.3	216.9	199.1
Fixed-line telephony .....	169.1	175.5	164.4
Cable subscription revenue .....	847.1	865.1	829.7
Mobile subscription revenue .....	0.3	0.2	—
Total subscription revenue .....	847.4	865.3	829.7
B2B revenue (b) .....	58.7	62.2	59.9
Other revenue (c) .....	29.2	28.1	25.3
Total revenue .....	€ 935.3	€ 955.6	€ 914.9

- (a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service.
- (b) These amounts include B2B revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small office and home office (SOHO) subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet or fixed-line telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €17.7 million, €12.0 million and €6.4 million, respectively, is included in cable subscription revenue.
- (c) Other revenue includes, among other items, installation, interconnect and late fees revenue.

**(12) Subsequent Event**

***Acquisition of Ziggo by Liberty Global***

On January 27, 2014, LGE Holdco VII B.V., another subsidiary of Liberty Global, reached an agreement on an offer to acquire all of the shares of Ziggo N.V. (Ziggo) that Liberty Global and its subsidiaries did not already own (the Ziggo Offer) in a share and cash transaction. The Ziggo Offer expired on November 4, 2014 and was declared unconditional on November 5, 2014. 67.2% of the issued and outstanding Ziggo shares were tendered in the Ziggo Offer and such shares were acquired by Liberty Global on November 11, 2014, resulting in Liberty Global owning 87.9% of the outstanding shares of Ziggo as of such date. Following the completion of the Ziggo Offer, Liberty Global commenced a post-closing acceptance period, which ended on November 19, 2014. During the post-closing acceptance period, 10.6% additional shares of Ziggo were tendered and accepted. As a result, after completion of the Ziggo Offer and the related post-closing acceptance period, Liberty Global owned 98.4% of the outstanding shares of Ziggo.

On December 3, 2014, Liberty Global initiated a statutory squeeze-out procedure in accordance with the Dutch Civil Code in order to acquire the remaining shares that it did not own. Upon completion of such statutory squeeze-out, Liberty Global will own 100% of the share capital of Ziggo. In addition, on December 22, 2014, Ziggo will be delisted from the Euronext Amsterdam. Following the acquisition of Ziggo, Liberty Global has begun the process of integrating our company with Ziggo.

**UPC NEDERLAND B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2013, 2012 and 2011**

In connection with the completion of the Ziggo Offer, Liberty Global obtained regulatory clearance from the European Commission on October 10, 2014, which clearance is subject to the following commitments:

- Liberty Global's commitment to divest their *Film1* channel to a third party and to carry *Film1* on Ziggo's and our network for a period of three years; and
- Liberty Global's commitment for a period of eight years with respect to our and Ziggo's network (i) not to enforce certain clauses currently contained in carriage agreements with broadcasters that restrict the ability of broadcasters to offer their channels and content via over-the-top services, (ii) not to enter into carriage agreements containing such clauses and (iii) to maintain adequate interconnection capacity through at least three uncongested routes into our and Ziggo's network, at least one of which must be with a large transit provider.

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**ZIGGO BOND COMPANY B.V.**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Interim consolidated statement of income**

<u>Amounts in thousands of €</u>	<u>Note</u>	For the nine months period ended September 30, 2014	For the nine months period ended September 30, 2013
		<u>unaudited</u>	<u>unaudited</u>
Revenues .....	3	1,202,015	1,170,891
Cost of goods sold .....		213,011	216,955
Personnel expenses .....		151,050	139,296
Contracted work .....		59,443	40,445
Materials and logistics .....		1,959	2,010
Marketing and sales .....		63,415	60,964
Office expenses .....		43,152	40,180
Other operating expenses .....		7,747	6,710
Amortisation and impairments .....	6	82,541	18,263
Depreciation and impairments .....		211,500	187,211
<b>Total operating expenses .....</b>		<b>833,818</b>	<b>712,034</b>
<b>Operating income .....</b>		<b>368,197</b>	<b>458,857</b>
Net financial income (expense) .....	4	(470,183)	(173,268)
<b>Result before income taxes .....</b>		<b>(101,986)</b>	<b>285,589</b>
Net result of joint ventures and associates .....		(5,511)	(4,868)
Income tax benefit (expense) .....	5	44,223	(11,439)
<b>Net result for the period .....</b>		<b>(63,274)</b>	<b>269,282</b>
<b>Net result attributable to shareholder .....</b>		<b>(63,274)</b>	<b>269,282</b>

The accompanying notes to this statement of income form an integral part to these interim condensed consolidated financial statements.

# ZIGGO BOND COMPANY B.V.

## Interim consolidated statement of comprehensive income

<u>Amounts in thousands of €</u>	For the nine months period ended September 30, 2014	For the nine months period ended September 30, 2013
	unaudited	unaudited
Net result for the period .....	(63,274)	269,282
Net other comprehensive income to be reclassified to profit or loss in subsequent periods .....	—	—
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Cash flow hedges, net of tax .....	865	2,596
Net other comprehensive income not being reclassified to profit or loss in subsequent periods .....	865	2,596
Total comprehensive income for the period .....	(62,409)	271,878
Total comprehensive income attributable to shareholder .....	(62,409)	271,878

# ZIGGO BOND COMPANY B.V.

## Interim consolidated statement of financial position

<u>Amounts in thousands of €</u>	<u>Note</u>	<u>September 30, 2014</u> unaudited	<u>December 31, 2013</u>
<b>Assets</b>			
Intangible assets . . . . .	6	3,367,577	3,416,418
Property and equipment . . . . .		1,519,935	1,473,278
Other non-current financial assets . . . . .		1,394	1,125
Investments in joint ventures . . . . .		5,710	3,437
Deferred tax assets . . . . .		104,846	77,135
<b>Total non-current assets . . . . .</b>		<b>4,999,462</b>	<b>4,971,393</b>
Inventories . . . . .		46,404	40,004
Derivative financial instruments . . . . .		—	—
Trade accounts receivable . . . . .		24,363	37,887
Other current assets . . . . .		59,544	54,353
Cash and cash equivalents . . . . .		339,739	77,157
<b>Total current assets . . . . .</b>		<b>470,050</b>	<b>209,401</b>
<b>TOTAL ASSETS . . . . .</b>		<b>5,469,512</b>	<b>5,180,794</b>
<b>Equity and Liabilities</b>			
Issued share capital . . . . .		18	18
Share premium . . . . .		840,982	840,982
Other reserves . . . . .		—	(865)
Retained earnings . . . . .		338,200	401,474
<b>Equity attributable to shareholder . . . . .</b>	7	<b>1,179,200</b>	<b>1,241,609</b>
Interest-bearing loans . . . . .	8	3,255,817	3,073,489
Derivative financial instruments . . . . .		145,598	21,194
Provisions . . . . .		16,475	19,830
Deferred tax liabilities . . . . .		361,253	414,764
Other non current liabilities . . . . .		858	1,986
<b>Total non-current liabilities . . . . .</b>		<b>3,780,001</b>	<b>3,531,263</b>
Deferred revenues . . . . .		124,987	120,187
Derivative financial instruments . . . . .		2,706	8,343
Provisions . . . . .		5,387	7,072
Trade accounts payable . . . . .		91,953	88,199
Corporate income tax . . . . .		4,137	4,673
Other current liabilities . . . . .		281,141	179,448
<b>Total current liabilities . . . . .</b>		<b>510,311</b>	<b>407,922</b>
<b>TOTAL EQUITY AND LIABILITIES . . . . .</b>		<b>5,469,512</b>	<b>5,180,794</b>

The accompanying notes to this statement of financial position form an integral part to these interim condensed consolidated financial statements.

# ZIGGO BOND COMPANY B.V.

## Interim consolidated statement of changes in equity

Amounts in thousands of €	Issued capital	Share premium	Cash flow hedge reserve	Retained earnings	Total equity
Balance at 31 December 2012 . . . . .	18	840,982	(4,327)	254,569	1,091,242
<b>Comprehensive income</b>					
Net result for the first nine months of 2013 . . . . .	—	—	—	269,282	269,282
<i>other comprehensive income:</i>					
cash flow hedges, net of tax . . . . .	—	—	2,596	—	2,596
Total comprehensive income . . . . .	—	—	2,596	269,282	271,878
Dividend payment . . . . .	—	—	—	(202,128)	(202,128)
Total transactions with shareholders . . . . .	—	—	—	(202,128)	(202,128)
<b>Balance at September 30, 2013 — unaudited . . .</b>	<b>18</b>	<b>840,982</b>	<b>(1,731)</b>	<b>321,723</b>	<b>1,160,992</b>
Balance at 31 December 2013 . . . . .	18	840,982	(865)	401,474	1,241,609
<b>Comprehensive income</b>					
Net result for the first nine months of 2014 . . . . .	—	—	—	(63,274)	(63,274)
<i>other comprehensive income:</i>					
cash flow hedges, net of tax . . . . .	—	—	865	—	865
Total comprehensive income . . . . .	—	—	865	(63,274)	(62,409)
<b>Balance at September 30, 2014 — unaudited . . .</b>	<b>18</b>	<b>840,982</b>	<b>—</b>	<b>338,200</b>	<b>1,179,200</b>

# ZIGGO BOND COMPANY B.V.

## Interim consolidated statement of cash flows

<u>Amounts in thousands of €</u>	<u>For the nine months period ended September 30, 2014</u>	<u>For the nine months period ended September 30, 2013</u>
	<u>unaudited</u>	<u>unaudited</u>
<b>Operating activities</b>		
Result before income taxes .....	(101,986)	285,589
<i>Adjustments for:</i>		
Amortisation and impairments .....	82,541	18,263
Depreciation and impairments .....	211,500	187,211
Movement in provisions .....	(5,167)	(4,307)
Net financial expense .....	470,183	173,268
<b>Operating cash flow before changes in working capital .....</b>	<b>657,071</b>	<b>660,024</b>
<i>Changes in working capital relating to:</i>		
Inventories .....	(6,399)	(10,025)
Trade accounts receivable .....	13,525	(7,177)
Other current assets .....	(6,115)	(25,498)
Trade accounts payable .....	2,418	1,585
Deferred revenues .....	4,801	9,548
Other current liabilities .....	20,896	(136,814)
<b>Change in working capital .....</b>	<b>29,126</b>	<b>(168,381)</b>
Corporate income tax paid .....	(2,351)	—
<b>Net cash flow from operating activities .....</b>	<b>683,846</b>	<b>491,643</b>
<b>Investing activities</b>		
Purchase intangible and tangible assets .....	(282,513)	(246,465)
Business combination, net of cash acquired .....	—	(15,186)
Additional contribution to joint ventures .....	(7,500)	(7,948)
Interest received .....	115	7
Change in financial assets .....	(269)	22
<b>Net cash flow used in investing activities .....</b>	<b>(290,167)</b>	<b>(269,570)</b>
<b>Financing activities</b>		
Proceeds term Loan B1 .....	1,212,428	—
Proceeds term Loan B2 .....	724,100	—
Repayment of loans .....	(900,000)	(1,063,336)
Repayment / proceeds Senior Secured Notes 3,625% .....	(678,314)	748,500
Revolver Facility .....	(255,000)	280,000
Proceeds term Loan A .....	—	150,000
Financing fees .....	(37,699)	(13,874)
Interest paid .....	(109,722)	(108,468)
Other financing activities .....	(38,517)	—
Swap contracts unwind .....	(48,373)	—
Dividend paid .....	—	(202,133)
<b>Net cash flow used in financing activities .....</b>	<b>(131,097)</b>	<b>(209,311)</b>
<b>Net (decrease) / increase in cash and cash equivalents .....</b>	<b>262,582</b>	<b>12,761</b>
Net cash and cash equivalents at January 1 .....	77,157	92,363
Net cash flow from operating, investing and financing activities .....	262,582	12,761
<b>Net cash and cash equivalents at September 30 .....</b>	<b>339,739</b>	<b>105,124</b>

## ZIGGO BOND COMPANY B.V.

### Notes to the interim condensed consolidated financial statements

#### 1. Corporate information

The Company is the owner and operator of a broadband cable network in the Netherlands and provides analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 2.8 million households under the brand name Ziggo. The principal activity of the Company is the exploitation of its cable network. The ultimate parent of the Company Ziggo N.V.

#### 2. Accounting policies

##### *Basis of preparation*

The interim condensed consolidated financial statements for the nine months ended September 30, 2014 have been prepared by the Board of Management in accordance with IAS 34 "Interim Financial Reporting" and are authorised for issue on December 9, 2014.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements of Ziggo Bond Company B.V. for the year ended 31 December 2013.

The interim condensed consolidated financial statements are presented in thousands of Euros (€) except when otherwise indicated.

The accounting policies applied in these interim condensed consolidated financial statements are the International Financial Reporting Standards as endorsed by the European Union.

##### *Change in presentation*

In 2013 the Company changed presentation of some items previously included in cost of goods sold to office expenses. Comparative information 2013 has been adjusted as follows:

<u>Amounts in thousands of €</u>	<u>nine month periods ended September 30, 2013</u>		
	<u>Previously reported</u>	<u>Change in presentation</u>	<u>Adjusted</u>
<i>Item in income statement</i>			
Cost of goods sold . . . . .	217,584	(629)	216,955
Office expenses . . . . .	39,551	629	40,180

##### *Change in accounting estimates*

Following a discussion with the AFM as a result of questions raised by the AFM in January 2014 concerning how the company came to the conclusion that the useful life of the customer relationships is indefinite, Ziggo evaluated its current accounting treatment of the customer relationships.

In this evaluation the Company also took into consideration the current market circumstances Ziggo operates in. The changed market conditions relate mainly to the recent changes within the telecom market, technology and the increase in competition.

From Q1 2011 until Q1 2014 the Company applied an indefinite useful life approach and therefore did not amortize its customer relationships. Instead of amortizing, the Company annually tested the customer relationship for impairment. The Company assessed the useful life to be indefinite as there was, based on the facts and available data, no foreseeable limit to the period over which the asset was expected to generate net cash inflows.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the interim condensed consolidated financial statements — (Continued)**

For determining the fair value at acquisition date the asset identified as customer relationships contains two components, that are closely related:

1. The “Access Right”, representing the license to operate, maintain, update and expand the network. This ensures that the respective customers can be serviced through the cable-related assets;
2. The “Active Clients”, representing the active customer base at the moment of acquisition.

As of Q2 2014 Ziggo has separated the carrying amount of the two components within the intangible asset that was previously presented as customer relationships based on relative fair values. Based on analysis of available data and taking into consideration current market circumstances, Ziggo is now able to estimate the remaining useful life of these intangible assets as the assessment showed a foreseeable limit to the period over which the asset is expected to generate net cash inflows. Based on this assessment the useful life of Active Clients is estimated at 14 years and the useful life for the Access Rights at 30 years. Based on the assessment no impairment needs to be recognized regarding the carrying amount of asset and the company started amortizing these assets as from April 1, 2014 again. This results in an annual amortization charge of €120 million to reflect the remaining useful lives of 7 and 23 years respectively for Active Clients and Access Right. The Company accounts for the amortization charges as of the second quarter of 2014 prospectively as a change in an accounting estimate.

#### ***Significant accounting policies***

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the (consolidated) financial statements for the year ended 31 December 2013 of Ziggo Bond Company B.V., except for the adoption of new standards and interpretations effective as of January, 2014.

The group applies, for the first time, the following amendments to standards and interpretation:

- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (issued June 2013)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (issued May 2013)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (issued October 2012)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (issued December 2011)

These amendments and the new interpretation do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The Company has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

#### ***Seasonality of operations***

The Company's operations as described at Note 1 Corporate information are not influenced by a seasonal pattern. Subsequently, no material higher or lower revenues and operating profits are usually expected in the different months of the year.

# ZIGGO BOND COMPANY B.V.

## Notes to the interim condensed consolidated financial statements — (Continued)

### 3. Revenues

<u>Amounts in thousands of €</u>	For the nine months period ended September 30, 2014	For the nine months period ended September 30, 2013
	unaudited	unaudited
Standard cable subscriptions .....	327,284	337,011
Digital pay television .....	122,893	126,493
<b>Video .....</b>	<b>450,177</b>	<b>463,504</b>
<b>Broadband Internet subscriptions .....</b>	<b>371,445</b>	<b>346,124</b>
Telephony subscriptions .....	106,304	101,999
Telephony usage .....	129,863	130,969
<b>Telephony .....</b>	<b>236,167</b>	<b>232,968</b>
<b>Out-of-home .....</b>	<b>9,575</b>	<b>6</b>
<b>Revenues from other sources .....</b>	<b>9,519</b>	<b>27,132</b>
<b>Total Consumer Market .....</b>	<b>1,076,883</b>	<b>1,069,734</b>
<b>Business Services .....</b>	<b>125,132</b>	<b>101,157</b>
<b>Total revenues .....</b>	<b>1,202,015</b>	<b>1,170,891</b>

### 4. Net financial income and expense

<u>Amounts in thousands of €</u>	For the nine months period ended September 30, 2014	For the nine months period ended September 30, 2013
	unaudited	unaudited
<b>Interest expense on interest bearing loans .....</b>	<b>(146,870)</b>	<b>(148,903)</b>
<b>Interest income .....</b>	<b>115</b>	<b>7</b>
Amortisation of financing costs, including write-offs terminated facilities ...	(31,214)	(49,400)
Foreign exchange results and fair value gains (losses) on derivatives .....	(253,501)	26,159
Commitment fees .....	(5,577)	(1,130)
Closing cost facilities and notes .....	(33,135)	—
<b>Other net financial income and expense .....</b>	<b>(323,427)</b>	<b>(24,371)</b>
<b>Net financial income (expense) .....</b>	<b>(470,183)</b>	<b>(173,268)</b>

The Company's financing has changed in 2013 and in 2014, which is discussed in Note 8. As a consequence of this change the Company's financial expense increased in the three quarters of 2014 compared to 2013 by €296.9 million. This increase is primarily the result of fair value losses on the derivative financial instruments, foreign exchange differences on the new USD loan, closing cost for the new facilities and notes offset by lower amortisation charges for financing costs.

IAS 23 'Borrowing Costs' requires the Company to capitalise borrowing cost that are directly attributable to the construction of a qualifying asset, hence the Company's assets under construction. For the first three quarters of 2014 the Company capitalised borrowing cost in the amount of €9.2 million (2013 €9.2 million), which are presented as a deduction of interest expense.

# ZIGGO BOND COMPANY B.V.

## Notes to the interim condensed consolidated financial statements — (Continued)

### 5. Income taxes

The Company and its subsidiaries are incorporated in the fiscal unity of Ziggo N.V. for corporate income tax purposes. Income tax recognised in the statement of income for the nine months ended September 30, 2014 consists of:

<u>Amounts in thousands of €</u>	For the nine months period ended September 30, 2014	For the nine months period ended September 30, 2013
	unaudited	unaudited
Deferred tax assets	27,997	(11,749)
Deferred tax liabilities	53,513	(4,346)
Current tax liabilities	(37,287)	4,656
<b>Income tax benefit (expense)</b>	<b>44,223</b>	<b>(11,439)</b>

The Company paid income tax of €2.4 million (2013: nil).

A reconciliation between the statutory tax rates of 25.0% and the Company's effective tax rate is as follows:

<u>Amounts in thousands of €</u>	Tax rate	For the nine months period ended September 30, 2014	Tax rate	For the nine months period ended September 30, 2013
Result for the period		(101,986)		285,589
Notional income tax at statutory rates	25.00%	25,497	25.00%	(71,397)
Adjustments:				
Other adjustments prior years	(0.41)%	(418)	0.00%	—
Non deductible items	0.00%	—	(0.01)%	19
Innovation box 2010-2012	0.00%	—	(12.28)%	35,070
Innovation box	18.77%	19,144	(8.71)%	24,869
<b>Effective tax rate / income tax benefit</b>	<b>43.36%</b>	<b>44,223</b>	<b>4.01%</b>	<b>(11,439)</b>

Ziggo formalized an agreement with the Dutch tax authorities regarding the innovation box in 2013. Tax profits attributable to innovation are taxed at an effective tax rate of 5%.

The tax effects of temporary differences influencing significant portions of the deferred tax assets and deferred tax liabilities as of September 30, 2014 and as of September 30, 2013 are presented below:

<u>Amounts in thousands of €</u>	January 1, 2014	Recognised in profit or loss	True-up calculation in profit or loss	Recognised in other comprehensive income	September 30, 2014
					unaudited
Tax loss carry-forwards	225	(224)	—	—	1
Property and equipment	69,527	(6,246)	4,776	—	68,057
Derivative financial instruments	7,385	29,691	—	(288)	36,788
<b>Deferred tax assets</b>	<b>77,137</b>	<b>23,221</b>	<b>4,776</b>	<b>(288)</b>	<b>104,846</b>
Intangible assets	(389,755)	14,470	22,469	—	(352,816)
Property and equipment	(25,011)	1,013	15,561	—	(8,437)
<b>Deferred tax liabilities</b>	<b>(414,766)</b>	<b>15,483</b>	<b>38,030</b>	<b>—</b>	<b>(361,253)</b>
<b>Deferred tax assets and liabilities</b>	<b>(337,629)</b>	<b>38,704</b>	<b>42,806</b>	<b>(288)</b>	<b>(256,407)</b>

# ZIGGO BOND COMPANY B.V.

## Notes to the interim condensed consolidated financial statements — (Continued)

Amounts in thousands of €	January 1, 2013	Recognised in profit or loss	From acquisition	Recognised in other comprehensive income	September 30, 2013
					unaudited
Tax loss carry-forwards	—	(541)	1,041	—	500
Property and equipment	75,848	(4,740)	—	—	71,108
Derivative financial instruments	15,806	(6,468)	—	(865)	8,473
<b>Deferred tax assets</b>	<b>91,654</b>	<b>(11,749)</b>	<b>1,041</b>	<b>(865)</b>	<b>80,081</b>
Intangible assets	(385,358)	(2,506)	(1,274)	—	(389,138)
Property and equipment	(22,466)	(1,840)	—	—	(24,306)
<b>Deferred tax liabilities</b>	<b>(407,824)</b>	<b>(4,346)</b>	<b>(1,274)</b>	<b>—</b>	<b>(413,444)</b>
<b>Deferred tax assets and liabilities</b>	<b>(316,170)</b>	<b>(16,095)</b>	<b>(233)</b>	<b>(865)</b>	<b>(333,363)</b>

### 6. Intangible assets

Movement of the intangible assets for the comparative periods is as follows:

Amounts in thousands of €	Goodwill	Customer Relationships	Software	Total
Cost	1,793,757	2,406,661	354,649	4,555,067
Accumulated amortisation	—	(863,568)	(275,081)	(1,138,649)
Balance as of December 31, 2013	1,793,757	1,543,093	79,568	3,416,418
Additions	—	—	33,700	33,700
Amortisation and impairment	—	(60,858)	(21,683)	(82,541)
Total changes in net bookvalue	—	(60,858)	12,017	(48,841)
Cost	1,793,757	2,406,661	388,349	4,588,767
Accumulated amortisation	—	(924,426)	(296,764)	(1,221,190)
<b>Balance as of September 30, 2014</b>	<b>1,793,757</b>	<b>1,482,235</b>	<b>91,585</b>	<b>3,367,577</b>

Amounts in thousands of €	Goodwill	Customer Relationships	Software	Total
Cost	1,782,449	2,401,568	288,898	4,472,915
Accumulated amortisation	—	(862,813)	(251,715)	(1,114,528)
Balance as of December 31, 2012	1,782,449	1,538,755	37,183	3,358,387
Additions	11,308	5,093	15,833	32,234
Amortisation and impairment	—	(472)	(17,791)	(18,263)
Total changes in net bookvalue	11,308	4,621	(1,958)	13,971
Cost	1,793,757	2,406,661	304,731	4,505,149
Accumulated amortisation	—	(863,285)	(269,506)	(1,132,791)
<b>Balance as of September 30, 2013</b>	<b>1,793,757</b>	<b>1,543,376</b>	<b>35,225</b>	<b>3,372,358</b>

### Goodwill

Value in use calculations for goodwill are based on cash flow projections covering a maximum period of five years; the three-year financial budgets approved by the Company's management and the years beyond the three year financial budget are based on models over this projection period using growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

The key assumptions used to determine the recoverable amount for the cash generating unit were discussed in the annual financial statements for the year ended 31 December 2013. Up to September 30, 2014 there were no indications that required an impairment test.

## ZIGGO BOND COMPANY B.V.

### Notes to the interim condensed consolidated financial statements — (Continued)

#### *Customer relationships*

The customer relationships acquired upon the acquisitions have initially been amortised on a straight line basis in 12-14 years. As from April 2011 the Company ceased amortising its customer relationships as it was concluded that the useful life of customer relationships connected to the Company's network is indefinite. With reference to note 2 'Basis for accounting', Ziggo started amortising the customer relationships again as from April 1, 2014. The Company accounts for the amortization charges as of the second quarter of 2014 prospectively as a change in estimate.

The customer list recorded upon the acquisition of Esprit is amortised on a straight line basis over 4.5 years.

#### **7. Shareholders' equity**

The Company is incorporated as a private limited liability company under Dutch law. Its registered capital consists entirely of ordinary shares. The authorized capital is divided into 900 shares of €100 nominal value each.

#### **8. Interest bearing loans**

Amounts in thousands of €	Interest rate	Maturity	September 30, 2014	December 31, 2013
Term loan B Euro	Euribor or floor 0.75% + 2.75%	January-2022	922,000	—
Term loan B US dollar	Libor or floor 0.75% + 2.50%	January-2022	1,100,280	—
Facility A loan	EURIBOR +1.75%	March-2018	—	150,000
Facility E loan (Sr. Secured Notes)	6.125%	November-2017	—	750,000
Revolving Credit Facility	EURIBOR +1.75%	March-2018	—	255,000
Financing fees			(29,329)	(11,782)
Loans from financial institutions			1,992,951	1,143,218
Unsecured Senior Notes — original	8.000%	May-2018	458,679	1,187,357
Unsecured Senior Notes — new	8.000%	May-2018	733,105	—
Senior Secured Notes	3.625%	March-2020	71,082	742,914
<b>Interest bearing loans</b>			<b>3,255,817</b>	<b>3,073,489</b>

Movement in total interest-bearing loans is as follows:

Amounts in thousands of €	2014	2013
Balance at January 1	3,073,489	2,943,816
New term loan B Euro	922,000	—
New term loan B US dollar	1,014,528	—
Repayments on loans	(900,000)	(1,063,336)
Repayments on Unsecured Senior Notes	(743,128)	—
Issuance Unsecured Senior Notes — new	743,128	—
Facility A financial institutions	—	430,000
Repayment / Issuance of 3.625% Senior Secured Notes	(678,314)	750,000
Disagio on 3.625% Senior Secured Notes	—	(1,500)
Repayment revolving facility	(255,000)	—
Increment due to disagio	4,916	848
Financing fees	(42,768)	(12,690)
Amortisation and impairment of financing fees	31,214	49,400
Foreign exchange difference on term loan B US Dollar	85,752	—
<b>Balance at September 30</b>	<b>3,255,817</b>	<b>3,096,538</b>

Immediately upon announcement of the recommended offer by Liberty Global on the Company, Ziggo refinanced the majority of its outstanding debt. Each new and/or changed facility and note is discussed below:

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the interim condensed consolidated financial statements — (Continued)**

#### ***Facility A loan – Repaid in full***

In March 2013, Ziggo agreed on a new Facility A loan under a new credit facility of €150.0 million. Interest on the Facility A loan is Euribor+1.75% and is paid monthly. In February 2014, the facility was repaid in full and financing fees capitalized were recognized in the income statement.

#### ***Term loan B Euro – New***

In total term loan B Euro provides for a commitment of €1,566.0 million. Maturity date of this new term loan is January 15, 2022. At September 30, 2014 an amount of €922.0 million was drawn. Financing fees on the new term loan were €13.8 million. Interest on the loan is set at a floor of 0.75% and a fixed rate of 2.75%. If either Libor or Euribor exceeds 0.75%, interest is adjusted accordingly. The effective interest rate as per September 30, 2014 is 3.74%.

#### ***Term loan B US Dollar – New***

In total term loan B US Dollar provides for a commitment of \$2,350.0 million. Maturity date of this new term loan is January 15, 2022. At September 30, 2014 an amount of \$1,384.0 million was drawn. Financing fees on the new term loan were \$20.6 million. Interest on the loan is set at a floor of 0.75% and a fixed rate of 2.50%. If either Libor or Euribor exceeds 0.75%, interest is adjusted accordingly. The effective interest rate as per September 30, 2014 is 3.48%.

#### ***Facility E loan – Repaid***

In October 2010, Ziggo Finance B.V., a company managed by Deutsche Bank International Trust Company N.V., issued Senior Secured Notes of €750.0 million with a nominal interest rate of 6.125%, due in 2017. In March 2014, the facility was repaid in full and financing fees capitalized were recognized in the income statement.

#### ***Revolving and ancillary facility – Replaced***

A revolving credit facility of €600.0 million and an ancillary facility of €50.0 million was put in place, both expiring in June 2020. Interest on the revolving facility is Euribor 2.50% and on the ancillary facility Euribor 1.75%. The new revolving credit facility replaced the former revolving credit facility of €400.0 million. As per the end of September 30, 2014, Ziggo had not drawn under these new facilities.

#### ***8% Senior Notes – Changed***

As at September 30, 2014, the outstanding balance of the original 8% Senior Notes 2018 amounted to €459.4 million. This item is carried at amortized cost, including principal amount (€465.7 million), capitalized funding costs (€5.6 million) and discount on the issuance date (€0.7 million). Financing fees relating to this principal amount amounted to €10.0 million at issuance, to be amortized over a period of eight years. The capitalized discount upon issuance relating to this principal amount amounted to €3.4 million, to be amortized as interest expense over a period of eight years. The balance for capitalized financing fees and capitalized discount related to the notes which have been exchanged into the new 8% Senior Notes 2018, was fully impaired in Q1. This impairment resulted in an additional interest charge of €3.3 million and an additional charge under the amortization of funding costs of €9.8 million.

#### ***Senior Secured Notes – Partial repaid***

As at September 30, 2014, the remaining outstanding balance of the senior secured notes (3.625%, March 2020) amounted to €71.1 million, stated at amortized cost, including principal amount (€71.7 million), capitalized funding costs and capitalized discount relating to the remaining outstanding balance. As a result of the early redemption of €678.3 million of these notes, the remaining balance of capitalized financing fees and capitalized discount relating to the notes redeemed, has been impaired. This impairment resulted in an additional interest charge of €1.2 million and an additional charge under the amortization of funding costs of €5.1 million.

## ZIGGO BOND COMPANY B.V.

### Notes to the interim condensed consolidated financial statements — (Continued)

#### 9. Financial risks and instruments

At September 30, 2014, the Company has variable interest bearing loans in Euro in the amount of €922.0 million (31 December 2013: €405.0 million). In order to mitigate the interest rate risk the Company entered into Interest Rate Swaps (IRS) with a notional of €952.0 million as per September 30, 2014 (31 December 2013: €250.0 million). For its variable interest bearing loans in US Dollar in the amount of €1,013.1 million the Company entered into Cross Currency Swaps (CCS) to also mitigate its exposure in US Dollar next to the interest rate risk. CCS in order to mitigate both the interest rate risk as well as the currency risk had a notional of \$1,429 million. The Company does not apply hedge accounting for these financial instruments.

The following table presents the fair values of financial instruments, based on the Company's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are recognised in the consolidated statement of financial position.

Amounts in thousands of €	September 30, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans .....	103	103	104	104
Trade accounts receivable .....	24,363	24,363	37,887	37,887
Cash and cash equivalents .....	339,739	339,739	77,157	77,157
<b>Total financial assets .....</b>	<b>364,205</b>	<b>364,205</b>	<b>115,148</b>	<b>115,148</b>
<b>Financial liabilities</b>				
Loans from financial institutions .....	(1,992,951)	(1,952,442)	(1,143,218)	(1,175,510)
8.000 % Senior Notes — original .....	(458,679)	(478,852)	(1,187,357)	(1,285,310)
8.000 % Senior Notes — new .....	(733,105)	(791,336)	—	—
3.625% Senior Secured Notes, due 2020 .....	(71,082)	(73,461.83)	(742,914)	(752,340)
Finance lease .....	(505)	(505)	(765)	(765)
Trade accounts payable .....	(91,953)	(91,953)	(88,199)	(88,199)
Total financial liabilities at amortised cost .....	(3,348,275)	(3,388,549)	(3,162,453)	(3,302,124)
Derivative financial instruments .....	(148,304)	(148,304)	(29,537)	(29,537)
<b>Total financial liabilities .....</b>	<b>(3,496,579)</b>	<b>(3,536,853)</b>	<b>(3,191,990)</b>	<b>(3,331,661)</b>

#### *Fair value hierarchy*

Of the Company's financial instruments, only derivatives are measured at fair value using the Level 2 inputs as defined in IFRS 7 "Financial Instruments: Disclosures". These inputs are inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of derivative instruments is estimated by discounting future cash flows at prevailing market rates or based on the rates and quotations obtained from third parties, including an adjustment for risk.

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade ratings.

#### 10. Commitments and contingent liabilities

The Company enters into purchase commitments in the ordinary course of business. As at September 30, 2014 it had purchase commitments for an amount of €75.6 million (31 December 2013: €77.0 million).

#### 11. Related party transactions

##### *Identification of related parties*

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. Related parties include associated companies, key management personnel and close family members of related parties.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the interim condensed consolidated financial statements — (Continued)**

#### ***Transactions and positions***

The following significant related party transactions occurred during the nine months ended September 30, 2014:

- Management fees were charged to the Company by Ziggo N.V. for the services rendered by the Board of Management resulting in a charge of €2.4 million in 2014 (2012: €2.4 million);

In the normal course of business, the Company and its subsidiaries conduct various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to the Company, either individually or in the aggregate.

#### **12. Dividends paid and proposed**

In view of the recommended offer for Ziggo N.V. no (interim) dividend distribution is proposed.

#### **13. Subsequent events**

##### ***Recommended offer by Liberty Global***

On October 10, Liberty Global plc and Ziggo N.V. announced that regulatory approval has been obtained from the European Commission for the recommended public offer (the “Offer”) by a subsidiary of Liberty Global to all holders of issued and outstanding ordinary shares (the “Shares”) in the capital of Ziggo N.V.. As a result, the condition on competition clearance for completion of the Offer, as detailed in the Offer Memorandum dated June 27, 2014 (the “Offer Memorandum”) and the U.S. prospectus/offer to exchange (the “U.S. Prospectus”) dated August 19, 2014 has now been satisfied.

Subject to the terms and conditions of the Offer, as further described in the Offer Memorandum, tendering shareholders will receive €11.00 in cash, 0,2282 Liberty Global Class A ordinary shares and 0.5630 Liberty Global Class C ordinary shares for each Ziggo N.V. share. Further information on the Offer is available in the Offer Memorandum and in the press release dated June 27, 2014, which are both available on our website.

## **REVIEW REPORT**

To: the Shareholder of Ziggo Bond Company B.V.

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Ziggo Bond Company B.V., Amsterdam, which comprise the interim consolidated statement of financial position as at 30 September 2014, the interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months ended 30 September 2014 and the notes, comprising a summary of the significant accounting policies and other explanatory information.

The Board of Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope**

We conducted our review in accordance with Dutch law including standard 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements for the nine months ended 30 September 2014 are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Amsterdam, 9 December 2014

Ernst & Young Accountants LLP

signed by F.J. Blenderman

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## **Independent Auditor's Report**

To: the Shareholders of Ziggo Bond Company B.V.

### **Report on the financial statements**

We have audited the accompanying financial statements 2013 of Ziggo Bond Company B.V., Amsterdam. The financial statements include the consolidated financial statements and the corporate financial statements. The consolidated financial statements comprise the consolidated statement of income for the year ended 31 December 2013, the consolidated statement of comprehensive income for the year ended 31 December 2013, the consolidated statement of financial position as at 31 December 2013, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes, comprising a summary of the accounting policies and other explanatory information. The corporate financial statements comprise the corporate statement of income for the year ended 31 December 2013, the corporate statement of financial position as at 31 December 2013 and the notes, comprising a summary of the accounting policies and other explanatory information.

### ***Management's responsibility***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion with respect to the consolidated financial statements***

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Ziggo Bond Company B.V. as at 31 December 2013, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

### ***Opinion with respect to the corporate financial statements***

In our opinion, the corporate financial statements give a true and fair view of the financial position of Ziggo Bond Company B.V. as at 31 December 2013 and its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 14 April 2014

Ernst & Young Accountants LLP

signed by F.J. Blenderman

**ZIGGO BOND COMPANY B.V.**  
**FINANCIAL STATEMENTS**  
**Consolidated statement of income**

<b>Amounts in thousands of € (except per share data)</b>	<b>Note</b>	<b>For the year ended December 31, 2013</b>	<b>For the year ended December 31, 2012</b>
Revenues . . . . .	5	1,564,843	1,536,865
Cost of goods sold . . . . .		289,114	294,407
Personnel expenses . . . . .	6, 7	189,000	187,434
Contracted work . . . . .		57,461	50,876
Materials & logistics . . . . .		3,033	3,750
Marketing & sales . . . . .		76,885	60,531
Office expenses . . . . .		53,415	53,901
Other operating expenses . . . . .		8,254	5,091
Amortisation and impairments . . . . .	10	24,121	28,407
Depreciation and impairments . . . . .	11	253,068	250,707
<b>Total operating expenses . . . . .</b>		<b>954,351</b>	<b>935,111</b>
<b>Operating income . . . . .</b>		<b>610,492</b>	<b>601,754</b>
Net financial income (expense) . . . . .	8	(222,291)	(232,623)
<b>Result before income taxes . . . . .</b>		<b>388,201</b>	<b>369,131</b>
Net result of joint ventures and associates (after tax) . . . . .	13	(9,111)	(9,389)
Income tax benefit (expense) . . . . .	9	(30,057)	(92,307)
<b>Net result for the year . . . . .</b>		<b>349,033</b>	<b>267,435</b>
<b>Net result attributable to equity holders . . . . .</b>		<b>349,033</b>	<b>267,435</b>

The accompanying notes to this statement of cash flows form an integral part of these consolidated financial statements.

# ZIGGO BOND COMPANY B.V.

## Consolidated statement of comprehensive income

<b>Amounts in thousands of €</b>	<b>For the year ended December 31, 2013</b>	<b>For the year ended December 31, 2012</b>
Net result for the year . . . . .	349,343	267,435
Net other comprehensive income to be reclassified to profit or loss in subsequent periods . . . . .	—	—
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Cash flow hedges, net of tax . . . . .	3,462	3,462
<b>Net other comprehensive income not being reclassified to profit or loss in subsequent periods . . . . .</b>	<b>3,462</b>	<b>3,462</b>
<b>Total comprehensive income for the period . . . . .</b>	<b>352,495</b>	<b>270,897</b>
<b>Total comprehensive income attributable to equity holders . . . . .</b>	<b>352,495</b>	<b>270,897</b>

**ZIGGO BOND COMPANY B.V.**  
**Consolidated statement of financial position**

Amounts in thousands of €	Note	December 31, 2013	December 31, 2012
<b>Assets</b>			
Intangible assets . . . . .	10	3,416,418	3,358,387
Property and equipment . . . . .	11	1,473,278	1,434,080
Other non-current financial assets . . . . .	12	1,125	719
Investments in joint ventures . . . . .	13	3,437	3,556
Deferred tax assets . . . . .	9	77,137	91,654
<b>Total non-current assets . . . . .</b>		<b>4,971,395</b>	<b>4,888,396</b>
Inventories . . . . .	14	40,004	27,889
Trade accounts receivable . . . . .	15	37,887	18,240
Other current assets . . . . .	16	54,352	24,391
Cash and cash equivalents . . . . .	17	77,157	92,363
<b>Total current assets . . . . .</b>		<b>209,401</b>	<b>162,882</b>
<b>Total assets . . . . .</b>		<b>5,180,796</b>	<b>5,051,278</b>
<b>Equity and liabilities</b>			
Issued share capital . . . . .		18	18
Share premium . . . . .		840,982	840,982
Other reserves . . . . .		(865)	(4,327)
Retained earnings . . . . .		401,474	254,569
<b>Equity attributable to equity holders . . . . .</b>	<b>18</b>	<b>1,241,609</b>	<b>1,091,242</b>
Interest-bearing loans . . . . .	19	3,073,489	2,943,816
Derivative financial instruments . . . . .	26	21,194	63,236
Provisions . . . . .	20	19,830	23,059
Deferred tax liabilities . . . . .	9	414,766	407,824
Other non-current liabilities . . . . .	21	1,986	204
<b>Total non-current liabilities . . . . .</b>		<b>3,531,265</b>	<b>3,438,139</b>
Deferred revenues . . . . .		120,187	109,692
Derivative financial instruments . . . . .	26	8,343	—
Provisions . . . . .	20	7,072	7,480
Trade accounts payable . . . . .		88,199	85,563
Corporate income tax . . . . .	9	4,673	2,323
Other current liabilities . . . . .	22	179,448	316,840
<b>Total current liabilities . . . . .</b>		<b>407,922</b>	<b>521,898</b>
<b>Total equity and liabilities . . . . .</b>		<b>5,180,796</b>	<b>5,051,278</b>

The accompanying notes to this statement of financial position form an integral part of these consolidated financial statements.

**ZIGGO BOND COMPANY B.V.**

**Consolidated statement of changes in equity**

<b>Amounts in thousands of €</b>	<b>Issued capital</b>	<b>Share premium</b>	<b>Cash flow hedge reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
Balance at December 31, 2011 . . . . .	18	840,982	(7,789)	150,134	983,345
<b>Comprehensive income</b>					
Net result for the year 2012 . . . . .	—	—	—	267,435	267,435
<i>Other comprehensive income:</i>					
Cash flow hedges, net of tax . . . . .	—	—	3,462	—	3,462
Total comprehensive income . . . . .	—	—	3,462	267,435	270,897
<i>Transactions with shareholders</i>					
Dividend payment . . . . .	—	—	—	(163,000)	(163,000)
Total transactions with shareholders . . . . .	—	—	—	(163,000)	(163,000)
<b>Balance at December 31, 2012 . . . . .</b>	<b>18</b>	<b>840,982</b>	<b>(4,327)</b>	<b>(254,569)</b>	<b>1,091,242</b>
<b>Comprehensive income</b>					
Net profit for the year 2013 . . . . .	—	—	—	349,033	349,033
<i>Other comprehensive income:</i>					
Cash flow hedges, net of tax . . . . .	—	—	3,462	—	3,462
Total comprehensive income . . . . .	—	—	3,462	349,033	349,033
<i>Transactions with shareholders</i>					
Dividend payment . . . . .	—	—	—	(202,128)	(202,128)
Total transaction with shareholders . . . . .	—	(295,528)	—	(202,128)	(202,128)
<b>Balance at December 31, 2013 . . . . .</b>	<b>18</b>	<b>840,982</b>	<b>(865)</b>	<b>401,474</b>	<b>1,241,609</b>

**ZIGGO BOND COMPANY B.V.**  
**Consolidated statement of cash flows**

<u>Amounts in thousands of €</u>	<u>Note</u>	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
<b>Operating activities</b>			
Result before income taxes .....		388,201	369,131
<i>Adjustments for:</i>			
Amortisation and impairments .....	10	24,121	28,407
Depreciation and impairments .....	11	253,068	250,707
Movement in provisions .....	20	(4,137)	(1,020)
Net financial expense .....	8	222,291	232,623
Operating cash flow before changes in working capital .....		883,544	879,848
<i>Changes in working capital relating to:</i>			
Inventories .....	14	(12,022)	4,291
Trade accounts receivable .....	15	(17,906)	7,513
Other current assets .....	16	(26,319)	1,903
Trade accounts payable .....		(385)	10,908
Deferred revenues .....		9,232	(6,184)
Other current liabilities .....	22	(168,480)	75,716
Change in working capital .....		(215,880)	94,147
<b>Net cash flow from operating activities .....</b>		<b>667,664</b>	<b>973,995</b>
<b>Investing activities</b>			
Purchase of intangible and tangible assets .....	10, 11	(342,649)	(279,650)
Acquisition of business, net of cash acquired .....	4	(15,186)	—
Additional contribution to joint ventures .....	13	(7,948)	(12,954)
Interest received .....		44	426
Change in financial assets .....		(406)	(155)
<b>Net cash flow from investing activities .....</b>		<b>(366,145)</b>	<b>(292,335)</b>
<b>Financing activities</b>			
Proceeds from loans .....	19	1,378,500	—
Repayments of loans .....	19	(1,288,348)	(320,000)
Interest paid .....		(190,762)	(217,906)
Dividend paid .....		(202,128)	(163,000)
Financing and commitment fees .....		(12,689)	(1,025)
Other financing activities .....		(1,298)	—
<b>Net cash flow from financing activities .....</b>		<b>(316,725)</b>	<b>(701,931)</b>
<b>Net (decrease) / increase in cash and cash equivalents .....</b>		<b>(15,206)</b>	<b>(20,271)</b>
Net cash and cash equivalents at January 1 .....		92,363	112,634
Net cash flow from operating, investing and financing activities .....		(15,206)	(20,271)
<b>Net cash and cash equivalents at December 31 .....</b>		<b>77,157</b>	<b>92,363</b>

The accompanying notes to this statement of cash flows form an integral part of these consolidated financial statements.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements**

#### **1. The Company and its operations**

The Company is the owner and operator of a broadband cable network in the Netherlands and provides analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 2.9 million households and businesses under the brand name Ziggo. The principal activity of the Company is the exploitation of its broadband cable network. The ultimate parent of the Company is Ziggo N.V.

#### **2. Basis of preparation**

##### ***Date of authorisation of issue***

The consolidated financial statements of Ziggo Bond Company B.V. for the year ended December 31, 2013 were prepared by the Board of Management and adopted on April 14, 2014. The Company is a private limited company incorporated in Amsterdam (registered office: Winschotendiep 60, 9723 AB Groningen) in the Netherlands.

##### ***Statement of compliance***

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with part 9 of Book 2 of the Dutch Civil Code.

##### ***Measurement basis***

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of euros (€) except when otherwise indicated.

##### ***Foreign currency translation***

The consolidated financial statements are presented in euros (€), which is the Company's functional and presentation currency. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. Monetary items denominated in foreign currencies are translated into the Company's functional currency at the spot rate of exchange ruling at the reporting date. Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in net income for the period. Non-monetary items that are measured on a historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions.

##### ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2013. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same financial year as those of the parent company, using consistent accounting policies. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent company. All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full on consolidation.

The consolidated financial statements of the Company include the subsidiaries mentioned in Note 27.

#### *Use of estimates and assumptions*

The preparation of financial statements requires management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within these consolidated financial statements represent good-faith assessments of the Company's future performance for which management believes there is a reasonable basis. These estimates and assumptions represent the Company's view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted. The estimates and assumptions that management considers most critical relate to:

- Impairment of goodwill and intangible assets with indefinite lives (Note 3 and Note 10)
- Deferred tax assets (Note 3 and Note 9)
- Fair value of financial instruments (Note 3, Note 25 and Note 26)
- Other long-term employee benefits (Note 3 and Note 20)
- Provisions and contingencies (Note 3, Note 20 and Note 23)

#### *Change in presentation*

In 2013 the Company changed presentation of some items previously included in cost of goods of sold to office expenses. Comparative information 2012 has been adjusted as follows:

<u>Amounts in thousands of €</u>	<u>December 31, 2012</u>		
	<u>Previously reported</u>	<u>Change in presentation</u>	<u>Adjusted</u>
<i>Item Income Statement</i>			
Cost of goods sold . . . . .	295,013	(606)	294,407
Office Expenses . . . . .	53,302	606	53,908

#### *Change in accounting policies*

IAS 19, "Employee Benefits," (as revised June 2011) became effective for the Company as of January 1, 2013. The amendments require, amongst other things, the recognition of changes in defined benefit obligations and in fair value of plan assets as they occur, hence eliminating the "corridor approach" permitted under the previous version of IAS 19, and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated balance sheet to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 have been replaced

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

with a “net-interest” amount, which is calculated by applying the discount rate to the net defined liability or asset. IAS 19 (as revised) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. As the Company is not able to recognize its multi-employer defined benefit plans as defined benefit plans, the amendment does not have an impact accounting for these plans.

IFRS 13, “Fair value measurement,” became effective for the Company as of January 1, 2013. It is applied prospectively. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across all IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within the IFRSs. The adoption of IFRS 13 does not have a significant effect on the Company’s financial position or performance. For more information about financial instruments and fair value measurements, see Note 25.

### **3. Significant accounting policies**

Significant accounting policies applied in the preparation of the consolidated financial statements are presented below. These policies have been consistently applied through all years presented, unless otherwise stated.

#### ***Segment reporting***

IFRS 8 “Operating Segments” defines an operating segment as a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating segment’s operating result is reviewed regularly by the Board of Management (Chief Operating Decision Maker), which makes decisions as to the resources to be allocated to the segment and assesses its performance, based on discrete financial information available.

Segment results are reported to the Board of Management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Performance of the segments is evaluated on the basis of several measures, of which operating income excluding depreciation and amortisation (EBITDA) is the most important. Segment assets and liabilities do not include corporate assets and liabilities and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

In the assessment of operating segments, the Company concluded there is only one operating segment, based on the following assumptions:

Chief Operating Decision Maker (Board of Management of the Company) makes decisions on the basis of financial results for the Company as one company;

- The Company has only one geographic area in which it operates;
- The Company has an integrated network for all activities;
- The Company’s investments and related costs are not allocated to its specific business lines or products.

#### ***Business combinations***

Business combinations are accounted for using the acquisition accounting method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed and included in other operating expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as an asset

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

or liability are remeasured at subsequent reporting dates in accordance with IAS 39 “Financial Instruments: Recognition and Measurement” or IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as appropriate, with the corresponding gain or loss being recognised in the statement of income. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates until it is finally settled within equity.

#### ***Intangible assets***

##### ***Goodwill***

Goodwill represents the excess of costs of an acquisition over the Company’s interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities at the date of acquisition, and is carried at cost less accumulated impairment losses. Goodwill paid on the acquisition of joint ventures and associates is included in the carrying amount of the investment.

For the purposes of impairment testing, goodwill is allocated to each of the Company’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. The Company identifies one main cash-generating unit, as the network of the company services all business operations and cannot be allocated to specific segments.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

##### ***Other intangible assets***

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised. Expenditures are reflected in the statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the economic benefits related to the intangible asset decreased. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Such a change in the useful life assessment is made on a prospective basis.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life of the asset remains indefinite. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Customer lists acquired upon the merger into Ziggo in 2008 represent the customer relationships of Multikabel, Casema and @Home. Those customer lists, which are initially measured at fair value, are recognised as an asset with an indefinite life due to a high level of uncertainty in estimating the useful life as historic attrition rates vary significantly. The asset is tested for impairment at least annually.

The customer list recorded upon the acquisition of Esprit Telecom will be amortised on a straight line basis over 4.5 years, since the customers acquired are not dependent on the infrastructure (network) of the Company the life of the asset isn’t evaluated as indefinite.

Software is amortised in 3-5 years using the straight-line method over its economically useful life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of income when the asset is derecognised.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

#### *Property and equipment*

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost includes direct costs (materials, replacement parts, direct labour and contracted work) and directly attributable office expenses. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the costs of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The interest percentage used reflects the weighted average interest expense of the Company.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, taking into account residual value. Borrowing costs are depreciated over the estimated useful life of the corresponding asset. Land is not depreciated. The useful lives of the assets are as follows:

	<u>Useful lives</u>
Network active (head-end, local network) . . . . .	10-12 years
Network passive (fibre) . . . . .	12-20 years
Network equipment (IP and datacom equipment) . . . . .	5 years
Other . . . . .	3-20 years

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year-end. Any change in accounting caused by this review is applied prospectively.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognised.

Repairs and maintenance are charged to expense during the financial period in which they incur.

#### *Leases*

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense once they occur.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of income on a straight-line basis over the lease term.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

#### ***Impairment of non-financial assets***

The Company assesses at each financial year-end whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. These calculations are substantiated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations recognised in the statement of income will be recorded in a separate line item in those expense categories consistent with the classification of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised for the asset in prior years. Such a reversal is recognised in the statement of income. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Goodwill and other assets with indefinite lives are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that their carrying amounts may be impaired. An indicator for impairment may be a drop in the share price of Ziggo N.V. below the issue price of €18.50. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. The recoverable amount is the higher of the cash-generating unit's fair value less cost to sell and its value in use. The value in use of the cash-generating unit is determined using the discounted cash flow method. Where the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### ***Investments in joint ventures and associates***

A joint venture is a joint arrangement whereby the Company and one or more other parties have joint control and rights to the net assets of the arrangement. Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint ventures and associates are accounted for using the equity method. Under the equity method, investments in joint ventures and associates are measured at cost and adjusted for post-acquisition changes in the Company's share of the net assets of the investment (net of any accumulated impairment in the value of individual investments).

#### ***Inventories***

Inventories are measured at cost or net realisable value, whichever is the lower. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated marketing, distribution and selling expenses.

Most of the inventory is not sold to customers but used in the Company's network and capitalised once used. Sold inventory is included in the cost of goods sold.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

#### ***Provisions***

Provisions are recognised when a legal or constructive obligation, which can be reliably estimated, exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income net of any reimbursement.

A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced to the parties concerned.

The Company recognises a provision for asset retirement obligations related to dismantling and removing items at leased property and restoring the site on which these items are located after termination of the lease agreement. In addition, the Company is exposed to costs of returning customer premises equipment upon termination of the subscription or renewals.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

The net assets and net liabilities recognised in the consolidated statement of financial position for defined benefit plans and other long-term employee benefits represent the net amount of the defined benefit obligations and unrecognised past-service costs less plan assets. Actuarial gains and losses are recognised in other comprehensive income. Any net asset resulting from the calculation is limited to unrecognised past-service cost, plus the present value of available refunds and reductions in future contributions to the plan. No adjustment for the time value of money is made in case that the Company has an unconditional right to a refund of the full amount of the surplus, even if such a refund is realisable only at a future date.

Defined benefit obligations are actuarially calculated at least annually on the reporting date using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have an average duration similar to the expected duration of the related pension liabilities.

The Company provides pension plans for qualifying employees. The plans are multi-employer defined benefit plans with publicly or privately administered pension insurance organisations (known as “bedrijfstak-pensioenfondsen”). These pension insurance organisations are not able to provide the Company with sufficient information in order to account for the plans as defined benefit plans. As a result, the defined benefit pension plans are treated as defined contribution plans.

Contributions to defined contribution plans are recognised as an expense when they are due. Post-employment benefits provided through industry multi-employer plans, managed by third parties, are generally accounted for using defined contribution criteria.

Provisions are recognised for other long-term employee benefits on the basis of discount rates and other estimates that are consistent with the estimates used for the defined benefit obligations. For these provisions the corridor approach is not applied and all actuarial gains and losses are recognised in the consolidated statement of income immediately.

#### ***Financial instruments***

##### ***Financial assets***

The Company initially recognises loans and receivables and deposits on the date they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

An impairment is recorded in operating expenses when it is probable (based on objective evidence) that the Company will not be able to collect all amounts due under the original terms. Impairments are calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified as impaired. Impaired loans and receivables are derecognised when they are assessed as uncollectible.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

#### *Financial liabilities*

The Company initially recognises debt securities issued and subordinated liabilities on the date they originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts being recognised in the statement of income.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade accounts and other payables.

#### *Derivative financial instruments and hedging*

The Company entered into several interest rate swaps in order to mitigate its risks associated with interest rate fluctuations. These derivatives are recognised at fair value. The fair value of interest rate swaps is the estimated amount that would be received or paid to terminate the swap at the reporting date, taking into account the current interest rates and creditworthiness of the swap counter parties. As a result of the refinancing of the Company in October 2010, hedge accounting is no longer applied. Since October 2010 changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income. Until October 2010 changes in the fair value were recorded as hedge reserve in shareholders' equity. This hedge reserve is charged linear to the income statement since October 2010 based on the term of the underlying hedge instrument.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 26. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining term to maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining term to maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

When a hedging instrument expires or is sold, any cumulative gain or loss recorded in equity at that time is immediately transferred to the statement of income under 'Other net financial income and expense'.

#### ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from the services provided in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of sales tax, customer discounts and other sales-related discounts.

Revenue primarily comprises revenues earned from subscription and usage fees on the delivery of standard cable (analogue and digital signal) and digital pay television, broadband internet and telephony and subscriptions and services provided to the business market. Revenue from other sources primarily comprises revenue from the sale of set top boxes and other goods, revenues customer care service numbers, revenues from connection- and installation fees and various other items. Subscription and usage revenues are recognised at the time services are provided to customers. Pre-invoiced revenues are deferred and allocated to the respective period they relate to. Any unearned revenue is recognised as deferred revenue within current liabilities. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

The Company may provide the subscriber with an installation to establish the connection to its network and offers connection-related services. Revenue from installations is recognised immediately when the installation and services have been rendered for contracts with undefined contractual terms and is allocated to the concerning periods of a contract with a defined terms.

#### ***Cost of goods sold***

Cost of goods sold includes the costs for purchases of materials and services directly related to revenue, such as copyright, interconnection costs, signal delivery costs, royalties, internet service provider fees and materials and logistics cost directly related to the sale of set top boxes.

#### ***Income tax***

Current income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised in other comprehensive income. The current income tax is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the reporting date, and adjustments for current taxes payable (receivable) for prior years.

Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income.

Deferred income tax assets are generally recognised for all temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except to the extent that a deferred income tax asset arises from the initial recognition of goodwill. Deferred income tax liabilities are generally recognised for all temporary differences.

Deferred income tax assets and liabilities are based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse or are substantively enacted at the reporting date. The effect of a change in tax rates on deferred income tax assets and liabilities is recognised in the period that includes the enactment date. Deferred income tax assets are reduced by a valuation allowance when the Company cannot make the determination that it is more likely than not that some portion or all of the related tax assets will be realised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### *Statement of cash flows*

The statement of cash flows is prepared using the indirect method with a breakdown into cash flows from operating, investing and financing activities. The purchase of the business combination in investing activities is presented net of cash acquired.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### *Standards issued but not yet effective*

The following new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2013 and have not been applied in preparing these consolidated financial statements:

Issued and effective as from the 2014 financial year:

- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (issued June 2013)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (issued May 2013)
- IFRIC 21 Levies (issued May 2013)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (issued October 2012)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (issued December 2011)

Issued in previous financial years and not yet effective as from 2014:

- IFRS 9 Financial Instruments (issued in November 2009) and subsequent amendments (amendments to IFRS 9 and IFRS 7 issued in December 2011)

Issued by the IASB in this financial year but not yet effective as from 2014:

- Annual Improvements to IFRSs 2010–2012 Cycle (issued December 2013)
- Annual Improvements to IFRSs 2011–2013 Cycle (issued December 2013)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (issued November 2013)

The Company will introduce the new standards, amendments to standards and interpretations as of their effective date unless otherwise indicated. Adoption of the standards and interpretations for the next financial year are not expected to have an impact on the Consolidated statement of income, the Consolidated statement of comprehensive income and on the disclosure notes to the financial statements of the Company.

#### **4. Business combinations**

On May 1, 2013 Ziggo acquired 100% of the shares of Esprit Telecom B.V. ("Esprit Telecom"). The acquisition enables the Company to further expand its services for the business market. Esprit Telecom is a leading provider of voice and data services for the SME (Small and Medium Enterprises) market in the Netherlands, and has an active sales channel of dealers across the country.

Esprit Telecom is the 100% parent company of Zoranet Connectivity Services B.V. (an ICT service provider that focuses on the retail sector) and XB Facilities B.V.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Esprit Telecom as at the date of acquisition were:

<u>Amounts in thousands of €</u>	<u>Fair value recognised on acquisition</u>
<b>Assets</b>	
Intangible assets . . . . .	5,402
Property and equipment . . . . .	2,467
Deferred tax asset . . . . .	1,041
Inventories . . . . .	93
Trade receivables . . . . .	1,741
Other current assets . . . . .	2,655
Cash and cash equivalents . . . . .	2,630
<b>Total assets</b> . . . . .	<b>16,030</b>
<b>Liabilities</b>	
Loans from financial institutions . . . . .	914
Deferred tax liability . . . . .	1,274
Trade payables . . . . .	2,971
Other current liabilities . . . . .	3,862
<b>Total liabilities</b> . . . . .	<b>9,021</b>
Net asset value acquired . . . . .	7,008
Goodwill arising on acquisition . . . . .	11,308
<b>Total purchase consideration</b> . . . . .	<b>18,316</b>

The purchase consideration comprises:

<u>Amounts in thousands of €</u>	
<u>Purchase consideration</u>	
Cash consideration . . . . .	17,816
Contingent consideration . . . . .	500
<b>Total purchase consideration</b> . . . . .	<b>18,316</b>

### Contingent consideration

As part of the purchase agreement with the previous owner of Esprit Telecom a contingent consideration has been agreed. Payment is conditional upon the renewal of an Internet & Data agreement with a primary customer prior to July 1, 2014 against market practice prices for a period of at least 12 months. As at the acquisition date, the fair value of the contingent consideration was €0.5 million, as it is expected that this Internet & Data agreement with this customer will be extended prior to July 1, 2014. If the contractual criteria are met, the maximum cash payable will not materially differ from the liability recorded. In the remainder of the half year there were no changes in the underlying assumptions of the contingent consideration that required a change in the fair value of the cash payment.

### Cash flow on acquisition

<u>Amounts in thousands of €</u>	
<u>Cash flow on acquisition</u>	
Net cash acquired with the subsidiary . . . . .	2,630
Cash consideration . . . . .	(17,816)
<b>Net cash flow on acquisition</b> . . . . .	<b>(15,186)</b>

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

Of the total purchase consideration of €18.3 million an amount of €11.3 million is allocated to the goodwill for the acquisition of the sales channel and product portfolio of Esprit Telecom. Additionally the company expects to realize synergy advantages mainly within interconnection costs from the acquisition in the future.

From the date of acquisition, Esprit Telecom contributed €25.2 million in revenues and €3.5 million to the operating income of the Company. If the combination had taken place per January 1, 2013, revenue from continuing operations would have been €37.8 million and the operating income from continuing operations would have been €4.5 million for the Company.

#### 5. Revenues

The Company's revenues comprise the following:

<u>Amounts in thousands of €</u>	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Standard cable subscription . . . . .	447,363	464,533
Digital pay television services . . . . .	167,497	168,139
Total Video revenues . . . . .	614,860	632,672
Broadband Internet subscription . . . . .	464,354	442,419
Telephony subscription . . . . .	137,357	129,048
Telephony usage . . . . .	174,768	179,701
Total Telephony revenues . . . . .	312,125	308,749
Revenues from other sources . . . . .	31,805	47,461
Total Consumer Market . . . . .	1,423,144	1,431,301
Business Services . . . . .	141,699	105,564
<b>Total revenues . . . . .</b>	<b>1,564,843</b>	<b>1,536,865</b>

Revenues generated from bundle subscriptions amounted to €727.5 million (2012: €672.0 million) and have been allocated to the individual products Video-, Broadband Internet- and Telephony subscriptions based on the individual product prices for each product as a percentage of the sum of the individual product price.

The Company's revenues are generated through a large customer base and no customer generates more than 10% of total revenues. Revenues from other sources primarily comprise revenue from the sale of goods. Revenues from the sale of goods as at December 31, 2013 amounted to €19.1 million (2012: €27.8 million).

#### 6. Personnel expenses

The Company's personnel expenses comprise the following:

<u>Amounts in thousands of €</u>	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Wages and salaries . . . . .	145,862	174,893
Social security costs . . . . .	17,368	19,135
Pensions and other long-term employee benefits . . . . .	20,737	18,087
External personnel . . . . .	78,307	53,093
Lease- & mileage costs . . . . .	11,030	10,556
Other . . . . .	6,555	7,090
Work Capitalized . . . . .	(86,857)	(57,329)
<b>Total personnel expenses . . . . .</b>	<b>193,002</b>	<b>225,525</b>

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

The number of employees of the Company in full time equivalents (FTEs) as at December 31, 2013 was 2,602 (2012: 2,498). The average number of employees in 2013 was 2,567 FTEs (2012: 2,444).

No personnel expenses for the Board of Management are included in the consolidated financial statements of Ziggo Bond Company B.V. as those expenses are recognised in Ziggo N.V., the ultimate parent of the group.

#### 7. Other operating expenses

Other operating expenses per December 31, 2013 comprise a management fee of €3.2 million (2012: €2.0 million) charged to the Company by Ziggo N.V. for services rendered by the members of the Board of Management of Ziggo N.V.

#### 8. Net financial income and expense

<u>Amounts in thousands of €</u>	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Interest on loans from financial institutions . . . . .	(114,004)	(119,834)
Interest on 8.0% senior notes . . . . .	(96,708)	(96,708)
Other interest expense . . . . .	(2,007)	(1,672)
Capitalisation of borrowing cost . . . . .	12,591	10,447
Interest expense . . . . .	(200,128)	(207,767)
Interest income . . . . .	1,025	424
Amortisation of financing fees, including write-offs of terminated facilities . . . .	(51,043)	(13,228)
Fair value gains (losses) on derivative financial instruments . . . . .	29,083	(10,789)
Commitment fees . . . . .	(1,436)	(1,047)
Foreign exchange results . . . . .	208	(216)
Other net financial income and expense . . . . .	(23,188)	(25,280)
<b>Net financial income (expense) . . . . .</b>	<b>(222,291)</b>	<b>(232,623)</b>

The Company's financing has changed in 2012 and in 2013, which is discussed in Note 19. A gain was realised on the derivative financial instruments, offset by a write-off of capitalized financing fees for terminated credit facilities in 2013.

IAS 23 'Borrowing Costs' requires the Company to capitalise borrowing costs that are directly attributable to the construction of a qualifying asset, hence the Company's assets under construction. Other interest expense relates mainly to the interest added to provisions and long-term employee benefits.

#### 9. Income taxes

The subsidiaries of the Company are incorporated into the fiscal unity of Ziggo N.V. for corporate income tax purposes. For financial reporting purposes, its consolidated subsidiaries calculate their respective tax assets, tax liabilities and tax benefits on a consolidated tax return basis. The Company's income tax comprises:

<u>Amounts in thousands of €</u>	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Deferred tax assets . . . . .	(21,491)	(68,271)
Deferred tax liabilities . . . . .	(5,786)	(4,110)
Current tax liabilities . . . . .	(2,217)	(2,296)
<b>Income tax benefit (expense) . . . . .</b>	<b>(29,494)</b>	<b>(74,677)</b>

The current taxes due by the Company are recognised in the current account related parties.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

A reconciliation between the statutory tax rates of 25.0% and the Company's effective tax rate is as follows:

Amounts in thousands of €	Tax rate	For the year ended December 31, 2013	Tax rate	For the year ended December 31, 2012
Profit for the period		388,201		369,131
Notional tax income at statutory rates	25.00%	97,050	25.00%	92,283
Adjustments:				
Non-deductible items	0.04%	141	0.01%	24
Innovation tax facilities	(17.36%)	(67,010)	0.00%	—
Research and development deduction	(0.03%)	(124)	0.00%	—
<b>Effective tax rate / Income tax benefit</b>	<b>7.64%</b>	<b>30,057</b>	<b>25.01%</b>	<b>92,307</b>

The Company reached an agreement with the Dutch tax authorities regarding the innovation box. The innovation box is a tax facility under Dutch corporate income tax law, which taxes profits attributable to innovation at an effective tax rate of 5% instead of the statutory rate of 25%. The innovation box reduces the effective tax rate going forward but also reduces it retrospectively for the period 2010 to 2012.

The Company and the Dutch tax authorities have reached agreement on all income tax filings up to and until 2009. In 2013 no taxes were paid in cash (2012: nil). A current tax liability is included for corporate income tax due per December 31, 2013 of €4.7 million (2012: €2.3 million). This is the result of an intragroup transaction in which the Company transferred part of its assets in order to renew part of the tax loss carry-forward position to avoid expiration of these losses. In one of the subsidiaries the Company will report a profit for tax purposes based on a percentage of the value of the transferred assets, which cannot be offset against the remaining losses of the fiscal unity according to Dutch carry-over rules.

Income tax recognised under other comprehensive income comprises:

Amounts in thousands of €	For the year ended December 31, 2013			For the year ended December 31, 2012		
	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
Cash flow hedges	4,616	(1,154)	3,462	4,615	(1,154)	3,462
	<b>4,616</b>	<b>(1,154)</b>	<b>3,462</b>	<b>4,615</b>	<b>(1,154)</b>	<b>3,462</b>

The tax effects of temporary differences influencing significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 2013 and 2012 are presented below:

Amounts in thousands of €	December 31, 2011	Recognised in profit or loss	Recognised in other comprehensive income	Reclassification overdraft	December 31, 2012	Recognised in profit or loss	Recognised in other comprehensive income	Acquired in a business combination	December 31, 2013
Tax loss carry-forwards	21,622	(21,622)	—	—	—	(816)	—	1,041	225
Property and equipment	—	54,914	—	20,934	75,848	(6,321)	—	—	69,527
Derivative financial instruments	14,264	2,696	(1,154)	—	15,806	(7,267)	(1,154)	—	7,385
Deferred tax assets	35,886	35,988	(1,154)	20,934	91,654	(14,404)	(1,154)	1,041	77,137
Intangible assets	(382,581)	(2,493)	—	—	(385,358)	(3,241)	—	(1,156)	(389,755)
Property and equipment	85	(1,617)	—	(20,934)	(22,466)	(2,545)	—	—	(25,011)
Deferred tax liabilities	(382,496)	(4,110)	—	(20,934)	(407,824)	(5,786)	—	(1,156)	(414,766)
<b>Deferred tax assets and liabilities</b>	<b>(346,610)</b>	<b>31,594</b>	<b>(1,154)</b>	<b>—</b>	<b>(316,170)</b>	<b>(20,190)</b>	<b>(1,154)</b>	<b>(115)</b>	<b>(337,629)</b>

The deferred tax asset and tax liability are calculated at a tax rate of 25.0%.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

Recognised deferred tax assets relating to fiscal losses reflect management's estimate of realisable amounts based on historic growth numbers and expected future net results. The amounts of tax loss carry forwards are subject to assessment by local tax authorities.

The deferred tax asset furthermore relates to derivative financial instruments and a balance as a result of the loss renewal. The loss renewal transaction resulted in a temporary difference on the fiscal value of transferred assets and thus a higher fiscal depreciation base. This balance will decrease in time due to the higher fiscal depreciation.

The expiration of the available tax loss carry-forwards is 2017.

### 10. Intangible assets

The Company's intangible assets comprise:

Amounts in thousands of €	Goodwill	Customer lists	Software	Total
Balance as of January 1, 2012	1,782,449	1,538,755	38,532	3,359,736
Additions	—	—	27,058	27,058
Amortisation and impairment	—	—	(28,407)	(28,407)
Total changes in net book value 2012	—	—	(1,349)	(1,349)
Cost	1,782,449	2,401,568	288,898	4,472,915
Accumulated amortisation	—	(862,813)	(251,715)	(1,114,528)
Balance as of December 31, 2012	1,782,449	1,538,755	37,183	3,358,387
Additions	—	—	65,442	65,442
Acquired through business combinations	11,308	5,093	309	16,710
Amortisation and impairment	—	(755)	(23,366)	(24,121)
Total changes in net book value 2013	11,308	4,338	42,385	58,030
Cost	1,793,757	2,406,661	354,649	4,555,067
Accumulated amortisation	—	(863,568)	(275,081)	(1,138,649)
<b>Balance as of December 31, 2013</b>	<b>1,793,757</b>	<b>1,543,093</b>	<b>79,568</b>	<b>3,416,418</b>

Value in use calculations for goodwill and customer lists are based on cash flow projections covering a maximum period of five years and a terminal value; the four-year financial plan approved by the Company's management and the years beyond the four-year financial plan are based on models for this projection period using growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports. The terminal value is calculated based on a growth rate that does not exceed the long-term average growth rate and discounted at the weighted average cost of capital.

The key assumptions used in the goodwill impairment test and the customer list impairment test are set out below.

The main parameters used for impairment testing are as follows:

Parameters	2013	2012
WACC	8.78%	8.78%
Growth rate (after 2018)	2.00%	2.00%

### Goodwill

All goodwill acquired through business combinations has been allocated for impairment testing purposes to the one cash-generating unit at which management monitors the operating results. Impairment testing is based on the current group of customers of the Company.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

*Growth rate* — The growth rates in the four-year financial plan reflect historic growth numbers and current market developments. The years beyond the four-year financial plan are extrapolated using estimated growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

*Cash flow* — Free cash flow consists of operating cash flow before changes in working capital, changes in net working capital and capital expenditures. Revenues are estimated based on historic growth numbers and expected future market penetration levels, resulting in related costs and capital expenditures. Cash flow projections beyond the five-year period are captured in a terminal value and are extrapolated from the final year cash flows, discounted by the appropriate discount rate.

*Discount rate* — The pre-tax discount rate is calculated taking into account the relative weights of each component of the capital structure and is used by management as a benchmark to assess operating performance and future investments. The pre-tax discount rate used for the 2013 goodwill impairment test is 8.78% (2012: 8.78%).

#### ***Customer lists***

Customer lists acquired upon the merger of Multikabel, Casema and @Home into Ziggo in 2008 were initially amortised on a straight-line basis in 12-14 years. As from April 2011, the Company ceased amortising its customer lists as it was concluded that the useful life of its underlying customer relationships connected to the Company's network is indefinite (See Note 2). Consequently the asset is subject to impairment testing for assets with indefinite lives as discussed in Note 3. The impairment test for the customer lists is based on the historic number of active connections at the time the customer list was acquired.

*Customer Relationship* — The Company defines a customer relationship as an active connection to the Company's network multiplied by the number of residential products sold to this connection, also referred to as Revenue Generating Units (RGUs) for the consumer market. The maximum number of RGUs per active connection is 4 RGUs.

*Attrition* — Attrition represents the expected decline of the customer relationships and is based on both historical information as well as management expectations and market developments.

*Growth rate* — The growth rates in the four-year financial plan reflect historic growth numbers and current market developments. The years beyond the four-year financial plan are extrapolated using estimated growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

*Cash flow* — Free cash flow consists of operating cash flow before changes in working capital, changes in net working capital and capital expenditures. Revenues comprise all revenues related to existing customer relationships at the time of the merger and exclude revenues resulting from new customer relationships. Revenues are estimated based on historic growth numbers and expected future market penetration levels, resulting in related costs and capital expenditures. Cash flow projections beyond the five-year period are captured in a terminal value and are extrapolated from the final year cash flows, discounted by the appropriate discount rate.

*Discount rate* — The pre-tax discount rate is calculated taking into account the relative weights of each component of the capital structure and is used by management as a benchmark to assess operating performance and future investments. The pre-tax discount rate used for the 2013 customer lists impairment test is 8.78% (2012: 8.78%).

#### ***Sensitivity to changes in assumptions***

With regard to the sensitivity analyses, no reasonably possible change in any of the above key assumptions would cause the carrying amount of the unit to materially exceed its recoverable amount.

#### ***Software***

During 2013 the Company did not impair capitalised development of software (2012: nil).

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### 11. Property and equipment

The Company's property and equipment comprises:

<u>Amounts in thousands of €</u>	<u>Network</u>	<u>Land</u>	<u>Other</u>	<u>Assets under construction</u>	<u>Total</u>
Balance as of January 1, 2012 .....	1,212,575	3,023	68,502	137,286	1,421,386
Additions .....	241,164	465	19,483	2,289	263,401
Reclassification — cost .....	(253)	—	253	—	(0)
Reclassification — accumulated depreciation .....	21	—	(21)	—	(0)
Depreciation and impairment .....	(227,118)	—	(23,589)	—	(250,707)
Total change in net book value 2012 .....	13,814	465	(3,874)	2,289	12,694
Cost .....	4,788,111	3,488	215,793	139,575	5,146,967
Accumulated depreciation .....	(3,561,722)	—	(151,165)	—	(3,712,887)
Balance as of December 31, 2012 .....	1,226,389	3,488	64,628	139,575	1,434,080
Additions .....	251,064	779	25,687	12,278	289,808
Acquired through business combinations ...	1,197	—	1,270	—	2,467
Disposals .....	—	—	(9)	—	(9)
Depreciation and impairment .....	(233,288)	—	(19,780)	—	(253,068)
Total change in net book value 2013 .....	18,973	779	7,168	12,278	39,198
Cost .....	5,040,372	4,267	242,106	151,853	5,438,598
Accumulated depreciation .....	(3,795,010)	—	(170,310)	—	(3,965,320)
<b>Balance as of December 31, 2013 .....</b>	<b>1,245,362</b>	<b>4,267</b>	<b>71,796</b>	<b>151,853</b>	<b>1,473,278</b>

#### *Network*

The additions to the network include capitalised borrowing costs of €12.6 million (2012: €10.4 million). Generally, the capitalisation rate used to determine the amount of capitalised borrowing costs is a weighted average of the interest rate applicable. For 2013, an average interest rate of 6.91 % (2012: 6.76%) was applied.

During 2013 the Company did not recognise any impairments for property and equipment (2012: nil).

Mortgages on all registered properties, related movable assets and network-related elements established under the Senior Credit Facilities as explained in Note 19.

#### *Assets under construction*

Assets under construction relates to projects for the expansion and improvement of the Company's network and IT infrastructure. Included in assets under construction is software, which is recognised as an intangible asset once in use.

### 12. Other non-current financial assets

Financial assets consist of long-term prepaid expenses (related to information technology contracts) of €1,021 (2012: €578), participation in the association COIN €99, and other financial assets €5 (2012: €42).

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### 13. Investments in joint ventures

Amounts in thousands of €	2013				2012			
	HBO Nederland Coöperatief U.A.	ZUM B.V.	ZUM B B.V.	Other non-current liabilities	HBO Nederland Coöperatief U.A.	ZUM B.V.	ZUM B B.V.	Other non-current liabilities
Balance as of January 1								
Investments in joint ventures . . . .	3,556				(110)			
Joint ventures with a negative equity value presented within other non-current liabilities . . .		(190)	(14)	(204)		(104)	—	(104)
Adjustment starting balance . . . .	170	—	—	—	(42)	—	—	—
Expected profit / (loss) for the year . . . . .	(8,237)	(96)	(922)	(1,018)	(9,237)	(86)	(23)	(109)
Funding . . . . .	7,948	—	—	—	12,945	—	9	9
<b>Balance as of December 31 . .</b>	<b>3,437</b>	<b>(286)</b>	<b>(936)</b>	<b>(1,222)</b>	<b>3,556</b>	<b>(190)</b>	<b>(14)</b>	<b>(204)</b>

The Company has a 50% interest in ZUM B.V. and ZUMB B.V. ZUM B.V. and ZUMB B.V. were established to participate in, finance or have any other interest in, or conduct the management of frequency licences for mobile telecommunication.

The Company has a 50% interest in HBO Nederland Coöperatief U.A., which holds all the shares in HBO Nederland Distribution B.V., which is responsible for the marketing and distribution of premium HBO content in the Netherlands through television operators.

Net equity value of ZUM B.V. and ZUMB B.V. is negative. Subsequently, the net equity value is presented within other non-current liabilities.

### 14. Inventories

Amounts in thousands of €	December 31, 2013	December 31, 2012
Equipment and cables . . . . .	17,712	12,951
Set top boxes . . . . .	17,201	11,416
Customer premises equipment . . . . .	5,659	4,386
Allowance for obsolete stock . . . . .	(568)	(864)
<b>Total Inventories . . . . .</b>	<b>40,004</b>	<b>27,889</b>

Movements in the provision for obsolete stock were as follows:

Amounts in thousands of €	2013	2012
Balance as of January 1 . . . . .	864	1,718
Additions . . . . .	218	—
Used . . . . .	(514)	(854)
<b>Balance as of December 31 . . . . .</b>	<b>568</b>	<b>864</b>

### 15. Trade accounts receivable

Trade accounts receivable as at December 31, 2013 amounted to €37.9 million (2012: €18.2 million). The provision for doubtful debts is calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified. The doubtful debts provision reflects probable losses in the accounts receivable balance based on historical experience by type of trade debtor and other currently available evidence.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

Movements in the provision for doubtful debts were as follows:

Amounts in thousands of €	2013	2012
Balance as at January 1	3,782	5,103
Additions	3,104	2,080
Acquired in a business combination	839	—
Used	(2,866)	(1,836)
Released	—	(1,565)
<b>Balance as of December 31</b>	<b>4,859</b>	<b>3,782</b>

A pledge has been given on all receivables as mentioned in Note 19.

Trade accounts receivable are non-interest-bearing and are generally due on 30 days' terms. Note 25 discloses the Company's credit risk related to the trade accounts receivable.

### 16. Other current assets

Amounts in thousands of €	December 31, 2013	December 31, 2012
Prepaid expenses	14,171	11,820
Revenues to be invoiced	11,185	10,649
Related parties	21,567	169
Other current assets	7,429	1,753
<b>Total current assets</b>	<b>54,352</b>	<b>24,391</b>

Revenues for December, to be invoiced with the bill run of January 2014, comprise Telephony usage revenues and Video on Demand revenues.

### 17. Cash and cash equivalents

All cash and cash equivalents within the Company are held within bank accounts and earn interest at floating rates based on bank deposit rates.

A pledge has been given on the accounts of the Company as mentioned in Note 19.

### 18. Equity attributable to equity holders

The Company is incorporated as a private limited liability company under Dutch law. Its registered capital consists entirely of ordinary shares. The authorised capital is divided into 900 shares of €100 nominal value each.

Other reserves represents the cash flow hedge reserve. Prior to the Company's refinancing in October 2010, hedge accounting was applied resulting in a cash flow hedge reserve. After the refinancing, the Company no longer applied hedge accounting, with the hedge reserve released to statement of income during the remainder of the contractual period of the underlying hedge contracts.

### 19. Interest-bearing loans

Amounts in thousands of €	December 31, 2013	December 31, 2012
Loans from financial institutions	1,143,218	1,760,439
8.0 % Unsecured Notes, due 2018	1,187,357	1,183,377
3.625% Senior Secured Notes, due 2020	742,914	—
<b>Interest bearing loans</b>	<b>3,073,489</b>	<b>2,943,816</b>

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

Movements in total interest-bearing loans were as follows:

Amounts in thousands of €	2013	2012
Balance at January 1	2,943,816	3,257,243
Repayments on loans	(1,063,348)	(320,000)
New facility A financial institutions	150,000	—
Issuance of 3.625% Senior Secured Notes	750,000	—
Disagio on 3.625% Senior Secured Notes	(1,500)	—
Drawings revolving facility	480,000	—
Repayments revolving facility	(225,000)	—
Increment due to disagio	1,167	—
Financing fees new facilities and senior notes	(13,445)	(7,587)
Amortisation and impairment of financing fees	51,799	14,160
<b>Balance at December 31</b>	<b>3,073,489</b>	<b>2,943,816</b>

In 2013 the Company refinanced part of its loans from financial institutions to reduce financing costs, extend the debt maturity and increase flexibility. The existing Facility B loan and the revolving facility were replaced by a 3.625% Senior Secured Notes with a due date of March 2020, a new term loan A under a new credit facility of €150.0 million and a revolving credit facility of €400.0 million. The remaining balance of capitalized financing fees of the terminated facilities in the amount of €42.7 million were impaired and charged to the income statement.

Financing fees in 2013 relate to the refinancing of the Senior Credit Facility and the 3.625% Senior Secured Notes. Capitalized financing fees in 2012 relate to the IPO consent fee of €7.6 million payable to the lenders of the senior credit facilities upon completion of the IPO.

### Loans from financial institutions

Loans from financial institutions can be broken down as follows:

Amounts in thousands of €	Interest rate	Maturity	December 31, 2013	December 31, 2012
<b>Senior Credit Facilities</b>				
Facility A loan — new	EURIBOR +1.75%	March 2018	150,000	—
Facility B loan	EURIBOR +3.00%	—	—	922,906
Facility E loan (Sr. Secured Notes)	6.125%	March 2018	750,000	750,000
Facility F loan	EURIBOR +3.625%	—	—	140,431
Revolving Credit Facility	EURIBOR +1.75%	March 2018	255,000	—
<b>Total</b>			<b>1,155,000</b>	<b>1,813,337</b>
<b>Financing fees</b>			<b>(11,782)</b>	<b>(52,898)</b>
<b>Total</b>			<b>1,143,218</b>	<b>1,760,439</b>

### Facility A loan — new

In March 2013, Ziggo agreed on a new Facility A loan under a new credit facility of €150.0 million. Interest on the Facility A loan is Euribor+1.75% and is paid monthly. Financing fees for this new facility have been capitalized for an amount of €6.4 million.

### Facility B loan

In 2013 the Facility B loan of €922.9 million was fully repaid. In 2012 no repayments were made on the Facility B loan.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

#### ***Facility E loan***

In October 2010, Ziggo Finance B.V., a company managed by Deutsche Bank International Trust Company N.V., issued Senior Secured Notes of €750.0 million with a nominal interest rate of 6.125%, due in 2017. Interest on the Notes is payable semi-annually on May 15 and November 15 of each year. Ziggo Finance B.V. granted the proceeds of the Senior Secured Notes to the Company.

The Facility E loan is stated at amortised cost. Financing fees have been charged for an amount of €10.6 million, which are presented as a deduction from the loan. The subsequent effective interest rate is 6.37%, which is recognised as financial expense.

#### ***Revolving and capital expenditure restructuring facility***

As per December 31, 2013, an amount of €255.0 million is drawn under the new revolving facility.

#### ***Prepayment***

On certain occasions prepayment of part or all of the drawn facilities is mandatory. If such events materialise, all outstanding utilisations and ancillary outstandings, together with accrued interest, become immediately due and payable.

#### ***Securitisation***

The total Senior Credit Facility is secured over the Company's assets as follows:

- Mortgage on all registered properties, related movable assets, the network-related elements and the claims
- Pledges on all bank accounts, intellectual property rights, receivables and movable assets

The Company needs to comply on a quarterly basis with covenants set by the lenders of the senior credit facility. These covenants are the interest coverage ratio and net leverage ratio. These financial covenants were all met during the years 2013 and 2012.

#### ***Financing fees***

Financing fees associated with the issuance of the facilities are subtracted from the loans from financial institutions and amortised over the period of the related loan. Amortisation costs on financing fees are recognised as other net financial income and expense in financial income and expense.

#### ***8.0% Senior Notes***

On April 27, 2010, the Company, issued unsecured Senior Notes for an amount of €1,208.9 million at a price of 99.271% with a nominal interest rate of 8.0% due in 2018. Interest on the notes is payable semi-annually on May 15 and November 15.

The notes are senior obligations of the Company and are guaranteed on a senior subordinated basis by all of the subsidiaries of Ziggo Bond Company B.V. Financing fees have been charged in the amount of €25.9 million, which are presented as a deduction from the loan. The subsequent effective interest rate is 8.36%, which is recognised as financial expense.

#### ***3.625% Senior Secured Notes***

In March 2013 Ziggo refinanced part of its capital by issuing a Senior Secured Note for the amount of €750.0 million at a price of 99.8% with a nominal interest rate of 3.625% due in 2020 (disagio amounts to €1.5 million). Interest on the notes is payable annually on March 27. The notes are Senior Secured Obligations of Ziggo B.V. and are guaranteed on a senior secured basis by ABC B.V., Torensplits II B.V. and by the issuer's subsidiaries Ziggo Netwerk B.V. and Ziggo Netwerk II B.V. Financing fees have been capitalized for an amount of €6.3 million, which is presented as a deduction on the value of the Senior Secured Note.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### 20. Provisions

Amounts in thousands of €	Other long-term employee benefits	Restructuring	Legal claims	Other	Total
Balance as of December 31, 2011	13,144	2,025	4,791	11,818	31,778
Additions (including interest cost)	1,051	1,025	—	4,662	6,738
Usage	(1,665)	(1,216)	—	(2,446)	(5,327)
Released	(276)	(262)	(1,599)	(514)	(2,651)
Balance as of December 31, 2012	12,254	1,572	3,192	13,521	30,539
Current	1,719	1,095	—	4,666	7,480
Non-current	10,535	477	3,192	8,855	23,059
Balance as of December 31, 2012	12,254	1,572	3,192	13,521	30,539
Additions (including interest cost)	914	1,473	—	5,314	7,701
Acquired in business combination	—	—	—	500	500
Usage	(1,768)	(1,384)	—	(8,263)	(11,415)
Released	(423)	—	—	—	(423)
Balance as of December 31, 2013	10,977	1,661	3,192	11,072	26,902
Current	1,767	1,299	—	4,006	7,072
Non-current	9,210	362	3,192	7,066	19,830
<b>Balance as of December 31, 2013</b>	<b>10,977</b>	<b>1,661</b>	<b>3,192</b>	<b>11,072</b>	<b>26,902</b>

#### Defined benefit plans

The Company has no obligations for deficits other than higher future pension-insurance payments. The Company pays contributions on a contractual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses in the statement of income when they are due. The defined benefit plans for which contributions are paid are multi-employer plans.

At December 31, 2013 the main administered pension insurance organisation had a coverage ratio of 106% (2012: 96%).

#### Other long-term employee benefits provision

In addition to the pension plan, the Company offers eligible participants a reduction of their working time with partial continuation of income. The plan offers eligible employees born before January 1, 1957 or employees born before January 1, 1959 and in service for at least 25 years as at December 31, 2008:

- a working time reduction of 20% between the ages of 55 and 59; and
- a working time reduction of up to 40% between the ages of 59 and 65.

According to the plan rules, 75% of the working time reduction is compensated by the Company. The employee benefit plan is wholly unfunded and consequently the Company funds the plan as claims are incurred. The present value of the defined benefit obligation and service cost were measured using the Projected Unit Credit Method.

Net periodic benefit expense, which is presented in the consolidated statement of income as a component of personnel expenses, was as follows:

Amounts in thousands of €	For the year ended December 31, 2013	For the year ended December 31, 2012
Service cost	603	691
Interest cost	311	360
Actuarial (gains) / losses	(423)	(276)
<b>Net periodic benefit cost</b>	<b>491</b>	<b>775</b>

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

Changes in the present value of the defined benefit obligation were as follows:

<u>Amounts in thousands of €</u>	<u>2013</u>	<u>2012</u>
Defined benefit obligation at January 1 .....	12,254	13,144
Service cost .....	603	691
Interest cost .....	311	360
Actuarial (gains) / losses .....	(423)	(276)
Benefits paid .....	(1,768)	(1,665)
<b>Defined benefit obligation at December 31 .....</b>	<b><u>10,977</u></b>	<b><u>12,254</u></b>

Since the Company recognises all actuarial results related to other long-term employee benefits immediately as an expense, the defined benefit obligation equals the liability recognised in the statement of financial position.

The assumptions used in the actuarial calculations of the defined benefit obligation and net periodic benefit expense require a degree of judgement. The key assumptions required to calculate the actuarial present value of benefit obligations and net periodic benefit expense are as follows:

	<u>2013</u>	<u>2012</u>
Discount rate .....	2.60%	2.60%
Price inflation .....	1.00%	1.00%
Future salary increase .....	1.00%	1.00%
Turnover rates .....	0.50%-1.00%	0.50%-1.00%
Additional turnover rate early retirement at 62 .....	10.00%	10.00%
Mortality table .....	AG Table 2012-2062	AG Table 2012-2062

The Company has applied defined benefit accounting for the other long-term employee benefit plan since January 1, 2009. The experience table is as follows:

<u>Amounts in thousands of €</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Effect of change(s) in assumptions .....	—	(7)	159	244	549
Experience adjustments .....	(423)	(269)	(531)	(1,285)	(294)
<b>Actuarial (gains) losses .....</b>	<b><u>(423)</u></b>	<b><u>(276)</u></b>	<b><u>(372)</u></b>	<b><u>(1,041)</u></b>	<b><u>255</u></b>

#### ***Restructuring provision***

The Company recognised a provision for restructuring for a number of employees.

#### ***Legal claims provision***

The Company recognised a provision for a limited number of disputes.

#### ***Other provisions***

Other provisions include asset retirement obligations, the guarantee provision and onerous contracts.

### **21. Other non-current liabilities**

Other non-current liabilities consisted of the negative investments in ZUM B.V. and ZUMB B.V. in the amount of €1,222 (2012: €204) and financial lease obligations of €765 (2012: nil). Reference is made to note 13 Investments in joint ventures.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### 22. Other current liabilities

The Company's other current liabilities comprise the following:

<u>Amounts in thousands of €</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Accrued interest .....	38,768	17,976
Accrued expenses .....	65,375	73,333
Taxes and social securities .....	49,385	52,819
Accrued employee benefits .....	11,532	17,495
Related Parties .....	14,388	155,217
<b>Total other current liabilities .....</b>	<b>179,448</b>	<b>316,840</b>

### 23. Commitments and contingencies

#### **Lease commitments**

The Company leases buildings, certain office equipment and vehicles and has entered into various maintenance and support contracts for the support for network equipment. Lease terms generally range from three to five years with the option of renewal for varying terms. Lease commitments for the coming periods are shown in the following schedule:

<u>Amounts in thousands of €</u>	<u>December 31, 2013</u>			<u>December 31, 2012</u>
	<u>Buildings</u>	<u>Other contracts</u>	<u>Total</u>	<u>Total</u>
Within 1 year .....	10,127	5,893	16,020	16,279
Between 1 and 5 years .....	32,058	6,760	38,818	38,375
After 5 years .....	10,313	72	10,385	15,754
<b>Total Lease commitments .....</b>	<b>52,498</b>	<b>12,725</b>	<b>65,223</b>	<b>70,408</b>

#### **Purchase commitments**

The Company enters into purchase commitments in the ordinary course of business. As at December 31, 2013 it had purchase commitments for an amount of €77 million (2012: €62 million).

#### **Legal proceedings**

The Company is involved in a number of legal proceedings. The legal proceedings may result in a liability that is material to the Company's financial condition, results of operations, or cash flows. The Company may enter into discussions regarding settlement of these proceedings, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Company has recognised provisions with respect to these proceedings, where appropriate, which are reflected in the consolidated statement of financial position and Note 20.

#### **Guarantees**

The company has provided guarantees to unrelated parties for an amount of €3.9 million (2012: €3.9 million).

### 24. Related party disclosures

#### **Identification of related parties**

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. The related parties comprise associated companies, key management personnel and close family members of related parties.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

#### *Transactions and positions*

The following significant related party transactions occurred during the year ended December 31, 2013:

- Management fees were charged to the Company by Ziggo N.V. for the services rendered by the Board of Management resulting in a charge of €3.2 million in 2013 (2012: €2.0 million);
- In 2013, no management fees were charged by the ultimate shareholders to the Ziggo Group (2012: €0.4 million);
- As at year-end 2013 the Company had a current account receivable with ZUM B.V. of €1.621 (2012: €688), a trade receivable with HBO Nederland Coöperatief U.A. of €347 (2012: nil) and a trade account payable with HBO Nederland Coöperatief U.A. of nil (2012: €818) for premium content.

In the normal course of business, the Company and its subsidiaries conduct various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to the Company, either individually or in the aggregate.

#### **25. Financial risks**

The Company's financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and performance. The Company is exposed to the following financial risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

For each of these financial risks, which are included in the Company's risk management programme, the Company's exposure, objectives, policies and processes for measuring and managing risk are presented below.

##### *Credit risk*

The credit risk on consumer trade accounts receivable is considered to be low as a result of the large consumer customer base, the relatively small amount of receivables per customer and the high percentage of customers who pay by direct debit. The risk on trade accounts receivable from the Company's business customers is also considered low, but this concerns a smaller customer base with on average larger receivables per customer than for the Company's consumer customers.

The analysis of the ageing of the trade accounts receivables is as follows:

Amounts in thousands of €	Total	Not due	Past due, but not impaired				
		<30 days	30-60 days	60-90 days	90-180 days	180-365 days	>365 days
2013 .....	37,887	23,688	8,984	1,843	2,665	707	—
2012 .....	18,240	10,368	2,001	1,216	2,326	2,329	—

The Company's maximum exposure to credit risk in the event that a counterparty fails to fulfil its obligations in relation to each class of recognised financial asset, including derivatives, is the carrying amount of those assets in the consolidated statement of financial position.

##### *Liquidity risk*

The Company manages its liquidity risk on a consolidated basis with cash provided from operating activities being a primary source of liquidity. The Company manages short-term liquidity based on a rolling forecast for projected cash flows for a six-month period.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

Based on the current operating performance and liquidity position, the Company believes that cash generated by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends and scheduled debt repayment requirements for the next twelve months and the foreseeable future.

The following table summarises the maturity profile of the Company's financial liabilities:

December 31, 2013 Amounts in thousands of €	Carrying amount	Contractual cash flows	January - March 2014	April - December 2014	2015	2016 -2018	After 2018
<b>Non-derivative financial liabilities</b>							
Loans from financial institutions	(1,143,218)	(1,379,285)	(2,009)	(51,964)	(53,973)	(1,271,339)	—
8.0% Unsecured Notes	(1,187,357)	(1,692,691)	—	(96,708)	(96,708)	(1,499,275)	—
3.625% Senior Secured Notes	742,914	(994,852)	(27,188)	—	(27,188)	(81,564)	(858,912)
Finance lease	(764)	(845)	(72)	(217)	(289)	(267)	—
Trade accounts payable	(88,199)	(88,199)	(88,199)	—	—	—	—
<b>Derivative financial liabilities</b>							
Interest rate swaps used for hedging	(29,537)	(42,941)	(8,322)	(6,424)	(8,685)	(19,510)	—
<b>Total</b>	<b>(3,191,990)</b>	<b>(4,198,813)</b>	<b>(125,790)</b>	<b>(155,313)</b>	<b>(186,843)</b>	<b>(2,871,955)</b>	<b>(858,912)</b>
<hr/>							
December 31, 2012 Amounts in thousands of €	Carrying amount	Contractual cash flows	January - March 2013	April - December 2013	2014	2015 - 2017	After 2017
<b>Non-derivative financial liabilities</b>							
Loans from financial institutions	(1,760,439)	(2,245,737)	(22,216)	(67,881)	(90,097)	(2,065,544)	—
8.0 % Unsecured Notes	(1,183,377)	(1,727,894)	(23,846)	(72,862)	(96,708)	(290,124)	(1,244,354)
Trade accounts payable	(85,563)	(85,563)	(85,563)	—	—	—	—
<b>Derivative financial liabilities</b>							
Interest rate swaps used for hedging	(63,236)	(69,119)	(8,475)	(25,425)	(15,161)	(20,058)	—
<b>Total</b>	<b>(3,092,615)</b>	<b>(4,128,313)</b>	<b>(140,100)</b>	<b>(166,168)</b>	<b>(201,966)</b>	<b>(2,375,726)</b>	<b>(1,244,354)</b>

### Market risk

The Company is exposed to market risks, including interest rate and foreign currency exchange rate risks, associated with underlying assets, liabilities and anticipated transactions. Based on the analysis of these exposures, the Company selectively enters into derivatives to manage the related risk exposures.

### Interest rate risk

Exposure to the risk of changes in the market interest rates relates primarily to the Company's long-term debt obligations with a (partly) floating interest rate. The Company manages its exposure to changes in interest rates and its overall cost of financing by using interest rate swap (IRS) agreements. These IRS agreements are used to transform the interest rate exposure on the underlying liability from a floating interest rate into a fixed interest rate. It is the Company's policy to keep at least 70% of its borrowings at fixed rates of interest. The net interest rate risk can be analysed as follows:

Amounts in thousands of €	December 31, 2013	December 31, 2012
Notional amount borrowing (floating)	(405,000)	(1,063,337)
Cash (floating) & deposits (floating and / or fixed)	77,157	92,428
Notional amount IRS (fixed)	250,000	1,000,000
<b>Net interest rate risk — including offset IRS</b>	<b>(77,844)</b>	<b>29,091</b>

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

At December 31, 2013, after taking into account the effect of interest rate swaps, approximately 97% of the Company's borrowings were at a fixed interest rate (2012: 101%).

### *Sensitivity analysis for interest rate risk*

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, of the Company's result before tax (through the impact on floating rate borrowings). There is no impact on the Company's equity.

<u>Amounts in thousands of €</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Increase / decrease in basis points		
+ 20bp .....	(156)	58
+ 10bp .....	(78)	29
- 10bp .....	78	(29)
- 20bp .....	156	(58)

### *Foreign currency risk*

The Company has transactional currency exposures arising from purchases in USD. The Company enters into foreign exchange swaps to partially mitigate this risk. As at December 31, 2013 the net foreign currency exposure of the USD amounted to USD 5.0 million (2012: USD 0.6 million), relating to the net amount of cash and cash equivalents, foreign exchange swaps and trade accounts payable. At year-end 2013 the Company entered into 2 foreign exchange swaps with a nominal value of € 9.0 million (2012: nil). The fair value of the swaps is close to zero.

## 26. Financial instruments

### *Fair values*

The following table presents the fair values of financial instruments, based on the Company's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are recognised in the consolidated statement of financial position:

<u>Amounts in thousands of €</u>	<u>December 31, 2013</u>		<u>December 31, 2012</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<b>Financial assets</b>				
Loans .....	104	104	141	141
Trade accounts receivable .....	37,887	37,887	18,240	18,240
Cash and cash equivalents .....	77,157	77,157	92,363	92,363
<b>Total financial assets</b> .....	<b>115,148</b>	<b>115,148</b>	<b>110,744</b>	<b>110,744</b>
<b>Financial liabilities</b>				
Loans from financial institutions .....	(1,143,218)	(1,175,510)	(1,760,439)	(1,867,029)
8% Unsecured Notes .....	(1,187,357)	(1,285,310)	(1,183,377)	(1,334,570)
3.625% Senior Secured Notes .....	(742,914)	(752,340)	—	—
Finance lease .....	(764)	(764)	—	—
Trade accounts payable .....	(88,199)	(88,199)	(85,563)	(85,563)
Total financial liabilities at amortised cost .....	(3,162,452)	(3,302,121)	(3,029,379)	(3,287,162)
Derivative financial instruments .....	(29,537)	(29,537)	(63,236)	(63,236)
<b>Total financial liabilities</b> .....	<b>(3,191,989)</b>	<b>(3,331,659)</b>	<b>(3,092,615)</b>	<b>(3,350,398)</b>

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

The carrying amounts of receivables, other current assets, cash and cash equivalents and accounts payable approximate their fair values because of the short-term nature of these instruments and, for receivables, because of the fact that any recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair values of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on market rates prevailing at year-end.

#### *Hedging activities*

At December 31, 2013, the Company had concluded interest rate swap (IRS) agreements with a total notional amount of €250.0 million (2012: €1,000.0 million) under which it pays a fixed rate of interest (between 3.55% and 3.59%) and receives a variable rate equal to EURIBOR on the notional amount. These IRS agreements are used to reduce the exposure to changes in the variable EURIBOR rates on the outstanding loan portfolio of €405.0 million (2012: €1,063.3 million).

As at December 31, 2013 the Company did not have any swap agreements to reduce its exposure to fluctuations in its purchase obligations denominated in US dollars (2012: nil).

#### *Hedge accounting*

As a consequence of the refinancing of the Company in October 2010, the Company no longer applies hedge accounting for IRS, as the underlying hedges became ineffective. As of October 2010 any change in fair value of IRS is reported in financial income and expense. The cash flow hedge reserve recognised under other comprehensive income is released to financial income and expense over the remaining contractual period of the hedges concerned.

#### *Fair value hierarchy*

Of the Company's financial instruments, only derivatives are measured at fair value using the Level 2 inputs as defined in IFRS 7 "Financial Instruments: Disclosures". These inputs are inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of derivative instruments is estimated by discounting future cash flows at prevailing market rates or based on the rates and quotations obtained from third parties.

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade ratings. There were no changes in the valuation method of the financial instruments of the Company in 2013 and 2012.

#### *Derivatives*

The numbers and the maturities of derivative contracts, the fair values and the qualification of the instruments for accounting purposes are presented in the table below:

	December 31, 2013		December 31, 2012	
	Number of contracts	Fair value	Number of contracts	Fair value
<b>Amounts in thousands of €</b>				
Interest rate swaps				
Within one year	6	(8,343)	—	—
Within two — five years	5	(21,194)	6	(63,236)
<b>Total derivative financial instruments</b>	<b>11</b>	<b>(29,537)</b>	<b>6</b>	<b>(63,236)</b>

As per December 31, 2013 the Company hedged 62% of the outstanding balance with a floating interest rate under the Senior Credit Facility. A hedge contract of €1 billion and an offset hedge contract of €750 million

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

expire on March 31, 2014. As of this date, an interest rate hedge of €500 million becomes effective with an expiration date of March 31, 2017. Besides the above mentioned hedges the Company entered into forward starting swaps of €900 million, starting on May 15, 2014 and expiring on March 31, 2024 in order to hedge the current forward EURIBOR rate, assuming the Company will refinance the €750 million Senior Secured Notes and the €1.2 billion Unsecured Senior Notes early 2014, latest at the call date for the Unsecured Senior Notes in May 2014. For more information on the refinancing reference is made to Note 28 Subsequent events.

#### 27. Subsidiaries

The following companies were Ziggo Bond Company's significant subsidiaries as at December 31, 2013. Unless otherwise indicated, these are wholly owned subsidiaries. Subsidiaries that are not material to providing an insight into the group as required under Dutch law are omitted from this list.

With respect to the separate financial statements of a number of legal entities included in the consolidation, the Company used the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to this section, the Company has issued liability statements for its subsidiaries. These companies are marked with an \* in the following table.

- Amsterdamse Beheer- en Consultingmaatschappij B.V., Amsterdam, the Netherlands
- Torensplits II B.V., Amsterdam, the Netherlands\*
- Ziggo B.V., Groningen, the Netherlands\*
- Ziggo Netwerk B.V., Groningen, the Netherlands\*
- Esprit Telecom B.V., Almere, the Netherlands
- Breezz Nederland B.V., Den Dolder, the Netherlands
- Ziggo Netwerk II B.V., Utrecht, the Netherlands
- ZUM B.V., Amsterdam, the Netherlands (50.0%)
- ZUMB B.V., Amsterdam, the Netherlands (50.0%)
- HBO Nederland Coöperatief U.A., Amsterdam, the Netherlands (50.0%)

#### 28. Subsequent events

On January 27, 2014 the Company's parent company Ziggo N.V. announced together with Liberty Global Plc. that they have reached a conditional agreement (the "Merger Protocol") on a recommended offer (the "Offer") pursuant to which Liberty Global will acquire Ziggo N.V. in a stock and cash transaction valuing Ziggo N.V. at approximately €10.0 billion. After careful consideration, the Board of Management and the Supervisory Board of Ziggo N.V. (the "Boards") believe the Offer to be in the best interests of Ziggo N.V. and its stakeholders, including its shareholders, and have agreed to fully and unanimously support and recommend the Offer for acceptance to its shareholders. This potential change in ownership is still awaiting the acceptance of shareholders and approval by the requisite authorities. Based on the required steps and subject to the necessary approvals, Liberty Global and Ziggo N.V. anticipate that the Offer will close in the second half of 2014.

In relation to the Offer, refinancing of the outstanding debt occurred. The following steps have been taken by the Company and/or its subsidiaries since the announced Offer on January 27, 2014:

- The €225 million Revolving Credit Facility and the €150 million Facility A Loan have been refinanced through senior debt Facility B1 Loan on February 26, 2014. The Facility B1 Loan has an interest rate of Euribor +275 bps;

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

- The 2020 3.625% €750 million Senior Secured Notes have been tendered for €678 million and the tendered notes have been redeemed through a new senior debt Facility B2 Loan (Euribor +275 bps) on February 27, 2014. The remainder is still outstanding;
- The 2017 6.125% €750 million Senior Notes have been refinanced through senior debt Facility B1 Loan on March 4, 2014;
- Regarding the 2018 8.000% €1,208.9 million Senior Unsecured Notes, the Company has commenced an offer to exchange up to €934 million aggregate principal amount. As per February 24, 2014 €743 million has been validly tendered and accepted in the Exchange Offer. The exchanged principal amount and the outstanding principal amount post exchange have been deposited in an escrow account until successful completion of the Offer. Upon closing new 2024 Notes will be issued by Liberty Global and the remainder of the current outstanding amount for the Senior Unsecured Notes will be called and refinanced through Facility B3 Loan;
- The Facility B1, B2 and B3 Loan have a duration of 8 years and are composed of a Euro and US Dollar component. The Euro component has — as defined under the Senior Facility Agreement — an interest rate of Euribor +275 bps/300 bps (margin depending on leverage). The US Dollar component has — as defined under the Senior Facility Agreement — an interest rate of is Libor +250bps/275 bps (margin depending on leverage). Both Euribor and Libor have a floor of 75bp;
- The US Dollar exposure and variable interest rate exposure on the new Facility Loans have been hedged as per March 6, 2014. The Mark-to-Market positions for all interest rate hedges, including the forward rate hedges, which were outstanding as per December 31, 2013, have been settled for cash.

Ziggo N.V. announced on February 19, 2014 that Marcel Nijhoff, Chief Commercial Officer, will step down as of March 1, 2014. The Supervisory Board intends to appoint Hendrik de Groot as Chief Commercial Officer and member of Board of Management of Ziggo as of April 18, 2014. The intended appointment will be put on the agenda of the Annual General Meeting of shareholders of Ziggo on April 17, 2014 for information purposes. Hendrik de Groot is currently Managing Director of Business-to-Business at Ziggo.

**ZIGGO BOND COMPANY B.V.**  
**CORPORATE FINANCIAL STATEMENTS**

**Income statement**

<u>Amounts in thousands of € (except per share data)</u>	<u>Note</u>	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Profit (loss) after tax . . . . .	3	—	—
Result from investments, after tax . . . . .	4	349,033	267,435
<b>Net result attributable to equity holders . . . . .</b>		<b><u>349,033</u></b>	<b><u>267,435</u></b>

The accompanying notes to this statement of income form an integral part of these financial statements.

# ZIGGO BOND COMPANY B.V.

## Statement of financial position

<u>Amounts in thousands of €</u>	<u>Note</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
<b>Assets</b>			
Investments in subsidiaries .....	4	1,241,609	1,091,242
Loans receivable related parties .....	5	1,187,357	1,183,378
<b>Total non-current assets</b> .....		<b>2,428,966</b>	<b>2,274,620</b>
<b>Total assets</b> .....		<b>2,428,966</b>	<b>2,274,620</b>
<b>Equity and liabilities</b>			
Issued share capital .....		18	18
Share premium .....		840,982	840,982
Other reserves .....		(865)	(4,327)
Retained earnings .....		401,474	254,569
<b>Equity attributable to equity holders</b> .....	<b>6</b>	<b>1,241,609</b>	<b>1,091,242</b>
Interest-bearing loans .....	7	1,187,357	1,183,378
<b>Total non-current liabilities</b> .....		<b>1,187,357</b>	<b>1,183,378</b>
<b>Total equity and liabilities</b> .....		<b>2,428,966</b>	<b>2,274,620</b>

The accompanying notes to this statement of financial position form an integral part of these financial statements.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the corporate financial statements**

#### **1. Corporate information**

Ziggo Bond Company B.V. is a private limited company having its corporate seat in Amsterdam (registered office: Atoomweg 100, 3542 AB Utrecht) the Netherlands.

Ziggo Bond Company's principal activities are to act as a holding company for the group companies of the Ziggo group, the owner and operator of a broadband cable network in the Netherlands, and providing analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 2.9 million households and businesses under the brand name Ziggo.

#### **2. Basis of preparation**

##### ***Date of authorisation of issue***

The corporate financial statements of Ziggo Bond Company B.V. for the year ended December 31, 2013 were prepared by the Board of Management and adopted on April 14, 2014.

##### ***Statement of compliance***

The corporate financial statements of Ziggo Bond Company B.V. have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the measurement principles applied in these corporate financial statements are the same as those applied in the consolidated financial statements (see Note 3 to the consolidated financial statements). This means that the principles for recognition and measurement of assets and liabilities and determination of the result of Ziggo Bond Company B.V. are the same as those applied for the consolidated financial statements.

##### ***Measurement basis***

In the corporate financial statements of Ziggo Bond Company B.V., the same accounting principles were applied as set out in the notes to the consolidated financial statements. These policies were consistently applied to all years presented. The amounts in the corporate financial statements are presented in thousands of euros (€) except when otherwise indicated. Reference is made to Note 3 of the consolidated financial statements for a description of these principles.

As the financial data of Ziggo Bond Company B.V. (the parent company) are included in the consolidated financial statements, the income statement in the parent company financial statements is presented in condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

##### ***Foreign currency translation***

The corporate financial statements have been drawn up in euros (€), which is Ziggo Bond Company B.V.'s functional and presentation currency.

##### ***Investments in subsidiaries***

Investments in subsidiaries are accounted for using the net asset value. Ziggo Bond Company B.V. calculates the net asset value using the accounting policies as described in Note 3 to the consolidated financial statements. The net asset value of subsidiaries comprises the cost, excluding goodwill, of Ziggo Bond Company B.V.'s share in the net assets of the subsidiary, plus the share in income or losses since acquisition, less dividends received. In case the net asset value is negative and the Company is liable for the deficit of the subsidiary the carrying amount is presented as "Provision for the net capital deficit of investments".

#### **3. Financial income and expense**

##### **Amounts in thousands of €**

	<b>2013</b>	<b>2012</b>
Interest from 8.0 % Senior Notes .....	(100,688)	(96,708)
Interest income from related parties .....	100,688	96,708
<b>Net financial income (expenses) .....</b>	<b>—</b>	<b>—</b>

## ZIGGO BOND COMPANY B.V.

### Notes to the corporate financial statements — (Continued)

#### 4. Investment in subsidiaries

Movements of the Company's investment in its only subsidiary, Amsterdamse Beheer- en Consultingmaatschappij B.V., were as follows:

<u>Amounts in thousands of €</u>	<u>2013</u>	<u>2012</u>
Balance at January 1	1,091,242	983,345
Cash flow hedge reserve	3,462	3,462
Dividend	(202,128)	(163,000)
Result subsidiary	349,033	267,435
<b>Balance at December 31</b>	<b><u>1,241,609</u></b>	<b><u>1,091,242</u></b>

#### 5. Loans receivable related parties

Upon the issuance of the 8.0% unsecured Senior Notes, the Company simultaneously provided its indirect subsidiaries Plinius Investments II B.V. and Serpering Investments B.V. with the proceeds under the same terms and conditions as the issued 8.0% senior notes. For more information reference is made to Note 7. In 2012 Plinius Investments II B.V. and Serpering Investments B.V. merged into Torensplits II B.V.

#### 6. Shareholders' equity

The Company is incorporated as a private limited liability company under Dutch law. Its authorised capital consists entirely of ordinary shares.

<u>Amounts in thousands of €</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
<b>Authorised capital</b>		
Ordinary shares 900 million of €100 each	90	90
Issued and fully paid (181 shares)	18	18
Share premium	840,982	840,982
Other reserves	(865)	(4,327)
Retained earnings	401,474	254,569
<b>Equity attributable to equity holders</b>	<b><u>1,241,609</u></b>	<b><u>1,091,242</u></b>

#### 7. Interest bearing loans

On 27 April 2010, the Company issued unsecured Senior Notes for an amount of € 1,208.9 million at a price of 99.271% with a nominal interest rate of 8.0% due in 2018. Interest on the notes is payable semi-annually on 15 May and 15 November.

The notes are senior obligations of the Company and are guaranteed on a senior subordinated basis by all of the subsidiaries of Ziggo Bond Company B.V. Financing fees have been charged in the amount of € 25.9 million, which are presented as a deduction from the loan. The effective interest rate subsequently is 8.36%, which is recognised as financial expense.

#### 8. Commitments and contingencies

Ziggo Bond Company B.V. has no outstanding commitments or contingencies.

#### 9. Related party disclosures

##### *Identification of related parties*

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. Related parties include associated companies, key management personnel and close family members of related parties.

## ZIGGO BOND COMPANY B.V.

### Notes to the corporate financial statements — (Continued)

#### *Transactions and positions*

In the normal course of business, Ziggo Bond Company B.V. conducts various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to Ziggo Bond Company B.V., either individually or in the aggregate.

#### **10. Subsequent events**

On January 27, 2014 the Company's parent company Ziggo N.V. announced together with Liberty Global Plc. that they have reached a conditional agreement (the "Merger Protocol") on a recommended offer (the "Offer") pursuant to which Liberty Global will acquire Ziggo N.V. in a stock and cash transaction valuing Ziggo N.V. at approximately €10.0 billion. After careful consideration, the Board of Management and the Supervisory Board of Ziggo N.V. (the "Boards") believe the Offer to be in the best interests of Ziggo N.V. and its stakeholders, including its shareholders, and have agreed to fully and unanimously support and recommend the Offer for acceptance to its shareholders. This potential change in ownership is still awaiting the acceptance of shareholders and approval by the requisite authorities. Based on the required steps and subject to the necessary approvals, Liberty Global and Ziggo N.V. anticipate that the Offer will close in the second half of 2014.

In relation to the Offer, refinancing of the outstanding debt occurred. The following steps have been taken by the Company and/or its subsidiaries since the announced Offer on January 27, 2014:

- The €225 million Revolving Credit Facility and the €150 million Facility A Loan have been refinanced through senior debt Facility B1 Loan on February 26, 2014. The Facility B1 Loan has an interest rate of Euribor +275 bps;
- The 2020 3.625% €750 million Senior Secured Notes have been tendered for €678 million and the tendered notes have been redeemed through a new senior debt Facility B2 Loan (Euribor +275 bps) on February 27, 2014. The remainder is still outstanding;
- The 2017 6.125% €750 million Senior Notes have been refinanced through senior debt Facility B1 Loan on March 4, 2014;
- Regarding the 2018 8.000% €1,208.9 million Senior Unsecured Notes, the Company has commenced an offer to exchange up to €934 million aggregate principal amount. As per February 24, 2014 €743 million has been validly tendered and accepted in the Exchange Offer. The exchanged principal amount and the outstanding principal amount post exchange have been deposited in an escrow account until successful completion of the Offer. Upon closing new 2024 Notes will be issued by Liberty Global and the remainder of the current outstanding amount for the Senior Unsecured Notes will be called and refinanced through Facility B3 Loan;
- The Facility B1, B2 and B3 Loan have a duration of 8 years and are composed of a Euro and US Dollar component. The Euro component has — as defined under the Senior Facility Agreement — an interest rate of Euribor +275 bps/300 bps (margin depending on leverage). The US Dollar component has — as defined under the Senior Facility Agreement — an interest rate of is Libor +250bps/275 bps (margin depending on leverage). Both Euribor and Libor have a floor of 75bp;
- The US Dollar exposure and variable interest rate exposure on the new Facility Loans have been hedged as per March 6, 2014. The Mark-to-Market positions for all interest rate hedges, including the forward rate hedges, which were outstanding as per December 31, 2013, have been settled for cash.

Ziggo N.V. announced on February 19, 2014 that Marcel Nijhoff, Chief Commercial Officer, will step down as of March 1, 2014. The Supervisory Board intends to appoint Hendrik de Groot as Chief Commercial Officer and member of Board of Management of Ziggo as of April 18, 2014. The intended appointment will be put on the agenda of the Annual General Meeting of shareholders of Ziggo on April 17, 2014 for information purposes. Hendrik de Groot is currently Managing Director of Business-to-Business at Ziggo.

## ZIGGO BOND COMPANY B.V.

### Notes to the corporate financial statements — (Continued)

#### 11. Auditor's fees

The fees for services provided by the Company's independent auditor, EY and its member firms and/or affiliates to the Company and its subsidiaries can be broken down as follows:

<u>Amounts in thousands of €</u>	<u>2013</u>	<u>2012</u>
Audit and audit-related fees . . . . .	715	750
Tax-related fees . . . . .	245	—
Transactional related (compliance) fees . . . . .	—	950
Other non-audit fees . . . . .	155	356
<b>Total . . . . .</b>	<b><u>1,115</u></b>	<b><u>2,056</u></b>

Amsterdam, The Netherlands  
April 14, 2014

Board of Management

Rene Obermann  
Bert Groenewegen  
Paul Hendriks

## **ZIGGO BOND COMPANY B.V.**

### **Appropriation of result**

The articles of association of the Company state that the distributable profits are at the disposal of the General Meeting of Shareholders for distribution of dividend or in order to be added to the reserves or for such other purposes within the Company's objects as the meeting shall decide.

The result for the year 2013, which is a profit of € 349,033 has been added to retained earnings.

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## **Independent Auditors Report**

To: the Shareholders of Ziggo Bond Company B.V.

### **Report on the financial statements**

We have audited the accompanying financial statements 2012 of Ziggo Bond Company B.V., Amsterdam. The financial statements include the consolidated financial statements and the corporate financial statements. The consolidated financial statements comprise the consolidated statement of income and the consolidated statement of comprehensive income for the year ended 31 December 2012, the consolidated statement of financial position as at 31 December 2012, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The corporate financial statements comprise the corporate statement of income for the year ended 31 December 2012, the corporate statement of financial position as at 31 December 2012 and the notes, comprising a summary of the accounting policies and other explanatory information.

### ***Management's responsibility***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion with respect to the consolidated financial statements***

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Ziggo Bond Company B.V. as at 31 December 2012, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

### ***Opinion with respect to the company financial statements***

In our opinion, the company financial statements give a true and fair view of the financial position of Ziggo Bond Company B.V. as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 1 March 2013

Ernst & Young Accountants LLP

signed by F.J. Blenderman

**ZIGGO BOND COMPANY B.V.**  
**FINANCIAL STATEMENTS**  
**Consolidated statement of income**

<u>Amounts in thousands of € (except per share data)</u>	<u>Note</u>	<u>For the year ended 31 December 2012</u>	<u>For the year ended 31 December 2011</u>
Revenues . . . . .	5	1,536,865	1,478,169
Cost of goods sold . . . . .		295,013	291,147
Personnel expenses . . . . .	6	187,434	175,574
Contracted work . . . . .		50,876	51,162
Materials & logistics . . . . .		3,750	6,035
Marketing & sales . . . . .		60,531	68,514
Office expenses . . . . .		53,302	49,564
Other operating expenses . . . . .		5,091	1,572
Amortisation and impairments . . . . .	10	28,407	79,939
Depreciation and impairments . . . . .	11	250,707	268,014
<b>Total operating expenses . . . . .</b>		<b>935,111</b>	<b>991,521</b>
<b>Operating income . . . . .</b>		<b>601,754</b>	<b>486,648</b>
Net financial income (expense) . . . . .	8	(232,623)	(248,311)
<b>Result before income taxes . . . . .</b>		<b>369,131</b>	<b>238,337</b>
Net result of joint ventures and associates (after tax) . . . . .	13	(9,389)	(168)
Income tax expense . . . . .	9	(92,307)	(59,866)
<b>Net result for the year . . . . .</b>		<b>267,435</b>	<b>178,303</b>
<b>Net result attributable to equity holders . . . . .</b>		<b>267,435</b>	<b>178,303</b>

The accompanying notes to this statement of income form an integral part of these consolidated financial statements.

# ZIGGO BOND COMPANY B.V.

## Consolidated statement of comprehensive income

<u>Amounts in thousands of €</u>	<b>For the year ended 31 December 2012</b>	<b>For the year ended 31 December 2011</b>
Net result for the year .....	267,435	178,303
Cash flow hedges, net of tax .....	3,462	7,311
<b>Total comprehensive income for the year .....</b>	<b>270,897</b>	<b>185,614</b>
<b>Total comprehensive income attributable to equity holders .....</b>	<b>270,897</b>	<b>185,614</b>

**ZIGGO BOND COMPANY B.V.**  
**Consolidated statement of financial position**

<u>Amounts in thousands of €</u>	<u>Note</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
<b>ASSETS</b>			
Intangible assets . . . . .	10	3,358,387	3,359,736
Property and equipment . . . . .	11	1,434,080	1,421,386
Other non-current financial assets . . . . .	12	719	402
Investments in joint ventures . . . . .	13	3,556	—
Deferred tax assets . . . . .	9	91,654	35,886
<b>Total non-current assets . . . . .</b>		<b>4,888,396</b>	<b>4,817,410</b>
Inventories . . . . .	14	27,889	32,180
Trade accounts receivable . . . . .	15	18,240	25,753
Other current assets . . . . .	16	24,391	26,294
Cash and cash equivalents . . . . .	17	92,363	112,634
<b>Total current assets . . . . .</b>		<b>162,883</b>	<b>196,861</b>
<b>TOTAL ASSETS . . . . .</b>		<b>5,051,279</b>	<b>5,014,271</b>
<b>EQUITY AND LIABILITIES</b>			
Issued share capital . . . . .		18	18
Share premium . . . . .		840,982	840,982
Other reserves . . . . .		(4,327)	(7,789)
Retained earnings . . . . .		254,569	150,134
<b>Equity attributable to equity holders . . . . .</b>	<b>18</b>	<b>1,091,242</b>	<b>983,345</b>
Interest bearing loans . . . . .	19	2,943,816	3,257,243
Derivative financial instruments . . . . .	26	63,236	46,796
Provisions . . . . .	20	23,059	24,886
Deferred tax liabilities . . . . .	9	407,824	382,496
Other non-current liabilities . . . . .	21	204	214
<b>Total non-current liabilities . . . . .</b>		<b>3,438,139</b>	<b>3,711,635</b>
Deferred revenues . . . . .		109,692	115,876
Derivative financial instruments . . . . .	26	—	10,267
Provisions . . . . .	20	7,480	6,892
Trade accounts payable . . . . .		85,563	74,417
Corporate income tax . . . . .	9	2,323	—
Other current liabilities . . . . .	22	316,840	111,839
<b>Total current liabilities . . . . .</b>		<b>521,898</b>	<b>319,291</b>
<b>TOTAL EQUITY AND LIABILITIES . . . . .</b>		<b>5,051,279</b>	<b>5,014,271</b>

The accompanying notes to this statement of financial position form an integral part of these consolidated financial statements.

**ZIGGO BOND COMPANY B.V.**

**Consolidated statement of changes in equity**

<b>Amounts in thousands of €</b>	<b>Issued capital</b>	<b>Share premium</b>	<b>Cash flow hedge reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
Balance at 31 December 2010 .....	18	840,982	(15,100)	(28,169)	797,731
<b>Comprehensive income</b> .....					
Net result for the year 2011 .....	—	—	—	178,303	178,303
<i>other comprehensive income:</i>					
cash flow hedges, net of tax .....	—	—	7,311	—	7,311
Total comprehensive income .....	—	—	7,311	178,303	185,614
<b>Balance at 31 December 2011</b> .....	<b>18</b>	<b>840,982</b>	<b>(7,789)</b>	<b>150,134</b>	<b>983,345</b>
<b>Comprehensive income</b>					
Net profit for the year 2012 .....	—	—	—	267,435	267,435
<i>other comprehensive income:</i>					
cash flow hedges, net of tax .....	—	—	3,462	—	3,462
Total comprehensive income .....	—	—	3,462	267,435	270,897
<i>transactions with shareholders:</i>					
Dividend payment .....	—	—	—	(163,000)	(163,000)
Total transaction with shareholders .....	—	—	—	(163,000)	(163,000)
<b>Balance at 31 December 2012</b> .....	<b>18</b>	<b>840,982</b>	<b>(4,327)</b>	<b>254,569</b>	<b>1,091,242</b>

**ZIGGO BOND COMPANY B.V.**  
**Consolidated statement of cash flows**

<u>Amounts in thousands of €</u>	<u>Note</u>	<u>For the year ended 31 December 2012</u>	<u>For the year ended 31 December 2011</u>
<b>Operating activities</b>			
Result before income taxes .....		369,131	238,337
<i>Adjustments for:</i>			
Amortisation and impairments .....	10	28,407	79,939
Depreciation and impairments .....	11	250,707	268,014
Movement in provisions .....	21	(1,020)	(7,974)
Net financial expense .....	8	232,623	248,311
Operating cash flow before changes in working capital .....		879,848	826,627
<i>Changes in working capital relating to:</i>			
Inventories .....	14	4,291	(13,634)
Trade accounts receivable .....	15	7,513	(5,386)
Other current assets .....	16	1,903	6,516
Trade accounts payable .....		10,908	(7,712)
Deferred revenues .....		(6,184)	18,125
Other current liabilities .....	23	75,716	(4,661)
Change in working capital .....		94,147	(6,752)
<b>Net cash flow from operating activities .....</b>		<b>973,995</b>	<b>819,875</b>
<b>Investing activities</b>			
Purchase of intangible and tangible assets .....	10,11	(279,650)	(242,918)
Purchase of business combination .....	4	—	(7,413)
Additional contribution to joint ventures .....	13	(12,954)	(15)
Interest received .....		424	513
Change in financial assets .....		(155)	(6)
<b>Net cash flow used in investing activities .....</b>		<b>(292,335)</b>	<b>(249,839)</b>
<b>Financing activities</b>			
Proceeds from loans .....	19	—	460,431
Repayments of loans .....	19	(320,000)	(708,858)
Interest paid .....		(217,906)	(267,005)
Dividend paid .....		(163,000)	—
Financing and commitment fees .....		(1,025)	(8,964)
<b>Net cash flow from financing activities .....</b>		<b>(701,931)</b>	<b>(524,396)</b>
<b>Net (decrease) / increase in cash and cash equivalents .....</b>		<b>(20,271)</b>	<b>45,640</b>
Net cash and cash equivalents at 1 January .....		112,634	66,994
Net cash flow from operating, investing and financing activities .....		(20,271)	45,640
<b>Net cash and cash equivalents at 31 December .....</b>		<b>92,363</b>	<b>112,634</b>

The accompanying notes to this statement of cash flows form an integral part of these consolidated financial statements.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements**

#### **1. The Company and its operations**

The Company is the owner and operator of a broadband cable network in the Netherlands and provides analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 2.9 million households and businesses under the brand name Ziggo. The principal activity of the Company is the exploitation of its broadband cable network. The ultimate parent of the Company is Ziggo N.V.

#### **2. Basis of preparation**

##### ***Date of authorisation of issue***

The consolidated financial statements of Ziggo Bond Company B.V. for the year ended 31 December 2012 were prepared by the Board of Management and adopted on March 1, 2013. The Company is a private limited company incorporated in Amsterdam (registered office: Winschotendiep 60, 9723 AB Groningen) in the Netherlands.

##### ***Statement of compliance***

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

##### ***Measurement basis***

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of euros (€) except when otherwise indicated.

##### ***Foreign currency translation***

The consolidated financial statements are presented in euros (€), which is the Company's functional and presentation currency. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. Monetary items denominated in foreign currencies are translated into the Company's functional currency at the spot rate of exchange ruling at the reporting date. Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in net income for the period. Non-monetary items that are measured on a historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions.

##### ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2012. The financial statements of the subsidiaries are prepared for the same financial year as those of the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The consolidated financial statements of the Company include the subsidiaries mentioned in Note 27.

##### ***Use of estimates and assumptions***

The preparation of financial statements requires management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within these consolidated financial statements represent good-faith assessments of the Company's future performance for which management believes there is a reasonable basis. These estimates and assumptions represent the Company's view at the times they are made, and only then. They

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

involve risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted. The estimates and assumptions that management considers most critical relate to:

- Impairment of goodwill and intangible assets with indefinite lives (Note 3 and Note 10)
- Deferred tax assets (Note 3 and Note 9)
- Fair value of financial instruments (Note 3, Note 25 and Note 26)
- Other long-term employee benefits (Note 3 and Note 20)
- Provisions and contingencies (Note 3 and Note 20)

#### *Changes in accounting estimates*

Customer lists, which are initially measured at fair value, were recognised as an asset with an indefinite life in 2012. In the first quarter of 2011, management concluded it was no longer able to estimate the useful life of the customer relationships as a result of low attrition rates and increased number of products per active connection, and consequently assessed it to be indefinite. The change was accounted for prospectively as from 1 April 2011 as a change in accounting estimates; as a result, the amortisation charges of the Company for the year 2011 amounted to €44.1 million.

### **3. Significant accounting policies**

Significant accounting policies applied in the preparation of the consolidated financial statements are presented below. These policies have been consistently applied through all years presented, unless otherwise stated.

#### *Segment reporting*

IFRS 8 "Operating Segments" defines an operating segment as a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating segment's operating result is reviewed regularly by the Board of Management (Chief Operating Decision Maker), which makes decisions as to the resources to be allocated to the segment and assesses its performance, based on discrete financial information available.

Segment results are reported to the Board of Management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Performance of the segments is evaluated on the basis of several measures, of which operating income excluding depreciation and amortisation (EBITDA) is the most important. Segment assets and liabilities do not include corporate assets and liabilities and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

In the assessment of operating segments the Company concluded there is only one operating segment, based on the following assumptions:

- Chief Operating Decision Maker (Board of Management of the Company) makes decisions on the basis of financial results for the Company as one company;
- The Company has only one geographic area in which it operates;
- The Company has an integrated network for all activities;
- The Company's investments and related costs are not allocated to its specific business lines or products.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

#### ***Business combinations***

Business combinations are accounted for using the acquisition accounting method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other operating expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as an asset or liability are remeasured at subsequent reporting dates in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" or IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as appropriate, with the corresponding gain or loss being recognised in the statement of income. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates until it is finally settled within equity.

#### ***Intangible assets***

##### ***Goodwill***

Goodwill represents the excess of costs of an acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities at the date of acquisition, and is carried at cost less accumulated impairment losses. Goodwill paid on the acquisition of joint ventures and associates is included in the carrying amount of the investment.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. The Company identifies one cash generating unit, as the network of the company services all business operations and cannot be allocated to specific segments. The cash generating unit is tested for impairment annually.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

##### ***Other intangible assets***

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised. Expenditures are reflected in the statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the economic benefits related to the intangible asset decreased. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Such a change in the useful life assessment is made on a prospective basis.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life of the asset remains indefinite. If not, the change in useful life from indefinite to finite is made on a prospective basis.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

Customer lists acquired upon the merger into Ziggo in 2008 represent the customer relationships of Multikabel, Casema and @Home. Customer lists, which are initially measured at fair value, are recognised as an asset with an indefinite life due to low attrition rates resulting in an undefined useful life of a customer relationship. The asset is tested for impairment at least annually.

Software is amortised in 3-5 years using the straight-line method over its economically useful life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of income when the asset is derecognised.

#### ***Property and equipment***

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost includes direct costs (materials, replacement parts, direct labour and contracted work) and directly attributable office expenses. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the costs of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The interest percentage used reflects the weighted average interest expense of the Company.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, taking into account residual value. Borrowing costs are depreciated over the estimated useful life of the corresponding asset. Land is not depreciated. The useful lives of the assets are as follows:

	<u>Useful lives</u>
Network active (head-end, local network) . . . . .	10-12 years
Network passive (fibre) . . . . .	12-20 years
Network equipment (IP and datacom equipment) . . . . .	5 years
Other . . . . .	3-20 years

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year-end. Any change in accounting caused by this review is applied prospectively.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognised.

Repairs and maintenance are charged to expense during the financial period in which they incur.

#### ***Leases***

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the inception of the lease at the fair value of the leased item or, if lower,

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense once they occur. The company didn't have financial lease contracts in 2012.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of income on a straight-line basis over the lease term.

#### ***Impairment of non-financial assets***

The Company assesses at each financial year-end whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are substantiated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations recognised in the statement of income will be recorded in a separate line item in those expense categories consistent with the classification of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised for the asset in prior years. Such a reversal is recognised in the statement of income. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Goodwill and other assets with indefinite lives are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that their carrying amounts may be impaired. An indicator for impairment may be a drop in the share price of Ziggo N.V. below the issue price of €18.50. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. The recoverable amount is the higher of the cash-generating unit's fair value less cost to sell and its value in use. The value in use of the cash-generating unit is determined using the discounted cash flow method. Where the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### ***Investments in joint ventures and associates***

A joint venture is a contractual arrangement whereby the Company and one or more other parties undertake an economic activity through a jointly controlled entity. Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

Joint ventures and associates are accounted for using the equity method. Under the equity method, investments in joint ventures and associates are measured at cost and adjusted for post-acquisition changes in the Company's share of the net assets of the investment (net of any accumulated impairment in the value of individual investments).

#### ***Inventories***

Inventories are measured at cost or net realisable value, whichever is the lower. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated marketing, distribution and selling expenses. Most of the inventory is not sold to customers but used in the Company's network and capitalised once used. Sold inventory is included in the cost of goods sold.

#### ***Provisions***

Provisions are recognised when a legal or constructive obligation, which can be reliably estimated, exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income net of any reimbursement.

A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced to the parties concerned.

The Company recognises a provision for asset retirement obligations related to dismantling and removing items at leased property and restoring the site on which these items are located after termination of the lease agreement. In addition the Company is exposed to costs of returning customer premises equipment upon termination of the subscription or renewals.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

The net assets and net liabilities recognised in the consolidated statement of financial position for defined benefit plans and other long term employee benefits represent the net liabilities of the defined benefit obligations, adjusted for unrecognised actuarial gains or losses and unamortised past-service costs. Any net asset resulting from this calculation is limited to unrecognised actuarial losses and past-service cost, plus the present value of available refunds and reductions in future contributions to the plan. No adjustment for the time value of money is made in case the Company has an unconditional right to a refund of the full amount of the surplus, even if such a refund is realisable only at a future date.

Defined benefit obligations are actuarially calculated at least annually on the reporting date using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have an average duration similar to the expected duration of the related pension liabilities.

The Company provides pension plans for qualifying employees. The plans are multi-employer defined benefit plans with publicly or privately administered pension insurance organisations (known as "bedrijfstak-pensioenfondsen"). These pension insurance organisations are not able to provide the Company with sufficient information in order to account for the plans as defined benefit plans. As a result the defined benefit pension plans are treated as defined contribution plans.

Contributions to defined contribution plans are recognised as an expense when they are due. Post-employment benefits provided through industry multi-employer plans, managed by third parties, are generally accounted for using defined contribution criteria.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

Provisions are recognised for other long-term employee benefits on the basis of discount rates and other estimates that are consistent with the estimates used for the defined benefit obligations. For these provisions the corridor approach is not applied and all actuarial gains and losses are recognised in the consolidated statement of income immediately.

#### ***Financial instruments***

##### ***Financial assets***

The Company initially recognises loans and receivables and deposits on the date they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

##### ***Loans and receivables***

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

An impairment is recorded in operating expenses when it is probable (based on objective evidence) that the Company will not be able to collect all amounts due under the original terms. Impairments are calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified as impaired. Impaired loans and receivables are derecognised when they are assessed as uncollectible.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

##### ***Financial liabilities***

The Company initially recognises debt securities issued and subordinated liabilities on the date they originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts being recognised in the statement of income.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade accounts and other payables.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

#### ***Derivative financial instruments and hedging***

The Company entered into several interest rate swaps in order to mitigate its risks associated with interest rate fluctuations. These derivatives are recognised at fair value. The fair value of interest rate swaps is the estimated amount that would be received or paid to terminate the swap at the reporting date, taking into account the current interest rates and creditworthiness of the swap counter parties. As a result of the refinancing of the Company in October 2010, hedge accounting is no longer applied. Since October 2010 changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income. Until October 2010 changes in the fair value were recorded as hedge reserve in shareholders' equity. This hedge reserve is charged linear to the income statement since October 2010 based on the term of the underlying hedge instrument.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 26. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining term to maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining term to maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

When a hedging instrument expires or is sold, any cumulative gain or loss recorded in equity at that time is immediately transferred to the statement of income under 'Other net financial income and expense'.

#### ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue primarily comprises revenues earned from subscription and usage fees on the delivery of standard cable (analogue and digital signal) and digital pay television, broadband internet and telephony and subscriptions and services provided to the business market. Revenue from other sources primarily comprises revenue from the sale of Settop-boxes and other goods, revenues customer care service numbers, revenues from connection- and installation fees and various other items. Subscription and usage revenues are recognised at the time services are provided to customers. Pre-invoiced revenues are deferred and allocated to the respective period they relate to. Any unearned revenue is recognised as deferred revenue within current liabilities. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

The Company may provide the subscriber with an installation to establish the connection to its network and offers connection-related services. Revenue from installations is recognised immediately when the installation and services have been rendered for contracts with undefined contractual terms and is allocated to the concerning periods of a contract with a defined terms.

#### ***Cost of goods sold***

Cost of goods sold includes the costs for purchases of materials and services directly related to revenue, such as copyright, interconnection costs, signal delivery costs, royalties, internet service provider fees and materials and logistics cost directly related to the sale of set top boxes.

#### ***Income tax***

Current income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly in equity. The current income tax is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the reporting date, and adjustments for current taxes payable (receivable) for prior years.

Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

Deferred income tax assets are generally recognised for all temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except to the extent that a deferred income tax asset arises from the initial recognition of goodwill. Deferred income tax liabilities are generally recognised for all temporary differences.

Deferred income tax assets and liabilities are based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse or are substantively enacted at the reporting date. The effect of a change in tax rates on deferred income tax assets and liabilities is recognised in the period that includes the enactment date. Deferred income tax assets are reduced by a valuation allowance when the Company cannot make the determination that it is more likely than not that some portion or all of the related tax assets will be realised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### *Statement of cash flows*

The statement of cash flows is prepared using the indirect method with a breakdown into cash flows from operating, investing and financing activities. The purchase of the business combination in investing activities is presented net of cash acquired.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### *Standards issued but not yet effective*

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2012 and have not been applied in preparing these consolidated financial statements:

Issued and effective as from the 2013 financial year:

- IAS 19 Revised Employee Benefits (*issued in June 2011*)
- IAS 1 Presentation of Items of Other Comprehensive Income (*issued in June 2011*)
- Annual Improvements to IFRSs 2009-2011 Cycle (*issued in May 2012*)

Issued in previous financial years and not yet effective as from 2013:

- IFRS 9 Financial Instruments (*issued in November 2009*) and subsequent amendments (*amendments to IFRS 9 and IFRS 7 issued in December 2011*)
- IFRS 10 Consolidated Financial Statements (*issued in May 2011*)
- IFRS 11 Joint Arrangements (*issued in May 2011*)
- IFRS 12 Disclosures of Interests in Other Entities (*Issued May 2011*)
- IFRS 13 Fair Value Measurement (*issued in May 2011*)

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

- IAS 27 Separate Financial Statements (issued in May 2011)
- IAS 28 Investments in Associates and Joint Ventures (*issued in May 2011*)
- Disclosures—Offsetting Financial Assets and Financial Liabilities (*Amendments to IFRS 7*) (*issued in December 2011*)
- Offsetting Financial Assets and Financial Liabilities (*Amendments to IAS 32*) (*issued on 16 December 2011*)

Issued by the IASB in this financial year but not yet effective as from 2013:

- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (issued in June 2012)

The Company will introduce the new standards, amendments to standards and interpretations as of their effective date unless otherwise indicated. Adoption of these standards and interpretations is expected to have an impact on the Consolidated statement of income, the Consolidated statement of comprehensive income and on the disclosure notes to the financial statements of the Company.

#### 4. Business combinations

On 13 October 2011, the Company acquired 100% of the shares in Breezz Nederland B.V. (“Breezz”). Breezz is a provider of hosted VOIP telephony services for businesses which sells its solutions and services through a channel of value added resellers. The Company acquired Breezz because it enlarges the range of products the Company can offer to small and medium-sized enterprises. The Company acquired Breezz for an amount of €9.6 million of which €7.9 million is paid in cash and €1.8 million is recognised as a contingent consideration. Payment of the contingent consideration is conditional upon realisation of certain criteria such as realisation of a minimum amount of revenue and gross margin. At the end of 2012 the fair value of the contingent consideration was €1.0 million (2011: €1.8 million). A payment of €0.3 million was made in 2012, representing the first term of the earn out, and a release of €0.5 million recorded as a result of the evaluation of the performance on the consideration criteria.

In 2012 Breezz contributed €6.1 million in consolidated revenues and €2.2 million in consolidated operating income (2011: from the date of acquisition, €1.5 million in consolidated revenues and €0.5 million in consolidated operating income).

#### 5. Revenues

The Company’s revenues comprise the following:

<u>Amounts in thousands of €</u>	<u>For the year ended 31 December 2012</u>	<u>For the year ended 31 December 2011</u>
Standard cable subscription . . . . .	464,533	481,602
Digital pay television services . . . . .	168,139	151,269
Total Video revenues . . . . .	632,672	632,871
Broadband Internet subscription . . . . .	442,419	415,878
Telephony subscription . . . . .	129,048	113,485
Telephony usage . . . . .	179,701	170,800
Total Telephony revenues . . . . .	308,749	284,285
Revenues from other sources . . . . .	47,461	57,436
Total Consumer Market . . . . .	1,431,301	1,390,470
Business Services . . . . .	105,564	87,699
<b>Total revenues . . . . .</b>	<b>1,536,865</b>	<b>1,478,169</b>

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

Revenues generated from bundle subscriptions amounted to €672.0 million (2011: €587.0 million) and have been allocated to the individual products Video-, Broadband Internet- and Telephony subscriptions based on the individual product prices for each product as a percentage of the sum of the individual product price.

The Company's revenues are generated through a large customer base and no customer generates more than 10% of total revenues. Revenues from other sources primarily comprises revenue from the sale of goods. Revenues from the sale of goods as at 31 December 2012 amounted to €27.8 million (2011: €36.5 million).

#### 6. Personnel expenses

The Company's personnel expenses comprise the following:

<u>Amounts in thousands of €</u>	<u>For the year ended 31 December 2012</u>	<u>For the year ended 31 December 2011</u>
Wages and salaries .....	137,109	127,996
Social security costs .....	19,101	14,183
Pensions and other long-term employee benefits .....	17,814	15,358
External personnel .....	53,093	52,692
Lease- & mileage costs .....	10,556	7,904
Other .....	7,090	8,380
Work Capitalized .....	(57,329)	(50,940)
<b>Total personnel expenses .....</b>	<b>187,434</b>	<b>175,574</b>

The number of employees of the Company in full time equivalents (FTEs) as at 31 December 2012 was 2,498 (2011: 2,376). The average number of employees in 2012 was 2,444 FTEs (2011: 2,286).

No personnel expenses for the Board of Management are included in the consolidated financial statements of Ziggo Bond Company B.V. as those expenses are recognised in Ziggo N.V., the ultimate parent of the group.

#### 7. Other operating expenses

Other operating expenses per 31 December 2012 comprises a management fee of €2.0 million charged to the Company by Ziggo N.V. for services rendered by the members of the Board of Management of Ziggo N.V.

#### 8. Net financial income and expense

<u>Amounts in thousands of €</u>	<u>For the year ended 31 December 2012</u>	<u>For the year ended 31 December 2011</u>
Interest on loans from financial institutions .....	(119,834)	(167,651)
Interest on 8.0% senior notes .....	(96,708)	(96,708)
Other interest expense .....	(1,672)	(1,599)
Capitalisation of borrowing cost .....	10,447	9,378
Interest expense .....	(207,767)	(256,580)
Interest income .....	424	513
Amortisation of financing fees, including write-offs of terminated facilities .....	(13,228)	(14,373)
Fair value gains (losses) on derivative financial instruments .....	(10,789)	26,176
Commitment fees .....	(1,047)	(2,363)
Foreign exchange results .....	(216)	(1,684)
Other net financial income and expense .....	(25,280)	7,756
<b>Net financial income (expense) .....</b>	<b>(232,623)</b>	<b>(248,311)</b>

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

Interest on loans from financial institutions decreased with €47.8 million mainly as a result of repayment on the loans, for which reference is made to note 19 of this consolidated financial statements. Fair value losses increased as the variable interest declined during 2012.

Other interest expense relates mainly to the interest added to provisions and long-term employee benefits. Interest income is mainly attributable to the interest on cash and cash equivalents.

### 9. Income taxes

The subsidiaries of the Company are incorporated into the fiscal unity of Ziggo N.V. for corporate income tax purposes. For financial reporting purposes, its consolidated subsidiaries calculate their respective tax assets, tax liabilities and tax benefits on a consolidated tax return basis. The Company's income tax comprises:

Amounts in thousands of €	For the year ended 31 December 2012	For the year ended 31 December 2011
Deferred tax assets	35,989	(85,496)
Deferred tax liabilities	(4,394)	25,630
Current tax liabilities	(2,296)	—
Current tax to related parties	(121,606)	—
<b>Income tax benefit (expense)</b>	<b>(92,307)</b>	<b>(59,866)</b>

The current taxes due by the Company are recognised in the current account related parties.

A reconciliation between the statutory tax rates of 25.0% and the Company's effective tax rate is as follows:

Amounts in thousands of €	Tax rate	For the year ended 31 December 2012	Tax rate	For the year ended 31 December 2011
Profit for the period		369,131		238,337
Notional tax income at statutory rates	25.00%	92,283	25.00%	(59,584)
Adjustments:				
Non deductible items	0.01%	24	0.12%	(282)
<b>Effective tax rate / Income tax benefit</b>	<b>25.01%</b>	<b>92,307</b>	<b>25.12%</b>	<b>(59,866)</b>

The Company and the Dutch tax authorities have reached agreement on all income tax filings up to and until 2009. In 2011 this resulted in a reduction of the deferred tax asset recognised for net operating losses of €1.9 million. In 2012 no taxes were paid in cash (2011: nil). A current tax liability is included for corporate income tax due per December 31, 2012 of €2.3 million. This is the result of an intragroup transaction in which the company transferred part of its assets in order to renew part of the tax loss carry-forward position to avoid expiration of these losses. In one of the subsidiaries the company will report a profit for tax purposes based on a percentage of the value of the transferred assets, which cannot be offset against the remaining losses of the fiscal unity according to Dutch carry-over rules.

Income tax recognised under other comprehensive income comprises:

Amounts in thousands of €	For the year ended 31 December 2012			For the year ended 31 December 2011		
	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
Cash flow hedges	4,615	(1,154)	3,462	9,748	(2,437)	7,311
	<b>4,615</b>	<b>(1,154)</b>	<b>3,462</b>	<b>9,748</b>	<b>(2,437)</b>	<b>7,311</b>

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

The tax effects of temporary differences influencing significant portions of the deferred tax assets and deferred tax liabilities as of 31 December 2012 and 2011 are presented below:

Amounts in thousands of €	31 December 2010	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2011	Recognised in profit or loss	Recognised in other comprehensive income	Reclassification overdraft	31 December 2012
Tax loss carry forwards . . . . .	100,574	(78,952)	—	21,622	(21,622)	—	—	—
Property and equipment . . .	—	—	—	—	54,914	—	20,934	75,848
Derivative financial instruments . . .	23,245	(6,544)	(2,437)	14,264	2,697	(1,155)	—	15,806
Deferred tax assets . . . . .	123,819	(85,496)	(2,437)	35,886	35,989	(1,155)	20,934	91,654
Intangible assets . . . . .	(390,618)	8,037	—	(382,581)	(2,777)	—	—	(385,358)
Property and equipment . . .	(17,508)	17,593	—	85	(1,617)	—	(20,934)	(22,466)
Deferred tax liabilities . . . . .	(408,126)	25,630	—	(382,496)	(4,394)	—	(20,934)	(407,824)
<b>Deferred tax assets and liabilities . . . . .</b>	<b>(284,307)</b>	<b>(59,866)</b>	<b>(2,437)</b>	<b>(346,610)</b>	<b>31,595</b>	<b>(1,155)</b>	<b>—</b>	<b>(316,170)</b>

The deferred tax asset and tax liability are calculated at a tax rate of 25.0%.

Recognised deferred tax assets relates to derivative financial instruments and the loss renewal transaction which resulted in a temporary difference on the fiscal value of transferred assets and thus a higher fiscal depreciation base. This balance will decrease in time due to the higher fiscal depreciation.

## 10. Intangible assets

The Company's intangible assets comprise:

Amounts in thousands of €	Goodwill	Customer lists	Software	Total
Balance as of 1 January 2011 . . . . .	1,773,068	1,582,879	50,958	3,406,905
Additions . . . . .	—	—	23,847	23,847
Acquired through business combinations . . . . .	9,381	—	46	9,427
Disposals . . . . .	—	—	(504)	(504)
Amortisation and impairment . . . . .	—	(44,124)	(35,815)	(79,939)
Total changes in 2011 . . . . .	9,381	(44,124)	(12,426)	(47,169)
Cost . . . . .	1,782,449	2,401,568	261,899	4,445,916
Accumulated amortisation . . . . .	—	(862,813)	(223,367)	(1,086,180)
Balance as of 31 December 2011 . . . . .	1,782,449	1,538,755	38,532	3,359,736
Additions . . . . .	—	—	27,058	27,058
Disposals — cost . . . . .	—	—	(59)	(59)
Disposals — accumulated amortisation . . . . .	—	—	59	59
Amortisation and impairment . . . . .	—	—	(28,407)	(28,407)
Total changes in 2012 . . . . .	—	—	(1,349)	(1,349)
Cost . . . . .	1,782,449	2,401,568	288,898	4,472,915
Accumulated amortisation . . . . .	—	(862,813)	(251,715)	(1,114,528)
<b>Balance as of 31 December 2012 . . . . .</b>	<b>1,782,449</b>	<b>1,538,755</b>	<b>37,183</b>	<b>3,358,387</b>

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

Value in use calculations for goodwill and customer lists are based on cash flow projections covering a maximum period of five years and a terminal value; the four-year financial plan approved by the Company's management and the years beyond the four-year financial plan are based on models for this projection period using growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports. The terminal value is calculated based on a growth rate that does not exceed the long term average growth rate and discounted at the weighted average cost of capital.

The key assumptions used in the goodwill impairment test and the customer list impairment test are set out below.

The main parameters used for impairment testing are as follows:

<u>Parameters</u>	<u>2012</u>	<u>2011</u>
WACC .....	8.78%	8.31%
Growth rate (after 2017) .....	2.00%	n/a

#### *Goodwill*

All goodwill acquired through business combinations has been allocated for impairment testing purposes to the one cash-generating unit at which management monitors the operating results. Impairment testing is based on the current group of customers of the Company.

*Growth rate* — The growth rates in the four-year financial plan reflect historic growth numbers and current market developments. The years beyond the four-year financial plan are extrapolated using estimated growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

*Cash flow* — Free cash flow consists of operating cash flow before changes in working capital, changes in net working capital and capital expenditures. Revenues are estimated based on historic growth numbers and expected future market penetration levels, resulting in related costs and capital expenditures. Cash flow projections beyond the five-year period are captured in a terminal value and are extrapolated from the final year cash flows, discounted by the appropriate discount rate.

*Discount rate* — The pre-tax discount rate is calculated taking into account the relative weights of each component of the capital structure and is used by management as a benchmark to assess operating performance and future investments. The pre-tax discount rate used for the 2012 goodwill impairment test is 8.78% (2011: 8.31%).

#### *Customer lists*

Customer lists acquired upon the merger of Multikabel, Casema and @Home into Ziggo in 2008 were initially amortised on a straight-line basis in 12-14 years. As from April 2011 the Company ceased amortising its customer lists as it was concluded that the useful life of its underlying customer relationships connected to the Company's network is indefinite (See Note 2). Consequently the asset is subject to impairment testing for assets with indefinite lives as discussed in Note 3. The impairment test for the customer lists is based on the historic number of active connections at the time the customer list was acquired.

*Customer Relationship* — The Company defines a customer relationship as an active connection to the Company's network multiplied by the number of residential products sold to this connection, also referred to as Revenue Generating Units (RGUs) for the consumer market. The maximum number of RGUs per active connection is 4 RGU.

*Attrition* — Attrition represents the expected decline of the customer relationships and is based on both historical information as well as management expectations and market developments.

*Growth rate* — The growth rates in the four-year financial plan reflect historic growth numbers and current market developments. The years beyond the four-year financial plan are extrapolated using estimated growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

*Cash flow* — Free cash flow consists of operating cash flow before changes in working capital, changes in net working capital and capital expenditures. Revenues comprise all revenues related to existing customer relationships at the time of the merger and exclude revenues resulting from new customer relationships. Revenues are estimated based on historic growth numbers and expected future market penetration levels, resulting in related costs and capital expenditures. Cash flow projections beyond the five-year period are captured in a terminal value and are extrapolated from the final year cash flows, discounted by the appropriate discount rate.

*Discount rate* — The pre-tax discount rate is calculated taking into account the relative weights of each component of the capital structure and is used by management as a benchmark to assess operating performance and future investments. The pre-tax discount rate used for the 2012 customer lists impairment test is 8.78% (2011: 8.31%).

#### *Sensitivity to changes in assumptions*

With regard to the sensitivity analyses, no reasonably possible change in any of the above key assumptions would cause the carrying amount of the unit to materially exceed its recoverable amount.

#### *Software*

During 2012 the Company did not impair capitalised development of software (2011: €1.8 million).

### **11. Property and equipment**

The Company's property and equipment comprises:

Amounts in thousands of €	Network	Land	Other	Assets under construction	Total
Balance as of 1 January 2011 . . . . .	1,231,309	2,648	87,252	138,736	1,459,945
Additions . . . . .	217,442	375	12,775	(1,450)	229,142
Acquired through business combinations . . . .	—	—	313	—	313
Depreciation and impairment . . . . .	(236,176)	—	(31,838)	—	(268,014)
Total changes in 2011 . . . . .	(18,734)	375	(18,750)	(1,450)	(38,559)
Cost . . . . .	4,547,200	3,023	196,095	137,286	4,883,604
Accumulated depreciation . . . . .	(3,334,625)	—	(127,593)	—	(3,462,218)
Balance as of 31 December 2011 . . . . .	1,212,575	3,023	68,502	137,286	1,421,386
Additions . . . . .	241,164	465	19,483	2,289	263,401
Reclassification — cost . . . . .	(253)	—	253	—	—
Reclassification — accumulated depreciation . . . . .	21	—	(21)	—	—
Disposals — cost . . . . .	—	—	(38)	—	(38)
Disposals — accumulated depreciation . . . .	—	—	38	—	38
Depreciation and impairment . . . . .	(227,118)	—	(23,589)	—	(250,707)
Total changes in 2012 . . . . .	13,814	465	(3,874)	2,289	12,694
Cost . . . . .	4,788,111	3,488	215,793	139,575	5,146,967
Accumulated depreciation . . . . .	(3,561,722)	—	(151,165)	—	(3,712,887)
<b>Balance as of 31 December 2012 . . . . .</b>	<b>1,226,389</b>	<b>3,488</b>	<b>64,628</b>	<b>139,575</b>	<b>1,434,080</b>

#### *Network*

The additions to the network include capitalised borrowing costs of €10.4 million (2011: €9.4 million). Generally, the capitalisation rate used to determine the amount of capitalised borrowing costs is a weighted average of the interest rate applicable. For 2012, an average interest rate of 6.76% (2011: 7.00%) was applied.

During 2012 the Company did not recognise any impairments for property and equipment (2011: nil).

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

Mortgages on all registered properties, related movable assets and network-related elements established under the Senior Credit Facilities as explained in Note 19.

#### *Assets under construction*

Assets under construction relates to projects for the expansion and improvement of the Company's network and IT infrastructure. Included in assets under construction is software, which is recognised as an intangible asset once in use.

#### **12. Other non-current financial assets**

Financial assets consist of long-term prepaid expenses (related to information technology contracts) of €578 (2011: €372), participation in the association COIN €99, and other financial assets €42 (2011: €30).

#### **13. Investments in joint ventures**

Amounts in thousands of €	Total 2012	ZUM BV	ZUM B BV	HBO Nederland Coöperatief U.A.	Total 2011	ZUM BV	HBO Nederland Coöperatief U.A.
Balance as of 1 January . . . . .	(214)	(104)	—	(110)	(61)	(61)	—
Adjustment starting balance . . . . .	(42)	—	—	(42)	—	—	—
Profit/loss for the year . . . . .	(9,346)	(86)	(23)	(9,237)	(168)	(43)	(125)
Funding . . . . .	12,954	—	9	12,945	15	—	15
Other non-current liabilities . . . . .	204	190	14	—	214	104	110
<b>Balance as of 31 December . . . . .</b>	<b>3,556</b>	<b>—</b>	<b>—</b>	<b>3,556</b>	<b>—</b>	<b>—</b>	<b>—</b>

The Company has a 50% interest in ZUM B.V. and ZUMB B.V. ZUM B.V. and ZUMB B.V. were established to participate in, finance or have any other interest in, or conduct the management of frequency licences for mobile telecommunication.

The Company has a 50% interest in HBO Nederland Coöperatief U.A., which holds all the shares in HBO Nederland Distribution B.V., which is responsible for the marketing and distribution of premium HBO content in the Netherlands through television operators.

#### **14. Inventories**

Amounts in thousands of €	31 December 2012	31 December 2011
Equipment and cables . . . . .	12,951	8,487
Set-top boxes . . . . .	11,416	18,465
Customer premises equipment . . . . .	4,386	6,946
Allowance for obsolete stock . . . . .	(864)	(1,718)
<b>Total Inventories . . . . .</b>	<b>27,889</b>	<b>32,180</b>

Movements in the provision for obsolete stock were as follows:

Amounts in thousands of €	2012	2011
Balance as of 1 January . . . . .	1,718	457
Additions . . . . .	—	1,926
Used . . . . .	(854)	(665)
<b>Balance as of 31 December . . . . .</b>	<b>864</b>	<b>1,718</b>

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### 15. Trade accounts receivable

Trade accounts receivable as at 31 December 2012 amounted to €18.2 million (2011: €25.8 million). The provision for doubtful debts is calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified. The doubtful debts provision reflects probable losses in the account receivable balance based on historical experience by type of trade debtor and other currently available evidence.

Movements in the provision for doubtful debts were as follows:

<u>Amounts in thousands of €</u>	<u>2012</u>	<u>2011</u>
Balance as at 1 January .....	5,103	8,706
Additions .....	2,080	1,315
Used .....	(1,836)	(2,182)
Released .....	(1,565)	(2,736)
<b>Balance as of 31 December .....</b>	<b><u>3,782</u></b>	<b><u>5,103</u></b>

A pledge has been given on all receivables as mentioned in Note 19.

Trade accounts receivable are non-interest-bearing and are generally due on 30 days' terms. Note 25 discloses the Company's credit risk related to the trade accounts receivable.

### 16. Other current assets

<u>Amounts in thousands of €</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
Prepaid expenses .....	11,820	10,955
Revenues to be invoiced .....	10,649	14,965
Related parties .....	169	333
Other current assets .....	1,753	41
<b>Total current assets .....</b>	<b><u>24,391</u></b>	<b><u>26,294</u></b>

Revenues for December, to be invoiced with the bill run of January 2013, comprise Telephony usage revenues and Video on Demand revenues.

### 17. Cash and cash equivalents

All cash and cash equivalents within the Company are held within bank accounts and earn interest at floating rates based on bank deposit rates.

A pledge has been given on the accounts of the Company as mentioned in Note 19.

### 18. Equity attributable to equity holders

The Company is incorporated as a private limited liability company under Dutch law. Its registered capital consists entirely of ordinary shares. The authorised capital is divided into 900 shares of €100 nominal value each.

Other reserves represents the cash flow hedge reserve. Prior to the Company's refinancing in October 2010, hedge accounting was applied resulting in a cash flow hedge reserve. After the refinancing, the Company no longer applied hedge accounting, with the hedge reserve released to statement of income during the remainder of the contractual period of the underlying hedge contracts.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### 19. Interest-bearing loans

Amounts in thousands of €	31 December 2012	31 December 2011
Financial institutions	1,813,337	2,133,337
Financing fees	(52,898)	(55,804)
Loans from financial institutions	1,760,439	2,077,533
8.0 % Unsecured Notes, due 2018	1,183,377	1,179,710
<b>Interest bearing loans</b>	<b>2,943,816</b>	<b>3,257,243</b>

Movements in total interest-bearing loans were as follows:

Amounts in thousands of €	2012	2011
Balance as at 1 January	3,257,243	3,497,261
Repayments on loans including refinancing	(320,000)	(708,858)
Issuance of Facility F	—	460,431
Financing fees	(7,587)	(6,631)
Amortisation of financing fees	14,160	15,040
<b>Balance as at 31 December</b>	<b>2,943,816</b>	<b>3,257,243</b>

Capitalized financing fees in 2012 relate to the IPO consent fee of €7.6 million due to the lenders of the senior credit facilities upon completion of the IPO.

#### Loans from financial institutions

Loans from financial institutions can be broken down into the following facilities:

Amounts in thousands of €	Interest rate	Maturity	31 December 2012	31 December 2011
<b>Senior Credit Facilities</b>				
Facility B	EURIBOR +3.00%	2017	922,906	922,906
Facility E loan (Sr. Secured Notes)	6.125%	2017	750,000	750,000
Facility F loan	EURIBOR +3.25%	2017	140,431	460,431
<b>Total</b>			1,813,337	2,133,337
<b>Financing fees</b>			(52,898)	(55,804)
<b>Total</b>			<b>1,760,439</b>	<b>2,077,533</b>

#### Senior Credit Facilities

##### Facility B loan

In 2012 no repayments were made on the Facility B loan (in 2011: €169.0 million).

##### Facility E loan

In October 2010, Ziggo Finance B.V., a company managed by Deutsche Bank International Trust Company N.V., issued Senior Secured Notes of €750.0 million with a nominal interest rate of 6.125%, due in 2017. Interest on the Notes is payable semi-annually on 15 May and 15 November of each year. Ziggo Finance B.V. granted the proceeds of the Senior Secured Notes to The Company. The Senior Secured Notes are presented under loans from financial institutions as Facility E loan.

The Facility E loan is stated at amortised cost. Financing fees have been charged for an amount of €10.6 million, which are presented as a deduction from the loan. The subsequent effective interest rate is 6.37%, which is recognised as financial expense.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

#### ***Facility F loan***

In May 2011 the Company entered into an agreement for €460.4 million, the Facility F loan. Interest on the Facility F loan is Euribor+3.25% and is paid monthly. Financing fees have been charged for an amount of €10.6 million, which are presented as a deduction from the loan. During 2012 the Company made repayments on the Facility F loan for an amount of €320.0 million.

#### ***IPO Consent Fee***

As a result of the IPO in March 2012, a consent fee is charged of €7.6 million by the consenting lenders within the senior credit facilities. The consent fee is presented as a deduction from the loan, and amortised over the period of the related loan.

#### ***Revolving and capital expenditure restructuring facility***

Under the Senior Credit Facility agreement the Company has an uncommitted revolving credit facility of €150.0 million, of which €50.0 million is covered by a committed bilateral ancillary facility with one of our lenders, and an uncommitted capital expenditure restructuring facility of €300.0 million. During the year 2012 there were no drawings under these facilities (2011: nil). The Company pays an annual fee for the availability of the facilities, which is recognised in financial income and expense.

#### ***Prepayment***

On certain occasions prepayment of part or all of the drawn facilities is mandatory. If such events materialise, all outstanding utilisations and ancillary outstandings, together with accrued interest, become immediately due and payable.

#### ***Securitisation***

The total Senior Credit Facility is secured over the Company's assets as follows:

- Mortgage on all registered properties, related movable assets, the network-related elements and the claims
- Pledges on all bank accounts, intellectual property rights, receivables and movable assets

The Company needs to comply on a quarterly basis with covenants set by the lenders of the senior credit facility. These covenants are the interest coverage ratio and net leverage ratio. These financial covenants were all met during the years 2012 and 2011.

#### ***Financing fees***

Financing fees associated with the issuance of the facilities are subtracted from the loans from financial institutions and amortised over the period of the related loan. Amortisation costs on financing fees are recognised as other net financial income and expense in financial income and expense.

#### ***8.0% Senior Notes***

On 27 April 2010, Ziggo Bond Company B.V., an indirect, wholly-owned subsidiary of the Company, issued unsecured Senior Notes for an amount of €1,208.9 million at a price of 99.271% with a nominal interest rate of 8.0% due in 2018. Interest on the notes is payable semi-annually on 15 May and 15 November.

The notes are senior obligations of the Company and are guaranteed on a senior subordinated basis by all of the subsidiaries of Ziggo Bond Company B.V. Financing fees have been charged in the amount of €25.9 million, which are presented as a deduction from the loan. The subsequent effective interest rate is 8.36%, which is recognised as financial expense.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### 20. Provisions

Amounts in thousands of €	Other long term employee benefits	Restructuring	Legal claims	Other	Total
Current .....	1,552	1,400	—	3,940	6,892
Non-current .....	11,592	625	4,791	7,878	24,886
Balance as of 31 December 2011 .....	13,144	2,025	4,791	11,818	31,778
Additions (including interest cost) .....	1,051	1,025	—	4,662	6,738
Usage .....	(1,665)	(1,216)	—	(2,446)	(5,327)
Released .....	(276)	(262)	(1,599)	(513)	(2,650)
Balance as of 31 December 2012 .....	12,254	1,572	3,192	13,521	30,539
Current .....	1,719	1,095	—	4,666	7,480
Non-current .....	10,535	477	3,192	8,855	23,059
<b>Balance as of 31 December 2012 .....</b>	<b>12,254</b>	<b>1,572</b>	<b>3,192</b>	<b>13,521</b>	<b>30,539</b>

#### Defined benefit plans

The Company has no obligations for deficits other than higher future pension-insurance payments. The Company pays contributions on contractual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses in the statement of income when they are due.

At 31 December 2012 the main administered pension insurance organisation had a coverage ratio of 96% (2011: 94%).

#### Other long-term employee benefits provision

In addition to the pension plan, the Company offers eligible participants a reduction of their working time with partial continuation of income. The plan offers eligible employees born before 1 January 1957 or employees born before 1 January 1959 and in service for at least 25 years as at 31 December 2008:

- a working time reduction of 20% between the age of 55 and 59; and
- a working time reduction of up to 40% between the age of 59 and 65.

According to the plan rules, 75% of the working time reduction is compensated by the Company. The employee benefit plan is wholly unfunded and consequently the Company funds the plan as claims are incurred. The present value of the defined benefit obligation and service cost were measured using the Projected Unit Credit Method.

Net periodic benefit expense, which is presented in the consolidated statement of income as a component of personnel expenses, was as follows:

Amounts in thousands of €	For the year ended 31 December 2012	For the year ended 31 December 2011
Service cost .....	691	772
Interest cost .....	360	406
Actuarial (gains) / losses .....	(276)	(372)
<b>Net periodic benefit cost .....</b>	<b>775</b>	<b>806</b>

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

Changes in the present value of the defined benefit obligation were as follows:

Amounts in thousands of €	2012	2011
Defined benefit obligation at 1 January	13,144	13,758
Service cost	691	772
Interest cost	360	406
Actuarial (gains) / losses	(276)	(372)
Benefits paid	(1,665)	(1,420)
<b>Defined benefit obligation at 31 December</b>	<b>12,254</b>	<b>13,144</b>

Since the Company recognises all actuarial results related to other long-term employee benefits immediately as an expense, the defined benefit obligation equals the liability recognised in the statement of financial position.

The assumptions used in the actuarial calculations of the defined benefit obligation and net periodic benefit expense require a degree of judgment. The key assumptions required to calculate the actuarial present value of benefit obligations and net periodic benefit expense are as follows:

	2012	2011
Discount rate	2.60%	2.60%
Price inflation	1.00%	1.00%
Future salary increase	1.00%	1.00%
Turnover rates	0.50%-1.00%	0.50%-1.00%
Additional turnover rate early retirement at 62	10.00%	10.00%
Mortality table	AG Table 2012-2062	AG Table 2010-2060

The Company has applied defined benefit accounting for the other long-term employee benefit plan since 1 January 2009. As a consequence the Company is only able to provide an experience table of four years with the defined benefit obligation:

Amounts in thousands of €	2012	2011	2010	2009
Effect of change(s) in assumptions	(7)	159	244	549
Experience adjustments	(269)	(531)	(1,285)	(294)
<b>Actuarial (gains) losses</b>	<b>(276)</b>	<b>(372)</b>	<b>(1,041)</b>	<b>255</b>

### *Restructuring provision*

The Company recognised a provision for restructuring for a number of employees.

### *Legal claims provision*

The Company recognised a provision for a limited number of disputes.

### *Other provisions*

Other provisions include asset retirement obligations, the guarantee provision and onerous contracts.

## **21. Other non-current liabilities**

Other non-current liabilities in 2012 consisted of the negative investments in ZUM B.V. and ZUMB B.V. Reference is made to note 13 Investments in joint ventures.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### 22. Other current liabilities

The Company's other current liabilities comprise the following:

<u>Amounts in thousands of €</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
Accrued interest . . . . .	17,976	18,601
Accrued expenses . . . . .	73,333	57,777
Taxes and social securities . . . . .	52,819	19,927
Accrued employee benefits . . . . .	17,495	15,186
Related parties . . . . .	155,217	340
Other . . . . .	—	8
<b>Total other current liabilities . . . . .</b>	<b>316,840</b>	<b>111,839</b>

### 23. Commitments and contingencies

#### **Lease commitments**

The Company leases buildings, certain office equipment and vehicles and has entered into various maintenance and support contracts for the support for network equipment. Lease terms generally range from three to five years with the option of renewal for varying terms. Lease commitments for the coming periods are shown in the following schedule:

<u>Amounts in thousands of €</u>	<u>31 December 2012</u>			<u>31 December 2011</u>
	<u>Buildings</u>	<u>Other contracts</u>	<u>Total</u>	<u>Total</u>
Within 1 year . . . . .	10,031	6,248	16,279	12,490
Between 1 and 5 years . . . . .	30,822	7,553	38,375	37,184
After 5 years . . . . .	15,738	16	15,754	15,088
<b>Total Lease commitments . . . . .</b>	<b>56,591</b>	<b>13,817</b>	<b>70,408</b>	<b>64,762</b>

#### **Purchase commitments**

The Company enters into purchase commitments in the ordinary course of business. As at 31 December 2012 it had purchase commitments for an amount of €62 million (2011: €56 million).

#### **Legal proceedings**

The Company is involved in a number of legal proceedings. The legal proceedings may result in a liability that is material to the Company's financial condition, results of operations, or cash flows. The Company may enter into discussions regarding settlement of these proceedings, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Company has recognised provisions with respect to these proceedings, where appropriate, which are reflected in the consolidated statement of financial position and Note 20.

#### **Guarantees**

The company has provided guarantees to unrelated parties for an amount of €3.9 million (2011: €4.2 million).

### 24. Related party disclosures

#### **Identification of related parties**

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. The related parties comprise associated companies, key management personnel and close family members of related parties.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

#### *Transactions and positions*

The following significant related party transactions occurred during the year ended 31 December, 2012:

Management fees were charged to the Company by Ziggo N.V. for the services rendered by the Board of Management resulting in a charge of €2.0 million in 2012 (2011: nil).

In 2012, management fees of €0.4 million (2011: €0.5 million) were charged by the ultimate shareholders to the Ziggo Group.

As at year-end 2012 the Company had a current account receivable with ZUM B.V. of €169 and a trade account payable with HBO Nederland Coöperatief U.A. of €818 for premium content.

In the normal course of business, the Company and its subsidiaries conduct various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to the Company, either individually or in the aggregate.

#### **25. Financial risks**

The Company's financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and performance. The Company is exposed to the following financial risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

For each of these financial risks, which are included in the Company's risk management programme, the Company's exposure, objectives, policies and processes for measuring and managing risk are presented below.

#### *Credit risk*

The credit risk on consumer trade accounts receivable is considered to be low as a result of the large consumer customer base, the relatively small amount of receivables per customer and the high percentage of customers who pay by direct debit. The risk on trade accounts receivable from the Company's business customers is also considered low, but this concerns a smaller customer base with on average larger receivable per customer than for the Company's consumer customers.

The analysis of the ageing of the trade accounts receivables is as follows:

Amounts in thousands of €	Total	Not due	Past due, but not impaired				
		<30 days	30-60 days	60-90 days	90-180 days	180-365 days	>365 days
2012 .....	18,240	10,368	2,001	1,216	2,326	2,329	—
2011 .....	25,753	18,493	2,002	1,249	1,806	2,203	—

The Company's maximum exposure to credit risk in the event that a counterparty fails to fulfil its obligations in relation to each class of recognised financial asset, including derivatives, is the carrying amount of those assets in the consolidated statement of financial position.

#### *Liquidity risk*

The Company manages its liquidity risk on a consolidated basis with cash provided from operating activities being a primary source of liquidity. The Company manages short-term liquidity based on a rolling forecast for projected cash flows for a six month period.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

Based on the current operating performance and liquidity position, the Company believes that cash generated by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends and scheduled debt repayment requirements for the next twelve months and the foreseeable future.

The following table summarises the maturity profile of the Company's financial liabilities:

31 December 2012 Amounts in thousands of €	Carrying amount	Contractual cash flows	January - March 2013	April - December 2013	2014	2015-2017	After 2017
<b>Non-derivative financial liabilities</b>							
Loans from financial institutions	(1,760,439)	(432,401)	(22,216)	(67,881)	(90,097)	(252,207)	—
8.0 % Unsecured Notes	(1,183,377)	(519,044)	(23,846)	(72,862)	(96,708)	(290,124)	(35,504)
Trade accounts payable	(85,563)	(85,563)	(85,563)	—	—	—	—
<b>Derivative financial liabilities</b>							
Interest rate swaps used for hedging	(63,236)	(69,119)	(8,475)	(25,425)	(15,161)	(20,058)	—
<b>Total</b>	<b>(3,092,615)</b>	<b>(1,106,127)</b>	<b>(140,100)</b>	<b>(166,168)</b>	<b>(201,966)</b>	<b>(562,389)</b>	<b>(35,504)</b>

31 December 2011 Amounts in thousands of €	Carrying amount	Contractual cash flows	January - March 2012	April - December 2012	2013	2014 - 2016	After 2016
<b>Non-derivative financial liabilities</b>							
Loans from financial institutions	(2,077,533)	(2,725,706)	(25,272)	(77,219)	(102,491)	(307,474)	(2,213,250)
8.0 % Unsecured Notes	(1,179,710)	(1,824,602)	(23,846)	(72,862)	(96,708)	(290,124)	(1,341,062)
Trade accounts payable	(74,417)	(74,417)	(74,417)	—	—	—	—
<b>Derivative financial liabilities</b>							
Interest rate swaps used for hedging	(57,063)	(50,614)	(5,669)	(17,007)	(22,350)	(5,588)	—
<b>Total</b>	<b>(3,388,723)</b>	<b>(4,675,339)</b>	<b>(129,204)</b>	<b>(167,088)</b>	<b>(221,549)</b>	<b>(603,186)</b>	<b>(3,554,312)</b>

### Market risk

The Company is exposed to market risks, including interest rate and foreign currency exchange rate risks, associated with underlying assets, liabilities and anticipated transactions. Based on the analysis of these exposures, the Company selectively enters into derivatives to manage the related risk exposures.

### Interest rate risk

Exposure to the risk of changes in the market interest rates relates primarily to the Company's long-term debt obligations with a (partly) floating interest rate. The Company manages its exposure to changes in interest rates and its overall cost of financing by using interest rate swap (IRS) agreements. These IRS agreements are used to transform the interest rate exposure on the underlying liability from a floating interest rate into a fixed interest rate. It is the Company's policy to keep at least 70% of its borrowings at fixed rates of interest. The net interest rate risk can be analysed as follows:

Amounts in thousands of €	31 December 2012	31 December 2011
Notional amount borrowing (floating)	(1,063,337)	(1,383,337)
Cash (floating) & deposits (floating and/or fixed)	92,363	112,634
Notional amount IRS (fixed)	1,000,000	1,000,000
<b>Net interest rate risk — including offset IRS</b>	<b>29,026</b>	<b>(270,703)</b>

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

At 31 December 2012, after taking into account the effect of interest rate swaps, approximately 101% of the Company's borrowings were at a fixed interest rate (2011: 92%).

### *Sensitivity analysis for interest rate risk*

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, of the Company's result before tax (through the impact on floating rate borrowings). There is no impact on the Company's equity.

<u>Amounts in thousands of €</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
Increase / decrease in basis points		
+ 20bp .....	58	(541)
+ 10bp .....	29	(271)
- 10bp .....	(29)	271
- 20bp .....	(58)	541

### *Foreign currency risk*

The Company has transactional currency exposures arising from purchases in USD. The Company enters into foreign exchange swaps to partially mitigate this risk. As at 31 December 2012 the net foreign currency exposure of the USD amounted to USD 0.6 million (2011: USD 12.7 million), relating to the net amount of cash and cash equivalents and trade accounts payable. At year-end the Company did not hedge this position.

## 26. Financial instruments

### *Fair values*

The following table presents the fair values of financial instruments, based on the Company's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are recognised in the consolidated statement of financial position:

<u>Amounts in thousands of €</u>	<u>31 December 2012</u>		<u>31 December 2011</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<b>Financial assets</b>				
Loans .....	141	141	30	30
Trade accounts receivable .....	18,240	18,240	25,753	25,753
Cash and cash equivalents .....	92,363	92,363	112,634	112,634
<b>Total financial assets</b> .....	<b>110,744</b>	<b>110,744</b>	<b>138,417</b>	<b>138,417</b>
<b>Financial liabilities</b>				
Loans from financial institutions .....	(1,760,439)	(1,867,029)	(2,077,533)	(2,139,735)
8% Unsecured Notes .....	(1,183,377)	(1,334,570)	(1,179,710)	(1,220,939)
Trade accounts payable .....	(85,563)	(85,563)	(74,417)	(74,417)
Total financial liabilities at amortised cost .....	(3,029,379)	(3,287,162)	(3,331,660)	(3,435,091)
Derivative financial instruments .....	(63,236)	(63,236)	(57,063)	(57,063)
<b>Total financial liabilities</b> .....	<b>(3,092,615)</b>	<b>(3,350,398)</b>	<b>(3,388,723)</b>	<b>(3,492,154)</b>

The carrying amounts of receivables, other current assets, cash and cash equivalents and accounts payable approximate their fair values because of the short-term nature of these instruments and, for receivables, because of the fact that any recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair values of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on market rates prevailing at year-end.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

#### *Hedging activities*

At 31 December 2012, the Company had concluded interest rate swap (IRS) agreements with a total notional amount of €1,000.0 million (2011: €1,000.0 million) under which it pays a fixed rate of interest (between 3.55% and 3.59%) and receives a variable rate equal to EURIBOR on the notional amount. These IRS agreements are used to reduce the exposure to changes in the variable EURIBOR rates on the outstanding loan portfolio of €1,063.3 million (2011: €1,383.3 million). The notional amounts of the IRS agreements will be reduced in line with the repayment schedule on the loan portfolio (currently the last IRS agreement will mature in 2014). In addition the Company has basis swap agreements for a total notional amount of €500.0 million (2011: €700.0 million) in order to match the EURIBOR in the Senior Credit Facility.

As at 31 December 2012 the Company did not have any swap agreements to reduce its exposure to fluctuations in its purchase obligations denominated in US dollars (2011: nil).

#### *Hedge accounting*

As a consequence of the refinancing of the Company in October 2010, the Company no longer applies hedge accounting for IRS, as the underlying hedges became ineffective. As of October 2010 any change in fair value of IRS is reported in financial income and expense. The cash flow hedge reserve recognised under other comprehensive income is released to financial income and expense over the remaining contractual period of the hedges concerned.

#### *Fair value hierarchy*

Of the Company's financial instruments, only derivatives are measured at fair value using the Level 2 inputs as defined in IFRS 7 "Financial Instruments: Disclosures". These inputs are inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of derivative instruments is estimated by discounting future cash flows at prevailing market rates or based on the rates and quotations obtained from third parties.

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade ratings. There were no changes in the valuation method of the financial instruments of the Company in 2012 and 2011.

#### *Derivatives*

The numbers and the maturities of derivative contracts, the fair values and the qualification of the instruments for accounting purposes are presented in the table below:

	31 December 2012		31 December 2011	
	Number of contracts	Fair value	Number of contracts	Fair value
<b>Amounts in thousands of €</b>				
Interest rate swaps				
within one year . . . . .	—	—	3	(10,267)
within two - five years . . . . .	6	(63,236)	3	(46,796)
<b>Total derivative financial instruments . . . . .</b>	<b>6</b>	<b>(63,236)</b>	<b>6</b>	<b>(57,063)</b>

## 27. Subsidiaries

The following companies were Ziggo Bond Company's significant subsidiaries as at 31 December 2012. Unless otherwise indicated, these are wholly owned subsidiaries. Subsidiaries that are not material to providing an insight into the group as required under Dutch law are omitted from this list.

With respect to the separate financial statements of a number of legal entities included in the consolidation, the Company used the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to this section, the Company has issued liability statements for its subsidiaries. These companies are marked with an \* in the following table.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

- Amsterdamse Beheer- en Consultingmaatschappij B.V., Amsterdam, the Netherlands
- Torensplits II B.V., Amsterdam, the Netherlands\*
- Ziggo B.V., Groningen, the Netherlands\*
- Ziggo Netwerk B.V., Groningen, the Netherlands\*
- Breezz Nederland B.V., Den Dolder, the Netherlands
- Ziggo Netwerk II B.V., Utrecht, the Netherlands
- ZUM B.V., Amsterdam, the Netherlands (50.0%)
- ZUMB B.V., Amsterdam, the Netherlands (50.0%)
- HBO Nederland Coöperatief U.A., Amsterdam, the Netherlands (50.0%)

#### **28. Subsequent events**

On 5 February 2013, Ziggo communicated the intended decision to its employees to outsource most of the activities of its contact centre in The Hague to Teleperformance. The works council has been informed about the intended decision and has been requested to give its advice. It is Ziggo's intention to outsource the activities of its contact centre involving around 80 employees to Teleperformance.

Further no material events occurred between the end of the reporting period and the date on which these financial statements were published.

Utrecht, The Netherlands  
March 1, 2013

Board of Management

Bernard Dijkhuizen  
Bert Groenewegen  
Marcel Nijhoff  
Paul Hendriks

**ZIGGO BOND COMPANY B.V.**  
**CORPORATE FINANCIAL STATEMENTS**

**Statement of income**

<u>Amounts in thousands of €</u>	<u>Note</u>	<u>For the year ended 31 December 2012</u>	<u>For the year ended 31 December 2011</u>
Result from investments, after tax .....		267,435	178,303
<b>Net result for the year</b> .....		<b><u>267,435</u></b>	<b><u>178,303</u></b>

The accompanying notes to this statement of income form an integral part of these financial statements.

# ZIGGO BOND COMPANY B.V.

## Statement of financial position

<u>Amounts in thousands of €</u>	<u>Note</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
<b>ASSETS</b>			
Investments in subsidiaries . . . . .	4	1,091,242	983,345
Loans receivable related parties . . . . .	5	1,183,378	1,179,710
<b>Total non-current assets . . . . .</b>		<b>2,274,620</b>	<b>2,163,055</b>
<b>TOTAL ASSETS . . . . .</b>		<b>2,274,620</b>	<b>2,163,055</b>
<b>EQUITY AND LIABILITIES</b>			
Issued share capital . . . . .		18	18
Share premium . . . . .		840,982	840,982
Other reserves . . . . .		(4,327)	(7,789)
Retained earnings . . . . .		254,569	150,134
<b>Equity attributable to equity holders . . . . .</b>	<b>6</b>	<b>1,091,242</b>	<b>983,345</b>
Interest-bearing loans . . . . .	7	1,183,378	1,179,710
<b>Total non-current liabilities . . . . .</b>		<b>1,183,378</b>	<b>1,179,710</b>
<b>TOTAL EQUITY AND LIABILITIES . . . . .</b>		<b>2,274,620</b>	<b>2,163,055</b>

The accompanying notes to this statement of financial position form an integral part of these financial statements.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the corporate financial statements**

#### **1. Corporate information**

Ziggo Bond Company B.V. is a private limited company having its corporate seat in Utrecht (registered office: Atoomweg 100, 3542 AB Utrecht) the Netherlands.

Ziggo Bond Company's principal activities are to act as a holding company for the group companies of the Ziggo group, the owner and operator of a broadband cable network in the Netherlands, and providing analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 2.9 million households and businesses under the brand name Ziggo.

#### **2. Basis of preparation**

##### ***Date of authorisation of issue***

The corporate financial statements of Ziggo Bond Company B.V. for the year ended 31 December 2012 were prepared by the Board of Management and adopted on March 1, 2013.

##### ***Statement of compliance***

The corporate financial statements of Ziggo Bond Company B.V. have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the measurement principles applied in these corporate financial statements are the same as those applied in the consolidated financial statements (see Note 3 to the consolidated financial statements). This means that the principles for recognition and measurement of assets and liabilities and determination of the result of Ziggo Bond Company B.V. are the same as those applied for the consolidated financial statements.

##### ***Measurement basis***

In the corporate financial statements of Ziggo Bond Company B.V., the same accounting principles were applied as set out in the notes to the consolidated financial statements. These policies were consistently applied to all years presented. The amounts in the corporate financial statements are presented in thousands of euros (€) except when otherwise indicated. Reference is made to Note 3 of the consolidated financial statements for a description of these principles.

As the financial data of Ziggo Bond Company B.V. (the parent company) are included in the consolidated financial statements, the income statement in the parent company financial statements is presented in condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

##### ***Foreign currency translation***

The corporate financial statements have been drawn up in euros (€), which is Ziggo Bond Company B.V.'s functional and presentation currency.

##### ***Investments in subsidiaries***

Investments in subsidiaries are accounted for using the net asset value. Ziggo Bond Company B.V. calculates the net asset value using the accounting policies as described in Note 3 to the consolidated financial statements. The net asset value of subsidiaries comprises the cost, excluding goodwill, of Ziggo Bond Company B.V.'s share in the net assets of the subsidiary, plus the share in income or losses since acquisition, less dividends received. In case the net asset value is negative and the Company is liable for the deficit of the subsidiary the carrying amount is presented as "Provision for the net capital deficit of investments".

# ZIGGO BOND COMPANY B.V.

## Notes to the corporate financial statements — (Continued)

### 3. Financial income and expense

<u>Amounts in thousands of €</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
Interest from 8.0 % Senior Notes .....	(96,708)	(96,708)
Interest income from related parties .....	96,708	96,708
<b>Net financial income (expenses) .....</b>	<b>—</b>	<b>—</b>

### 4. Investment in subsidiaries

Movements of the Company's investment in its only subsidiary, Amsterdamse Beheer- en Consultingmaatschappij B.V., were as follows:

<u>Amounts in thousands of €</u>	<u>2012</u>	<u>2011</u>
Balance at 1 January .....	983,345	797,731
Cash flow hedge reserve .....	3,462	7,311
Dividend .....	(163,000)	—
Result subsidiary .....	267,435	178,303
<b>Balance at 31 December .....</b>	<b>1,091,242</b>	<b>983,345</b>

### 5. Loans receivable related parties

Upon the issuance of the 8.0% unsecured Senior Notes, the Company simultaneously provided its indirect subsidiaries Plinius Investments II B.V. and Serpering Investments B.V. with the proceeds under the same terms and conditions as the issued 8.0% senior notes. For more information reference is made to Note 7. In 2012 Plinius Investments II B.V. and Serpering Investments B.V. merged into Torensplits II B.V.

### 6. Shareholders' equity

The Company is incorporated as a private limited liability company under Dutch law. Its authorised capital consists entirely of ordinary shares.

<u>Amounts in thousands of €</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
<b>Authorised capital</b>		
Ordinary shares 900 of €100 each .....	90	90
Issued and fully paid (181 shares) .....	18	18
Share premium .....	840,982	840,982
Other reserves .....	(4,327)	(7,789)
Retained earnings .....	254,569	150,134
<b>Equity attributable to equity holders .....</b>	<b>1,091,242</b>	<b>983,345</b>

### 7. Interest bearing loans

On 27 April 2010, the Company issued unsecured Senior Notes for an amount of € 1,208.9 million at a price of 99.271% with a nominal interest rate of 8.0% due in 2018. Interest on the notes is payable semi-annually on 15 May and 15 November.

The notes are senior obligations of the Company and are guaranteed on a senior subordinated basis by all of the subsidiaries of Ziggo Bond Company B.V. Financing fees have been charged in the amount of € 25.9 million, which are presented as a deduction from the loan. The effective interest rate subsequently is 8.36%, which is recognised as financial expense.

## ZIGGO BOND COMPANY B.V.

### Notes to the corporate financial statements — (Continued)

#### 8. Commitments and contingencies

Ziggo Bond Company B.V. has no outstanding commitments or contingencies.

#### 9. Related party disclosures

##### *Identification of related parties*

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. Related parties include associated companies, key management personnel and close family members of related parties.

##### *Transactions and positions*

In the normal course of business, Ziggo Bond Company B.V. conducts various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to Ziggo Bond Company B.V., either individually or in the aggregate.

#### 10. Subsequent events

No material events occurred between the end of the reporting period and the date on which these financial statements were published.

#### 11. Auditor's fees

The fees for services provided by the Company's independent auditor, Ernst & Young and its member firms and/or affiliates to the Company and its subsidiaries can be broken down as follows:

<u>Amounts in thousands of €</u>	<u>2012</u>	<u>2011</u>
Audit and audit related fees .....	750	650
Tax related fees .....	—	374
Transactional related (compliance) fees .....	950	1,801
Other non-audit fees .....	356	36
<b>Total</b> .....	<b><u>2,056</u></b>	<b><u>2,861</u></b>

Utrecht, The Netherlands

March 1, 2013

Board of Management

Bernard Dijkhuizen

Bert Groenewegen

Marcel Nijhoff

Paul Hendriks

## **ZIGGO BOND COMPANY B.V.**

### **Appropriation of result**

The articles of association of the Company state that the distributable profits are at the disposal of the General Meeting of Shareholders for distribution of dividend or in order to be added to the reserves or for such other purposes within the Company's objects as the meeting shall decide.

The result for the year 2012, which is a profit of € 267,435 has been added to retained earnings.

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## **Independent auditor's report**

To: the Shareholders of Ziggo Bond Company B.V.

### **Report on the financial statements**

We have audited the accompanying financial statements 2011 of Ziggo Bond Company B.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated income statement and the consolidated statement of comprehensive income for the year ended 31 December 2011, the consolidated statement of financial position as at 31 December 2011, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company income statement for the year ended 31 December 2011, the company statement of financial position as at 31 December 2011 and the notes, comprising a summary of the accounting policies and other explanatory information.

#### ***Management's responsibility***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion with respect to the consolidated financial statements***

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Ziggo Bond Company B.V. as at 31 December 2011, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

#### ***Opinion with respect to the company financial statements***

In our opinion, the company financial statements give a true and fair view of the financial position of Ziggo Bond Company B.V. as at 31 December 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 23 February 2012

Ernst & Young Accountants LLP

**signed by F.J. Blenderman**

**ZIGGO BOND COMPANY B.V.**  
**Consolidated income statement**  
**For the years ended 31 December**

<u>Amounts in thousands of €</u>	<u>Note</u>	<u>2011</u>	<u>2010</u>
Revenues . . . . .	5	1,478,169	1,375,742
Cost of goods sold . . . . .		291,147	265,036
Personnel expenses . . . . .	6	175,574	170,715
Contracted work . . . . .		51,162	44,833
Materials & logistics . . . . .		6,035	4,071
Marketing & sales . . . . .		68,514	62,106
Office expenses . . . . .		49,564	52,113
Other operating expenses . . . . .		1,572	1,748
Amortisation and impairments . . . . .	9	79,939	218,597
Depreciation and impairments . . . . .	10	268,014	284,148
Total operating expenses . . . . .		<u>991,521</u>	<u>1,103,367</u>
Operating income . . . . .		<u>486,648</u>	<u>272,375</u>
Net financial income (expense) . . . . .	7	<u>(248,311)</u>	<u>(348,719)</u>
Result before income taxes . . . . .		<u>238,337</u>	<u>(76,344)</u>
Net result of joint ventures and associates . . . . .	19	(168)	
Income tax benefit (expense) . . . . .	8	<u>(59,866)</u>	<u>25,154</u>
Net result for the year . . . . .		<u>178,303</u>	<u>(51,190)</u>
Net result attributable to equity holders . . . . .		<u>178,303</u>	<u>(51,190)</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ZIGGO BOND COMPANY B.V.**  
**Consolidated statement of comprehensive income**  
**For the years ended 31 December**

<u>Amounts in thousands of €</u>	<u>Note</u>	<u>2011</u>	<u>2010</u>
Net result for the year .....		178,303	(51,190)
Cash flow hedges, net of tax .....		<u>7,311</u>	<u>12,049</u>
Total comprehensive income for the year .....		<u>185,614</u>	<u>(39,141)</u>
Total comprehensive income attributable to equity holders .....		<u>185,614</u>	<u>(39,141)</u>

**ZIGGO BOND COMPANY B.V.**  
**Consolidated statement of financial position**

Amounts in thousands of €	Note	31 December 2011	31 December 2010
<b>ASSETS</b>			
Intangible assets	9	3,359,736	3,406,400
Property and equipment	10	1,421,386	1,459,945
Other non-current financial assets	11	402	396
Deferred tax assets	8	35,886	123,819
Total non-current assets		<u>4,817,410</u>	<u>4,990,560</u>
Inventories	12	32,180	18,546
Trade accounts receivable	13	25,753	20,086
Other current assets	14	26,294	32,331
Cash and cash equivalents	15	112,634	66,994
Total current assets		<u>196,861</u>	<u>137,957</u>
<b>TOTAL ASSETS</b>		<u><b>5,014,271</b></u>	<u><b>5,128,517</b></u>
<b>EQUITY AND LIABILITIES</b>			
Issued share capital		18	18
Share premium		840,982	840,982
Other reserves		(7,789)	(15,100)
Retained earnings		150,134	(28,169)
Equity attributable to equity holders	16	<u>983,345</u>	<u>797,731</u>
Interest bearing loans	17	3,257,243	3,497,261
Derivative financial instruments	24	46,796	58,447
Provisions	18	24,886	30,169
Deferred tax liabilities	8	382,496	408,126
Other non-current liabilities	19	214	—
Total non-current liabilities		<u>3,711,635</u>	<u>3,994,003</u>
Deferred revenues		115,876	97,751
Derivative financial instruments	24	10,267	34,539
Provisions	18	6,892	7,138
Trade accounts payable		74,417	80,165
Other current liabilities	20	111,839	117,190
Total current liabilities		<u>319,291</u>	<u>336,783</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>5,014,271</b></u>	<u><b>5,128,517</b></u>

The accompanying notes are an integral part of these consolidated financial statements.

# ZIGGO BOND COMPANY B.V.

## Consolidated statement of changes in equity

<u>Amounts in thousands of €</u>	<u>Issued capital</u>	<u>Share premium</u>	<u>Cash flow hedge reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
Incorporation of Ziggo Bond Company B.V. ....	18	840,982	—	—	841,000
Adjustments .....	—	—	—	(4,743)	(4,743)
Balance at 31 March 2010 .....	18	840,982	—	(4,743)	836,257
<u>Comprehensive income</u>					
Net loss for the year 2010 .....	—	—	—	(51,190)	(51,190)
<i>other comprehensive income:</i>					
cash flow hedges, net of tax .....	—	—	12,049	—	12,049
Total comprehensive income .....	—	—	12,049	(51,190)	(39,141)
<u>Transactions with owners</u>					
Additional paid in capital .....	—	615	—	—	615
Reclassification retained earnings .....		(615)		615	—
Reclassification legal reserve .....			(27,149)	27,149	—
Total transactions with owners .....	—	—	(27,149)	27,764	615
Balance at 31 December 2010 .....	18	840,982	(15,100)	(28,169)	797,731
<u>Comprehensive income</u>					
Net profit for the year 2011 .....	—	—	—	178,303	178,303
<i>other comprehensive income:</i>					
cash flow hedges, net of tax .....	—	—	7,311	—	7,311
Total comprehensive income .....	—	—	7,311	178,303	185,614
Balance at 31 December 2011 .....	18	840,982	(7,789)	150,134	983,345

**ZIGGO BOND COMPANY B.V.**  
**Consolidated cash flow statement**  
**For the years ended 31 December**

<u>Amounts in thousands of €</u>	<u>Note</u>	<u>2011</u>	<u>2010</u>
<b>Operating activities</b>			
Income (loss) before income taxes .....		238,337	(76,344)
<i>Adjustments for:</i>			
Amortisation and impairments .....	9	79,939	218,597
Depreciation and impairments .....	10	268,014	284,148
Movement in provisions .....	18	(7,974)	(5,781)
Net financial income and expense .....	7	248,311	348,719
Operating cash flow before changes in working capital .....		826,627	769,339
<i>Changes in working capital relating to:</i>			
Inventories .....		(13,634)	6,996
Trade accounts receivable .....		(5,386)	23,506
Other current assets .....		6,516	(5,129)
Trade accounts payable .....		(7,712)	(22,786)
Deferred revenues .....		18,125	(8,496)
Other current liabilities .....		(4,661)	(8,246)
Change in working capital .....		(6,752)	(14,155)
<b>Net cash flow from operating activities</b> .....		<b>819,875</b>	<b>755,184</b>
<b>Investing activities</b>			
Purchase of intangible and tangible assets .....	9,10	(242,918)	(202,204)
Purchase of business combinations .....	4	(7,413)	—
Purchase of joint ventures .....		(15)	—
Interest received .....		513	214
Change in financial assets .....		(6)	(28)
<b>Net cash flow used in investing activities</b> .....		<b>(249,839)</b>	<b>(202,018)</b>
<b>Financing activities</b>			
Proceeds from loans .....	17	460,431	1,950,037
Repayments of loans .....	17	(708,858)	(2,204,629)
Interest paid .....		(267,005)	(242,673)
Financing and commitment fees .....		(8,964)	(54,178)
<b>Net cash flow from financing activities</b> .....		<b>(524,396)</b>	<b>(551,443)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b> .....		<b>45,640</b>	<b>1,723</b>
Net cash and cash equivalents at 1 January .....		66,994	65,271
Net cash flow from operating, investing and financing activities .....		45,640	1,723
<b>Net cash and cash equivalents at 31 December</b> .....	15	<b>112,634</b>	<b>66,994</b>

The accompanying notes are an integral part of these consolidated financial statements.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements**

#### **1 The Company and its operations**

The principal activities of Ziggo Bond Company B.V. ('the Company') are to participate in, to finance or to have any other interest in, or to conduct the management of, other companies and enterprises. The Company is the owner and operator of a broadband cable network in the Netherlands and provides analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 3.0 million households under the brand name Ziggo.

#### **2 Basis of preparation**

##### ***Date of authorization of issue***

The consolidated financial statements of Ziggo Bond Company B.V. for the year ended 31 December 2011 were prepared by the Board of Management and adopted on 23 February 2012. The Company is a private limited company incorporated in Amsterdam (address: Winschotendiep 60, 9723 AB Groningen) in the Netherlands. The Company is wholly owned by Ziggo Bond Company Holding B.V. whose shareholders are investment funds that are ultimately managed by the private equity companies Cinven Limited and Warburg Pincus LLC.

##### ***Statement of compliance***

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

##### ***Measurement basis***

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of Euros (€) except when otherwise indicated.

##### ***Foreign currency translation***

The consolidated financial statements are presented in Euros (€), which is the Company's functional and presentation currency. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. Monetary items denominated in foreign currencies are translated into the Company's functional currency at the spot rate of exchange ruling at the reporting date. Exchange differences arising on the settlement of monetary items and the translation of monetary items, are included in net income for the period. Non-monetary items that are measured on a historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions.

##### ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2011. The financial statements of the subsidiaries are prepared for the same reporting year as those of the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The consolidated financial statements of the Company include the subsidiaries mentioned in Note 25.

##### ***Use of estimates and judgments***

The preparation of financial statements requires management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within these consolidated financial statements represent good-faith

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

assessments of the Company's future performance for which management believes there is a reasonable basis. These estimates and assumptions represent the Company's view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted. The estimates, assumptions and judgments that management considers most critical relate to:

- Impairment of goodwill (Note 3)
- Deferred tax assets (Note 3 and Note 8)
- Fair value of financial instruments (Note 3, Note 23 and Note 24)
- Other long-term employee benefits (Note 3 and Note 19)
- Provisions and contingencies (Note 3 and Note 19)

#### ***Change in accounting policies***

In fiscal 2011 the Company adopted the following new or revised standards and interpretations or amendments of standards and interpretations.

##### IAS 24 "Related Party Disclosures" — definition of a related party (amendment)

The IASB simplified the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The amendment did not impact the related parties of the Company.

##### IAS 32 "Financial Instruments: Presentation" — Classification of Rights Issues (amendment)

The amendment states that if certain rights are issued pro rata to all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. As the Company did not issue any rights for a fixed amount of foreign currency the amendment does not change current presentation.

##### IFRIC 14 "IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" — Prepayments of a minimum funding requirement (amendment)

IFRIC 14 was amended as entities in some circumstances were not permitted to recognise some prepayments for minimum funding contributions as an asset. Since the Company has not recognised any defined benefit assets this amendment has no impact on the Company's financial position.

##### IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

IFRIC 19 addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. It does not address the accounting by the creditor. The new interpretation has no impact on the Company's financial position.

##### Improvements to IFRSs (issued May 2010)

The IASB made improvements to six standards and one interpretation. None of the improvements has an impact on the Company's financial position, result or disclosure thereof.

The Company did not apply any other standard, interpretation or amendment issued but not yet effective in the consolidated financial statements as at 31 December 2011.

#### ***Change in accounting estimate***

In the first quarter of 2011, the Company analyzed the attrition of customer relationships connected to its network. It was noted that actual attrition of customer relationships over the period 2007-2010 was marginal,

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

whereas initially it was assessed that the number of customer relationships would substantially decline over a period of 10 to 15 years. As a result, management believes it is no longer able to estimate the useful life of the customer relationships and consequently assessed it to be indefinite. The Company will annually test the customer relationships for impairment and will no longer amortize.

The change is accounted for prospectively as from 1 April 2011 as a change in accounting estimates and as a result, the amortization charges of the Company for the current financial year end amounted to €44.1 million (2010: 180.2 million).

### **3 Significant accounting policies**

The significant accounting policies applied in the preparation of the consolidated financial statements are presented below. These policies have been consistently applied through all years presented, unless otherwise stated.

#### *Segment reporting*

IFRS 8 “Operating Segments” defines an operating segment as a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating segment’s operating result is reviewed regularly by the Board of Management (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Performance of the segments is evaluated against several measures, of which operating income excluding depreciation and amortisation (EBITDA) is the most important. Segment assets and liabilities mainly do not include corporate assets and liabilities and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

In the assessment of operating segments the Company concluded there is only one operating segment, based on the following assumptions:

- Chief Operating Decision Maker (Board of Management of the Company) makes decisions on the basis of financial results for the Company as one company;
- The Company has only one geographic area in which it operates;
- The Company has an integrated network for all activities;
- The Company’s investments and related costs are not allocated to its specific business lines or products;

#### *Business combinations and goodwill*

Business combinations are accounted for using the acquisition accounting method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed and included in other operating expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as an asset or liability are remeasured at subsequent reporting dates in accordance with IAS 39 “Financial Instruments: Recognition and Measurement” or IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as appropriate, with the corresponding gain or loss recognised in the income statement. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates until it is finally settled within equity.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are adjusted. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Company’s controlling shareholder’s consolidated financial statements. The components of equity of the acquired entities are added to the same components within equity and any gain/loss arising is recognised directly in equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for a non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the Company’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### ***Intangible assets***

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised. Expenditures are reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the economic benefits related to the intangible asset decreased. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Such a change in the useful life assessment is made on a prospective basis.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life of the asset remains indefinite. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Customer lists, which initially are valued at fair value, are recognised as an asset with an indefinite life and the asset is tested for impairment at least annually.

Software is amortised in 3 years using the straight-line method over its economically useful life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statement when the asset is derecognised.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

#### *Property and Equipment*

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost includes direct costs (materials, replacing parts, direct labour and contracted work) and direct attributable overhead costs. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the costs of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The interest percentage used reflects the weighted average interest expense of the Company.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, taking into account residual value. Borrowing costs are depreciated over the estimated useful life of the corresponding asset. Land is not depreciated. The useful life of the assets is as follows:

	Useful lives
Network active (head-end, local network) .....	10-12 years
Network passive (fibre) .....	12-20 years
Network equipment (IP and datacom equipment) .....	5 years
Other .....	3-20 years

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year-end. Any change in accounting caused by this review is applied prospectively.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Repairs and maintenance are charged to expense during the financial period in which they incur.

#### *Leases*

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense once they occur.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

#### ***Impairment of non-financial assets***

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples.

Impairment losses of continuing operations recognised in the income statement will be recorded in a separate line item in those expense categories consistent with the classification of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised for the asset in prior years. Such a reversal is recognised in the income statement. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Goodwill and other assets with an indefinite life are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. The recoverable amount is the higher of the cash-generating unit's fair value less cost to sell and its value in use. The value in use of the cash-generating unit is determined using the discounted cash flow method. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### ***Investments in joint ventures and associates***

A joint venture is a contractual arrangement whereby the Company and one or more other parties undertake an economic activity through a jointly controlled entity. Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights.

Joint ventures and associates are accounted for using the equity method. Under the equity method, investments in joint ventures and associates are measured at cost and adjusted for post-acquisition changes in the Company's share of the net assets of the investment (net of any accumulated impairment in the value of individual investments).

#### ***Inventories***

Inventories are valued at cost or net realisable value, whichever is the lower. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated marketing, distribution and selling expenses.

Most of the inventory is not sold to customers but used in the Company's network and capitalised once used. Sold inventory is included in the cost of goods sold.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

#### ***Provisions***

Provisions are recognised when a legal or constructive obligation, which can be reliably estimated, exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced to the parties concerned.

The Company recognises a provision for asset retirement obligations related to dismantling and removing items at leased property and restoring the site on which these items are located after termination of the lease agreement. In addition the Company is exposed to costs of returning customer premise equipment upon termination of the subscription or renewals.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

The net assets and net liabilities recognised in the consolidated statement of financial position for defined benefit plans and other long term employee benefits represent the present value of the defined benefit obligations, less the fair value of plan assets, adjusted for unrecognised actuarial gains or losses and unamortised past service costs. Any net asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan. No adjustment for the time value of money is made in case the Company has an unconditional right to a refund of the full amount of the surplus, even if such a refund is realisable only at a future date.

Defined benefit obligations are actuarially calculated at least annually on the reporting date using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have an average duration similar to the expected duration of the related pension liabilities. Actuarial gains and losses are recognised using the corridor approach, which assumes that actuarial gains and losses may offset each other over the long term. Under this approach, if, for a specific plan, the net unrecognised actuarial gains and losses at the reporting date exceed the greater of 10% of the fair value of the plan assets or 10% of the defined benefit obligation, the excess is taken into account in determining net periodic expense for the subsequent period. The amount then recognised in the subsequent period is the excess divided by the expected remaining average working lives of employees covered by that plan at the reporting date. Past service costs are recognised immediately to the extent that the associated benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the associated benefits become vested. Results from curtailments or settlements, including the related portion of net unrecognised actuarial gains and losses, are recognised immediately.

Contributions to defined contribution plans are recognised as an expense when they are due. Post-employment benefits provided through industry multi-employer plans, managed by third parties, are generally accounted for using defined contribution criteria.

Provisions are recognised for other long-term employee benefits on the basis of discount rates and other estimates that are consistent with the estimates used for the defined benefit obligations. For these provisions the corridor approach is not applied and all actuarial gains and losses are recognised in the consolidated income statement immediately.

#### ***Financial instruments***

##### **Financial assets**

The Company initially recognises loans and receivables and deposits on the date that they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

#### *Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

#### *Held-to-maturity financial assets*

If the Company has the positive intent and ability to hold securities to maturity (usually debt securities), then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

An impairment is recorded in operating expenses when it is probable (based on objective evidence) that the Company will not be able to collect all amounts due under the original terms. Impairments are calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified as impaired. Impaired loans and receivables are derecognised when they are assessed as uncollectible.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, including service concession receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

#### **Financial liabilities**

The Company initially recognises debt securities issued and subordinated liabilities on the date that they originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade accounts and other payables.

#### Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported at the net amount in the consolidated statement of financial position if, and only if, the Company has a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Derivative financial instruments and hedging

The Company entered into several interest rate swaps in order to mitigate its risks associated with interest rate fluctuations. These derivatives are recognised at fair value. The fair value of interest rate swaps is the estimated amount that would be received or paid to terminate the swap at reporting date, taking into account the current interest rates and creditworthiness of the swap counter parties.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 24. Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining term to maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining term to maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

#### (a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity.

#### (b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other net financial income and expense'.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'interest expense'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other net financial income and expense'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is amortised to profit or loss in the period(s) when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other net financial income and expense'.

#### ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The relevant types of revenue are recognised as follows:

##### **Rendered services**

Revenue primarily comprises revenues earned from subscription and usage fees on the delivery of standard cable and digital pay television, broadband internet and telephony and services provided to the business market. Revenue from other sources primarily comprises revenue from the sale of goods. Subscription and usage revenues are recognised at the time services are provided to customers. Pre-invoiced revenues are deferred and allocated to the respective period they relate to. Any unearned revenue is recognised as deferred revenue within current liabilities. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

The Company may provide the subscriber with installation of the connection to its network and offers connection-related services. Revenue is recognised when the installation and services have been rendered.

##### **Cost of goods sold**

Cost of goods sold includes the costs for purchases of materials and services directly related to revenue, such as author rights, interconnection costs, signal delivery costs, royalties, internet service provider fees and materials and logistics cost directly related to the sale of set top boxes.

#### ***Income Tax***

Current income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity. The current income tax benefit is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the reporting date, and adjustments for current taxes payable (receivable) for prior years.

Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income.

Deferred income tax assets are generally recognised for all temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except to the extent that a deferred income tax asset arises from the initial recognition of goodwill.

Deferred income tax liabilities are generally recognised for all temporary differences.

Deferred income tax assets and liabilities are based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse or are substantively enacted at the reporting date. The effect of a change in tax rates on deferred income tax assets and liabilities is recognised in the period that includes the enactment date. Deferred income tax assets are reduced by a valuation allowance when the Company cannot make the determination that it is more likely than not that some portion or all of the related tax assets will be realised.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### ***Cash flow statement***

The cash flow statement is prepared using the indirect method with a breakdown into cash flows from operating, investing and financing activities. The cash balances of purchased subsidiaries (cash acquired) are included in the consideration paid on acquisition (investing activities).

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### ***Standards issued but not yet effective***

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2011 and have not been applied in preparing these consolidated financial statements:

- IAS 12 "Income taxes" — Deferred Tax: recovery of Underlying Assets (amendment), effective 1 January, 2012;
- IAS 1 Presentation of Financial Statements (amendment), effective 1 January, 2013
- IAS 19 Employee benefits (revised), effective 1 January, 2013
- IFRS 9 Financial Instruments: Fair Value Measurement (new), effective 1 January, 2013
- IFRS 10, Consolidated Financial Statements (new), effective 1 January, 2013
- IAS 27 Separate Financial Statements (revised), effective 1 January, 2013
- IFRS 11, Joint Arrangements (new), effective 1 January, 2013
- IAS 28 Investments in Associates and Joint Ventures (revised), effective 1 January, 2013
- IFRS 12 Disclosure of Interests in Other Entities (new), effective 1 January, 2013
- IFRS 13, Fair Value Measurement (new), effective 1 January, 2013
- IAS 32 Financial Instruments: Presentation — Offsetting (amendment), effective 1 January, 2014

The Company will introduce the new standards, amendments to standards and interpretations as of their effective date unless otherwise indicated. Adoption of these standards and interpretations is expected not to have an impact on the consolidated financial statements of the Company.

#### **4 Business combinations**

On October 13, Ziggo has acquired 100% of the shares of Breezz Nederland B.V. ("Breezz"). Breezz is a provider of innovative business telephone services and caters to a network of value added resellers. The Company acquired Breezz because it enlarges the range of products the company can offer to small and medium-sized enterprises.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Breezz as at the date of acquisition were:

<u>Amounts in thousands of €</u>	<u>Fair value recognised on acquisition</u>
<b>Assets</b>	
Intangible assets .....	46
Property and equipment .....	313
Trade receivables .....	281
Other current assets .....	306
Cash and cash equivalents .....	457
	<u>1,403</u>
<b>Liabilities</b>	
Loans from financial institutions .....	16
Other current liabilities .....	1,148
	<u>1,164</u>
<b>Net asset value acquired</b> .....	<b>239</b>
Goodwill arising on acquisition .....	9,381
<b>Total purchase consideration</b> .....	<b><u>9,620</u></b>

The purchase consideration comprise of:

<u>Amounts in thousands of €</u>	
<b>Purchase Consideration</b> .....	
Cash consideration .....	7,870
Contingent consideration .....	1,750
<b>Total purchase consideration</b> .....	<b><u>9,620</u></b>

The fair value of the trade receivables amounts to €281. The gross amount of trade receivables does not materially differ from the fair value. None of the trade receivables has been impaired and it is expected that the full contractual amounts can be collected.

### Contingent consideration

As part of the purchase agreement with the previous owner of Breezz Nederland B.V. a contingent consideration has been agreed. Payment is condition upon realisation of certain criteria such as realisation of a minimum amount of revenue and gross margin. As at the acquisition date, the fair value of the contingent consideration was € 1.8 million. If the contractual criteria are met, the maximum cash payable will not materially differ from the liability recorded. In the remainder of the year there were no changes in the underlying assumptions of the contingent consideration that required a change in the fair value of the discounted cash payment.

### Cash flow on acquisition

<u>Amounts in thousands of €</u>	
Net cash acquired with the subsidiary .....	457
Cash consideration .....	<u>(7,870)</u>
Net cash flow on acquisition .....	<u><u>(7,413)</u></u>

The goodwill of €9.4 million comprises the value of expected future cash flows. Goodwill is allocated entirely to the cash generating unit Ziggo.

From the date of acquisition, Breezz contributed €1.5 million in revenues and €0.5 million to the operating income of the Company. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been €5.2 million and the operating income from continuing operations would have been €1.8 million for the Company.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### 5 Revenues

The Company's revenues comprise the following:

<u>Amounts in thousands of €</u>	<u>2011</u>	<u>2010</u>
Standard cable subscription . . . . .	481,602	489,454
Digital pay television services . . . . .	151,269	124,637
Video . . . . .	632,871	614,091
Broadband Internet subscription . . . . .	415,878	380,832
Telephony subscription . . . . .	113,485	96,018
Telephony usage . . . . .	170,800	155,648
Telephony . . . . .	284,285	251,666
Revenues from other sources . . . . .	57,436	51,745
Total Residential Market . . . . .	1,390,470	1,298,334
Business Services . . . . .	87,699	77,408
Total revenues . . . . .	<u>1,478,169</u>	<u>1,375,742</u>

Revenues generated from bundle subscriptions amount to € 587.0 million (2010: € 402.2 million) and have been allocated to the individual products Video, Broadband Internet and Telephony.

The Company's revenues are generated through a large customer base, none of which generates more than 10% of total revenues. Revenues from the sale of goods as per 31 December 2011 amount to € 36.5 million (2010: € 28.5 million).

### 6 Personnel expenses

The Company's personnel expenses comprise the following:

<u>Amounts in thousands of €</u>	<u>2011</u>	<u>2010</u>
Wages and salaries . . . . .	131,021	115,811
Social security costs . . . . .	14,183	13,925
Pensions and other long-term employee benefits . . . . .	15,358	14,965
Other . . . . .	15,012	26,014
Total personnel expenses . . . . .	<u>175,574</u>	<u>170,715</u>

The number of internal employees as at 31 December 2011 of the Company in full time equivalents (FTEs) was 2,376 (2010: 2,203). The average number of internal employees in 2011 was 2,286 FTEs (2010: 2,211). For comparative purposes the average number of FTE in 2010 has been adjusted.

Other personnel expenses comprise costs for temporary external personnel, other personnel expenses and capitalised personnel expenses. In 2011, costs for temporary external personnel amount to € 52.7 million (2010: € 53.9 million). Other personnel expenses in 2011 amount to € 13.2 million (2010: € 20.4 million) and capitalised personnel expenses amount to € -/- 50.9 million (2010: € -/- 48.3 million).

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### 7 Net financial income and expense

<u>Amounts in thousands of €</u>	<u>2011</u>	<u>2010</u>
Interest on loans financial institutions .....	(167,651)	(218,619)
Interest on 8.0% senior notes .....	(96,708)	(62,591)
Other interest expense .....	(1,599)	(2,014)
Capitalisation of borrowing cost .....	9,378	13,191
Interest expense .....	(256,580)	(270,033)
Interest income .....	513	214
Amortisation financing fees, including write-offs terminated facilities .....	(14,373)	(53,737)
Fees related to senior credit facility .....	—	(15,004)
Fair value gains (losses) on derivative financial instruments .....	26,176	(6,899)
Commitment fees .....	(2,363)	(2,843)
Foreign exchange results .....	(1,684)	(417)
Other net financial income and expense .....	7,756	(78,900)
Net financial income (expense) .....	<u>(248,311)</u>	<u>(348,719)</u>

Other interest expense relates mainly to the interest added to provisions and long-term employee benefits. Interest income is mainly attributable to the interest on cash and cash equivalents.

### 8 Income taxes

The Company and its subsidiaries are incorporated in the fiscal unity of Zesko B.V. for corporate income tax purposes. For financial reporting purposes, its consolidated subsidiaries calculate their respective tax assets, tax liabilities and tax benefits on a consolidated tax return basis.

The Company's income tax comprises:

<u>Amounts in thousands of €</u>	<u>2011</u>	<u>2010</u>
Deferred tax assets .....	(85,496)	(14,248)
Deferred tax liabilities .....	25,630	39,402
Income tax benefit (expense) .....	<u>(59,866)</u>	<u>25,154</u>

A reconciliation between the statutory tax rates of 25.0% and the Company's effective tax rate is as follows:

<u>Amounts in thousands of €</u>	<u>Tax rate</u>	<u>2011</u>	<u>Tax rate</u>	<u>2010</u>
Loss for the period .....		238,337		(76,344)
Notional tax income at statutory rates .....	25.00%	(59,584)	25.50%	19,468
Adjustments:				
Non deductible items .....	0.12%	(282)		—
Deferred income (expense) due to changes in tax rates .....		—	7.45%	5,686
Effective tax rate / Income tax benefit .....	25.12%	<u>(59,866)</u>	32.95%	<u>25,154</u>

Income tax recognised within other comprehensive income comprises:

<u>Amounts in thousands of €</u>	<u>2011</u>			<u>2010</u>		
	<u>Before tax</u>	<u>Tax (expense) / benefit</u>	<u>Net of tax</u>	<u>Before tax</u>	<u>Tax (expense) / benefit</u>	<u>Net of tax</u>
Cash flow hedges .....	(10,385)	2,596	(7,789)	(20,133)	5,033	(15,100)

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

The tax effects of temporary differences influencing significant portions of the deferred tax assets and deferred tax liabilities as of 31 December 2011 and 2010 are presented below:

Amounts in thousands of €	1 January 2010	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2010	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2011
Tax loss carry forwards . . . . .	116,114	(15,540)	—	100,574	(78,952)	—	21,622
Derivative financial instruments . . . . .	26,076	1,292	(4,123)	23,245	(6,544)	(2,437)	14,264
Deferred tax assets . . . . .	142,190	(14,248)	(4,123)	123,819	(85,496)	(2,437)	35,886
Intangible assets . . . . .	(443,119)	52,501	—	(390,618)	8,037	—	(382,581)
Property and equipment . . . . .	(4,409)	(13,099)	—	(17,508)	17,593	—	85
Deferred tax liabilities . . . . .	(447,528)	39,402	—	(408,126)	25,630	—	(382,496)
Deferred tax assets and liabilities . . . . .	(305,338)	25,154	(4,123)	(284,307)	(59,866)	(2,437)	(346,610)

The deferred tax asset and tax liability are calculated at a tax rate of 25.0%.

Recognised deferred tax assets reflect management's estimate of realisable amounts. Since the Company is incorporated in the fiscal unity of Zesko B.V. tax loss carry forwards are assessed at Zesko B.V. for the Company and its subsidiaries. The amounts of tax loss carry forwards are subject to assessment by local tax authorities.

## 9 Intangible assets

The Company's intangible assets comprise:

Amounts in thousands of €	Goodwill	Customer lists	Software	Total
Balance as of 1 January 2010 . . . . .	1.773.068	1.762.453	63.539	3.599.060
Additions . . . . .	—	4	50.305	50.309
Reclassifications . . . . .	—	602	(24.971)	(24.369)
Disposals . . . . .	—	(4)	1	(3)
Amortisation and impairment . . . . .	—	(180.176)	(38.421)	(218.597)
Total changes 2010 . . . . .	—	(179.574)	(13.086)	(192.660)
Cost . . . . .	1.773.068	2.401.568	238.005	4.412.641
Accumulated amortisation . . . . .	—	(818.689)	(187.552)	(1.006.241)
Balance as of 31 December 2010 . . . . .	1.773.068	1.582.879	50.453	3.406.400
Additions . . . . .	—	—	23.847	23.847
Acquired through business combinations . . . . .	9.381	—	46	9.427
Amortisation and impairment . . . . .	—	(44.124)	(35.815)	(79.939)
Total changes 2011 . . . . .	9.381	(44.124)	(11.922)	(46.665)
Cost . . . . .	1.782.449	2.401.568	261.899	4.445.916
Accumulated amortisation . . . . .	—	(862.813)	(223.367)	(1.086.180)
Balance as of 31 December 2011 . . . . .	1.782.449	1.538.755	38.532	3.359.736

### Intangible assets with an indefinite life

In 2008 the former operating companies Multikabel, Casema and @Home merged into Ziggo. As a result of the merger one cash-generating unit, Ziggo, remains. All goodwill acquired through business combinations has been allocated for impairment testing purposes to the cash-generating unit at which management monitors the operating results. Customer lists acquired upon the acquisitions have initially been amortised on a straight line

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

basis in 12-14 years. As from April 2011 the Company ceased amortising its customer lists as it was concluded that the useful life of customer relationships connected to the Company's network is indefinite (See Note 2). Consequently the asset is subject to impairment testing for assets with an indefinite life as discussed in Note 3.

#### Goodwill

Value in use calculations for goodwill are based on cash flow projections covering a maximum period of five years; the three-year financial budgets approved by the Company's management and the years beyond the three year financial budget are based on models over this projection period using growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

The key assumptions used in the goodwill impairment test are set out below:

*Cash flow* — Free cash flow consists of revenues, costs and capital expenditure levels. Revenues are estimated based on historic growth numbers and expected future market penetration levels, resulting in related costs and capital expenditures.

*Discount rate* — The pre-tax discount rate is calculated taking into account the relative weights of each component of the capital structure and is used by management as a benchmark to assess operating performance and future investments. The pre-tax discount rate used for the 2011 goodwill impairment test is 8.31% (2010: 8.09%).

*Growth rate* — The growth rates in the three-year financial budgets reflect historic growth numbers and current market developments. The years beyond the three-year financial budget are extrapolated using estimated growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

#### Customer lists

Value in use calculations for the customer lists are based on revenue generated from those customer relationships that have been acquired at the date of acquisition.

The key assumptions used are set out below:

*Revenues* — Revenue are estimated based on historic growth numbers and expected future market penetration levels, resulting in related costs and capital expenditures.

*Attrition* — Attrition represents the expected decline of the customer relationships and is based on both historical information as well as management expectations and market developments.

*Discount rate* — The pre-tax discount rate is calculated taking into account the relative weights of each component of the capital structure and is used by management as a benchmark to assess operating performance and future investments. The pre-tax discount rate used for the 2011 customer list impairment test is 8.31%.

#### Sensitivity to changes in assumptions

With regard to the assessment of value in use management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

#### Software

During 2011 the Company impaired capitalised development of software for an amount of € 1.8 million (2010: € 9.8 million) as the expected future benefits of the related projects decreased over time.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### 10 Property and equipment

The Company's property and equipment comprises:

<u>Amounts in thousands of €</u>	<u>Network</u>	<u>Land</u>	<u>Other</u>	<u>Assets under construction</u>	<u>Total</u>
Balance as of 1 January 2010 .....	1,275,422	2,648	40,414	231,180	1,549,664
Additions .....	200,692	—	61,812	(92,444)	170,060
Reclassification .....	718	—	23,651	—	24,369
Depreciation and impairment .....	(245,523)	—	(38,625)	—	(284,148)
Total changes 2010 .....	(44,113)	—	46,838	(92,444)	(89,719)
Cost .....	4,329,758	2,648	183,007	138,736	4,654,149
Accumulated depreciation .....	(3,098,449)	—	(95,755)	—	(3,194,204)
Balance as of 31 December 2010 .....	1,231,309	2,648	87,252	138,736	1,459,945
Additions .....	217,442	375	12,775	(1,450)	229,142
Acquired through business combinations .....	—	—	313	—	313
Depreciation and impairment .....	(236,176)	—	(31,838)	—	(268,014)
Total changes 2011 .....	(18,734)	375	(18,750)	(1,450)	(38,559)
Cost .....	4,547,200	3,023	196,095	137,286	4,883,604
Accumulated depreciation .....	(3,334,625)	—	(127,593)	—	(3,462,218)
Balance as of 31 December 2011 .....	<u>1,212,575</u>	<u>3,023</u>	<u>68,502</u>	<u>137,286</u>	<u>1,421,386</u>

#### Network

The additions to network include capitalised borrowing costs of € 9.4 million (2010: € 13.2 million). Generally, the capitalisation rate used to determine the amount of capitalised borrowing costs is a weighted average of the interest rate applicable. For 2011 an interest rate is applied of 7.00% (2010: 7.04%).

During 2011 the Company did not recognise any impairments for property and equipment (2010: € 1.1 million).

Mortgages on all registered properties, related movable assets and the network-related elements have been established under the Senior Credit Facilities as explained in Note 17.

#### Assets under construction

Assets under construction relates to the integration of the Company's business support system and operational support system and the integration and expansion of the Company's network and IT-infrastructure. Included in assets under construction is software, which is recognised as intangible asset once in use.

### 11 Other non-current financial assets

Financial assets consist of long-term prepaid expenses (related to information technology contracts) of € 372 (2010: € 345) and loans to personnel of € 30 (2010: € 51).

### 12 Inventories

<u>Amounts in thousands of €</u>	<u>2011</u>	<u>2010</u>
Equipment and cables .....	8,487	8,575
Set-top boxes .....	18,465	7,858
Customer premises equipment .....	6,946	2,570
Allowance for obsolete stock .....	(1,718)	(457)
Total Inventories .....	<u>32,180</u>	<u>18,546</u>

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

Movement in allowance for obsolete stock is as follows:

<u>Amounts in thousands of €</u>	<u>2011</u>	<u>2010</u>
At 1 January .....	457	258
Additions .....	1,926	228
Used .....	(665)	(29)
At 31 December .....	<u>1,718</u>	<u>457</u>

#### 13 Trade accounts receivable

Trade accounts receivable as at 31 December 2011 amount to € 25.8 million (2010: € 20.1 million). The allowance for doubtful accounts is calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified. The doubtful debt allowance reflects probable losses in the account receivable balance based on historical experience by kind of trade debtor and other currently available evidence.

Movements in the allowance for doubtful accounts are as follows:

<u>Amounts in thousands of €</u>	<u>2011</u>	<u>2010</u>
At 1 January .....	8,706	14,304
Additions .....	1,315	6,136
Used .....	(2,182)	(9,400)
Released .....	(2,736)	(2,334)
At 31 December .....	<u>5,103</u>	<u>8,706</u>

A pledge has been given on all receivables as mentioned in Note 17.

Trade accounts receivables are non-interest-bearing and are generally due on 30 days' terms. Note 23 discloses the Company's credit risk related to the trade accounts receivable.

#### 14 Other current assets

<u>Amounts in thousands of €</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Prepaid expenses .....	10,955	17,682
Revenues to be invoiced .....	14,965	14,606
Related parties .....	333	—
Other current assets .....	41	43
Total current assets .....	<u>26,294</u>	<u>32,331</u>

#### 15 Cash and cash equivalents

All cash and cash equivalents within the Company are held within bank accounts and earn interest at floating rates based on bank deposit rates.

A pledge has been given on the accounts of the Company as mentioned in Note 17.

#### 16 Equity attributable to equity holders

The Company is incorporated as a private limited liability company under Dutch law. Its registered capital consists entirely of ordinary shares. The authorised capital is divided into 900 shares of € 100 each.

Other reserves represents the cash flow hedge reserve.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### 17 Interest-bearing loans

<u>Amounts in thousands of €</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Loans from financial institutions .....	2,077,533	2,320,731
8.0 % Unsecured Notes, due 2018 .....	1,179,710	1,176,530
Interest bearing loans .....	<u>3,257,243</u>	<u>3,497,261</u>

Movements in total interest-bearing loans are as follows:

<u>Amounts in thousands of €</u>	<u>2011</u>	<u>2010</u>
Balance at 1 January .....	3,497,261	3,712,042
Repayments on loans including refinancing .....	(708,858)	(2,204,629)
Facility F loan .....	460,431	—
Issuance of senior notes and Facility E .....	—	1,950,037
Financing fees .....	(6,631)	(36,404)
Interest accretion Mezzanine loan .....	—	22,478
Amortisation of financing fees .....	15,040	53,737
Balance at 31 December .....	<u>3,257,243</u>	<u>3,497,261</u>

### *Loans from financial institutions*

Loans from financial institutions can be broken down into the following facilities:

<u>Amounts in thousands of €</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>Senior Credit Facilities</b>				
Facility A loan .....	EURIBOR + 2.00%	2013	—	35,238
Facility B loan .....	EURIBOR + 3.00%	2017	922,906	1,091,911
Facility C loan .....	EURIBOR + 3.50%	2015	—	254,615
Facility D loan .....	EURIBOR + 4.75%	2016	—	250,000
Facility E loan (Sr. Secured Notes) .....	6.125%	2017	750,000	750,000
Facility F loan .....	EURIBOR + 3.25%	2017	460,431	—
<b>Total</b> .....			<u>2,133,337</u>	<u>2,381,764</u>
<b>Financing fees</b> .....			<u>(55,804)</u>	<u>(61,033)</u>
<b>Total</b> .....			<u><u>2,077,533</u></u>	<u><u>2,320,731</u></u>

### Senior Credit Facilities

#### *Facility A loan*

During 2011 the Company made prepayments on the Facility A loan for an amount of €35.2 million (2010: €170.0 million).

#### *Facility B loan*

During 2011 the Company made prepayments on the Facility B loan for an amount of € 169.0 million (2010: € 8.1 million). In 2011 the maturity date of the Facility B loan was extended from 2014 to 2017.

#### *Facility C loan*

During 2011 the Company made prepayments on the Facility C loan for an amount of €254.6 million (2010: €845.4 million). The prepayment on the Facility C loan is financed by the issuance of the Facility F loan.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

#### ***Facility D loan***

During 2011 the Company made prepayments on the Facility D loan for an amount of €250.0 million (2010: nil). The prepayment on the Facility D loan is financed by the issuance of the Facility F loan.

#### ***Facility E loan***

In October 2010, Ziggo Finance B.V., a company managed by Deutsche Bank International Trust Company N.V., issued Senior Secured Notes of € 750.0 million with a nominal interest rate of 6.125%, due in 2017. Interest on the Notes is payable semi-annually on 15 May and 15 November of each year. Ziggo Finance B.V. granted the proceeds of the Senior Secured Notes to Plinius Investments II B.V. and Serpering Investments B.V., both of which are indirectly wholly owned subsidiaries of the Company. The Senior Secured Notes are presented under loans from financial institutions as Facility E loan.

The Facility E loan is stated at amortised cost. Financing fees have been charged for an amount of € 10.6 million, which are presented as a deduction from the loan. The subsequent effective interest rate is 6.37%, which is recognised as financial expense.

#### ***Facility F loan***

In May 2011 the Company entered into an agreement for €460.4 million, the Facility F loan, which fully refinances both the Facility C loan and the Facility D loan. Interest on the Facility F loan is Euribor+3.25% and is paid monthly. Financing fees have been charged for an amount of € 10.6 million, which are presented as a deduction from the loan.

#### ***Revolving and capital expenditure restructuring facility***

Under the Senior Credit Facility agreement the Company has an uncommitted revolving credit facility of € 150.0 million which is covered by a committed bilateral ancillary facility of € 50.0 million by one of our lenders and an uncommitted capital expenditure restructuring facility of € 250.0 million. During the year 2011 there were no drawings under these facilities (2010: nil). The Company pays an annual fee for the availability of the facilities, which is recognised in financial income and expense.

#### ***Prepayment***

On certain occasions prepayment of part or all of the drawn facilities is mandatory. If such events materialise all outstanding utilisations and ancillary outstandings, together with accrued interest, become immediately due and payable.

#### ***Securitisation***

The total Senior Credit Facility is secured over the Company's tangible assets as follows:

- Mortgage on all registered properties, related movable assets, the network related elements and the claims;
- Pledges on all bank accounts, intellectual property rights, receivables and movable assets.

The Company needs to comply on a quarterly basis with covenants set by the lenders of the senior credit facility. These covenants are the interest coverage ratio and net leverage ratio. These financial covenants were all met during the years 2011 and 2010.

#### ***Financing fees***

Financing fees associated with the issuance of the facilities are subtracted from the loans from financial institutions and amortised over the period of the related loan. Amortisation costs on financing fees are recognised as other net financial income and expense in net financial income and expense.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

#### *8.0% Senior Notes*

On 27 April 2010, the Company issued unsecured Senior Notes for an amount of € 1,208.9 million at a price of 99.271% with a nominal interest rate of 8.0% due in 2018. Interest on the notes is payable semi-annually on 15 May and 15 November.

The notes are senior obligations of the Company and are guaranteed on a senior subordinated basis by all of the subsidiaries of Ziggo Bond Company B.V. Financing fees have been charged in the amount of € 25.9 million, which are presented as a deduction from the loan. The effective interest rate subsequently is 8.38%, which is recognised as financial expense.

#### **18 Provisions**

<u>Amounts in thousands of €</u>	<u>Other long term employee benefits</u>	<u>Restructuring</u>	<u>Legal claims</u>	<u>Other</u>	<u>Total</u>
At 31 December 2009 .....	14,420	9,797	12,292	1,605	38,114
Additions (including interest cost) .....	1,433	2,501	780	6,131	10,845
Usage .....	(1,054)	(7,369)	—	(536)	(8,959)
Released .....	(1,041)	(7)	(710)	(935)	(2,693)
At 31 December 2010 .....	13,758	4,922	12,362	6,265	37,307
Current .....	1,166	3,806	—	2,166	7,138
Non-current .....	12,592	1,116	12,362	4,099	30,169
At 31 December 2010 .....	13,758	4,922	12,362	6,265	37,307
Additions (including interest cost) .....	1,178	1,369	5,083	7,449	15,079
Usage .....	(1,420)	(3,503)	—	(1,896)	(6,819)
Released .....	(372)	(763)	(12,654)	—	(13,789)
At 31 December 2011 .....	13,144	2,025	4,791	11,818	31,778
Current .....	1,552	1,400	—	3,940	6,892
Non-current .....	11,592	625	4,791	7,878	24,886
At 31 December 2011 .....	13,144	2,025	4,791	11,818	31,778

#### *Defined benefit plans*

The Company provides pension plans for qualifying employees. The plans are multi-employer defined benefit plans with publicly or privately administered pension insurance organisations (so called ‘bedrijfstak-pensioenfondsen’). These pension insurance organisations are not able to provide the Company with sufficient information in order to account for the plans as defined benefit plans. As a result the defined benefit pension plans are treated as defined contribution plans. The Company has no obligations for deficits other than higher future pension-insurance payments. The Company pays contributions on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses in the income statement when they are due.

At 31 December 2011 the main administered pension insurance organisation had a coverage ratio of 94%. (2010: 105%).

#### *Other long-term employee benefits provision*

In addition to the pension plan, the Company offers eligible participants a reduction of their working time with partial continuation of income. The plan offers eligible employees born before 1 January 1957 or employees born before 1 January 1959 and in service for at least 25 years as at 31 December 2008;

- a working time reduction of 20% between the age of 55 and 59; and
- a working time reduction of up to 40% between the age of 59 and 65.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

According to the plan rules, 75% of the working time reduction is compensated by the Company. The employee benefit plan is wholly unfunded and consequently the Company funds the plan as claims are incurred. The present value of the defined benefit obligation and service cost were measured using the Projected Unit Credit Method.

Net periodic benefit expense, which is presented in the consolidated income statement as a component of personnel expenses, was as follows:

<u>Amounts in thousands of €</u>	<u>2011</u>	<u>2010</u>
Service cost .....	772	943
Interest cost .....	406	490
Actuarial (gains) / losses .....	(372)	(1,041)
Net periodic benefit cost .....	<u>806</u>	<u>392</u>

Changes in the present value of the defined benefit obligation are as follows:

<u>Amounts in thousands of €</u>	<u>2011</u>	<u>2010</u>
Defined benefit obligation at 1 January .....	13,758	14,420
Service cost .....	772	943
Interest cost .....	406	490
Actuarial (gains) / losses .....	(372)	(1,041)
Benefits paid .....	(1,420)	(1,054)
Defined benefit obligation at 31 December .....	<u>13,144</u>	<u>13,758</u>

Since the Company recognises all actuarial results related to other long-term employee benefits immediately as an expense, the defined benefit obligation equals the liability recognised in the statement of financial position.

The assumptions used in the actuarial calculations of the defined benefit obligation and net periodic benefit expense require a degree of judgment. The key assumptions required to calculate the actuarial present value of benefit obligations and net periodic benefit expense are as follows:

	<u>2011</u>	<u>2010</u>
Discount rate .....	2.60%	2.90%
Price inflation .....	1.00%	1.00%
Future salary increase .....	1.00%	1.00%
Turnover rates .....	0.50% - 1.00%	0.50% - 1.00%
Additional turnover rate early retirement at 62 .....	10.00%	10.00%
Mortality table .....	AG Generation table 2010 - 2060	

The Company applies defined benefit accounting for the other long-term employee benefit plan as of 1 January 2009. As a consequence the Company is only able to provide an experience table of three years with the defined benefit obligation:

<u>Amounts in thousands of €</u>	<u>2011</u>	<u>2010</u>
Effect of change(s) in assumptions .....	159	244
Experience adjustments .....	(531)	(1,285)
Actuarial (gains) losses .....	<u>(372)</u>	<u>(1,041)</u>

### *Restructuring provision*

In 2007, the Company entered into an agreement with the Works Council for a social plan with respect to the restructuring of the head office organisation resulting in a workforce reduction. Management approved a detailed formal restructuring plan and the restructuring was announced to the parties concerned. The

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

restructuring plan was executed in 2008 and 2009. Employees were able to apply for the social plan until the end of 2009. The number of employees that applied exceeded management's initial expectation and consequently the restructuring provision was increased in both 2010 and 2009.

### *Legal claims provision*

The company recognised a provision for a limited number of disputes.

### *Other provisions*

Other provisions include asset retirement obligations and onerous contracts.

## 19 Other non-current liabilities

In 2011 the Company gained a 50% interest in ZUM B.V., a jointly controlled entity involved in mobile telecommunications and a 50% interest in the jointly controlled entity HBO Nederland Coöperatief U.A. involved in broadcasting television series. The Company accounts for its interest in the joint ventures based on the equity method.

The joint ventures have contingent liabilities for an amount of € 49 as at 31 December 2011.

## 20 Other current liabilities

The Company's other current liabilities comprise the following:

<u>Amounts in thousands of €</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Accrued interest .....	18,601	20,179
Accrued expenses .....	57,777	67,756
Taxes and social securities .....	19,927	15,129
Accrued employee benefits .....	15,186	12,938
Related parties .....	340	—
Other .....	8	1,188
Total .....	<u>111,839</u>	<u>117,190</u>

## 21 Commitments and contingencies

### *Lease commitments*

The Company leases buildings, certain office equipment and vehicles and has entered into various maintenance and support contracts for the support for network equipment. Lease terms generally range from three to five years with the option of renewal for varying terms. Lease commitments for coming periods are shown in the following schedule:

<u>Amounts in thousands of €</u>			<u>31 December 2011</u>	<u>31 December 2010</u>
	<u>Buildings</u>	<u>Other contracts</u>	<u>Total</u>	<u>Total</u>
Within 1 year .....	6,330	6,160	12,490	13,983
Between 1 and 5 years .....	27,440	9,744	37,184	34,765
After 5 years .....	15,088	—	15,088	7,891
Total .....	<u>48,858</u>	<u>15,904</u>	<u>64,762</u>	<u>56,639</u>

### *Purchase commitments*

The Company enters into purchase commitments in the ordinary course of business. As at 31 December 2011 it had purchase commitments for an amount of € 56 million.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

#### *Legal proceedings*

The Company is involved in a number of legal proceedings. The legal proceedings may result in a liability that is material to the Company's financial condition, results of operations, or cash flows. The Company may enter into discussions regarding settlement of these proceedings, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Company has recognised provisions with respect to these proceedings, where appropriate, which are reflected in the consolidated statement of financial position and Note 18.

## **22 Related party disclosures**

#### *Identification of related parties*

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. The related parties comprise associated companies, key-management personnel and close family members of related parties.

#### *Transactions and positions*

In 2011, management fees of € 0.5 million (2010: € 0.5 million) have been charged by the ultimate shareholders to the Company.

As per year-end 2011 the Company has a current account receivable with ZUM B.V. of € 98 and a current account receivable with HBO Nederland Coöperatief U.A. of € 235. During the year there were no sales with any associated companies.

In the normal course of business, the Company and its subsidiaries maintain various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to the Company, either individually or in the aggregate.

#### *Remuneration of the Board of Management of the Company*

As of 31 December 2011 the members of the Board of Management of the Company are:

- Mr. B.E. Dijkhuizen (Chief Executive Officer)
- Mr. H.L.L. Groenewegen (Chief Financial Officer)
- Mr. P.J. Hendriks (Chief Technology Officer)
- Mr. M.J. Nijhoff (Chief Commercial Officer)

The aggregated remuneration of the Board of Management members B.E. Dijkhuizen, H.L.L. Groenewegen (as from March 2010), W.R. Blom (until March 2010), P.J. Hendriks and M.J. Nijhoff can be broken down as follows:

<b>Amounts in thousands of €</b>	<b>2011</b>	<b>2010</b>
Wages and salaries .....	1,564	1,498
Bonus payments .....	897	563
Social security costs .....	27	28
Pension costs .....	245	218
Total .....	<u>2,733</u>	<u>2,307</u>

#### *Remuneration of the Supervisory Board of the Company*

The aggregated remuneration of Supervisory Board members in 2011 amounts to € 405 (2010: € 376). For comparison purposes the aggregated remuneration of Supervisory Board members in 2010 has been adjusted.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

#### 23 Financial risks

The Company's financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and performance. The Company is exposed to the following financial risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

For each of these financial risks, which are included in the Company's risk management program, the Company's exposure, objectives, policies and processes for measuring and managing risk are presented below.

#### *Credit risk*

The credit risk on residential trade accounts receivable is considered to be low as a result of the large residential customer base, the relatively small amount of receivables per customer and the high percentage of customers who pay by direct debit. The risk on trade accounts receivable from the Company's business customers is also considered low, but this concerns a smaller customer base with larger receivables per customer than for the Company's residential customers.

The analysis of the ageing of the trade accounts receivables is as follows:

Amounts in thousands of €	Total	Not due	Past due, but not impaired				
		<30 days	30-60 days	60-90 days	90-180 days	80-365 days	>365 days
2011 .....	25,753	18,493	2,002	1,249	1,806	2,203	—
2010 .....	20,086	11,269	2,248	1,182	1,526	1,186	2,675

The Company's maximum exposure to credit risk in the event that a counterparty fails to fulfil its obligations in relation to each class of recognised financial asset, including derivatives, is the carrying amount of those assets in the statement of financial position.

#### *Liquidity risk*

The Company manages its liquidity risk on a consolidated basis with cash provided from operating activities being a primary source of liquidity. The Company manages short-term liquidity based on projected cash flows over rolling periods of six months.

Based on the current operating performance and liquidity position, the Company believes that cash generated by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends and scheduled debt repayment requirements for the next twelve months and the foreseeable future.

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

The table below summarises the maturity profile of the Company's financial liabilities:

<u>31 December 2011</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>January - March 2012</u>	<u>April - December 2012</u>	<u>2013</u>	<u>2014 - 2016</u>	<u>After 2016</u>
<b>Non-derivative financial liabilities</b>							
Loans from financial institutions	(2,133,337)	(2,725,706)	(25,272)	(77,219)	(102,491)	(307,474)	(2,213,250)
8.0 % Unsecured Notes	(1,179,710)	(1,824,602)	(23,846)	(72,862)	(96,708)	(290,124)	(1,341,062)
Trade accounts payable	(74,417)	(74,417)	(74,417)	—	—	—	—
<b>Derivative financial liabilities</b>							
Interest rate swaps used for hedging	(57,063)	(50,614)	(5,669)	(17,007)	(22,350)	(5,588)	—
Total	<u>(3,444,527)</u>	<u>(4,675,339)</u>	<u>(129,204)</u>	<u>(167,088)</u>	<u>(221,549)</u>	<u>(603,186)</u>	<u>(3,554,312)</u>

<u>31 December 2010</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>January - March 2011</u>	<u>April - December 2011</u>	<u>2012</u>	<u>2013 - 2015</u>	<u>After 2015</u>
<b>Non-derivative financial liabilities</b>							
Loans from financial institutions	(2,381,764)	(2,965,147)	(27,145)	(82,942)	(110,086)	(1,656,328)	(1,088,646)
8.0 % Unsecured Notes	(1,176,530)	(1,921,310)	(23,846)	(72,862)	(96,708)	(290,124)	(1,437,770)
Trade accounts payable	(80,165)	(80,165)	(80,165)	—	—	—	—
<b>Derivative financial liabilities</b>							
Interest rate swaps used for hedging	(92,986)	(126,021)	(18,908)	(45,059)	(27,580)	(34,474)	—
Total	<u>(3,731,445)</u>	<u>(5,092,643)</u>	<u>(150,064)</u>	<u>(200,863)</u>	<u>(234,374)</u>	<u>(1,980,926)</u>	<u>(2,526,416)</u>

### Market risk

The Company is exposed to market risks, including interest rate and foreign currency exchange rate risks, associated with underlying assets, liabilities and anticipated transactions. Based on the analysis of these exposures, the Company selectively enters into derivatives to manage the related risk exposures.

### Interest rate risk

Exposure to the risk of changes in the market interest rates relates primarily to the Company's long-term debt obligations with a (partly) floating interest rate. The Company manages its exposure to changes in interest rates and its overall cost of financing by using Interest Rate Swap (IRS) agreements. These IRS agreements are used to transform the interest rate exposure on the underlying liability from a floating interest rate into a fixed interest rate. It is the Company's policy to keep at least 50% of its borrowings at fixed rates of interest. The net interest rate risk can be analysed as follows:

<u>Amounts in thousands of €</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
Notional amount borrowing (floating)	(1,383,337)	(1,631,764)
Cash (floating) & deposits (floating and/or fixed)	112,634	66,994
Notional amount IRS (fixed)	1,000,000	2,670,500
Net interest rate risk	(270,703)	1,105,730
Notional amount IRS — offset	—	1,142,500
Net interest rate risk — including offset IRS	<u>(270,703)</u>	<u>(36,770)</u>

At 31 December 2011, after taking into account the effect of Interest Rate Swaps, approximately 92% of the Company's borrowings are at a fixed interest rate (2010: 99%).

# ZIGGO BOND COMPANY B.V.

## Notes to the consolidated financial statements — (Continued)

### *Sensitivity analysis for interest rate risk*

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, of the Company's result before tax (through the impact on floating rate borrowings). There is no impact on the Company's equity.

<u>Amounts in thousands of €</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>Increase / decrease in basis points</b>		
+ 20bp .....	(541)	(74)
+ 10bp .....	(271)	(37)
- 10bp .....	271	37
- 20bp .....	541	74

### *Foreign currency risk*

The Company has transactional currency exposures arising from purchases in USD. The Company enters into foreign exchange swaps to partially mitigate this risk. As at 31 December 2011 the net foreign currency exposure of the USD amounts to USD 12.7 million (2010: USD 7.9 million) and relates to the net amount of cash & cash equivalents and trade accounts payable. At year-end the Company did not hedge this position (2010: USD 2.9 million).

## **24 Financial instruments**

### *Fair values*

The following table presents the fair values of financial instruments, based on the Company's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are recognised in the statement of financial position:

<u>Amounts in thousands of €</u>	<u>31 December 2011</u>		<u>31 December 2010</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<b>Financial assets</b>				
Derivatives, included in other current assets .....	—	—	18	18
Loans .....	30	30	51	51
Trade accounts receivable .....	25,753	25,753	20,086	20,086
Cash and cash equivalents .....	112,634	112,634	66,994	66,994
Total financial assets .....	138,417	138,417	87,080	87,080
<b>Financial liabilities</b>				
Loans from financial institutions .....	(2,077,533)	(2,139,735)	(2,320,731)	(2,380,674)
8% Unsecured Notes .....	(1,179,710)	(1,220,939)	(1,176,530)	(1,246,122)
Trade accounts payable .....	(74,417)	(74,417)	(80,165)	(80,165)
Total financial liabilities at amortised cost .....	(3,331,660)	(3,435,091)	(3,577,426)	(3,706,961)
Derivative financial instruments .....	(57,063)	(57,063)	(92,986)	(92,986)
Total financial liabilities .....	(3,388,723)	(3,492,154)	(3,670,412)	(3,799,947)

The carrying amounts of receivables, other current assets, cash and cash equivalents and accounts payable approximate their fair values because of the short-term nature of these instruments and, for receivables, because of the fact that any recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair values of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on market rates prevailing at year-end.

## ZIGGO BOND COMPANY B.V.

### Notes to the consolidated financial statements — (Continued)

#### *Hedging activities*

At 31 December 2011, the Company has Interest Rate Swap (IRS) agreements with a total notional amount of € 1,000.0 million (2010: € 2,670.5 million) under which it pays a fixed rate of interest (between 3.33% and 3.59%) and receives a variable rate equal to EURIBOR on the notional amount. These IRS agreements are used to reduce the exposure to changes in the variable EURIBOR rates on the outstanding loan portfolio of € 1,383.3 million (2010: € 1,631.7 million). The notional amounts of the IRS agreements will be reduced in line with the repayment schedule on the loan portfolio (currently the last IRS agreement will mature in 2014). In addition the Company has basis swap agreements for a total notional amount of € 700.0 million (2010 € 1,135.0 million) in order to match the EURIBOR in the Senior Credit Facility.

As at 31 December 2011 the Company did not have any swap agreements to reduce its exposure on fluctuations of its purchase obligations in US Dollars (2010: notional amount of USD 2.9 million).

#### *Hedge accounting*

As a consequence of the refinancing of the Company in October 2010 (discussed in Note 17), the Company no longer applies hedge accounting for IRS, as the hedges concerned became ineffective. As of October 2010 any change in fair value of IRS is reported in financial income and expense. The cash flow hedge reserve recognised within other comprehensive income will be reclassified to financial income and expense in the same periods during which the hedge forecast cash flows affect the consolidated income statement.

#### *Fair value hierarchy*

Of the Company's categories of financial instruments, only derivatives are measured at fair value using the Level 2 inputs as defined in IFRS 7 "Financial Instruments: Disclosures". These inputs are inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of derivative instruments is estimated by discounting future cash flows at prevailing market rates or based on the rates and quotations obtained from third parties.

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade ratings. There were no changes in the valuation method of the financial instruments of the Company in 2011 and 2010.

#### *Derivatives*

The numbers and the maturities of derivative contracts, the fair values and the qualification of the instruments for accounting purposes are presented in the table below:

Amounts in thousands of €	31 December 2011		31 December 2010	
	Number of contracts	Fair value	Number of contracts	Fair value
<u>Interest rate swaps</u>				
within one year . . . . .	3	(10,267)	9	(34,539)
within two — five years . . . . .	3	(46,796)	3	(58,447)
<u>Foreign currency forwards</u>				
within one year . . . . .	—	—	6	18
Total derivative financial instruments . . . . .	6	(57,063)	18	(92,968)

## 25 Subsidiaries

The following companies are Ziggo Bond Company's significant subsidiaries as at 31 December 2011. Unless otherwise indicated, these are wholly owned subsidiaries. Subsidiaries that are not important to providing an insight into the group as required under Dutch law are omitted from this list.

## **ZIGGO BOND COMPANY B.V.**

### **Notes to the consolidated financial statements — (Continued)**

With respect to the separate financial statements of a number of legal entities included in the consolidation, the Company used the exemption laid down in section 403, subsection 1 of Book 2 of the Netherlands Civil Code. Pursuant to this section, the Company has issued declarations of assumption of liability for its subsidiaries. These companies are marked with a \* in the following table.

- Amsterdamse Beheer- en Consultingmaatschappij B.V., Amsterdam, the Netherlands
- Christina Beheer- en Adviesmaatschappij B.V., Amsterdam, the Netherlands \*
- Serpering Investments B.V., Amsterdam, the Netherlands \*
- Plinius Investments II B.V., Amsterdam, the Netherlands \*
- Torensplits II B.V., Amsterdam, the Netherlands \*
- Ziggo Holding B.V., Groningen, the Netherlands \*
- Ziggo B.V., Groningen, the Netherlands \*
- Ziggo Netwerk B.V., Groningen, the Netherlands \*
- Breezz Nederland B.V., Den Dolder, the Netherlands
- Ziggo Netwerk II B.V., Utrecht, the Netherlands
- ZUM B.V., Amsterdam, the Netherlands (50.0%)
- HBO Nederland Coöperatief U.A., Amsterdam, the Netherlands (50.0%)

#### **26 Subsequent events**

No material events occurred between the end of the reporting period and the date on which these financial statements were issued.

**ZIGGO BOND COMPANY B.V.**  
**Parent company financial statements**

**Income statement**

<u>Amounts in thousands of €</u>	<u>Note</u>	<u>2011</u>	<u>2010</u>
Result investments, after tax .....	4	178,303	(51,190)
Net result .....		<u>178,303</u>	<u>(51,190)</u>

**Balance sheet**

<u>Amounts in thousands of €</u>	<u>Note</u>	<u>31 December 2011</u>	<u>31 December 2010</u>
<b>ASSETS</b>			
Investment in subsidiary .....	4	983,345	797,731
Loans receivable related parties .....	5	<u>1,179,710</u>	<u>1,176,530</u>
Total non-current assets .....		<u>2,163,055</u>	<u>1,974,261</u>
<b>TOTAL ASSETS</b> .....		<u>2,163,055</u>	<u>1,974,261</u>
<b>EQUITY AND LIABILITIES</b>			
Issued share capital .....		18	18
Share premium .....		840,982	840,982
Other reserves .....		(7,789)	(15,100)
Retained earnings .....		<u>150,134</u>	<u>(28,169)</u>
Equity attributable to equity holders .....		<u>983,345</u>	<u>797,731</u>
Interest-bearing loans .....	7	<u>1,179,710</u>	<u>1,176,530</u>
Total non-current liabilities .....		<u>1,179,710</u>	<u>1,176,530</u>
<b>TOTAL EQUITY AND LIABILITIES</b> .....		<u>2,163,055</u>	<u>1,974,261</u>

## ZIGGO BOND COMPANY B.V.

### Notes to the parent company financial statements

#### 1. Corporate information

The principal activities of Ziggo Bond Company B.V. are to participate in, to finance or to have any other interest in, or to conduct the management of, other companies and enterprises. The Company is the owner and operator of a broadband cable network in the Netherlands and offers analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 3.0 million households under the brand name Ziggo.

The Company is a private limited company incorporated in Amsterdam (address: Winschotendiep 60, 9723 AB Groningen) in the Netherlands. The Company is wholly owned by Ziggo Bond Company Holding B.V. whose shareholders are investment funds that are ultimately managed by the private equity companies Cinven Limited and Warburg Pincus LLC.

#### 2. Significant accounting policies

##### *Basis of preparation*

The parent company financial statements of Ziggo Bond Company B.V. have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the measurement principles applied in these parent company financial statements are the same as those applied in the consolidated financial statements (see Note 3 to the consolidated financial statements). This means that the principles for recognition and measurement of assets and liabilities and determination of the result of the Company are the same as those applied for the consolidated financial statements.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and adopted by the European Union. The accounting policies applied in the parent company financial statements are the same as those applied in the consolidated financial statements. Reference is made to Note 3 of the consolidated financial statements for a description of these principles.

As the financial data of Ziggo Bond Company B.V. (the parent company) are included in the consolidated financial statements, the income statement in the parent company financial statements is presented in condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

The comparative information has been adjusted. For further details, reference is made to Note 2 of the consolidated financial statements.

##### *Investments in subsidiaries*

Investments in subsidiaries are accounted for using the net equity value. Ziggo Bond Company B.V. calculates the net equity value using the accounting policies as described in Note 3 to the consolidated financial statements. The net equity value of subsidiaries comprises the cost, excluding goodwill, of Ziggo Bond Company B.V.'s share in the net assets of the subsidiary, plus the share in income or losses since acquisition, less dividends received. In case the net equity value is negative and the Company is liable for the deficit of the subsidiary the carrying amount is presented as "Provision for the net capital deficit of investments".

#### 3. Financial income and expense

<u>Amounts in thousands of €</u>	<u>2011</u>	<u>2010</u>
Interest from 8.0% Senior Notes .....	(96.708)	(62.591)
Interest income related parties .....	96.708	62.591
Net financial income (expense) .....	—	—

## ZIGGO BOND COMPANY B.V.

### Notes to the parent company financial statements — (Continued)

#### 4. Investment in subsidiary

Movements of the Company's investment in its only subsidiary, Amsterdamse Beheer- en Consultingmaatschappij B.V., were as follows:

Amounts in thousands of euro	2011	2010
Opening balance	797,731	—
Contribution in kind	—	841,000
Retrospective adjustments subsidiary	—	(4,743)
Additional paid in capital	—	615
Cash flow hedge reserve	7,311	12,049
Result subsidiary	178,303	(51,190)
Balance at 31 December	983,345	797,731

#### 5. Loans receivable related parties

Upon the issuance of the 8.0% unsecured Senior Notes, the Company simultaneously provided its indirect subsidiaries Plinius Investments II B.V. and Serpering Investments B.V. with the proceeds under the same terms and conditions as the issued 8.0% senior notes. For more information reference is made to Note 7.

#### 6. Shareholder's equity

The Company is incorporated as a private limited liability company under Dutch law. Its authorised capital consists entirely of ordinary shares.

Amounts in thousands of €	31 December 2011	31 December 2010
Authorised capital		
Ordinary shares 900 of €100 each	90	90
Issued and fully paid (181 shares)	18	18
Share premium	840.982	840.982
Other reserves	(7.789)	(15.100)
Retained earnings	150.134	(28.169)
Equity attributable to equity holders	983.345	797.731

Other reserves represents the cash flow hedge reserve, which is a statutory reserve.

#### 7. Interest-bearing loans

On 27 April 2010, the Company issued unsecured Senior Notes for an amount of € 1,208.9 million at a price of 99.271% with a nominal interest rate of 8.0% due in 2018. Interest on the notes is payable semi-annually on 15 May and 15 November.

The notes are senior obligations of the Company and are guaranteed on a senior subordinated basis by all of the subsidiaries of Ziggo Bond Company B.V. Financing fees have been charged in the amount of € 25.9 million, which are presented as a deduction from the loan. The effective interest rate subsequently is 8.38%, which is recognised as financial expense.

#### 8. Related party disclosures

##### *Identification of related parties*

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. The related parties comprise associated companies, key-management personnel and close family members of related parties.

## ZIGGO BOND COMPANY B.V.

### Notes to the parent company financial statements — (Continued)

#### *Transactions and positions*

In the normal course of business, Ziggo Bond Company B.V. maintains various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to Ziggo Bond Company B.V., either individually or in the aggregate.

#### *Remuneration*

For the remuneration of the Board members reference is made to Note 22 in the consolidated financial statements.

#### **9. Subsequent events**

No material events occurred between the end of the reporting period and the date on which these financial statements were issued.

#### **10. Auditor's fees**

The fees for services provided by the Company's independent auditor, Ernst & Young and its member firms and/or affiliates to the Company and its subsidiaries can be broken down as follows:

<b><u>Amounts in thousands of €</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Audit and audit related fees . . . . .	650	650
Tax related fees . . . . .	374	539
Transactional related (compliance) fees . . . . .	1,801	443
Other non-audit fees . . . . .	36	—
Total . . . . .	<u>2,861</u>	<u>1,632</u>

For comparison purposes Auditor's fees in 2010 have been adjusted.

## **ZIGGO BOND COMPANY B.V.**

### **Appropriation of result**

The articles of association of the Company state that the distributable profits are at the disposal of the General Meeting of Shareholders for distribution of dividend or in order to be added to the reserves or for such other purposes within the Company's objects as the meeting shall decide.

The result for the year 2011, which is a profit of €178,303 has been added to retained earnings.

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**REGISTRAR AND  
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€800,000,000 3<sup>3</sup>/<sub>4</sub>% Senior Secured Notes due 2025  
*issued by, but with limited recourse to,*

**ZIGGO SECURED FINANCE B.V.**



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*Joint Bookrunners*

**Credit Suisse**

**BofA Merrill Lynch**

**Deutsche Bank**

**ING**

**Morgan Stanley**

**Nomura**

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