

## IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS UNDER RULE 144A OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**U.S. SECURITIES ACT**”) 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 (“**EEA**”), A QUALIFIED INVESTOR).

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the preliminary offering memorandum (the “**Offering Memorandum**”) following this page, and you are therefore advised to read this disclaimer 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, 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 EEA 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 EEA). 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 EEA, 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 Issuers 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 “**Senior Secured Notes Issuer**”), Ziggo Bond Finance B.V. (the “**Senior Notes Issuer**”), the Ziggo Group (as defined in this Offering Memorandum), or the Vodafone Netherlands (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.

Subject to Completion. Dated September 15, 2016

CONFIDENTIAL  
PRELIMINARY OFFERING MEMORANDUM

NOT FOR GENERAL  
DISTRIBUTION IN THE UNITED STATES



€2,575,000,000 equivalent in combination of U.S. dollars and euro

\$ % Senior Secured Notes due 2027

€ % Senior Secured Notes due 2027

issued by, but with limited recourse to,  
Ziggo Secured Finance B.V.

\$625,000,000 % Senior Notes due 2027

issued by, but with limited recourse to,  
Ziggo Bond Finance B.V.

Ziggo Secured Finance B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands (the “**Senior Secured Notes Issuer**” or “**Ziggo Secured Finance**”), is offering \$ aggregate principal amount of its % Senior Secured Notes due 2027 (the “**Dollar Senior Secured Notes**”) and € aggregate principal amount of its % Senior Secured Notes due 2027 (the “**Euro Senior Secured Notes**”) and, together with the Dollar Senior Secured Notes, the “**Senior Secured Notes**”), and Ziggo Bond Finance B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands (the “**Senior Notes Issuer**” or “**Ziggo Bond Finance**”, and together with the Senior Secured Notes Issuer, the “**Issuers**”), is offering \$625,000,000 aggregate principal amount of its % Senior Notes due 2027 (the “**Senior Notes**”, and together with the Senior Secured Notes, the “**Notes**”). The sole outstanding ordinary share of the Senior Secured Notes Issuer is owned directly by the Senior Notes Issuer, and the sole outstanding ordinary share of the Senior Notes Issuer is owned directly by Stichting Eldfell, a foundation (*stichting*) established under the laws of The Netherlands.

The Notes are being issued in relation to the Contribution Agreement (as defined herein) between, among others, Liberty Global Europe B.V. (“**Liberty Global Europe**”), an indirect wholly-owned subsidiary of Liberty Global plc (“**Liberty Global**”), and Vodafone International Holdings B.V. (“**Vodafone International**”), an indirect wholly-owned subsidiary of Vodafone Group Plc (“**Vodafone Group**”), which provides for the formation of a 50-50 joint venture (the “**JV**”) that will combine the business of Ziggo Group Holding B.V. (“**Ziggo Group Holding**”), an indirect wholly owned subsidiary of Liberty Global, and its subsidiaries (together, the “**Ziggo Group**”) and the mobile business of Vodafone Group in the Netherlands, comprising Vodafone Libertel B.V. (with or without its subsidiaries, as the context may require, “**Vodafone Netherlands**”) and its subsidiaries. Following completion of the JV Transactions (as defined herein), each of Liberty Global Europe and Vodafone International will own a 50% interest in the JV. See “*Summary—The Transactions—The JV Transactions*”. The gross proceeds of the offering of the Notes (less \$300,000,000 of the proceeds of the Dollar Senior Secured Notes (the “**Funded Amount**”), will be deposited on the Issue Date (as defined herein) in segregated escrow accounts pursuant to the terms of the Senior Secured Notes Escrow Agreement and the Senior Notes Escrow Agreement (each as defined herein). The release of escrow proceeds from the applicable escrow account will be subject to the satisfaction of certain conditions, but may occur whether or not the JV Transactions are completed, as further described herein. On the Issue Date, in the case of the Funded Amount, and upon release from escrow, in the case of the escrow proceeds, the proceeds of the Notes will be used to fund senior secured proceeds loans (the “**Senior Secured Proceeds Loans**”) and senior proceeds loans (the “**Senior Proceeds Loans**”) and, together with the Senior Secured Proceeds Loans, the “**Proceeds Loans**”) as described herein. The Senior Secured Proceeds Loans funded with the Funded Amount will be used to refinance indebtedness of the Ziggo Group and pay related fees and expenses, and, if the JV Transactions are completed, the Proceeds Loans funded with escrow proceeds will be used to fund a dividend, distribution or other Payment to Ziggo Group Holding and pay related fees and expenses. If the JV Transactions are not completed, the Proceeds Loans funded with the escrow proceeds may be used to refinance indebtedness of the Ziggo Group, or for general corporate purposes of the Ziggo Group, as more fully described herein. In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans. Investors are making an investment decision based on the creditworthiness of the Ziggo Group as of the date hereof, including based on the Ziggo Group’s standalone leverage. See “*Summary—Brief Description of Ziggo Group Holding, the Issuers and the Structure of the Offering—Structure of the Offering*” and “*Use of Proceeds*”.

The Dollar Senior Secured Notes will bear interest at a rate of % per annum and the Euro Senior Secured Notes will bear interest at a rate of % per annum. The Dollar Senior Secured Notes will mature on January 15, 2027 and the Euro Senior Secured Notes will mature on January 15, 2027. The Senior Notes will bear interest at a rate of % per annum and will mature on January 15, 2027. Interest on the Notes will be payable semi-annually on each January 15 and July 15, beginning on July 15, 2017. Ziggo Group Holding will guarantee the payment obligations of the Issuers in connection with any payments that may become due on the Notes prior to the release of the applicable escrow proceeds, including any accrued and unpaid interest.

The Notes are subject to the Special Mandatory Redemption if the JV Transactions are not consummated on or before the date that is twelve months following the Issue Date (the “**Longstop Date**”) and to the Special Optional Redemption (as defined below) in advance of the consummation of the JV Transactions, in each case, at a price equal to 100% of the principal amount redeemed plus accrued and unpaid interest (or issue price plus accreted original issue discount and accrued but unpaid interest, if applicable) to (but excluding) the redemption date and as further described herein. In addition, some or all of the Dollar Senior Secured Notes may be redeemed at any time prior to January 15, 2022 and some all of the Euro Senior Secured Notes may be redeemed at any time prior to and January 15, 2022, in each case, at a price equal to 100% of the principal amount of the applicable series of Senior Secured Notes redeemed plus accrued and unpaid interest to (but excluding) the redemption date and the “make-whole” premium, as described in this preliminary offering memorandum (the “**Offering Memorandum**”). The Dollar Senior Secured Notes may be redeemed at any time on or after January 15, 2022 and the Euro Senior Secured Notes may be redeemed at any time on or after January 15, 2022, in each case, at the redemption prices set forth in this Offering Memorandum. In addition, at any time prior to January 15, 2022 with respect to the Dollar Senior Secured Notes and at any time prior to January 15, 2022 (with respect to the Euro Senior Secured Notes, the Senior Secured Notes Issuer may redeem up to 40% of the applicable series of 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, 2022 with respect to the Dollar Senior Secured Notes and January 15, 2022 with respect to the Euro Senior Secured Notes, during each 12-month period commencing on the Issue Date (as defined herein), the Senior Secured Notes Issuer may redeem up to 10% of the principal amount of the applicable series of Senior Secured Notes (including Additional Notes, if any) at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to (but excluding) the redemption date. Some or all of the Senior Notes may be redeemed at any time prior to January 15, 2022 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 Senior Notes may be redeemed at any time on or after January 15, 2022 at the redemption prices set forth in this Offering Memorandum. In addition, at any time prior January 15, 2022, the Senior Notes Issuer may redeem up to 40% of the Senior

Notes with the net proceeds of one or more specified equity offerings at the redemption prices set forth in this Offering Memorandum. In the event of a change of control or sale of certain assets, the applicable Issuer may be required to make an offer to purchase the relevant Notes. In the event of certain developments affecting taxation, the respective Issuers may redeem all, but not less than all, of the relevant Notes. See “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*” for more information.

At any time on or prior to the earlier of the JV Escrow Release Date (as defined below) and the Escrow Termination Date (as defined below), the Issuers may, at their option, elect to redeem all or a portion of the Notes (other than Senior Secured Dollar Notes in an aggregate principal amount equal to the Funded Amount, each such term as defined below) (the “**Special Optional Redemption**”) at a redemption price equal to 100% of the principal amount of the Notes redeemed, 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 Optional Redemption (the “**Special Optional Redemption Price**”).

The Senior Secured Notes will be senior obligations of the Senior Secured Notes Issuer and will benefit from guarantees and security as more fully described herein. The Senior Notes will be senior obligations of the Senior Notes Issuer and will benefit from security as more fully described herein. The Senior Notes will not be guaranteed. See “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*” for more information.

The Senior Secured Proceeds Loans, when funded, will be senior obligations of the applicable Senior Secured Proceeds Loan Borrower (as defined herein) and will benefit from guarantees and security as more fully described herein. The Senior Proceeds Loans, when funded, will be senior obligations of the applicable Senior Proceeds Loan Borrower and will benefit from guarantees and security as more fully described herein. See “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*” for more information.

None of the Proceeds Loan Obligors (as defined herein) or any of their respective subsidiaries will guarantee or provide any credit support for the applicable Issuer’s obligations under the relevant series of Notes, other than the obligation of the relevant Proceeds Loan Borrower (as defined herein) to make payments to the relevant Issuer pursuant to the applicable Proceeds Loan and the guarantee of such obligations by the Proceeds Loan Guarantors (as defined herein). The Proceeds Loan Obligors will agree in the relevant Covenant Agreement (as defined herein) to be bound by the covenants in the relevant Indenture that are applicable to them, as described in “*Description of the Senior Secured Notes—Covenant Agreement*” and “*Description of the Senior Notes—Covenant Agreement*”. However, the holders of the Notes will not have a direct claim on the cash flow or assets of the Proceeds Loan Obligors or any of their respective subsidiaries, and none of the Proceeds Loan 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 relevant Issuer for those payments.

The rights and remedies of (i) the holders of the Senior Secured Notes against a Senior Secured Obligor upon any breach by such Senior Secured Obligor of its obligations under the Senior Secured Notes Covenant Agreement are limited to a right to instruct the Senior Secured Notes Issuer or the Security Trustee (as defined herein) or their respective nominees, in accordance with the terms of the Senior Secured Notes 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 Ziggo 2020 Euro Senior Secured Notes, the lenders under the Ziggo Credit Facility, the holders of the Ziggo 2025 Senior Secured Notes and the lenders of the SPV Credit Facilities funded with proceeds of loans under the SPV Credit Facilities) in accordance with the Group Priority Agreement (as defined herein) and (ii) the holders of the Senior Notes against a Senior Obligor upon any breach by such Senior Obligor of its obligations under the Senior Covenant Agreement are limited to a right to instruct the Senior Notes Issuer or the Security Trustee (as defined herein) or their respective nominees, in accordance with the terms of the Senior Notes Indenture, to accelerate the Senior Proceeds Loans and to vote in connection with any enforcement of the collateral securing the Senior Proceeds Loans (together with any other secured creditors sharing in such collateral, including the holders of the Ziggo 2024 Senior Notes and the Ziggo Senior Proceeds Loans in accordance with the Holdco Priority Agreement (as defined herein).

See “*Summary—Brief Description of Ziggo Group Holding, the Issuers and the Structure of the Offering—Structure of the Offering*”, as well as “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*” for a more detailed discussion of certain of the terms summarized above.

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 41 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 Issuers are 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 Dollar Senior Secured Notes and the Senior Notes will be in registered form in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. The Euro Senior Secured 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 The Depository Trust Company (“**DTC**”), Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”), as applicable, on or about [REDACTED], 2016 (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 will be 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).

---

**Offering price for the Dollar Senior Secured Notes:           % plus accrued interest from the Issue Date.**

**Offering price for the Euro Senior Secured Notes:           % plus accrued interest from the Issue Date.**

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

---

***Global Coordinator and Joint Bookrunner:***

Credit Suisse

***Joint Bookrunners:***

ABN AMRO	Barclays	BNP PARIBAS	BofA Merrill Lynch	Crédit Agricole CIB
Deutsche Bank	Goldman Sachs International	HSBC	ING	J.P. Morgan
Mediobanca	Nomura		Rabobank	Scotiabank

---

The date of this Offering Memorandum is [REDACTED], 2016.

**You should rely only on the information contained in this Offering Memorandum. Neither the Issuers nor any of the Initial Purchasers (as defined herein) has authorized anyone to provide you with different information. Neither of the Issuers 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.**

## TABLE OF CONTENTS

SUMMARY .....	1
SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA OF ZIGGO GROUP HOLDING .....	17
SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA OF VODAFONE NETHERLANDS .....	24
RECENT FINANCIAL INFORMATION—VODAFONE NETHERLANDS .....	27
RISK FACTORS .....	41
THE ISSUERS .....	72
THE TRANSACTIONS .....	75
USE OF PROCEEDS .....	77
CAPITALIZATION OF ZIGGO GROUP HOLDING .....	78
SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF ZIGGO GROUP HOLDING .....	81
SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF VODAFONE NETHERLANDS .....	85
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF ZIGGO GROUP HOLDING .....	88
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF VODAFONE NETHERLANDS .....	114
BUSINESS OF ZIGGO GROUP HOLDING .....	119
BUSINESS OF VODAFONE NETHERLANDS .....	130
REGULATORY .....	134
MANAGEMENT AND GOVERNANCE .....	140
PRINCIPAL SHAREHOLDERS .....	143
CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS .....	144
DESCRIPTION OF OTHER INDEBTEDNESS .....	152
DESCRIPTION OF THE SENIOR SECURED NOTES .....	190
DESCRIPTION OF THE SENIOR NOTES .....	288
DESCRIPTION OF THE SENIOR SECURED FOLD-IN NOTES .....	380
DESCRIPTION OF THE SENIOR FOLD-IN NOTES .....	459
BOOK-ENTRY, DELIVERY AND FORM OF NOTES .....	534
TRANSFER RESTRICTIONS .....	539
CERTAIN TAX CONSIDERATIONS .....	543
CERTAIN EMPLOYEE BENEFIT PLAN CONSIDERATIONS .....	552
PLAN OF DISTRIBUTION .....	555
LEGAL MATTERS .....	559
ENFORCEMENT OF JUDGMENTS .....	560
INDEPENDENT AUDITORS .....	561
LISTING AND GENERAL INFORMATION .....	562
GLOSSARY .....	G-1
INDEX TO FINANCIAL INFORMATION .....	F-1



For certain legal and other information regarding the Issuers 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 Issuers and the Initial Purchasers are offering to sell the Notes only in places where offers and sales are permitted.**

---

The Issuers are offering the Notes in reliance on exemptions from the registration requirements of the U.S. Securities Act of 1933 (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 Issuers reasonably believe to be qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act, and (ii) to non-U.S. persons outside of the United States in connection with 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, and is directed solely 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 ("**U.K.**"), 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. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

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 as amended by Directive 2010/73/EU and as amended from time to time (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 Issuers or any of the Initial Purchasers to produce a prospectus for such offer. Neither the Issuers 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 Issuers have 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 Issuers nor any of the Initial Purchasers are 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 Issuers and other sources the Issuers believe 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 Issuers 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 relevant Paying Agent (as defined in this Offering Memorandum). All summaries of the documents contained herein are qualified in their entirety by this reference.

Each of the Issuers (except as noted in the following paragraph) and each of the Proceeds Loan Obligors accepts responsibility for the information contained in this Offering Memorandum pertaining to itself. Each of the Initial Proceeds Loan Obligors accepts responsibility for any information pertaining to Ziggo Group Holding, including the consolidated financial information of Ziggo Group Holding and any information pertaining to their holding companies, subsidiaries or affiliates contained in this Offering Memorandum. Each of the New Proceeds Obligors accepts responsibility for any information pertaining to Vodafone Netherlands, including the consolidated financial information of Vodafone Netherlands and any information pertaining to their holding companies, subsidiaries or affiliates contained in this Offering Memorandum. Neither Ziggo Group Holding nor any of its holding companies, subsidiaries or affiliates accepts responsibility for information contained in this Offering Memorandum pertaining to Vodafone Netherlands. Neither Vodafone Netherlands nor any of its holding companies, subsidiaries or affiliates accepts responsibility for information contained in this Offering Memorandum pertaining to the Ziggo Group. Each of the Proceeds Loan Obligors has made all reasonable inquiries and confirmed to the best of its knowledge, information and belief that the information contained in this Offering Memorandum with regard to the Proceeds Loan Obligors, each of their subsidiaries and affiliates, in each case, as applicable, 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 it is 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.

Each of the Issuers accepts responsibility for the accuracy of the information contained in this Offering Memorandum (except in relation to the information in respect of the Proceeds Loan Obligors and each of their holding companies, subsidiaries and affiliates, for which the Proceeds Loan Obligors take sole responsibility). To the best knowledge and belief of each of the Issuers and the Proceeds Loan 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 Issuers 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 Issuers' or the Proceeds Loan Obligors' affairs since the date of this Offering Memorandum.

Each of the Issuers reserves the right to withdraw this offering of Notes at any time, and each of the Issuers 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. None of the Issuers 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 WITH RESPECT TO THE SENIOR SECURED NOTES AND CREDIT SUISSE SECURITIES (EUROPE) LIMITED WITH RESPECT TO THE SENIOR NOTES, (EACH A "**STABILIZING MANAGER**" AND TOGETHER THE "**STABILIZING MANAGERS**") (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 DTC, 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 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 2010/73/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 Issuers, the Initial Purchasers 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 Article19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”), (ii) are persons falling within Article49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Promotion Order, (iii) are outside the U.K., 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.

**Canada** The Notes may only be offered or sold in the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Québec, New Brunswick, Nova Scotia and Prince Edward Island to or for the benefit of a resident of these provinces pursuant to an exemption from the requirement to file a prospectus in such province

in which such offer or sale is made, and only by a registrant duly registered under the applicable securities laws of that province or by a registrant that is relying in that province on the “international dealer” exemption provided by section 8.18 of National Instrument 31 103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (“NI 31 103”). Furthermore, the Notes may only be offered or sold to residents of any such province that are purchasing, or deemed to be purchasing, as principal, that are “accredited investors” as defined in National Instrument 45 106 Prospectus Exemptions (“NI 45 106”) or subsection 73.3(1) of the Securities Act (Ontario), and that are “permitted clients” as defined in NI 31 103. Each Canadian purchaser hereby acknowledges that any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws and that it shall be deemed to represent and warrant it is an accredited investor and is purchasing as principal (or deemed principal) in connection with any purchase of Notes hereunder.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province of residence for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of NI 33 105, the underwriters are not required to comply with the disclosure requirements of NI 33 105 regarding underwriter conflicts of interest in connection with this offering.

We and the underwriters hereby notify prospective Canadian purchasers that: (a) we may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45 106F1 under NI 45 106 (including its name, address, telephone number, email and the aggregate purchase price of any Notes purchased) (“personal information”), which Form 45 106F1 may be required to be filed by us under NI 45 106, (b) such personal information may be delivered to the Ontario Securities Commission (the “OSC”), in accordance with NI 45 106, (c) such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario, (d) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and (e) the public official in Ontario who can answer questions about the OSC’s indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H3S8, Telephone: (416) 593 3684. Prospective Canadian purchasers that purchase Notes in this offering will be deemed to have authorized the indirect collection of the personal information by the OSC, and to have acknowledged and consented to its name, address, telephone number, email and other specified information, including the aggregate purchase price paid by the purchaser, being disclosed to other Canadian securities regulatory authorities, and to have acknowledged that such information may become available to the public in accordance with requirements of applicable Canadian laws. Upon receipt of this document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque acheteur canadien confirme par les présentes qu’il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d’achat ou tout avis) soient rédigés en anglais seulement.*

## 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,” “U.S. \$” 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 liability company incorporated under the laws of The Netherlands;

“Additional Proceeds Loans” collectively refers to the Additional Senior Secured Proceeds Loans and the Additional Senior Proceeds Loans:

“Additional Senior Proceeds Loans” refers to one or more proceeds loans denominated in U.S. dollars, in an aggregate principal amount equal to the principal amount of the Senior Notes less any proceeds used to redeem certain of the Senior Notes pursuant to the Special Optional Redemption;

“Additional Senior Secured Proceeds Loans” refers to one or more proceeds loans denominated in euro, in an aggregate principal amount of up to the principal amount of the Euro Senior Secured Notes and one or more proceeds loan denominated in U.S. dollars, in an aggregate principal amount of up to the principal amount of the Dollar Senior Secured Notes (less the Funded Amount) and, in each case, less any proceeds used to redeem certain of the Senior Secured Notes pursuant to the Special Optional Redemption;

“Additional Ziggo Financing” has the meaning ascribed to it under “*Summary—Brief description of Ziggo Group Holding, the Issuers and the Structure of the Offering—Structure of the Offering*”.

“Borrowing Group” refers to the Senior Secured Obligors and/or the Senior Obligors and each of their Restricted Subsidiaries (as defined in the sections “Description of the Senior Secured Notes” and “Description of the Senior Notes”); as the context may require;

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

“Contribution Agreement” refers to the agreement dated July 21, 2016 between, among others, Liberty Global Europe B.V., Liberty Global, Vodafone International and Vodafone Group;

“Covenant Agreement” collectively refers to the Senior Secured Covenant Agreement and the Senior Covenant Agreement:

“Dollar Initial Purchasers” refers to Credit Suisse Securities (USA) LLC, ABN AMRO Bank NV, Barclays Bank PLC, BNP Paribas, Coöperatieve Rabobank U.A., Crédit Agricole Corporate and Investment Bank, Deutsche Bank Securities Inc., Goldman Sachs International, HSBC Bank plc, ING Bank N.V., London Branch, J.P. Morgan Securities LLC, Mediobanca - Banca di Credito Finanziario S.p.A., Merrill Lynch International, Nomura Securities International, Inc., Scotia Capital (USA) Inc.;

“Dollar Notes” collectively refers to the Dollar Senior Secured Notes and the Senior Notes;

“Dollar Senior Secured Notes” refers to the Senior Secured Notes due 2027 offered hereby;	million aggregate principal amount of	%
---	---------------------------------------	---

“DTC” refers to The Depository Trust Company;

“Escrow Agents” collectively refers to the Senior Secured Notes Escrow Agent and Senior Notes Escrow Agent;

“Escrow Release Date” refers to the JV Escrow Release Date or the Financing Escrow Release Date;

“Escrowed Proceeds” collectively refers to Senior Secured Notes Escrowed Proceeds and the Senior Notes Escrowed Proceeds;

“Euro Initial Purchasers” refers to Credit Suisse Securities (Europe) Limited, ABN AMRO Bank NV, Barclays Bank PLC, BNP Paribas, Coöperatieve Rabobank U.A., Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, ING Bank N.V., London Branch, J.P. Morgan Securities plc, Mediobanca - Banca di Credito Finanziario S.p.A., Merrill Lynch International, Nomura Securities International, Inc., Scotiabank Europe plc;

“Euro Senior Secured Notes” refers to the €                      million aggregate principal amount of                      % Senior Secured Notes due 2027 offered hereby;

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

“Existing Senior Secured Covenant Agreements” means the Ziggo Credit Facility Covenant Agreement and the Ziggo 2025 Senior Secured Notes Covenant Agreement;

“Financing Escrow Release Date” refers to the date of the release from the Escrow Accounts to fund any Additional Senior Secured Proceeds Loans and/or Additional Senior Proceeds Loans;

“Framework Agreement” refers to the Framework Agreement that is expected to be executed in connection with the consummation of the JV Transactions;

“Funded Amount” refers to \$300,000,000 of the gross proceeds of the Dollar Senior Secured Notes that will be used to fund one or more Initial Refi Proceeds Loans on the Issue Date;

“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, 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;

“Indentures” collectively refers to the Senior Secured Notes Indenture and the Senior Notes Indenture;

“Initial Proceeds Loan Obligors” collectively refers to Initial Senior Secured Proceeds Loan Obligors and Initial Senior Proceeds Loan Obligors”

“Initial Purchasers” collectively refers to the Dollar Initial Purchasers and the Euro Initial Purchasers;

“Initial Refi Proceeds Loans” collectively refers to one or more proceeds loans in aggregate principal amount of the Funded Amount funded to one or both Original Senior Secured Proceeds Loan Borrowers;

“Initial Senior Proceeds Loan Guarantor” refers to the Original Senior Proceeds Loan Borrower that is not acting as a borrower of one or more Senior Proceeds Loans;

“Initial Senior Proceeds Loan Obligors” refers to the Initial Senior Proceeds Loan Guarantor and the Original Senior Proceeds Loan Borrowers;

“Initial Senior Secured Proceeds Loan Guarantors” refers to the Original Senior Secured Proceeds Loan Borrower that is not a borrower of such Senior Secured Proceeds Loan, ABC, UPC Nederland Holdco II, Torensplits II B.V., Ziggo Netwerk B.V., Ziggo Netwerk II B.V., Ziggo Services B.V., Ziggo Deelnemingen B.V. and Ziggo Financing Partnership;

“Initial Senior Secured Proceeds Loan Obligors” refers to the Original Senior Secured Proceeds Loan Borrowers and the Initial Senior Secured Proceeds Loan Guarantors;



“Initial Senior Secured Ziggo Refinancing” refers to refinancing of existing indebtedness of the Original Senior Secured Proceeds Loan Borrowers from the proceeds of the Initial Refi Proceeds Loans, on or about the Issue Date;

“Issue Date” refers to , 2016;

“Issuers” collectively refers to the Senior Secured Notes Issuer and the Senior Notes Issuer;

“JV Escrow Release Date” refers to the date on the date on which the Escrow Agent will release the Escrowed Proceeds to the relevant Issuer subject to the conditions as set forth in “*Description of the Senior Secured Notes—Escrow of Proceeds; Special Mandatory Redemption; Special Optional Redemption—Escrowed Proceeds*” and “*Description of the Senior Notes—Escrow of Proceeds; Special Mandatory Redemption; Special Optional Redemption—Escrowed Proceeds*”;

“JV Parents” refers collectively to Liberty Global Europe and Vodafone International each as 50% owners in the JV;

“JV Senior Proceeds Loans” refers to the proceeds loans in the aggregate principal amount of the Senior Notes Escrowed Proceeds funded to any or all of the Senior Proceeds Loan Borrowers under one or more facilities subject to the terms of the Senior Proceeds Loan Facility Agreement;

“JV Senior Secured Proceeds Loans” refers to the proceeds loans in the aggregate principal amount of the Senior Secured Notes Escrowed Proceeds funded to any or all of the Senior Secured Proceeds Loan Borrowers under one or more facilities subject to the terms of the Senior Secured Proceeds Loan Facility Agreement;

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

“JV” refers to the joint venture, together with its successors, formed or organized pursuant to the Contribution Agreement;

“Liberty Global Holding” refers to Liberty Global Holding B.V., another subsidiary of Liberty Global;

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

“New Senior Proceeds Loan Borrower” refers to Vodafone Holdco I;

“New Senior Proceeds Loan Guarantors” refers to the Initial Senior Proceeds Loan Guarantors and within sixty (60) days following the consummation of the JV Transactions, the New Senior Proceeds Loan Borrower, if it is not a borrower under such Senior Proceeds Loan;

“New Senior Proceeds Loan Obligors” refers to New Senior Proceeds Loan Borrower and New Senior Proceeds Loan Guarantors;

“New Senior Proceeds Loan” collectively refers to the Additional Proceeds Loan or the JV Senior Proceeds Loan, as the context may require;

“New Senior Secured Proceeds Loan Borrower” refers to either (i) Vodafone Netherlands or (ii) a subsidiary, to be incorporated on or prior to the Escrow Release Date, of Vodafone Holdco II following the accession to the Senior Secured Proceeds Loan Facility Agreement on the Escrow Release Date;

“New Senior Secured Proceeds Loan Guarantors” refers to the New Senior Secured Proceeds Loan Borrower and the direct parent entities of the New Senior Secured Proceeds Loan Borrower and within sixty (60) days following the consummation of the JV Transactions, Vodafone Netherlands (if it is not a New Senior Secured Proceeds Loan Borrower);

“New Senior Secured Proceeds Loan Obligors” refers to New Senior Secured Proceeds Loan Borrowers and New Senior Secured Proceeds Loan Guarantors;

“New Senior Secured Proceeds Loans” collectively refers to Initial Refi Proceeds Loans with either the Additional Senior Secured Proceeds Loans or the JV Senior Secured Proceeds Loans;

“Notes” collectively refers to the Senior Secured Notes and Senior Notes;

“Note Guarantees” has the meaning ascribed to it under “*Summary—Brief Description of Ziggo Group Holding, the Issuers and the Structure of the Offering—Structure of the Offering*”;

“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” collectively refers to the Senior Secured Notes Collateral and the Senior Notes Collateral;

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

“Obligors” refers to the Senior Secured Obligors and Senior Obligors;

“Original Senior Proceeds Loan Borrowers” refers to UPC Nederland and Ziggo Bondco;

“Original Senior Secured Proceeds Loan Borrowers” refers to one or both UPC Nederland Holdco III and Ziggo BV, as the context may require, as borrowers under the Senior Secured Proceeds Loan Facility Agreement;

“Proceeds Loan Obligors” collectively refers to the Senior Secured Proceeds Loan Obligors and the Senior Proceeds Loan Obligors;

“Security Agent” refers to ING Bank, 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 Indentures and the Senior Secured Collateral Sharing Agreements;

“Senior Covenant Agreement” refers to the Covenant Agreement dated the Issue Date, between, among others, the Senior Notes Issuer, the Senior Proceeds Loan Obligors and Trustee pursuant to which the Senior Proceeds Loan Obligors agree to be bound by the Covenants in the Senior Notes Indenture applicable to them;

“Senior Financing Amount” refers to any or all applicable Senior Escrowed Proceeds;

“Senior Notes Collateral” has the meaning ascribed to in under “*Summary—Brief Description of Ziggo Group Holding, the Issuers and the Structure of the Offering—Structure of the Offering*” ;

“Senior Notes Escrow Accounts” refers to segregated escrow accounts established pursuant to the Senior Notes Escrow Agreement;

“Senior Notes Escrow Agent” means The Bank of New York Mellon, London Branch;

“Senior Notes Escrow Agreement” refers to a senior notes escrow agreement dated on or about the Issue Date between the Trustee and The Bank of New York Mellon, London Branch, as escrow agent;

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

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

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

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

“Senior Notes” refers to \$625.0 million in aggregate principal amount of Senior Notes due 2027 offered hereby;

“Senior Obligor” refers to Senior Proceeds Loan Guarantors together with the Senior Proceeds Loan Borrowers;

“Senior Proceeds Loan Borrowers” refers to UPC Nederland Holdco I, Ziggo Bond Company B.V. or Vodafone Holdco I, as the context may require;

“Senior Proceeds Loan Collateral” has the meaning ascribed to it under “*Summary—Brief Description of Ziggo Group Holding, the Issuers and the Structure of the Offering—Structure of the Offering*”;

“Senior Proceeds Loan Facility Agreement” refers to the proceeds loan agreement dated as of March 5, 2015 (as amended, supplemented and/or restated from time to time) between, among others, the Senior Notes Issuer, as lender, the borrowers listed therein, and Deutsche Trustee Company Limited, as security agent;

“Senior Proceeds Loan Guarantees” has the meaning ascribed to it under “*Summary—Brief Description of Ziggo Group Holding, the Issuers and the Structure of the Offering—Structure of the Offering*”;

“Senior Proceeds Loan Guarantors” refers to the Initial Senior Proceeds Loan Guarantors and the New Senior Proceeds Loan Guarantors;

“Senior Proceeds Loans” refers collectively to the facilities granted by Ziggo Bond Finance to any or all of the Senior Proceeds Loan Borrowers including the Ziggo Senior Proceeds Loan and the New Senior Proceeds Loan under the Senior Proceeds Loan Facility Agreement”;

“Senior Secured Collateral Sharing Agreement” refers to the senior secured collateral sharing and voting instruction agreement dated on March 5, 2015 between, among others, the Issuer, the Trustee and the Security Trustee;

“Senior Secured Covenant Agreement” refers to the Covenant Agreement dated the Issue Date, between, among others, the Senior Secured Notes Issuer, the Senior Secured Proceeds Loan Obligor and Security Trustee for the Senior Secured Notes pursuant to which the Senior Secured Proceeds Loan Obligor agree to be bound by the Covenants in the Senior Secured Notes Indenture applicable to them;

“Senior Secured Finance Documents” refers to the SPV Credit Facilities, the Senior Secured Covenant Agreements, the Ziggo 2020 Euro Senior Secured Notes and the Senior Secured Proceeds Loans;

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

“Senior Secured Notes” collectively refers to the Dollar Senior Secured Notes and the Euro Senior Secured Notes;

“Senior Secured Notes Collateral” has the meaning ascribed to it under “*Summary—Brief Description of Ziggo Group Holding, the Issuers and the Structure of the Offering—Structure of the Offering*”;

“Senior Secured Notes Escrow Accounts” refers to segregated escrow accounts established pursuant to the Senior Secured Notes Escrow Agreement;

“Senior Secured Notes Escrow Agent” means The Bank of New York Mellon, London Branch;

“Senior Secured Notes Escrow Agreement” refers to a senior notes escrow agreement dated on or about the Issue Date between the Security Trustee and The Bank of New York Mellon, London Branch, as escrow agent;

“Senior Secured Notes Escrow Charge” refers to the first priority security interest in the rights of the Senior Secured Notes Issuer under the Senior Secured Notes Escrow Agreement and the assets in each of the Senior Secured Escrow Accounts;

“Senior Secured Notes Escrowed Proceeds” refers to the aggregate principal amount of the Senior Secured Notes less the Funded Amount;

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

“Senior Secured Notes 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 Senior Secured Notes Issuer in connection with the Senior Secured Proceeds Loans;

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

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

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

“Senior Secured Notes Trustee” refers to the trustee under the Group Priority Agreement;

“Senior Secured Obligors” refers to Senior Secured Proceeds Loan Guarantors together with the Senior Secured Proceeds Loan Borrowers;

“Senior Secured Proceeds Loan Borrower” refers to UPC Nederland Holdco III or Ziggo BV in their capacity as an Original Senior Secured Proceeds Loan Borrower or the New Senior Secured Proceeds Loan Borrower as the context may require, and “Senior Secured Proceeds Loan Borrowers” collectively refers to the Original Senior Secured Proceeds Loan Borrowers and the New Senior Secured Proceeds Loan Borrower.

“Senior Secured Proceeds Loan Collateral” has the meaning ascribed to it under “*Summary—Brief Description of Ziggo Group Holding, the Issuers and the Structure of the Offering—Structure of the Offering*”;

“Senior Secured Proceeds Loan Facility Agreement” refers to the senior secured proceeds loan facility agreement dated March 5, 2015 (as amended, supplemented and/or restated from time to time) between, among others, the Senior Secured Notes 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—Brief Description of Ziggo Group Holding, the Issuers and the Structure of the Offering—Structure of the Offering*”;

“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, Ziggo Services, UPC Nederland Holdco II, Torensplits II BV, Ziggo Deelnemingen B.V., Ziggo Financing Partnership, Ziggo Netwerk B.V. and Ziggo Netwerk II B.V.;

“Senior Secured Proceeds Loans” refers collectively to the facilities granted by the Issuer or US SPV Partnership to any or all of the Senior Secured Proceeds Loan Borrowers, including the Ziggo Senior Secured Proceeds Loans and the New Senior Secured Proceeds Loans under the Senior Secured Proceeds Loan Facility Agreement;

“SPV Credit Facilities” refers to the senior secured credit facilities provided under the SPV Credit Facilities Agreement;

“SPV Credit Facilities Agreement” refers to the senior facilities agreement dated March 5, 2015, between, among others, the Senior Secured Notes Issuer and US SPV Partnership, each as borrowers, the guarantors party thereto, The Bank of Nova Scotia, as facility agent, Deutsche Trustee Company Limited, as security trustee and certain financial institutions as lenders thereunder, as amended or supplemented from time to time;

“Trade Mark Agreement” refers to the Trade Mark License Agreement that is expected to be executed in connection with the consummation of the JV Transactions;

“Trustee” refers to, in each case under the Senior Secured Notes Indenture and the Senior Notes Indenture, Deutsche Trustee Company Limited;

“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;

“UMI” refers to Unitymedia International GmbH, a variable interest entity that was formed for the purpose of acquiring and legally owning certain customer premises equipment assets that were leased to Ziggo Services, including certain assets that were the subject of sale and leaseback transactions;

“UPC Broadband Holding” refers to UPC Broadband Holding B.V., another subsidiary of Liberty Global;

“UPC Equipment” refers to UPC Equipment B.V., another subsidiary of Liberty Global;

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

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

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

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

“UPC Western Europe” refers to UPC Western Europe Holding B.V., another subsidiary of Liberty Global;

“US SPV Partnership” refers to Ziggo Secured Finance Partnership;

“Vodafone Contribution” refers to the contribution by Vodafone International of the Vodafone Netherlands Group to the JV as agreed in the Contribution Agreement;

“Vodafone Group” refers to Vodafone Group Plc, with or without its consolidated subsidiaries, as the context may require;

“Vodafone Holdco I” refers to an entity to be incorporated under the laws of The Netherlands on or before the JV Escrow Release Date;

“Vodafone Holdco II” refers to an entity to be incorporated under the laws of The Netherlands on or before the JV Escrow Release Date;

“Vodafone Holdco III” refers to an entity to be incorporated under the laws of The Netherlands on or before the JV Escrow Release Date;

“Vodafone International” refers to Vodafone International Holdings B.V., a private limited liability company to be incorporated under the laws of The Netherlands;

“Vodafone Netherlands 2015 Consolidated Financial Statements” refers to the Vodafone Netherlands audited consolidated financial statements for Vodafone Netherlands as at and for the year ended March 31, 2015;

“Vodafone Netherlands 2016 Consolidated Financial Statements” refers to the Vodafone Netherlands audited consolidated financial statements for Vodafone Netherlands as at and for the year ended March 31, 2016;



“Vodafone Netherlands Consolidated Financial Statements” refers to the Vodafone Netherlands 2016 Consolidated Financial Statements together with the Vodafone Netherlands 2015 Consolidated Financial Statements.

“Vodafone Netherlands” refers to Vodafone Libertel B.V. with or without its consolidated subsidiaries, as the context requires;

“Vodafone NL Fixed-Line Business” refers to the retail consumer fixed line business of Vodafone Netherlands;

“Vodafone Obligors” refers to the New Senior Secured Proceeds Loan Obligors and the New Senior Proceeds Loan Obligors;

“Ziggo 2015 Consolidated Financial Statements” refers to Ziggo Group Holding’s audited consolidated financial statements, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, the consolidated statements of operations, owners’ equity, and cash flows for the years ended December 31, 2015, 2014, and 2013, and the related notes thereto, included in this Offering Memorandum;

“Ziggo 2016 Condensed Consolidated Financial Statements” refers to Ziggo Group Holding’s unaudited condensed consolidated financial statements, which comprise the condensed consolidated balance sheets as of June 30, 2016 and December 31, 2015 (unaudited), the condensed consolidated statements of operations for the three and six months ended June 30, 2016 and 2015, the condensed consolidated statement of owner’s equity for the six months ended June 30, 2016 and the condensed consolidated statements of cash flows for the six months ended June 30, 2016 and 2015, and the notes thereto, included in this Offering Memorandum;

“Ziggo 2020 Euro Senior Secured Notes” refers to Ziggo BV’s 3<sup>5</sup>/<sub>8</sub>% Senior Secured Notes due 2020 issued by Ziggo BV;

“Ziggo 2024 Euro Senior Notes” refers to the 7<sup>1</sup>/<sub>8</sub>% Senior Notes due 2024, originally issued by LGE Holdco VI B.V. on November 11, 2014 and assumed by Ziggo Bondco;

“Ziggo 2025 Senior Notes” refers to the 4<sup>5</sup>/<sub>8</sub>% Senior Notes due 2025 and the 5<sup>7</sup>/<sub>8</sub>% Senior Notes due 2025 issued by Ziggo Bond Finance;

“Ziggo 2025 Senior Secured Notes Covenant Agreement” refers to the covenant agreement dated February 4, 2015 between the Senior Secured Notes Issuer, the original obligors under the Ziggo Senior Secured Proceeds Loan and the Trustee under the Ziggo 2025 Senior Secured Notes, pursuant to which the obligors under the Ziggo Senior Secured Proceeds Loan agreed to be bound by the covenants under the Indenture governing the Ziggo 2025 Senior Secured Notes;

“Ziggo 2025 Senior Secured Notes” refers to the 3<sup>3</sup>/<sub>4</sub>% Senior Secured Notes due 2025 issued by Ziggo Secured Finance;

“Ziggo Bond Finance 2015 Consolidated Financial Statements” refers to Ziggo Bond Finance’s audited consolidated financial statements as of and for the year ended December 31, 2015, and the notes thereto, included in this Offering Memorandum;

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

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

“Ziggo Credit Facilities” refers to the Senior facilities provided under the Ziggo Credit Facility Agreement;

“Ziggo Credit Facility Covenant Agreement” refers to the covenant agreement dated March 5, 2015 between, among others, Ziggo Secured Finance B.V. and Ziggo Secured Finance Partnership, as borrowers, the

original obligors under the Ziggo Senior Secured Proceeds Loans and the facility agent, pursuant to which the obligors under the Ziggo Senior Secured Proceeds Loans agreed to be bound by the covenants under the Ziggo Credit Facility;

“Ziggo Credit Facility Agreement” refers to the senior secured credit 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;

“Ziggo Dollar Facility” refers to the existing \$2,350.0 million aggregate principal amount under the Ziggo Credit Facility, which bears interest at a rate of LIBOR plus 2.75% and matures on January 15, 2022.

“Ziggo Euro Facility” refers to the existing €1,925.0 million aggregate principal amount under the Ziggo Credit Facility, which bears interest at a rate of EURIBOR plus 3.00% and matures on January 15, 2022.

“Ziggo Group” refers to Ziggo Group Holding with its Consolidate 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” refers to the Ziggo Senior Secured Group Combination and the Ziggo Senior Group Combination;

“Ziggo Group Holding” refers to Ziggo Group Holding B.V., a private limited liability company incorporated under the laws of The Netherlands and an indirect wholly-owned subsidiary of Liberty Global;

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

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

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

“Ziggo Proceeds Loans” refers, collectively, to the Ziggo Senior Proceeds Loan and the Ziggo Senior Secured Proceeds Loan;

“Ziggo Revolving Facility” refers to the €800 million revolving credit facility under the Ziggo Credit Facility;

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

“Ziggo Senior Financing” refers to the use of the Additional Senior Released Proceeds to fund any Senior Financing Notes;

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

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

“Ziggo Senior Proceeds Loan” refers to the facilities granted by the Senior Notes Issuer to any or all of the Original Senior Proceeds Loan Borrowers under the Senior Proceeds Loan Facility Agreement with the proceeds of the Ziggo 2025 Euro Senior Notes;

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

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

“Ziggo Senior Secured Proceeds Loan” refers to refers to the facilities granted by the Senior Secured Notes Issuer or US SPV Partnership to any or all of the Original Senior Secured Proceeds Loan Borrowers under the Senior Secured Proceeds Loan Facility Agreement with the proceeds of the Ziggo 2025 Senior Secured Notes and the SPV Credit Facilities;

“Ziggo Services” refers to Ziggo Services B.V., a private limited liability 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”, the “Company” or the “Group” refers to Ziggo Group Holding, with or without its consolidated subsidiaries, as the context may require. “Ziggo”, “UPC” and “Vodafone” refer to the “Ziggo” trademark, the “UPC” trademark and the “Vodafone” 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 Ziggo Group Holding and its subsidiaries and Vodafone Netherlands and its subsidiaries, respectively.

This Offering Memorandum includes (i) the Ziggo 2016 Condensed Consolidated Financial Statements and (ii) the Ziggo 2015 Consolidated Financial Statements, each of which was prepared in accordance with accounting principles generally accepted in the United States (“**U.S. GAAP**”). For additional information, refer to “*Selected Consolidated Financial and Operating Data of Ziggo Group Holding*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of Ziggo Group Holding*”.

The discussion under “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of Ziggo Group Holding*” in this Offering Memorandum includes statement of operations data for the year ended December 31, 2014 that has been presented on a pro forma basis as if the Ziggo Acquisition had been completed on January 1, 2014. These pro forma amounts give effect to (i) the inclusion of the historical financial and operating results of Ziggo Holding, (ii) third-party acquisition-related financings that occurred during February and November of 2014, (iii) the new basis of accounting resulting from the Ziggo Acquisition and (iv) the impact of conforming one of Ziggo Holding’s accounting policies to the corresponding Liberty Global accounting policy followed by Ziggo Group Holding. The pro forma amounts are not necessarily indicative of the financial and operating results that would have occurred if these transactions had occurred on January 1, 2014. The pro forma adjustments are based on certain assumptions that we believe are reasonable. For additional information, refer to “*Selected Consolidated Financial and Operating Data of Ziggo Group Holding*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of Ziggo Group Holding*”.

Also included in this Offering Memorandum are (i) the Vodafone Netherlands 2016 Consolidated Financial Statements and (ii) the Vodafone Netherlands 2015 Consolidated Financial Statements, each of which was prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (“**EU-IFRS**”) and in compliance with Part 9 of Book 2 of the Dutch Civil Code. For additional information, refer to “*Selected Consolidated Financial and Operating Data of Vodafone Netherlands*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of Vodafone Netherlands*”. Because the historical financial data of Ziggo Group are prepared in accordance with U.S. GAAP and the historical financial data of Vodafone Netherlands are prepared in accordance with EU-IFRS, the historical financial data of Ziggo Group and Vodafone Netherlands are not necessarily comparable. See “*Risk Factors—Ziggo Group Holding prepares its financial statements in accordance with U.S. GAAP and, following the JV Transactions, the JV will prepare its financial statements in accordance with U.S. GAAP. The Vodafone Netherlands Consolidated Financial Statements have been prepared in accordance with EU-IFRS. There may be significant differences between the EU-IFRS and U.S. GAAP presentations of the historical financial information of Vodafone Netherlands*”.

Certain financial and statistical information of Vodafone Netherlands is included under “*Recent Financial Information—Vodafone Netherlands*” in this Offering Memorandum. None of this information has been audited or reviewed by Vodafone Netherlands’ independent auditors.

The Senior Secured Notes Issuer was incorporated under the laws of The Netherlands on December 1, 2014 for the purpose of facilitating the offering of the Ziggo 2025 Senior Secured Notes, entering into the SPV Credit Facilities and issuing or incurring certain other senior secured indebtedness in the future, including the Senior Secured Notes offered hereby. The Senior Secured Notes Issuer has no material business operations of its own and has not engaged in any business activities since the date of its incorporation. The Senior Secured Notes Issuer is a wholly-owned subsidiary of the Senior Notes Issuer. The Senior Notes Issuer was incorporated under the laws of The Netherlands on December 1, 2014 for the purpose of facilitating the offering of the Ziggo 2025 Senior Notes and issuing or incurring certain other senior secured indebtedness in the future, including the Senior Notes offered hereby. This Offering Memorandum also includes consolidated financial statements of the Senior Notes Issuer as of and for the year ended December 31, 2015 (the “**Ziggo Bond Finance 2015 Consolidated Financial Statements**”), which was also the first year for which the Senior Notes Issuer published its required statutory annual financial statements. The Senior Notes Issuer does not prepare interim financial statements.

The historical consolidated results of the Senior Notes Issuer, Ziggo Group Holding and Vodafone Netherlands are not necessarily indicative of the consolidated results that may be expected for any future period.

Each of Senior Notes Issuer's, Ziggo Group Holding's and Vodafone Netherlands' consolidated financial results are reported in euros. Unless otherwise indicated, convenience translations into euros have been calculated at the June 30, 2016 rate.

### **Other Financial Measures**

In this Offering Memorandum, Ziggo Group Holding presents operating cash flow ("**Segment OCF**"), which is not required by, or presented in accordance with U.S. GAAP. Segment OCF is the primary measure used by Ziggo Group Holding's management to evaluate its operating performance. Segment OCF is also a key factor that is used by the internal decision makers at Ziggo Group Holding to evaluate the effectiveness of its management for purposes of annual and other incentive compensation plans. As Ziggo Group Holding uses the term, Segment OCF is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, provision and provision releases related to significant litigation 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 Ziggo Group Holding believe Segment 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 Ziggo Group Holding and allows management to (a) readily view operating trends, (b) perform analytical comparisons and benchmarking between entities and (c) identify strategies to improve operating performance. Ziggo Group Holding believes that its Segment 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 Ziggo Group Holding's measure may not be directly comparable to similar measures used by other public companies. Segment 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. Ziggo Group Holding provides a reconciliation of Segment OCF to net loss in this Offering Memorandum. See "*Selected Consolidated Financial and Operating Data of Ziggo Group Holding*" and "*Selected Consolidated Financial and Operating Data of Ziggo Group Holding*".

In this offering memorandum, Vodafone Netherlands uses Adjusted EBITDA, in conjunction with other EU-IFRS and non-EU-IFRS financial measures, such as adjusted operating profit, operating profit and result for the year, to assess their operating performance. Adjusted EBITDA is defined as operating profit excluding share in results of associates, depreciation and amortization, gains/losses on the disposal of fixed assets, impairment losses, restructuring costs, the capital-related, brand, procurement, insurance and certain other elements of corporate recharges, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of Vodafone Netherlands. Vodafone Netherlands believes that Adjusted EBITDA is an operating performance measure, not a liquidity measure, as it includes non-cash changes in working capital and is reviewed by the chief operating decision maker to assess internal performance in conjunction with Adjusted EBITDA margin, which is an alternative sales margin figure. Vodafone Netherlands believes it is both useful and necessary to report Adjusted EBITDA as a performance measure as it enhances the comparability of profit across segments. Because Adjusted EBITDA does not take into account certain items that affect operations and performance, Adjusted EBITDA has inherent limitations as a performance measure. To compensate for these limitations, Vodafone Netherlands analyzes Adjusted EBITDA in conjunction with other EU-IFRS and non-EU-IFRS operating performance measures. Adjusted EBITDA should not be considered in isolation or as a substitute for an EU-IFRS measure of operating performance. Vodafone Netherlands provides a reconciliation of Adjusted EBITDA to result for the year in this Offering Memorandum. See "*Selected Consolidated Financial and Operating Data of Vodafone Netherlands*" and "*Selected Consolidated Financial and Operating Data of Vodafone Netherlands*".

### **Subscriber Data**

The subscriber data contained in this Offering Memorandum, including (i) as it relates to Ziggo Group Holding, revenue generating unit ("**RGU**") figures, penetration rates and average monthly subscription revenue per average RGU ("**ARPU**"), and (ii) as it relates to Vodafone Netherlands, active subscribers and "active customer ARPU", are not part of Ziggo Group Holding's or Vodafone Netherlands' consolidated financial



statements and have not been audited or otherwise reviewed by an outside auditor, consultant or expert or by any of the Initial Purchasers. The subscriber data of the Ziggo Group and Vodafone Netherlands is based on their respective policies and, accordingly, may not be comparable. In addition, such data may not be comparable to similarly titled measures reported by other companies. For more information on how Ziggo Group Holding and Vodafone Netherlands 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 Group Holding*” and “*Business of Vodafone Netherlands—Overview of Business Performance for Financing Year Ending 31 March 2016*” and *Management’s Discussion and Analysis of Financial Condition and Results of Operations of Vodafone Netherlands*”.

### **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 Issuers and the Note Guarantors 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.

## NO SEC REVIEW

The information in this Offering Memorandum relates to an offering that is exempt from the registration requirements under the U.S. Securities Act. Accordingly, the information included in this Offering Memorandum is not intended to comply with all of the disclosure requirements of the SEC that might apply if this offering was being made pursuant to a registration statement filed with the SEC, nor will this Offering Memorandum be subject to review by the SEC. Compliance with the SEC's requirements could have required the modification or exclusion of certain financial measures, the presentation of certain other information not included in this Offering Memorandum or the exclusion of certain information included herein. This Offering Memorandum does not contain combined financial information giving effect to the JV Transactions, other than information included under the heading "*Summary Consolidated Financial Information and Operating Data of Ziggo Group Holding—Certain As Adjusted Covenant Information Assuming the JV Transactions are consummated*".

In the event the JV Transactions are completed, we will record the assets and liabilities of Ziggo Group Holding and Vodafone Netherlands at their respective fair values in the JV's consolidated financial statements. These fair value adjustments may be material.

There are no SEC registration rights associated with the Notes, and we have no intention of offering to exchange the Notes for new notes pursuant to a registration statement filed with the SEC. The indentures that will govern the Notes have not been and will not be qualified under the Trust Indenture Act of 1939, as amended.

## EXCHANGE RATE INFORMATION

Ziggo Group Holding and Vodafone Netherlands present their consolidated financial statements 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 this exchange rate information solely for your convenience. We make no representation that any amount of currencies specified in the table below 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 September 13, 2016 was \$1.12= €1.00.

	<u>Period Average (1)</u>	<u>High</u>	<u>Low</u>	<u>Period End</u>
	U.S. \$ per €1.00			
<b>Year ended December 31,</b>				
2013 .....	1.33	1.38	1.28	1.38
2014 .....	1.33	1.39	1.21	1.21
2015 .....	1.11	1.21	1.05	1.09
<b>Month</b>				
January 2016 .....	1.08	1.10	1.07	1.08
February 2016 .....	1.09	1.14	1.08	1.09
March 2016 .....	1.14	1.14	1.08	1.14
April 2016 .....	1.14	1.15	1.12	1.14
May 2016 .....	1.11	1.16	1.11	1.11
June 2016 .....	1.11	1.14	1.09	1.11
July 2016 .....	1.12	1.12	1.10	1.12
August 2016 .....	1.12	1.13	1.11	1.12
September 2016 (through September 13, 2016) .....	1.12	1.12	1.12	1.12

(1) Period Average means the average of the market rates at 6 p.m. 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

*In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans. Investors are making an investment decision based on the creditworthiness of the Ziggo Group as of the date hereof, including based on the Ziggo Group's standalone leverage.*

This Offering Memorandum contains “forward-looking statements” as that term is defined by the Private Securities Litigation Act of 1995, as amended. 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:

- our level of indebtedness and capital structure and the terms of the Notes and our other financing arrangements;
- economic and business conditions and industry trends in The Netherlands;
- the concentration of our business in The Netherlands;
- the competitive environment 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 reliance on third party suppliers, licensors and programming providers;
- our ability to manage rapid technological changes;

- our ability to maintain or increase the number of subscriptions to our cable television, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household and, in the case of the Vodafone Netherlands' business, average revenue per active customer;
- 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 Netherlands and adverse outcomes from regulatory proceedings;
- government intervention that opens 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;
- 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 have acquired or may acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in The Netherlands;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors (including our third-party wireless network provider under our MVNO arrangement) 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;
- the ability of Vodafone Netherlands to successfully and profitably deliver its major enterprise contracts, which is dependent on, among other things, complex technologies deployed across multiple geographies;
- 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;
- 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 ventures;
- the JV Transactions (as defined below) are subject to certain terms and conditions, including regulatory approval from the European Commission, and of which terms or conditions may not be satisfied;
- our ability to successfully integrate the Vodafone Netherlands and the Ziggo Group following the completion of the JV Transactions and to realize the expected benefits and synergies from the JV Transactions; 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 and mobile service 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 Proceeds Loans, which in turn would have an adverse effect on the ability of the Issuers 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 Issuers are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the relevant Indenture and so long as such Notes are outstanding, the relevant Issuer will furnish periodic information to holders of such Notes. See “*Description of the Senior Secured Notes—Certain Covenants—Reports*”, “*Description of the Senior Secured Fold-In Notes—Certain Covenants—Reports*”, “*Description of the Senior Notes—Certain Covenants—Reports*” and “*Description of the Senior 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”, “Selected Consolidated Financial and Operating Data of Ziggo Group Holding”, “Selected Consolidated Financial and Operating Data of Vodafone Netherlands”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Ziggo Group Holding”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Vodafone Netherlands”, “Business of Ziggo Group Holding” and “Business of Vodafone Netherlands”, 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 JV Transactions. Unless otherwise indicated, operational and statistical data, including subscriber statistics and product offering, are as of June 30, 2016. The term “Vodafone Netherlands” refers to Vodafone Libertel B.V. and its subsidiaries, as the context may require. Please see “Glossary” for more information on the technical terms used in this Offering Memorandum.*

*In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used for the Additional Ziggo Financing.*

*This summary is organized as follows:*

- *Overview of the JV Transactions and the combined business;*
- *Summary of the business of Ziggo Group Holding;*
- *Summary of the business of Vodafone Netherlands;*
- *Brief Description of Ziggo Group Holding, the Issuers and the Structure of the Offering;*
- *Summary of the Transactions.*

### **JV Overview**

On February 15, 2016, Liberty Global Europe, Liberty Global, Vodafone International and Vodafone agreed to form a 50-50 joint venture (the “**JV**”). The JV will combine the business of Ziggo Group Holding and its subsidiaries (the “**Ziggo Group**”) and the mobile business of Vodafone in the Netherlands, Vodafone Libertel BV (“**Vodafone Netherlands**”) and its subsidiaries (the “**Vodafone NL Group**”). We refer to the contribution by Liberty Global of the Ziggo Group as the “**Ziggo Group Contribution**”, the contribution by Vodafone of the Vodafone NL Group as the “**Vodafone NL Contribution**”, and collectively the “**Contributions**”. The Ziggo Group Contribution will include any third-party debt at the Ziggo Group as of the closing date of the JV Transaction, including the Notes offered hereby. Following the JV Transactions (as defined below) each of Liberty Global Europe and Vodafone International will own a 50% interest (directly or indirectly) in the JV.

The JV will combine Ziggo Group’s fiber-rich broadband network with Vodafone NL Group’s leading 4G mobile operations to create a national unified communications provider in the Netherlands. As of June 30, 2016, on a combined basis, Ziggo Group and Vodafone Netherlands had 14.5 million fixed and mobile subscribers, comprised of 4.0 million video subscribers, 3.1 million high-speed broadband subscribers, 2.7 million fixed-line telephony subscribers and 4.7 million mobile subscribers. For more information regarding the subscriber data for Ziggo Group and Vodafone NL Group, see “*Business of Ziggo Group Holding*” and “*Business of Vodafone Netherlands*”, respectively. The JV will operate under both the “Vodafone” and the “Ziggo” brands and will have the right to use the Vodafone brand on the terms of a licence to be entered into at completion of the JV Transactions.

In addition, we believe the JV will benefit from the combined operations of the Ziggo Group and the Vodafone NL Group as follows:

- well penetrated broadband and digital TV markets, which, together with the potential to migrate mobile customers from prepaid to postpaid contracts, supports opportunities for fixed-mobile convergence;
- leading positions in subscribers and market share across multiple business segments;

- opportunity to become a leading national enterprise business through the combination of Vodafone NL Group's B2B expertise, product portfolio and strong distribution footprint with Ziggo Group's B2B operations and its high-capacity nationwide cable network;
- strong network infrastructure with a competitive high-speed broadband network and a mobile network with substantial spectrum holding; and
- significant efficiencies by achieving key cost, capex and revenue synergies, including the following key expected sources of approximately €280 million (before integration costs and adjustment for the yet-to-be determined reduction associated with the disposition of the Vodafone NL Fixed-Line Business, as further described below) of expected operating cost (€240 million) and capital expenditure (€40 million) synergies on an annual basis by the fifth full year post closing of the JV:
  - use of existing infrastructure to provide services for each entity's customers at lower cost, compared to standalone or wholesale capabilities;
  - combination of regional and national network infrastructures and IT systems;
  - reduction in combined marketing expenditures;
  - reduction in general and administration costs; and
  - real estate rationalization.

The JV will target a Consolidated Net Leverage ratio of 4.5-5.0x. The JV will be required to make regular cash distributions to its shareholders on a pro rata basis equal to the unrestricted cash held by the JV (subject to the JV maintaining a minimum amount of cash and complying with the terms of the financing arrangements of its subsidiaries, including the terms of the Notes offered hereby). As an on-going operation, it is intended that the JV will be funded solely from its net cash flow from operations of its subsidiaries and third-party financing.

The consummation of the Contributions is subject to certain conditions, including competition clearance by the European Commission. On August 3, 2016, the European Commission approved the Contributions subject to the divestment of the Vodafone NL Fixed-Line Business, see "*—The Transactions—JV Transactions—Divestment of the Vodafone NL Fixed-Line Business*". It is anticipated that the JV Transactions will close around the end of 2016.

For more information regarding the JV, the JV Transactions (including the Contributions) and the agreements related thereto, see "*—The Transactions—JV Transactions*".

### **Ziggo Group Holding Business Overview**

Ziggo Group Holding is a subsidiary of Liberty Global that operates the largest cable network in the Netherlands in terms of video subscribers. Ziggo Group Holding provides video, broadband internet and fixed-line telephony services over its broadband communications network and mobile services as a mobile virtual network operator ("MVNO"). Ziggo Group Holding's network covers an estimated 91% of the country by homes passed as of June 30, 2016. Ziggo Group Holding offers a variety of broadband services over its cable network, including video, broadband internet and telephony. Ziggo Group Holding's network is almost fully bi-directional and Euro DOCSIS 3.0 enabled. This network enables Ziggo Group Holding and its subsidiaries to provide premium digital video services, broadband internet services at very high speeds and fixed-line telephony services. Ziggo Group Holding's 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. For internet customers, Ziggo Group Holding deploys community WiFi branded "WiFiSpots", to allow customers seamless access to WiFi when they are away from home. Ziggo Group Holding offers its telephony services using voice-over-internet-protocol, or "VoIP", technology. The key product offer for Ziggo Group Holding is its triple-play bundle consisting of enhanced video, broadband internet and fixed-line telephony. As an additional service for customers, Ziggo Group Holding offers mobile voice and data services.

Ziggo Group Holding's network passes approximately 7.1 million homes, of which almost 100% have two-way capability. Ziggo Group Holding had approximately 4.0 million customer relationships as of June 30, 2016, including 720,200 Basic Video Subscribers, 3.3 million Enhanced Video Subscribers, 3.1 million Broadband Internet Subscribers and 2.5 million Telephony Subscribers (each as defined in "*Business of Ziggo Group Holding—Introduction*"). In addition, Ziggo Group Holding had 207,200 mobile subscribers as of June 30, 2016.

Ziggo Group Holding's revenue and Segment OCF was €1.2 billion and €655.8 million, respectively, for the six months ended June 30, 2016, and €2.5 billion and €1.4 billion, respectively, for the year ended December 31, 2015. In addition, Ziggo Group Holding's property and equipment additions were €253.3 million for the six months ended June 30, 2016. For a description and summary of Ziggo Group Holding's financial and operating data, the definition of Segment OCF, a reconciliation of Segment OCF to operating income, see "*Selected Consolidated Financial and Operating Data of Ziggo Group Holding*".

Liberty Global is the world's largest international TV and broadband company, with operations in more than 30 countries across Europe, Latin America and the Caribbean. Liberty Global invests in the infrastructure that empowers its customers to make the most of the digital revolution. Its scale and commitment to innovation enables it to develop market-leading products delivered through next-generation networks that connect its 29 million customers who subscribe to over 59 million television, broadband internet and fixed-line telephony services. Liberty Global also serves 11 million mobile subscribers and offers WiFi service across seven million access points.

### **Vodafone Netherlands Business Overview**

Vodafone Netherlands is a part of Vodafone, which is one of the world's largest mobile telecommunications companies in terms of turnover. Vodafone has mobile operations in 26 countries, 57 partner networks worldwide and fixed broadband operations in 17 markets. During the 2016 financial year Vodafone Group employed an average of 108,000 employees worldwide and had more than 462 million mobile customers and over 13 million fixed broadband customers as of March 31, 2016.

Vodafone Netherlands' main objective is to enable its customers to always be 'confidently connected', with friends, family and clients. Vodafone Netherlands provides a range of mobile services, marketed under the Vodafone and hollandsnieuwe brands, enabling customers to call, text, access the internet, stream music and watch videos whether at home or travelling abroad. Vodafone Netherlands completed national 4G coverage in September 2014 and is focused on the roll-out of 4G+ and offering services that are highly suitable for 4G, like video streaming. More than 2 million Vodafone Netherlands customers have the appropriate device and subscription to benefit from 4G.

Vodafone Netherlands also provides machine-to-machine services mobile wholesale access services, hosting several MVNO. The integration of Vodafone Netherlands' machine-to-machine technology in existing products enhance efficiency and save energy, which resulted in, for example, the smart street lightning solution called Philips CityTouch. Vodafone Netherlands' range of fixed line services includes voice, broadband and TV services to consumers and a wider range of services to our enterprise customers, including cloud & hosting and IPVPN and Private Branch Exchange services. As part of the JV Transactions and in order to comply with the conditions set by the European Commission, Vodafone Netherlands will be required to divest its fixed-line business, see "*The Transactions—Divestment of the Vodafone Fixed-Line Business*" for further information.

As of March 31, 2016, Vodafone Netherlands provided its mobile communication services to 4.6 million active mobile customers of which 3.9 million customers are contract, and 659,000 million are prepaid customers. Included in these customers are 1.5 million enterprise customers for which Vodafone Netherlands provided a range of additional services to small, medium, large national and multinational customers including fixed-line telephony, cloud & hosting and Virtual Private Networks ("**IP-VPN**") and (Virtual) Private Branch Exchange services and unified communication services.

In the financial year ended March 31, 2016, Vodafone Netherlands generated total revenue of €1,853.5 million. Vodafone Netherlands generates revenue principally from relationships with its customers who pay subscription and usage fees to access and use its network, products and our services. Access and usage fees contributed 91.6% of Vodafone Netherlands' revenue with 6.9% from sales of goods and 1.5% from connection fees and other miscellaneous revenue.

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

#### ***Ziggo Group Holding***

As of the date of this Offering Memorandum, Ziggo Group Holding, a private limited liability company incorporated under the laws of The Netherlands, is an indirect wholly-owned subsidiary of Liberty Global.

Following the consummation of the JV Transactions (as defined herein), Ziggo Group Holding will become a subsidiary of the JV (as defined herein) and the Vodafone Contribution (as defined herein) will be effected. See “*Summary—The JV Transactions*”.

### ***The Issuers***

The Senior Secured Notes Issuer, a private limited liability company incorporated under the laws of The Netherlands and a wholly-owned subsidiary of the Senior Notes Issuer. The Senior Secured Notes Issuer was incorporated on December 1, 2014 as a special purpose financing company for the purpose of issuing the Ziggo 2025 Senior Secured Notes, entering into the SPV Credit Facilities and incurring certain other senior secured indebtedness in the future, including the Senior Secured Notes offered hereby. The Senior Secured Notes Issuer will depend upon payments under the Senior Secured Proceeds Loans to make payments under the Senior Secured Notes.

The Senior Notes Issuer, a private limited liability company incorporated under the laws of The Netherlands and a wholly-owned subsidiary of Stichting Eldfell, a Dutch foundation. The Senior Notes Issuer was incorporated on December 1, 2014 as a special purpose financing company for the purpose of issuing the Ziggo 2025 Senior Notes and incurring certain other senior secured indebtedness in the future including the Senior Notes offered hereby. The Senior Notes Issuer will depend upon payments under the Senior Proceeds Loans to make payments under the Senior Notes.

### ***Structure of the Offering***

The Notes are being issued in relation to the Contribution Agreement and, pending consummation of the JV Transactions as contemplated by the Contribution Agreement, the gross proceeds of the offering of the Notes (less the Funded Amount), will be deposited on the Issue Date in segregated escrow accounts pursuant to the terms of the Senior Secured Notes Escrow Agreement and the Senior Notes Escrow Agreement (each as defined below). The release of escrow proceeds from the applicable escrow account will be subject to the satisfaction of certain conditions, but may occur whether or not the JV Transactions are completed, as further described below. On the Issue Date, in the case of \$300 million of the proceeds of the Dollar Senior Secured Notes (the “**Funded Amount**”), and upon release from escrow, in the case of the escrow proceeds, the proceeds of the Notes will be used to fund Senior Secured Proceeds Loans and Senior Proceeds Loans as described below. The Senior Secured Proceeds Loans funded with the Funded Amount will be used to refinance indebtedness and pay related fees and expenses, and the Proceeds Loans funded with the escrow proceeds may be used for general corporate purposes, as more fully described herein. See “*Use of Proceeds*”.

At any time on or prior to the earlier of the JV Escrow Release Date (as defined below) and the Escrow Termination Date (as defined below), the Issuers may, at their option, elect to redeem all or a portion of the Notes (other than Senior Secured Dollar Notes in an aggregate principal amount equal to the Funded Amount, each such term as defined below) (the “**Special Optional Redemption**”) at a redemption price equal to 100% of the principal amount of the Notes redeemed, 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 Optional Redemption (the “**Special Optional Redemption Price**”). Notice of the Special Optional Redemption will be mailed or delivered to the applicable Trustee (with an instruction to the applicable Trustee to deliver the same notice to each holder of the applicable Notes) and the applicable Escrow Agent by the relevant Issuer, and will provide that the applicable Notes shall be redeemed on a date that is no later than the fifth Business Day after such notice is mailed or delivered, but on or prior to the JV Escrow Release Date (the “**Special Optional Redemption Date**”). On the Special Optional Redemption Date, the applicable Escrow Agent shall release from the applicable Escrow Accounts and pay from the applicable Escrowed Proceeds to the relevant Paying Agent for payment to each holder the Special Optional Redemption Price for such holder’s Notes. Any such Special Optional Redemption and notice may, in the relevant Issuer’s discretion, be subject to satisfaction of one or more conditions precedent.

The Senior Secured Notes will be senior obligations of the Senior Secured Notes Issuer. On the Issue Date, the Senior Secured 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**”) and will be secured by (i) a first-ranking security interest in the sole ordinary share of the Senior Secured Notes 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 Senior Secured Notes Issuer, (iv) a first-ranking charge over all 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 Senior Secured Notes Issuer's rights to and benefits in the Senior Secured Proceeds Loan Facility, including the New Senior Secured Proceeds Loans (each as defined below) and the existing Ziggo Senior Secured Proceeds Loans (as defined herein) (together, the **"Senior Secured Notes Collateral"**) and the Senior Secured Notes Escrow Charge (as defined below). For a description of the terms of the Senior Secured Notes, see *"Description of the Senior Secured Notes"*.

The Senior Notes will be senior obligations of the Senior Notes Issuer. The Senior Notes will not be guaranteed. On the Issue Date, the Senior Notes will be secured by the Senior Notes Escrow Charge (as defined below). Following the Escrow Release Date (as defined herein), the Senior Notes will be secured by (i) a first-ranking security interest in the sole ordinary share of the Senior Notes Issuer, (ii) a first-ranking charge over all bank accounts of the Senior Notes Issuer and (iii) a first-ranking security interest over the Senior Notes Issuer's rights to and benefits in the Senior Proceeds Loan Facility, including the New Senior Proceeds Loans (each as defined below) and the existing Ziggo Senior Proceeds Loan (as defined herein) (together, the **"Senior Notes Collateral"**). For a description of the terms of the Senior Notes, see *"Description of the Senior Notes"*.

On the Issue Date, the Senior Secured Notes Issuer will use the Funded Amount to fund one or more proceeds loans denominated in U.S. dollars (the **"Initial Senior Secured Refi Proceeds Loans"**) to UPC Nederland Holding III B.V. (**"UPC Nederland Holdco III"**) and/or Ziggo B.V. (**"Ziggo BV"**) and, together with UPC Nederland Holdco III, the **"Original Senior Secured Proceeds Loan Borrowers"**, and each in such capacity an **"Original Senior Secured Proceeds Loan Borrower"**), subject to the terms of the senior secured proceeds loan facility agreement dated March 5, 2015, as amended from time to time, between, among others, the Senior Secured Notes Issuer, as lender, the Senior Secured Obligors (as defined below), and ING Bank N.V., as security agent (the **"Senior Secured Proceeds Loan Facility Agreement"**). The Initial Senior Secured Refi Proceeds Loans are intended to be used to refinance existing indebtedness of the Initial Senior Secured Proceeds Loan Obligors (as defined below) (the **"Initial Senior Secured Ziggo Refinancing"**).

Subject to the terms of the Senior Secured Notes Escrow Agreement (as defined below), the proceeds from the offering of the Senior Secured Notes, less the Funded Amount, will be used by the Senior Secured Notes Issuer to fund one or more (i) JV Senior Secured Proceeds Loans (as defined below) to any or all of the Original Senior Secured Proceeds Loan Borrowers and either (a) Vodafone Netherlands or (b) a subsidiary, to be incorporated on or prior to the JV Escrow Release Date, of Ziggo Group Holding (**"Vodafone Holdco III"**) (either entity under (a) or (b) in such capacity, the **"New Senior Secured Proceeds Loan Borrower"**, and together with the Original Senior Secured Proceeds Loan Borrowers in such capacity, the **"Senior Secured Proceeds Loan Borrowers"**, and each in such capacity a **"Senior Secured Proceeds Loan Borrower"**) or (ii) Additional Senior Secured Proceeds Loans (as defined below) to the Original Senior Secured Proceeds Loan Borrowers, in each case, subject to the Senior Secured Proceeds Loan Facility Agreement.

Subject to the terms of the Senior Notes Escrow Agreement (as defined below), the proceeds from the offering of the Senior Notes will be used by the Senior Notes Issuer to fund one or more (i) JV Senior Proceeds Loans (as defined below) to any or all of UPC Nederland Holding I B.V. (**"UPC Nederland Holdco I"**), Ziggo Bond Company B.V. (**"Ziggo Bondco"**) and together with UPC Nederland Holdco I, the **"Original Senior Proceeds Loan Borrowers"** and each in such capacity an **"Original Senior Proceeds Loan Borrower"**) and a subsidiary, to be incorporated on or prior to the JV Escrow Release Date, of Ziggo Group Holding (**"Vodafone Holdco I"**) and in such capacity, the **"New Senior Proceeds Borrower"** and together with the Original Senior Proceeds Loan Borrowers in such capacity the **"Senior Proceeds Loan Borrowers"**, and each in such capacity a **"Senior Proceeds Loan Borrower"**) or (ii) Additional Senior Proceeds Loans (as defined below) to the Original Senior Proceeds Loans Borrowers, in each case, subject to the Senior Proceeds Loan Facility Agreement (as defined below).

Pending consummation of the JV Transactions (as defined below), the Initial Purchasers will, concurrently with the issuance of the Notes on the Issue Date (as defined below), deposit (i) the gross proceeds of the offering of the Senior Secured Notes, less the Funded Amount (the **"Senior Secured Notes Escrowed Proceeds"**), into segregated escrow accounts (together, the **"Senior Secured Notes Escrow Accounts"**) pursuant to an escrow deed (the **"Senior Secured Notes Escrow Agreement"**) for the benefit of the holders of the relevant Senior Secured Notes, (ii) the gross proceeds of the offering of the Senior Notes (the **"Senior Notes Escrowed Proceeds"**) and together with the Senior Secured Escrowed Proceeds, the **"Escrowed Proceeds"**) into segregated

escrow accounts (together, the “**Senior Notes Escrow Accounts**” and together with the Senior Secured Notes Escrow Accounts, the “**Escrow Accounts**”) pursuant to an escrow deed (the “**Senior Notes Escrow Agreement**” and together with the Senior Secured Notes Escrow Agreement, the “**Escrow Agreements**”, and each an “**Escrow Agreement**”) for the benefit of the holders of the Senior Notes. For so long as such Escrowed Proceeds are held in the Escrow Accounts, (i) the Senior Secured Notes will be secured by, in addition to the Senior Secured Notes Collateral, a first priority security interest in the rights of the Senior Secured Notes Issuer under the Senior Secured Notes Escrow Agreement and the assets in each of the Senior Secured Escrow Accounts (the “**Senior Secured Notes Escrow Charge**”) and (ii) the Senior Notes will be secured by a first priority security interest in the rights of the Senior Notes Issuer under the Senior Notes Escrow Agreement and the assets in each of the Senior Notes Escrow Accounts (the “**Senior Notes Escrow Charge**”). The Escrowed Proceeds will be held in the Escrow Accounts, subject to certain investment rights, until such time as (i) certain conditions (including the consummation of the JV Transactions) set forth in the applicable Escrow Agreement are satisfied (the “**JV Escrow Release Date**”) or (ii) the Ziggo Financing (as defined below) occurs (the “**Financing Escrow Release Date**”).

In the event that the JV Transactions are not consummated on or before the date that is twelve months following the Issue Date (the “**Longstop Date**”) or upon occurrence of certain other events (such date, the “**Escrow Termination Date**”), (i) the Senior Secured Notes Issuer will redeem all of the Senior Secured Notes (other than the Dollar Senior Secured Notes in an aggregate principal amount equal to the Funded Amount and any Senior Secured Financing Notes in an aggregate principal amount equal to the Senior Secured Financing Amount (as defined below)) and (ii) the Senior Notes Issuer will redeem all of the Senior Notes (other than any Senior Financing Notes in an aggregate principal amount equal to the Senior Financing Amount (as defined below)) (the “**Special Mandatory Redemption**”) at a redemption price equal to 100% of the principal amount of the applicable Notes redeemed 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. See “*Description of the Senior Secured Notes—Escrow of Proceeds; Special Mandatory Redemption*” and “*Description of the Senior Notes—Escrow of Proceeds; Special Mandatory Redemption*”. If the applicable Notes are or will become subject to a Special Mandatory Redemption, the Issuers may elect to use any or all of the applicable Senior Secured Escrowed Proceeds (such amount, the “**Senior Secured Financing Amount**”) or the Senior Escrowed Proceeds (such amount, the “**Senior Financing Amount**” and, together with the Senior Secured Financing Amount, the “**Financing Amount**”) in relation to (i) the Senior Secured Notes (any such Senior Secured Notes, the “**Senior Secured Financing Notes**”) to fund Additional Senior Secured Proceeds Loans (as defined below) to any or all of the Original Senior Secured Proceeds Loan Borrowers and (ii) the Senior Notes (any such Senior Notes, the “**Senior Financing Notes**”) to fund Additional Senior Proceeds Loans (as defined below) to any or all of the Original Senior Proceeds Loan Borrowers, (i) to refinance existing indebtedness, (ii) to pay fees, costs and expenses related to the offering of the Notes and for general corporate purposes the “**Additional Ziggo Financing**”. See “*—General—Escrow of Proceeds; Special Mandatory Redemption and/or Financing Release; Special Optional Redemption.*” In the event that the JV Transactions are not consummated and upon the Financing Escrow Release Date, the aggregate principal amount of Dollar Senior Secured Notes outstanding will be no less than \$500,000,000, the aggregate principal amount of the Euro Senior Secured Notes, if any, will be no less than €400,000,000 and/or the aggregate principal amount of Senior Notes outstanding will be no less than \$500,000,000.

Upon (i) the JV Escrow Release Date, (a) the Escrow Agent under the Senior Secured Escrow Agreement will release the Senior Secured Notes Escrowed Proceeds (the “**JV Senior Secured Released Proceeds**”) and the Senior Secured Notes Issuer will use the JV Senior Secured Released Proceeds to fund one or more proceeds loans denominated in euro, in an aggregate principal amount equal to the principal amount of the Euro Senior Secured Notes and one or more proceeds loan denominated in U.S. dollars, in an aggregate principal amount equal to the principal amount of the Dollar Senior Secured Notes (less the Funded Amount) and, in each case, less any proceeds used to redeem certain of the Senior Secured Notes pursuant to the Special Optional Redemption (together, the “**JV Senior Secured Proceeds Loans**”) to any or all of the Senior Secured Proceeds Loan Borrowers under one or more facilities subject to the terms of the Senior Secured Proceeds Loan Facility and (b) the Escrow Agent under the Senior Escrow Agreement will release the Senior Notes Escrowed Proceeds (the “**JV Senior Released Proceeds**”) and the Senior Notes Issuer will use the JV Senior Released Proceeds to fund one or more proceeds loans denominated in U.S. dollars, in an aggregate principal amount equal to the principal amount of the Senior Notes, less any proceeds used to redeem certain of the Senior Notes pursuant to the Special Optional Redemption (the “**JV Senior Proceeds Loans**”) to any or all of the Senior Proceeds Loan Borrowers under one or more facilities subject to the Senior Proceeds Loan Facility, or (ii) the Financing Escrow Release Date, (a) the Escrow Agent under the Senior Secured Escrow Agreement will release the Senior Secured

Escrowed Proceeds (the “**Financing Senior Secured Released Proceeds**”) and the Senior Secured Notes Issuer will use the Financing Senior Secured Released Proceeds to fund one or more proceeds loans denominated in euro, in an aggregate principal amount of up to the principal amount of the Euro Senior Secured Notes and one or more proceeds loan denominated in U.S. dollars, in an aggregate principal amount of up to the principal amount of the Dollar Senior Secured Notes (less the Funded Amount) and, in each case, less any proceeds used to redeem certain of the Senior Secured Notes pursuant to the Special Mandatory Redemption (together the “**Additional Senior Secured Proceeds Loans**” and the Initial Refi Senior Secured Proceeds Loans either with such Additional Senior Secured Proceeds Loans or the JV Senior Secured Proceeds Loans, the “**New Senior Secured Proceeds Loans**”) to any or all of the Original Proceeds Loan Borrowers under one or more facilities subject to the terms of the Senior Secured Proceeds Loan Facility and (b) the Escrow Agent under the Senior Escrow Agreement will release the Senior Escrow Proceeds (the “**Additional Senior Released Proceeds**”) and the Senior Notes Issuer will use the Additional Senior Released Proceeds to fund one or more proceeds loans denominated in U.S. dollars, in an aggregate principal amount equal to the principal amount of the Senior Notes less any proceeds used to redeem certain of the Senior Notes pursuant to the Special Mandatory Redemption (the “**Additional Senior Proceeds Loans**”, and the Additional Senior Proceeds Loan or the JV Senior Proceeds Loan, as the context may require, the “**New Senior Proceeds Loans**” and the New Senior Proceeds Loans together with the New Senior Secured Proceeds Loans the “**New Proceeds Loans**” and each a “**New Proceeds Loan**”) to the Original Senior Proceeds Loan Borrowers under one or more facilities subject to the Senior Proceeds Loan Facility Agreement.

When funded, the obligations of the relevant Senior Secured Proceeds Loan Borrower under the applicable Senior Secured Proceeds Loan will be guaranteed on a senior basis by (i) the Original Senior Secured Proceeds 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 Nederland Holdco II**”), Torensplits II B.V., Ziggo Netwerk B.V., Ziggo Netwerk II B.V., Ziggo Services B.V., Ziggo Deelnemingen B.V. and Ziggo Financing Partnership (together, the “**Initial Senior Secured Proceeds Loan Guarantors**” and together with the Original Senior Secured Proceeds Loan Borrowers, the “**Initial Senior Secured Proceeds Loan Obligors**”) (and such guarantees provided by the Initial Senior Secured Proceeds Loan Guarantors, the “**Initial Senior Secured Proceeds Loan Guarantees**”) and (ii) following the JV Escrow Release Date only, (a) the New Senior Secured Proceeds Loan Borrower, where it is not acting as a borrower under a JV Senior Secured Proceeds Loan, and a subsidiary of Ziggo Group Holding which will be a parent of Vodafone Netherlands (“**Vodafone Holdco II**”) and (b) within sixty (60) days following the JV Escrow Release Date, Vodafone Netherlands (if it is not acting as a borrower under a JV Senior Secured Proceeds Loan) (together, the “**New Senior Secured Proceeds Loan Guarantors**”, and together with the New Senior Secured Proceeds Loan Borrower, the “**New Senior Secured Proceeds Loan Obligors**”, and together with the Initial Senior Secured Proceeds Loan Guarantors, the “**Senior Secured Proceeds Loan Guarantors**”, and the Senior Secured Proceeds Loan Guarantors together with the Senior Secured Proceeds Loan Borrowers, the “**Senior Secured Obligors**”) (and such guarantees provided by the New Senior Secured Proceeds Loan Guarantors, the “**New Senior Secured Proceeds Loan Guarantees**”, and together with the Initial Senior Secured Proceeds Loan Guarantees, the “**Senior Secured Proceeds Loan Guarantees**”). The Senior Secured Proceeds Loan Guarantees will be *pari passu* in right of payment with any existing and future senior indebtedness of the relevant Senior Secured Proceeds Loan Guarantors. When funded, the New 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 Ziggo Credit Facility, the Ziggo 2020 Euro Senior Secured Notes and the Ziggo Senior Secured Proceeds Loan (as defined herein), by (i) a first ranking security interest in the capital stock of each Senior Secured Obligor (other than ABC), (ii) all of the rights of the relevant creditors in relation to certain Subordinated Shareholder Loans (as defined in “*Description of the Senior Secured Notes*”), (iii) the other property and assets that currently secure the Ziggo Credit Facility, the Ziggo 2020 Euro Senior Secured Notes and the Ziggo Senior Secured Proceeds Loan (the “**Initial Senior Secured Proceeds Loan Collateral**”) and (iv) within sixty (60) days following the JV Escrow Release Date, a first ranking security interest in the capital stock of the New Senior Secured Obligors (the “**New Senior Secured Proceeds Loan Collateral**”, and together with the Initial Senior Secured Proceeds Loan Collateral, the “**Senior Secured Proceeds Loan Collateral**”). See “*Summary—Summary of the Senior Secured Notes—Senior Secured Proceeds Loan Collateral*” and “*Description of the Notes—Proceeds Loans—Proceeds Loan Collateral*”).

When funded, the obligations of each Senior Proceeds Loan Borrower under the applicable Senior Proceeds Loan will be guaranteed on a senior basis by (i) the Original Senior Proceeds Loan Borrower that is not a borrower of such Senior Proceeds Loan (the “**Initial Senior Proceeds Loan Guarantors**” and together with the



Original Senior Proceeds Loan Borrowers, the “**Initial Senior Proceeds Loan Obligors**”) (and such guarantees provided by the Initial Senior Proceeds Loan Guarantors, the “**Initial Senior Proceeds Loan Guarantees**”) and (ii) within sixty (60) days following the JV Escrow Release Date, the New Senior Proceeds Loan Borrower, where it is not acting as a borrower under such Senior Proceeds Loan (together, the “**New Senior Loan Guarantors**”, and together with the New Senior Proceeds Loan Borrower, the “**New Senior Proceeds Loan Obligors**”, and together with the Initial Senior Proceeds Loan Guarantors, the “**Senior Proceeds Loan Guarantors**”, and the Senior Proceeds Loan Guarantors together with the Senior Proceeds Loan Borrowers, the “**Senior Obligors**”) (and such guarantees provided by the New Senior Proceeds Loan Guarantors, the “**New Senior Proceeds Loan Guarantees**”, and together with the Initial Senior Proceeds Loan Guarantees, the “**Senior Proceeds Loan Guarantees**”). The Senior Proceeds Loans Guarantees will be pari passu in right of payment with any existing and future indebtedness of the Senior Proceeds Loan Guarantors. When funded, the Senior Proceeds Loans will be secured, after giving effect to the Holdco Priority Agreement (as defined herein), on an equal and ratable basis with Ziggo 2024 Euro Senior Notes and the Ziggo Senior Proceeds Loan, by (i) a first-ranking pledge of all the issued capital stock of each Senior Obligor (other than the New Senior Obligors) (the “**Initial Senior Proceeds Loan Collateral**”) and (ii) within sixty (60) days following the JV Escrow Release Date, a first ranking security interest in the capital stock of the New Senior Obligors (the “**New Senior Proceeds Loan Collateral**”, and together with the Initial Senior Proceeds Loan Collateral, the “**Senior Proceeds Loan Collateral**”). See “*Description of the Senior Notes—Ranking of the Notes and Security—Senior Proceeds Loan Collateral*”.

The proceeds from the Initial Senior Secured Refi Proceeds Loan will be used by the Original Senior Secured Proceeds Loan Borrowers to repay existing indebtedness of the Initial Senior Secured Proceeds Loan Obligors. The proceeds from any JV Proceeds Loan will be used to (i) fund a loan, dividend or other distribution to Ziggo Group Holding 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 Proceeds Loan Obligors and their respective subsidiaries, including, without limitation, distributions to direct or indirect parent companies and/or financing the operating and treasury activities of the Senior Secured Proceeds Loan Obligors and their respective subsidiaries. The proceeds from any New Proceeds Loans may be used by the Original Proceeds Loan Borrowers for general corporate purposes. See “*Use of Proceeds*”.

In the event the Issuers determine that JV Transactions will not be consummated on or before the Longstop Date (or upon the occurrence of certain other Special Mandatory Redemption events), the Issuers may elect to release and on-lend to the Ziggo Group any or all of the proceeds in the Escrow Accounts to refinance existing indebtedness of the Ziggo Group or for general corporate purposes of the Ziggo Group. Under the relevant escrow release conditions, the Issuers would be entitled to do so only in compliance with the applicable covenants under the Notes and the Ziggo Group’s other existing financing arrangements. However, after giving effect to any such incurrence in compliance with the applicable covenants, including in connection with permitted refinancing debt, permitted acquisition debt or other exceptions to the restriction on our ability to incur indebtedness, the Consolidated Net Leverage Ratio could increase above the Consolidated Net Leverage Ratio as of June 30, 2016, and such increase could be material.

Following consummation of the Ziggo Group Combination (as defined herein), (i) a Senior Secured Obligor, may, at its sole option, effect an assumption of the Senior Secured Notes and obligations thereunder by any Senior Secured Obligor (or its successor following the Ziggo Group Combination) (the “**Ziggo Senior Secured Notes Fold-In Issuer**”) and a release of the Senior Secured Notes Issuer from its obligations under the Senior Secured Notes and the Senior Secured Notes Indenture (as defined herein) and such assumption and release will be a deemed repayment in full and cancellation of the Senior Secured Proceeds Loans (as defined herein) (the “**Ziggo Group Senior Secured Notes Assumption**”) and (ii) a Senior Obligor, may, at its sole option, effect an assumption of the Senior Notes and obligations thereunder by any Senior Obligor (or its successor following the Ziggo Group Combination) (the “**Ziggo Senior Notes Fold-In Issuer**”) and a release of the Senior Notes Issuer from its obligations under the Senior Notes and the Senior Notes Indenture (as defined herein) and such assumption and release will be a deemed repayment in full and cancellation of the Senior Proceeds Loans (as defined herein) (the “**Ziggo Group Senior Notes Assumption**” and together with the Ziggo Group Senior Secured Notes Assumption, the “**Ziggo Group Assumption**”).

Following the Ziggo Group Assumption, (i) the terms and conditions of the Senior Secured Notes, including the covenants, will be automatically modified as set out under “*Description of the Senior Secured Fold-In Notes*” and the Senior Secured Notes will be secured directly by the Senior Secured Proceeds Loan Collateral that

remains following the Ziggo Senior Secured Group Combination and guaranteed by the Senior Secured Obligors that remain following the Ziggo Senior Secured Group Ziggo Group Combination and (ii) the terms and conditions of the Senior Notes, including the covenants, will be automatically modified as set out under “Description of the Senior Fold-In Notes” and the Senior Notes will be secured directly by the Senior Secured Proceeds Loan Collateral that remains following the Ziggo Group Combination and guaranteed by the Senior Obligors that remain following the Ziggo Group Combination. See “*Description of the Senior Secured Notes—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*”, “*Description of the Senior Secured Fold-In Notes*”, “*Description of the Senior Notes—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*” and “*Description of the Senior Fold-In Notes*”. The consummation of the Ziggo Group Combination and the Ziggo Group Assumption is at the sole option of each the Senior Secured Obligors and Senior Obligors, respectively, and there can be no assurance that either the Ziggo Group Combination or the Ziggo Group Assumption will be completed.

## **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 Issuers and the Structure of the Offering*” and “*Use of Proceeds*” and the other transactions described below.

### ***The JV Transactions***

The transactions described under this “—*The JV Transactions*” shall hereinafter be collectively referred to as to “**JV Transactions**”.

#### ***Overview***

For a summary of the Contributions, see “—*JV Overview*”. The Contributions are governed by the agreement dated July 21, 2016, between, among others, Liberty Global, Liberty Global Europe, Vodafone and Vodafone International (the “**Contribution Agreement**”). The Contribution Agreement includes customary representations, warranties, covenants and indemnification obligations of Liberty Global and Vodafone relating to each of their contributed businesses. The Contribution Agreement also includes customary termination rights, including a right of the parties to terminate the transaction if it has not closed by August 15, 2017 (which date may be extended by mutual agreement of the parties). Until the closing of the JV Transactions, Liberty Global and Vodafone will continue to operate their respective businesses in the Netherlands as independent businesses.

As part of the consummation of the JV Transactions, Liberty Global and Vodafone (among other parties) will enter into a shareholders agreement (the “**JV Shareholders Agreement**”) whereby each of Liberty Global and Vodafone will indirectly hold 50% of the issued share capital of the JV. The JV Shareholders Agreement will set out, among other things, the composition of the supervisory board of the JV. For a summary of the composition of the supervisory board of the JV see “*Management—Management of the JV*”. Each shareholder will have the right to initiate an initial public offering (“**IPO**”) of the JV after the third anniversary of the closing, with the opportunity for the other shareholder to sell shares in the IPO on a pro-rata basis. The parties have agreed to restrictions on other transfers of interests in the JV until the fourth anniversary of the closing. After the fourth anniversary, each shareholder will be able to initiate a sale of the entire JV to a third party, subject to a right of first offer in favor of the other shareholder. In the event of the unremedied insolvency of Liberty Global or Vodafone, the other party will have the right to purchase the shares of the insolvent party in the JV for a fully distributed market value. The insolvency of a party may also result in a suspension of the rights attached to its shares in the JV (including dividends and voting) and the same applies in the event of a breach of the transfer restrictions by either party. The JV Shareholders Agreement contains customary covenants regarding co-operation, information sharing, restrictions on the partners from competing with the JV and restrictions on soliciting employees of the JV.

#### ***Divestment of the Vodafone NL Fixed-Line Business***

The consummation of the JV Transactions is subject to certain conditions, including competition clearance by the European Commission. The European Commission approved the JV Transactions subject to the divestment of the Vodafone NL Fixed-Line Business. This required divestment represents a structural remedy offered by the parties to address any concerns regarding the overlap between the fixed-line telephony and TV activities of the Vodafone Netherlands and Ziggo Group Holding. The divestment could potentially also include MVNO access subject to agreement on commercial terms. See “*Summary Consolidated Financial and Operating*



*Data of Vodafone Netherlands*” for additional information regarding revenue and Adjusted EBITDA of the Vodafone NL Group Fixed-Line Business. See “*Risk factors—Risks related to the JV Transactions—The JV Transactions are subject to significant uncertainties and risks*” and “*—The expected benefits and synergies from the JV Transactions may not materialize*”.

#### *Inter-group services*

Under “*Certain Relationships and Related-party Transactions*”, we describe the recurring related-party charges that we expect to occur between the JV and the JV Parents (as defined herein) following the consummation of the JV Transactions. The amounts disclosed with respect to these recurring transactions are derived from the binding term sheet in relation to the unexecuted Framework Agreement and Trade Mark Agreement that will govern such charges once these agreements are signed. Although the Framework and Trade Mark Agreements have not yet been executed, the JV Parents are obligated to execute these agreements on the terms agreed to in the binding term sheet in connection with the consummation of the JV Transactions.

The charges payable for services provided under the Framework Agreement will be fixed, or have a fixed unit price, for the first three years following the consummation of the JV Transactions. Where the unit price is fixed the aggregate charges payable will vary depending on volumes or usage. It is anticipated that, as a result of integration of the two businesses, certain services will no longer be required. The JV will not be required to pay Liberty Global or Vodafone for any services terminated but may need to otherwise procure these, or equivalent, services on a stand-alone basis and/or from third parties.

Pursuant to the Contribution Agreement, prior to completion of the Contributions, the JV partners will either fully settle or otherwise equalize their respective inter-company loan balances. For more information on the current inter-company loans, see “*Certain Relationships and Related-party Transactions*”.

#### *Parent Affiliate, Affiliate Issuer Designations and New Senior Secured Proceeds Loan Guarantors*

Substantially concurrently with the consummation of the Vodafone NL Contribution, Vodafone Holdco II will execute one or more accession agreements and/or supplemental indentures whereby it will provide a guarantee of the Ziggo Senior Secured Credit Facility, the Senior Secured Covenant Agreements, the Ziggo 2020 Euro Senior Secured Notes and the Ziggo Senior Secured Proceeds Loans (together the “**Senior Secured Finance Documents**”) (the “**Parent Affiliate Designation**”). Furthermore, Vodafone Holdco I will execute one or more accession agreements and/or supplemental indentures to the Ziggo 2024 Euro Senior Notes Indenture, the Senior Notes Proceeds Loan and the Senior Covenant Agreement, whereby it will become an “Affiliate Issuer” (as defined in the Ziggo 2024 Euro Senior Notes Indenture), an “Additional Borrower” (as defined in the Ziggo Senior Note Proceeds Loan) and an “Obligor” (as defined in the Senior Covenant Agreement), respectively, and provide a guarantee under each of such document (the “**Affiliate Issuer Designation**”). In addition, within sixty (60) days after the consummation of the Vodafone NL Contribution, (i) the New Senior Secured Obligors will each provide a guarantee under the Senior Secured Finance Documents and a first-ranking security interest over the New Senior Secured Proceeds Loan Collateral and (ii) the New Senior Obligors will provide a first-ranking security interest of the New Senior Proceeds Loan Collateral. As a result of the Parent Affiliate Designation and the Affiliate Issuer Designation, members of the Vodafone NL Group will become part of the senior secured covenant group and the senior covenant group each as further described in “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*”, respectively.

#### **Recent Transactions**

##### *New SPV Term Loans*

On August 16, 2016, (i) Ziggo Secured Finance and The Bank of Nova Scotia as facility agent entered into a €2,589.2 million additional facility accession deed (the “**C Accession Deed**”); and (ii) the US SPV Partnership and The Bank of Nova Scotia as facility agent entered into a \$1,000.0 million (€903.1 million) additional facility accession deed (the “**D Accession Deed**”), in each case, pursuant to the SPV Credit Facilities Agreement. Under the terms of the C Accession Deed, certain lenders agreed to provide a €2,589.2 million term loan facility (“**Facility C**”) to Ziggo Secured Finance; and under the terms of the D Accession Deed, certain lenders agreed to provide a \$1,000.0 million (€903.1 million) term loan facility (“**Facility D**” and, together with Facility C, the “**New SPV Term Loans**”) to the US SPV Partnership, which amounts, in each case are to be issued at 99.5% of par. The C Accession Deed and the D Accession Deed provide that the lenders under Facility C and Facility D consent to the amendments to the covenants and other provisions of the SPV Credit Facility Agreement and the

Finance Documents (as defined in the SPV Credit Facilities Agreement) outlined in the C Accession Deed and the D Accession Deed (including in the schedules thereto). Such amendments may be implemented at the election of Ziggo Secured Finance.

The final maturity date for Facility C and Facility D is August 31, 2024. Facility C bears interest at a rate of EURIBOR plus 3.75%, subject to a EURIBOR floor of 0.00%, and Facility D bears interest at a rate of LIBOR plus 3.00%, subject to a LIBOR floor of 0.00%.

The net proceeds from Facility C, along with existing cash, were used to prepay (i) €664.2 million of the outstanding principal amount of the existing Ziggo Secured Finance EUR B1 Facility under and as defined in the SPV Credit Facilities Agreement and (ii) €1,925.0 million of the outstanding principal amount of the existing Ziggo Bank Facility EUR B1 Facility, EUR B2 Facility and EUR B3 Facility in and as defined under the Ziggo Credit Facility Agreement. The net proceeds from Facility D, along with existing cash, will be used to prepay \$1,000.0 million of the outstanding USD B1 Facility, USD B2 Facility and USD B3 Facility under and as defined in the Ziggo Credit Facility Agreement.

The incurrence of the New SPV Term Loans and the use of the proceeds therefrom to refinance indebtedness under the SPV Credit Facility Agreement and the Ziggo Credit Facility Agreement are referred to as the “**September 2016 Refinancing.**”

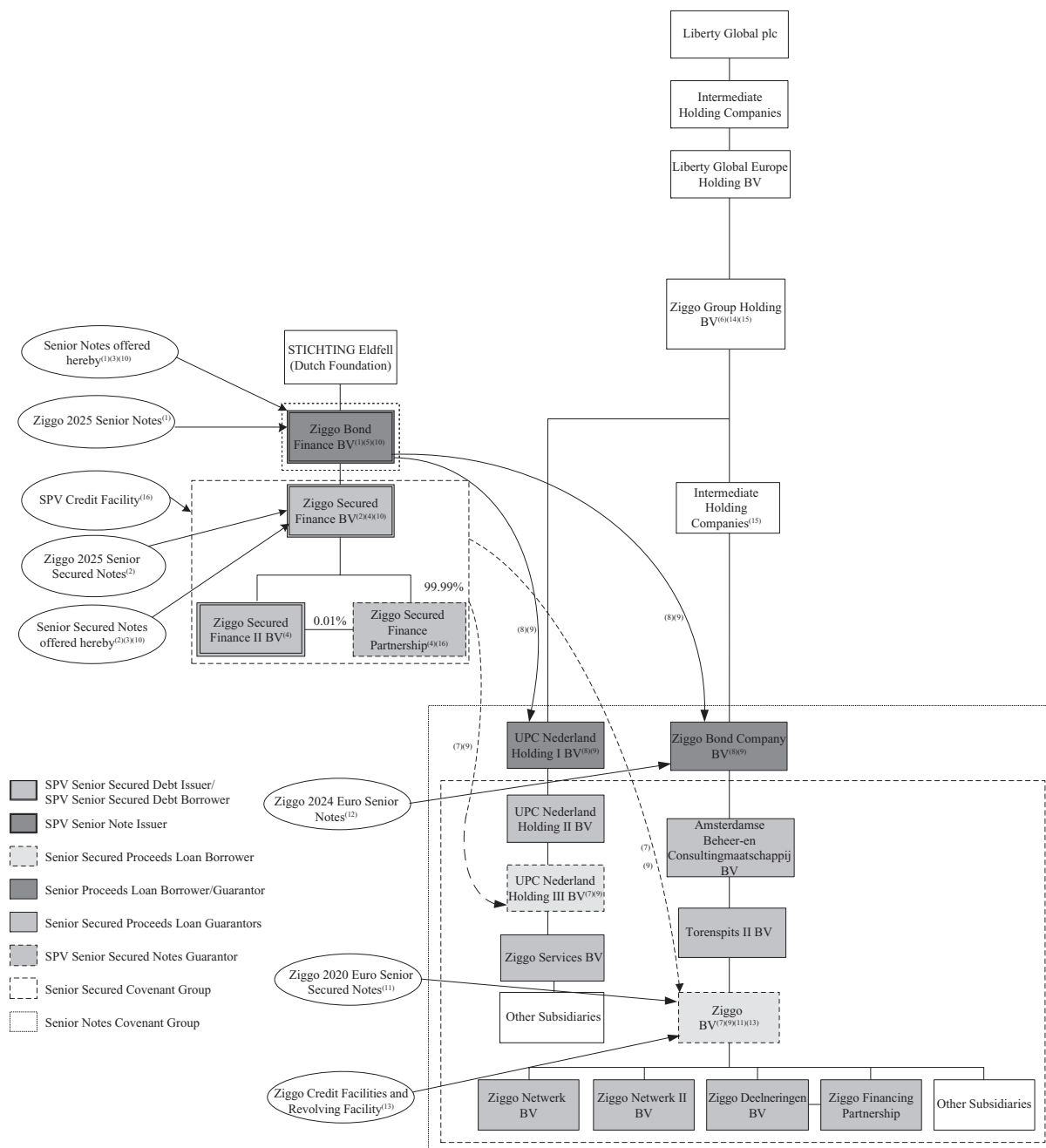
***Extension of the Revolving Credit Facility***

Pursuant to an amendment to the Ziggo Credit Facility Agreement entered into on September 14, 2016, the maturity date of the Revolving Facility provided under and as defined in the Ziggo Credit Facility Agreement was extended to December 31, 2022.

## SUMMARY CORPORATE AND FINANCING STRUCTURE

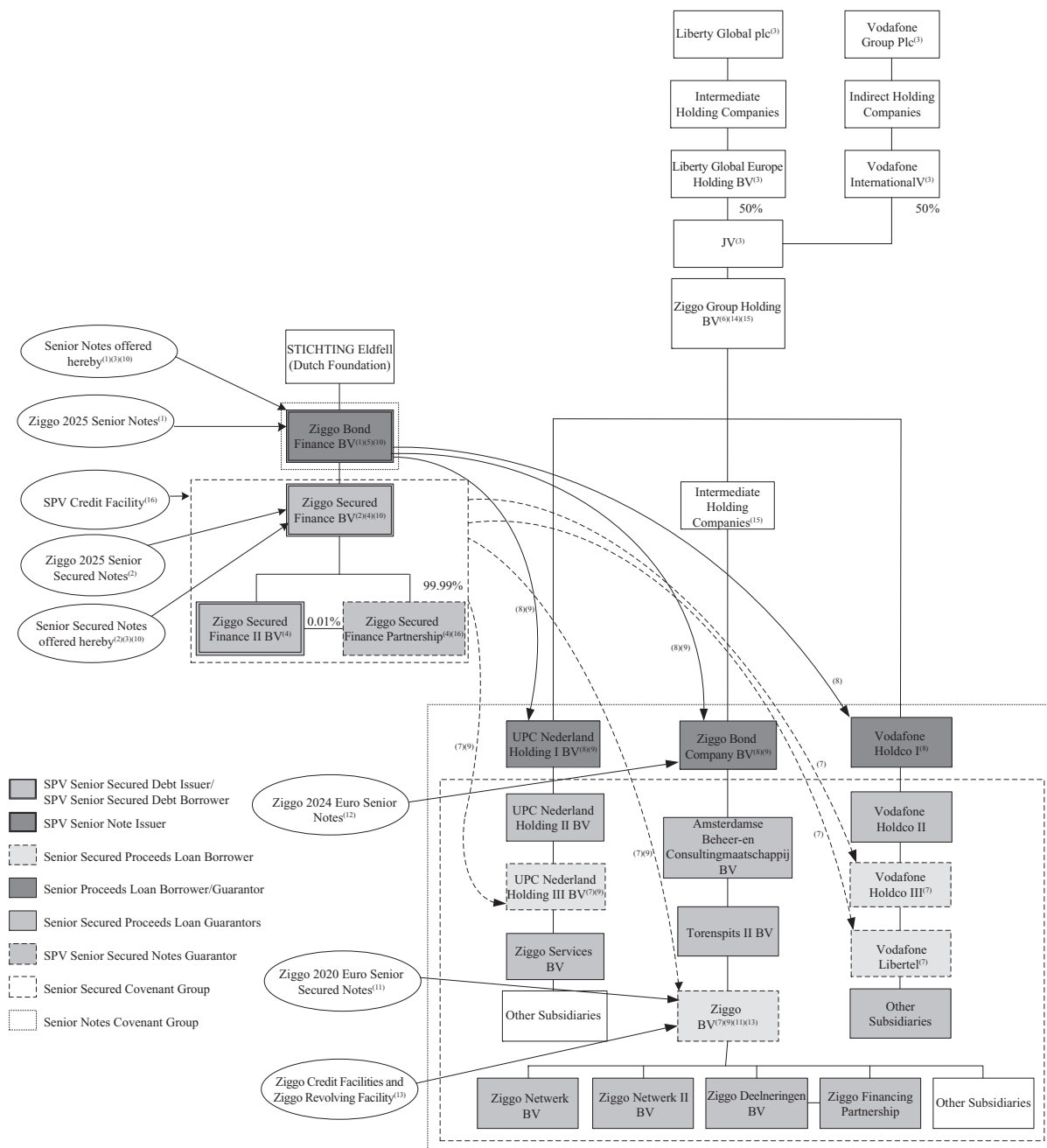
### Corporate Structure Following Financing Transactions

The following diagram summarizes our expected corporate and financing structure upon occurrence of the Financing Escrow Release Date as described in “*Use of Proceeds*” as well as “*Transactions*” and does not give effect to the completion of the JV Transactions. 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 Senior Secured Notes*”, “*Description of the Senior Notes*” and “*Description of Other Indebtedness*”.



## Corporate Structure Following JV Transactions

The following diagram summarizes our expected corporate and financing structure after giving effect to the completion of the JV Transactions, the offering of the Notes and the application of the proceeds therefrom as described in “Use of Proceeds” as well as “Transactions”. 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 Senior Secured Notes”, “Description of the Senior Notes” and “Description of Other Indebtedness”.



- (1) The Senior Notes Issuer was formed as a special purpose vehicle for the primary purpose of facilitating the offering of the Ziggo 2025 Senior Notes and issuing or incurring certain other senior indebtedness in the future, including the Senior Notes offered hereby, as well as using the proceeds of such indebtedness to fund Senior Proceeds Loans to the Senior Proceeds Loan Borrowers, such as the Ziggo Senior Proceeds Loans and the New Senior Proceeds Loans, subject to the terms of the Senior Proceeds Loan Facility Agreement. See “*Summary—The Transactions*”. On January 29, 2015, the Senior Notes Issuer issued €400.0 million in aggregate principal amount of 4<sup>5</sup>/<sub>8</sub>% Senior Notes due 2025 and \$400.0 million in aggregate principal amount of its 5<sup>7</sup>/<sub>8</sub> % Senior Notes due 2025.
- (2) The Senior Secured Notes Issuer was formed as a special purpose vehicle for the primary purpose of facilitating the offering of the Ziggo 2025 Senior Secured Notes, entering into the SPV Credit Facilities and issuing or incurring certain other senior secured indebtedness in the future, including the Senior Secured Notes offered hereby, as well as using the proceeds of such indebtedness to fund Senior Secured Proceeds Loans to the Senior Secured Proceeds Loan Borrowers, such as the Ziggo Senior Secured Proceeds Loans and the New Senior Secured Proceeds Loans, subject to the terms of the Senior Secured Proceeds Loan Facility. On February 4, 2015, the Senior Notes Issuer issued €800.0 million in aggregate principal amount of its 3<sup>3</sup>/<sub>4</sub>% Senior Secured Notes due 2025.
- (3) The Notes are being issued in relation to Contribution Agreement as part of which, the Ziggo Contribution and the Vodafone NL Contribution will be effected. Following the JV Transactions each of Liberty Global Europe and Vodafone International will own a 50% interest in the JV. See “*Summary—The Transactions—The JV Transactions*”. In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans. See “*—Summary of the Notes—Use of Proceeds*”.
- (4) On the Issue Date, the Senior Secured Notes will be guaranteed by the Note Guarantors and secured by the Senior Secured Notes Collateral and the Senior Secured Notes Escrow Charge. The Senior Secured Notes will be senior obligations of the Senior Secured Notes Issuer and will rank *pari passu* in right of payment with any future indebtedness (including any additional notes) of the Senior Secured Notes Issuer that is not subordinated to the Senior Secured Notes and benefit indirectly from (i) the Senior Secured Proceeds Loan Collateral and (ii) the Senior Secured Proceeds Loan Guarantees. See “*Summary of the Notes—Ranking of the Notes*”, “*Summary of the Notes—Security*”, “*Summary of the Notes—Senior Secured Proceeds Loan Collateral*” and “*Summary of the Notes—Senior Secured Proceeds Loans*” elsewhere in this Offering Memorandum for details. For a description of the terms of the Senior Secured Notes, see “*Description of the Senior Secured Notes*”.
- (5) The Senior Notes will be senior obligations of the Senior Notes Issuer. The Senior Notes will not be guaranteed. On the Issue Date, the Senior Notes will be secured by the Senior Notes Escrow Charge. On the earlier of the JV Escrow Release Date or the Financing Escrow Release Date, Senior Notes will be secured by the Senior Notes Collateral. See “*Summary of the Notes—Security*”, “*Summary of the Notes—Senior Secured Proceeds Loan Collateral*” and “*Summary of the Notes—Senior Secured Proceeds Loans*” elsewhere in this Offering Memorandum for details. For a description of the terms of the Senior Secured Notes, see “*Description of the Senior Notes*”.
- (6) Ziggo Group Holding will guarantee the payment obligations of the Issuers in connection with any payments that may become due on the Notes prior to the release of the Escrowed Proceeds from the relevant Escrow Accounts, including any accrued and unpaid interest on the Notes.
- (7) On the Issue Date, the Senior Secured Notes Issuer will use the Funded Amount to fund the Initial Senior Secured Refi Proceeds Loans to the Original Senior Secured Proceeds Loan Borrowers subject to the Senior Secured Proceeds Loan Facility Agreement. The Initial Senior Secured Refi Proceeds Loans are intended to be used for the Initial Senior Secured Ziggo Refinancing. On the Issue Date, the Initial Senior Secured Refi Proceeds Loans will be guaranteed by the Initial Senior Secured Proceeds Loan Guarantors and benefit from the Initial Senior Secured Proceeds Loan Collateral. Subject to the terms of the Senior Secured Notes Escrow Agreement (as defined herein), the proceeds from the offering of the Senior Secured Notes, less the Funded Amount, will be used by the Senior Secured Notes Issuer to fund one or more (i) JV Proceeds Loans to any or all of the Original Senior Secured Proceeds Loan Borrowers and the New Senior Secured Proceeds Loan Borrower, in each case, less any proceeds used to redeem certain of the Senior Secured Notes pursuant to the Special Optional Redemption or (ii) Additional Senior Secured Proceeds Loans to the Original Senior Secured Proceeds Loan Borrowers, less any proceeds used to redeem certain of the Senior Notes pursuant to the Special Optional Redemption, each such Proceeds Loan under (i) or (ii) subject to the Senior Secured Proceeds Loan Facility Agreement. On the earlier of the JV Escrow Release Date or the Financing Escrow Release Date, the obligations of the relevant Senior Secured Proceeds Loan Borrower under the applicable



New Senior Secured Proceeds Loan will be guaranteed on a senior basis by (i) the Initial Senior Secured Proceeds Loan Guarantors and (ii) upon the JV Escrow Release Date only, (A) the New Senior Secured Proceeds Loan Borrower where it is not acting as a borrower under a JV Senior Secured Proceeds Loan and Vodafone Holdco II and (B) within sixty (60) days following the consummation of the JV Transactions only, Vodafone Netherlands (if it is not acting as a borrower under a JV Senior Secured Proceeds Loan) 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 New Senior Secured Proceeds Loans will be secured, after giving effect to the Group Priority Agreement on an equal and ratable basis with the Ziggo Credit Facility, the Ziggo 2020 Euro Senior Secured Notes and the Ziggo Senior Secured Proceeds Loan by (i) the “Initial Senior Secured Proceeds Loan Collateral and, (ii) within sixty (60) days following the consummation of the JV Transactions only, the New Senior Secured Proceeds Loan Collateral. See “*Summary—Summary of the Senior Secured Notes—Senior Secured Proceeds Loan Collateral*” and “*Description of the Notes—Proceeds Loans—Proceeds Loan Collateral*.”

- (8) Subject to the terms of the Senior Notes Escrow Agreement, the proceeds from the offering of the Senior Notes will be used by the Senior Notes Issuer to fund one or more (i) JV Senior Proceeds Loans to the Original Senior Proceeds Loan Borrowers, less any proceeds used to redeem certain of the Senior Notes pursuant to the Special Optional Redemption, and (ii) upon the JV Escrow Release Date only the New Senior Proceeds Borrower, subject to the Senior Proceeds Loan Facility Agreement. On the earlier of the JV Escrow Release Date or the Financing Escrow Release Date, the obligations of each Senior Proceeds Loan Borrower under the applicable New Senior Proceeds Loan will be guaranteed on a senior basis by (i) the Initial Senior Proceeds Loan Guarantors and (ii) within sixty (60) days following the consummation of the JV Transactions only, by the New Senior Loan Guarantors and will be pari passu in right of payment with any existing and future indebtedness of the Senior Proceeds Loan Borrower that is not subordinated to the Senior Proceeds Loans. The obligations of the Senior Obligors under each Senior Proceeds Loan will, after giving effect to the Group Priority Agreement, will be secured on an equal and ratable basis with Ziggo 2024 Euro Senior Notes and the Ziggo Senior Proceeds Loans by (i) Initial Senior Proceeds Loan Collateral on an equal and ratable basis with Ziggo 2024 Euro Senior Notes and the Ziggo Senior Proceeds Loans and (ii) within sixty (60) days following the consummation of the JV Transactions only, the New Senior Proceeds Loan Collateral. See “*Description of the Senior Notes—Ranking of the Notes and Security—Senior Proceeds Loan Collateral*”.
- (9) If the Notes issued hereby are subject to a Special Mandatory Redemption, any of the Issuers may furnish a Refinancing Notice to the relevant Trustee and Escrow Agent notifying such Trustee and Escrow Agent that (A) the Senior Secured Notes Issuer elects to use the applicable Financing Amount to fund Additional Senior Secured Proceeds Loans or (B) the Senior Notes Issuer elects to use the applicable Financing Amount to fund the Additional Senior Proceeds Loans, each for the purpose as further described in “*Use of Proceeds*”.
- (10) At any time on or prior to the earlier of JV Escrow Release Date and the Escrow Termination Date, the Issuers may effect the Special Optional Redemption, pursuant to which, on the Special Optional Redemption Date, the applicable Escrow Agent shall release from the applicable Notes Escrow Accounts and pay from the applicable Escrowed Proceeds to the relevant Paying Agent for payment to each holder the Special Optional Redemption Price for such holder’s Notes. Any such Special Optional Redemption and notice may, in the relevant Issuer’s discretion, be subject to satisfaction of one or more conditions precedent.
- (11) On March 28, 2013, Ziggo BV issued €750.0 million aggregate principal amount of 3½% Senior Secured Notes due March 27, 2020, with an outstanding amount of €71.1 million as of June 30, 2016. The Ziggo 2020 Euro 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 Ziggo Credit Facility. See “*Description of Other Indebtedness—Ziggo 2020 Euro Senior Secured Notes*” elsewhere in this Offering Memorandum for further details.
- (12) On November 11, 2014, LGE Holdco VI B.V. issued €743.1 million aggregate principal amount of 7½% 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 €743.1 million aggregate principal amount of 7½% Senior Notes due 2024 issued under the 2024 Notes Indenture. See “*Description of Other Indebtedness—Ziggo 2024 Euro Senior Notes*” elsewhere in this Offering Memorandum for further details.

- (13) At June 30, 2016, the Ziggo Credit Facilities comprise a €2,589.2 million term loan facility, and a \$2,350.0 million (€2,122.3 million) term loan facility and an €800.0 million revolving credit facility pursuant to the Ziggo Credit Facility Agreement. See “*Description of Other Indebtedness—Existing Senior Secured Credit Facilities*” elsewhere in this Offering Memorandum for further details.
- (14) Ziggo Group Holding is the reporting entity for the Notes. See “*Description of the Notes—Certain Covenants—Reports*”.
- (15) Ziggo Group Holding may at its option incorporate a subsidiary (“**New Holding BV**”) which will become the direct holding company of LGE HoldCo VI B.V. and an indirect parent of the Proceeds Loan Obligors. Following the incorporation of New Holding BV, New Holding BV will grant a first-ranking pledge over the issued capital stock of UPC Nederland Holdco. for the benefit of the Ziggo Senior Proceeds Loans and the New Senior Proceeds Loans. In addition to the Ziggo Group Contribution, Liberty Global has agreed to contribute its indirect wholly owned subsidiary Liberty Global Content Netherlands B.V. (“**Ziggo Sport Totaal**”) to the JV. Ziggo Sport Totaal will not be contributed into the Borrowing Group.
- (16) At June 30, 2016, the SPV Credit Facilities comprise a €664.2 million term loan facility. After giving effect to the August 16, 2016 refinancing transaction, as described under “*Recent Transactions—New Additional SPV Credit Facilities*”, the SPV Credit Facilities comprise a €2,589.2 million term loan facility and a \$1,000.0 pursuant to the SPV Credit Facilities Agreement, between, among others, The Bank of Nova Scotia as Facility Agent, Ziggo Secured Finance and the US SPV Partnership, certain lenders party thereto and Deutsche Trustee Company Limited as SPV Security Agent. See “*Description of Other Indebtedness—Credit Agreements—SPV Credit Facilities*”).

In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans. Investors are making an investment decision based on the creditworthiness of the Ziggo Group as of the date hereof, including based on the creditworthiness of the Ziggo Group as of the date hereof, including based on the Ziggo Group’s standalone leverage.

## SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA OF ZIGGO GROUP HOLDING

The tables below set out summary financial and operating data of Ziggo Group Holding for the indicated periods, including information for the six months ended June 30, 2016 and 2015 and the years ended December 31, 2015, 2014 and 2013. The historical consolidated balance sheet data as of June 30, 2016 and the historical consolidated statement of operations and cash flow data for the six months ended June 30, 2016 and 2015 have been derived from the Ziggo 2016 Condensed Consolidated Financial Statements. The historical consolidated balance sheet data as of December 31, 2015 and 2014, the historical consolidated statement of operations data for the years ended December 31, 2015 and 2013 and the historical consolidated statement of cash flow data for the years ended December 31, 2015, 2014 and 2013 have been derived from the Ziggo 2015 Consolidated Financial Statements. The statement of operations data for the year ended December 31, 2014 has been presented on a pro forma basis as further described below.

Certain financial and statistical and operating information for the year ended December 31, 2014 has been provided on a pro forma basis as if the Ziggo Acquisition had been completed on January 1, 2014. These pro forma amounts give effect to (i) the inclusion of the historical financial and operating results of Ziggo Holding, (ii) third-party acquisition-related financings that occurred during February and November of 2014, (iii) the new basis of accounting resulting from the Ziggo Acquisition and (iv) the impact of conforming one of Ziggo Holding's accounting policies to the corresponding Liberty Global accounting policy followed by Ziggo Group Holding. No interest expense on the Liberty Global Broadband Note is reflected in our 2014 pro forma results prior to its November 2014 issuance date. The pro forma amounts are not necessarily indicative of the financial and operating results that would have occurred if these transactions had occurred on January 1, 2014. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

The Ziggo 2015 Consolidated Financial Statements have been prepared in accordance with U.S. GAAP. The following information should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Ziggo Group Holding*" and the Ziggo 2016 Condensed Consolidated Financial Statements and Ziggo 2015 Consolidated Financial Statements. Our historical and pro forma results do not necessarily indicate results that may be expected for any future period.

Unless otherwise indicated, operating and statistical data, including subscriber statistics and product offerings, are as of June 30, 2016 and are based on Ziggo Group Holding's methodologies and do not reflect any potential changes to such methodologies that may result once the policies of Ziggo Group Holding and Vodafone Netherlands are conformed following the consummation of the JV Transactions. Additionally, the following discussion and analysis of Ziggo Group Holding's results of operations and liquidity does not include the impact of Ziggo Sport Totaal, which, as further described in note 3 to the Ziggo 2016 Condensed Consolidated Financial Statements, will be contributed to the JV by Liberty Global, but will not be included in the Borrowing Group. The Ziggo Sport Totaal Channel includes (i) third-party revenue of €5.5 million and €5.1 million during the six months ended June 30, 2016 and 2015, respectively, and €10.6 million, €10.1 million and €16.9 million during the years ended December 31, 2015, 2014 and 2013, respectively, and (ii) negative Segment OCF of €0.1 million and €4.5 million during the six months ended June 30, 2016 and 2015, respectively, and €16.6 million, €2.3 million and €0.4 million during the years ended December 31, 2015, 2014 and 2013, respectively. These negative Segment OCF figures include revenue from Ziggo Group Holding of €20.2 million and €6.8 million during the six months ended June 30, 2016 and 2015, respectively, and €13.6 million, €7.9 million and €8.3 million during the years ended December 31, 2015, 2014 and 2013, respectively. None of the amounts related to Ziggo Sport Totaal have been audited or reviewed by Ziggo Group Holding's independent auditors.

	Six months ended June 30,		Year ended December 31,		
	2016	2015	2015	2014	2013
	in millions				
Consolidated Statement of Operations Data:					
Revenue	€1,208.1	€1,245.7	€2,472.7	€2,534.8	€935.3
Operating Costs and Expenses:					
Operating (other than depreciation and amortization) (Including SBC)	388.0	397.8	760.5	774.9	283.7
Selling, general and administrative (including share-based compensation)	168.6	188.6	349.7	370.8	111.0
Related-party fees and allocations	106.3	65.1	152.4	166.2	84.3
Depreciation and amortization	456.1	543.3	1,037.5	941.6	176.2
Impairment, restructuring and other operating items, net	5.7	9.2	63.8	82.9	1.1
	1,124.7	1,204.0	2,363.9	2,336.4	656.3
Operating income	83.4	41.7	108.8	198.4	279.0
Non-operating income (expense):					
Interest expense:					
Third-party	(160.9)	(146.4)	(309.4)	(179.8)	(9.2)
Related-party	(81.8)	(136.8)	(222.9)	(146.5)	(91.7)
Interest income – related-party	—	16.3	16.3	132.9	123.2
Dividend income	—	—	—	—	25.9
Realized and unrealized gains (losses) on derivative instruments, net	(186.3)	217.3	211.1	(170.5)	—
Unrealized gains due to change in fair value of investment	—	—	—	—	167.2
Foreign currency transaction gains (losses), net	47.2	(166.0)	(230.6)	(246.0)	—
Other expense, net	(9.7)	(5.1)	(16.7)	(62.7)	—
	(391.5)	(220.7)	(552.2)	(672.6)	215.4
Earnings (loss) before income taxes	(308.1)	(179.0)	(443.4)	(474.2)	494.4
Income tax benefit (expense)	73.2	56.3	124.0	125.7	(77.6)
Net earnings (loss)	(234.9)	(122.7)	(319.4)	(348.5)	416.8
Net loss (earnings) attributable to noncontrolling interests	—	—	—	3.9	(0.4)
Net earnings (loss) attributable to parent	€ (234.9)	€ (122.7)	€ (319.4)	€ (344.6)	€416.4

	June 30,	December 31,	
	2016	2015(a)	2014(a)
		in millions	
<b>Consolidated Balance Sheet Data:</b>			
Cash . . . . .	€ 4.7	€ 12.8	€ 31.7
Total assets . . . . .	€13,706.2	€14,038.9	€16,431.8
Total current liabilities (excluding current portion of debt and capital lease obligations) . . . . .	€ 917.8	€ 918.3	€ 831.5
Total debt and capital lease obligations . . . . .	€10,550.0	€10,481.0	€11,239.9
Total liabilities . . . . .	€12,521.3	€12,633.2	€13,220.2
Total owner's equity . . . . .	€ 1,184.9	€ 1,405.7	€ 3,211.6

(a) Certain prior period amounts have been reclassified to conform to the current period presentation, including the reclassification of deferred financing costs from other long-term assets to long-term debt and capital lease obligations.

	Six months ended June 30,		Year ended December 31,		
	2016	2015	2015	2014	2013
	in millions				
<b>Consolidated Cash Flow Data:</b>					
Cash provided by operating activities . . . . .	€ 474.7	€ 493.7	€1,059.3	€ 572.7	€ 495.1
Cash used by investing activities . . . . .	€(173.7)	€(464.7)	€ (303.8)	€(551.5)	€(1,000.3)
Cash provided (used) by financing activities . . . . .	€(309.1)	€ (47.6)	€ (771.4)	€ 9.6	€ 505.5

	As of and for the six months ended June 30,		As of and for the year ended December 31,		
	2016	2015	2015	2014	2013
<b>Summary Statistical and Operating Data (a):</b>					
<b>Footprint</b>					
Homes passed	7,053,000	7,006,900	7,023,200	6,982,700	2,838,600
Two-way homes passed	7,039,600	6,992,300	7,009,100	6,968,000	2,825,300
<b>Subscribers (RGUs)</b>					
Basic Video	720,200	835,500	768,000	902,100	523,900
Enhanced Video	3,291,500	3,347,800	3,320,500	3,387,300	1,108,100
Total Video	4,011,700	4,183,300	4,088,500	4,289,400	1,632,000
Internet	3,118,400	3,065,700	3,101,400	3,066,000	1,068,100
Telephony	2,530,500	2,549,100	2,538,300	2,576,000	982,900
Total RGUs	9,660,600	9,798,100	9,728,200	9,931,400	3,683,000
<b>Customer Bundling</b>					
Single-Play	21.8%	24.9%	22.8%	26.6%	32.8%
Double-Play	16.8%	16.2%	16.6%	15.3%	9.0%
Triple-Play	61.4%	58.9%	60.6%	58.1%	58.2%
<b>Customer Relationships</b>					
Customer relationships	4,033,300	4,185,300	4,090,400	4,291,600	1,633,900
RGUs per customer relationship	2.40	2.34	2.38	2.31	2.25
<b>ARPU—Cable Subscription Revenue</b>					
Monthly ARPU per customer relationship (b)	€ 44.89	€ 44.46	€ 44.62	€ 43.52	€ 42.17
<b>Mobile Subscribers</b>					
Total mobile subscribers	207,200	178,800	186,800	129,500	3,000
<b>ARPU—Mobile Subscription Revenue</b>					
Monthly ARPU per customer relationship:					
Excluding interconnect revenue (b)	€ 12.12	€ 12.96	€ 14.05	€ 14.65	€ 6.81
Including interconnect revenue (b)	€ 13.53	€ 14.45	€ 15.52	€ 16.32	€ 6.88

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

(b) Amounts presented for the year ended December 31, 2014 are on a pro forma basis.



## Summary Operating Data

	Six months ended June 30,		For the year ended December 31,		
	2016	2015	2015	2014	2013
	in millions, except percentages				
Revenue	€1,208.1	€1,245.7	€2,472.7	€2,534.8	€935.3
Segment OCF (a)	€ 655.8	€ 661.5	€1,369.0	€1,397.2	€541.9
Segment OCF as a % of revenue	54.3%	53.1%	55.4%	55.1%	57.9%
Property and equipment additions	€ 253.3	€ 226.5	€ 483.8	€ 539.0	€183.7
Property and equipment additions as % of revenue	21.0%	18.2%	19.6%	21.3%	19.6%

- (a) Segment OCF is the primary measure used by Ziggo Group Holding's management to evaluate its operating performance. Segment OCF is also a key factor that is used by the internal decision makers at Ziggo Group Holding to evaluate the effectiveness of its management for purposes of annual and other incentive compensation plans. As Ziggo Group Holding uses the term, Segment OCF is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, provision and provision releases related to significant litigation 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 Ziggo Group Holding believe Segment 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 Ziggo Group Holding and allows management to (a) readily view operating trends, (b) perform analytical comparisons and benchmarking between entities and (c) identify strategies to improve operating performance. Ziggo Group Holding believes that its Segment 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 Ziggo Group Holding's measure may not be directly comparable to similar measures used by other public companies. Segment 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 Segment OCF to operating income is as follows:

	Six months ended June 30,		Year ended December 31,		
	2016	2015	2015	2014	2013
	in millions				
Segment OCF	€ 655.8	€ 661.5	€ 1,369.0	€1,397.2	€ 541.9
Share-based compensation	(4.3)	(2.2)	(6.5)	(8.1)	(1.3)
Related-party fees and allocations, net	(106.3)	(65.1)	(152.4)	(166.2)	(84.3)
Depreciation and amortization	(456.1)	(543.3)	(1,037.5)	(941.6)	(176.2)
Impairment, restructuring and other operating items, net	(5.7)	(9.2)	(63.8)	(82.9)	(1.1)
Operating income	€ 83.4	€ 41.7	€ 108.8	€ 198.4	€ 279.0

	<u>Ziggo Group Holding</u>	<u>Vodafone Netherlands</u>	<u>Combined</u>
	<u>Based on six-month period ended June 30, 2016</u>	<u>Based on six-month period ended March 31, 2016</u>	<u>As of and for the six-month periods</u>
		<u>in millions</u>	
<b>Certain As Adjusted Covenant Information Assuming the JV Transactions are Consummated (1):</b>			
Annualized EBITDA (2) . . . . .	€1,237.6	€616.4	€1,854.0
As adjusted annualized EBITDA (3) . . . . .			€2,047.8
As adjusted total covenant senior net debt (4) . . . . .			€7,679.3
As adjusted total covenant net debt (4) . . . . .			€9,725.9
Ratio of as adjusted total covenant senior net debt to as adjusted annualized EBITDA (3)(4) . . . . .			3.75x
Ratio of as adjusted total covenant net debt to as adjusted annualized EBITDA (3)(4) . . . . .			4.75x

- (1) The as adjusted covenant information presented in the table, which is unaudited, represents the combination of information as of and for the six-month period ended June 30, 2016 in the case of Ziggo Group Holding and for the six-month period ended March 31, 2016 in the case of Vodafone Netherlands. In addition, as further described under “*Presentation of Financial and Other Information*”, the financial information of Ziggo Group Holding is prepared in accordance with U.S. GAAP and the financial information of Vodafone Netherlands is prepared in accordance with EU-IFRS. Based on a preliminary assessment of the EU-IFRS and U.S. GAAP presentation of Vodafone Netherlands’ historical financial statements, no differences between U.S. GAAP and EU-IFRS have been identified that would have a material impact on the as adjusted covenant information. Although we do not expect that material differences impacting the as adjusted covenant information will be identified based on further assessments, no assurance can be given that this will be the case. See “*Risk factors- Ziggo Group Holding prepares its financial statements in accordance with U.S. GAAP and, following the JV Transactions, the JV will prepare its financial statements in accordance with U.S. GAAP. The Vodafone Netherlands Consolidated Financial Statements have been prepared in accordance with EU-IFRS. There may be significant differences between the EU-IFRS and U.S. GAAP presentations of the historical financial information of Vodafone Netherlands.*”
- (2) Annualized EBITDA is calculated by multiplying an approximation of the combined “Consolidated EBITDA” (as defined in the “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*” sections included in this Offering Memorandum) of Ziggo Group Holding and Vodafone Netherlands for the six months ended June 30, 2016 (in the case of Ziggo Group Holding) and March 31, 2016 (in the case of Vodafone Netherlands) by two. For Ziggo Group Holding, we have calculated Consolidated EBITDA by deducting from Segment OCF of €618.8 million the €37.0 million (€74.0 million on an annualized basis) operating, selling, general and administrative (exclusive of depreciation and amortization and share-based compensation) component of related-party fees and allocations from Liberty Global for the six months ended June 30, 2016 that are excluded from Segment OCF but are deducted to arrive at Consolidated EBITDA. In the case of Vodafone Netherlands, we consider Adjusted EBITDA (which includes €27.9 million (€55.8 million on an annualized basis) of corporate recharges from Vodafone Group) for the six months ended March 31, 2016 to be approximately equal to Consolidated EBITDA for the same period. Annualized EBITDA of Ziggo Group Holding includes the cost synergies realized during the six months ended June 30, 2016 as a result of certain organizational and staffing changes that were implemented in connection with the integration of Ziggo Holding with Ziggo Services (formerly UPC Nederland B.V.). For information concerning related-party transactions of Ziggo Group Holding and Vodafone Netherlands, see “*Certain Relationships and Related-Party Transactions*”.
- (3) Combined as adjusted annualized EBITDA reflects (i) a €47.0 million increase to reflect the excess of (a) the expected full-year cost synergies that are estimated to be achieved upon the completion of the integration of Ziggo Holding with Ziggo Services over (b) the amounts included in annualized EBITDA, and (ii) a €120.0 million increase representing 50% of the expected full-year cost synergies that are estimated to be achieved upon the completion of the integration of Ziggo Group Holding and Vodafone Netherlands following the consummation of the JV Transactions (before the yet-to-be-determined reduction associated with the disposition of the Vodafone NL Fixed-Line Business). The Ziggo Holding/Ziggo

Services synergies are expected to be fully achieved by the end of 2018 and the JV synergies are expected to be fully achieved by the end of 2022. All synergy figures exclude revenue and capital expenditure synergies. Following the consummation of the JV Transactions, the JV Parents will recharge certain amounts to the JV based on the Framework and Trade Mark Agreements that will be executed in connection with the consummation of the JV Transactions. Certain of these costs will be deducted to arrive at annualized EBITDA. As such, combined as adjusted annualized EBITDA also reflects an estimated €123.2 million decrease representing the sum of the applicable full-year recharges from the JV Parents that will be deducted to arrive at annualized EBITDA and an increase of €150.0 million representing the sum of the full-year historical related party fees of Ziggo Group Holding (€94.2 million) and Vodafone Netherlands (€55.8 million) that (i) are included in combined annualized EBITDA and (ii) will be replaced by corporate recharges under the Framework and Trade Mark Agreements. For additional information regarding the recharges from the JV Parents, including information regarding the underlying unexecuted agreements between the JV Parents, the details of the deductions to arrive at Consolidated EBITDA and potential differences between the actual and expected recharge amounts included in this calculation, see “*Certain Relationships and Related-Party Transactions*”.

- (4) As adjusted covenant senior net debt and as adjusted covenant total net debt are calculated in accordance with the “Consolidated Net Leverage Ratio” (as defined in the “*Description of the Senior Secured Notes*” and the “*Description of the Notes*” sections included in this Offering Memorandum) after giving effect to the JV Transactions and are adjusted to reflect (i) the issuance of the Notes, (ii) the Initial Senior Secured Ziggo Refinancing, (iii) the completion of the September 2016 Refinancing and (iv) the Additional Notes. As adjusted covenant senior net debt and as adjusted covenant total net debt presented here differ from the calculation of “Indebtedness” under the “Consolidated Leverage Ratio” and “Leverage Ratio”, as applicable, under certain of the indentures governing the Existing Notes and certain equivalent definitions and ratios in the Ziggo Credit Facility. 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 of Ziggo Group Holding*” and “*Selected Consolidated Financial and Operating Data of Ziggo Group Holding*” in this Offering Memorandum.

As of and for the six  
months ended  
June 30, 2016  

---

in millions

**Certain As Adjusted Covenant Information Assuming the JV Transactions are Not Consummated:**

Annualized EBITDA (1) .....	€	1,237.6
As adjusted annualized EBITDA (2) .....	€	1,284.6
As adjusted total covenant senior net debt (3) .....	€	5,275.3
As adjusted total covenant net debt (3) .....	€	6,757.4
Ratio of as adjusted total covenant senior net debt to as adjusted annualized EBITDA (2)(3) ..		4.11x
Ratio of as adjusted total covenant net debt to as adjusted annualized EBITDA (2)(3) .....		5.26x

- (1) Annualized EBITDA is calculated by multiplying an approximation of “Consolidated EBITDA” (as defined in the “*Description of the Notes*” sections included in this Offering Memorandum) of Ziggo Group Holding for the six months ended June 30, 2016 (€618.8 million) by two. We have calculated Consolidated EBITDA by (i) deducting from Segment OCF the €37.0 million (€74.0 million on an annualized basis) operating, selling, general and administrative (exclusive of depreciation and amortization and share-based compensation) component of related-party fees and allocations from Liberty Global for the six months ended June 30, 2016 that are excluded from Segment OCF but are deducted to arrive at Consolidated EBITDA. Annualized EBITDA also includes the cost synergies realized during the six months ended June 30, 2016 as a result of certain organizational and staffing changes that were implemented in connection with the integration of Ziggo Holding with Ziggo Services.
- (2) As adjusted annualized EBITDA reflects a €47.0 million increase to reflect the excess of (i) the expected full-year cost synergies that are estimated to be achieved upon the completion of the integration of Ziggo Holding with Ziggo Services by the end of 2018 over (ii) the amounts included in annualized EBITDA.

- (3) As adjusted covenant senior net debt and as adjusted covenant total net debt are calculated in accordance with the “Consolidated Net Leverage Ratio” (as defined in the “*Description of the Notes*” section included in this Offering Memorandum) and are adjusted to reflect the Initial Senior Secured Ziggo Refinancing (but are not otherwise adjusted to reflect the issuance of the Notes) and the completion of the 2016 Refinancing. As adjusted covenant senior net debt and as adjusted covenant total net debt presented here differ from the calculation of “Indebtedness” under the “Consolidated Leverage Ratio” and “Leverage Ratio”, as applicable, under certain of the indentures governing the Existing Notes and certain equivalent definitions and ratios in the Ziggo Credit Facility. 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 of Ziggo Group Holding*” and “*Selected Consolidated Financial and Operating Data of Ziggo Group Holding*” in this Offering Memorandum. In the event the Issuers determine that the JV Transactions will not be consummated on or before the Longstop Date (or upon the occurrence of certain other Special Mandatory Redemption events), the Issuers may elect to release and on-lend to the Ziggo Group any or all of the proceeds in the Escrow Accounts to refinance existing indebtedness of the Ziggo Group or for general corporate purposes of the Ziggo Group, which may include acquisitions or loans, distributions or other payments to Ziggo Group Holding’s direct or indirect shareholders. Under the relevant escrow release conditions, the Issuers would be entitled to do so only in compliance with the applicable covenants under the Notes and the Ziggo Group’s other existing financing arrangements. However, after giving effect to any such incurrence in compliance with the applicable covenants, including in connection with permitted refinancing debt, permitted acquisition debt or other exceptions to the restriction on our ability to incur indebtedness, the Consolidated Net Leverage Ratio could increase above the Consolidated Net Leverage Ratio as of June 30, 2016, and such increase could be material.

## SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA OF VODAFONE NETHERLANDS

*In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans. Investors are making an investment decision based on the creditworthiness of the Ziggo Group as of the date hereof, including based on the Ziggo Group's standalone leverage.*

The tables below set out summary financial and operating data of Vodafone Netherlands for the indicated periods, including information for the years ended March 31, 2016 and 2015. The historical financial information as of and for the year ended March 31, 2016 has been derived from the Vodafone Netherlands 2016 Consolidated Financial Statements and the historical financial information as of and for the year ended March 31, 2015 has been derived from the Vodafone Netherlands 2015 Consolidated Financial Statements.

Unless otherwise indicated, operating and statistical data, including subscriber statistics and product offerings, are as of March 31, 2016 and are based on Vodafone Netherlands' methodologies and do not reflect any potential changes to such methodologies that may result once the policies of Vodafone Netherlands and Ziggo Group Holding are conformed following the consummation of the JV Transactions. Additionally, the consolidated statement of income data includes amounts associated with the Vodafone NL Fixed-Line Business, which, as further described under "*Summary—The Transactions—JV Transactions—Divestment of the Vodafone NL Fixed Line Services*", is required to be divested by Vodafone Netherlands prior to the consummation of the JV Transactions. The consolidated statement of income data includes (i) revenue of €38.8 million and €18.6 million, respectively, and (ii) negative Adjusted EBITDA of €28.7 million and €22.9 million, respectively, related to the Vodafone NL Fixed-Line Business. These amounts have been derived from Vodafone Netherlands' accounting records and have not been audited or reviewed by Vodafone Netherlands' independent auditors.

The Vodafone Netherlands 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 following information should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Vodafone Netherlands*" and the Vodafone Netherlands 2016 Consolidated Financial Statements and the Vodafone Netherlands 2015 Consolidated Financial Statements. Vodafone Netherlands's historical results do not necessarily indicate results that may be expected for any future period.

	Year ended March 31,	
	2016	2015
	in millions	
<b>Consolidated Statement of Income Data (a):</b>		
Revenue:		
Third-party . . . . .	€ 1,837.9	€ 1,860.6
Related-party . . . . .	15.6	11.9
Cost of sales:		
Third-party . . . . .	(1,242.1)	(1,262.1)
Related-party . . . . .	(70.5)	(59.4)
Gross profit . . . . .	540.9	551.0
Operating expenses		
Sales and marketing:		
Third-party . . . . .	(197.3)	(200.8)
Related-party . . . . .	(54.9)	(44.7)
General and administrative:		
Third-party . . . . .	(93.3)	(103.6)
Related-party . . . . .	(89.4)	(72.7)
Total operating expenses . . . . .	(434.9)	(421.8)
Operating profit . . . . .	106.0	129.2
Finance income:		
Third-party . . . . .	—	0.1
Related-party . . . . .	—	0.3
Finance costs:		
Third-party . . . . .	(0.4)	(2.2)
Related-party . . . . .	(15.1)	(19.0)
Profit before taxation . . . . .	90.5	108.4
Income tax . . . . .	(24.8)	(34.4)
Result for the year . . . . .	€ 65.7	€ 74.0



- (a) For information on on certain related parties transaction of Vodafone Netherlands, see “*Certain Relationships and Related-Parties Transactions-Related-party Transactions Impacting Vodafone Nederland’s Operating Results*”.

	March 31,	
	2016	2015
	in millions	
<b>Consolidated Balance Sheet Data:</b>		
Cash and cash equivalents . . . . .	€ 18.2	€ 30.9
Total assets . . . . .	€3,103.6	€3,110.3
Total current liabilities (excluding current portion of debt and capital lease obligations) . . .	€ 550.5	€ 564.0
Total debt and capital lease obligations . . . . .	€1,596.6	€1,661.3
Total liabilities . . . . .	€2,175.1	€2,246.9
Total equity . . . . .	€ 928.5	€ 863.4

	Year ended March 31,	
	2016	2015
	in millions	
<b>Consolidated Cash Flow Data:</b>		
Cash provided by operating activities . . . . .	€ 430.2	€ 693.8
Cash used by investing activities . . . . .	€(358.9)	€(388.0)
Cash used by financing activities . . . . .	€ (83.9)	€(285.4)
Net increase (decrease) in cash and cash equivalents . . . . .	€ (12.6)	€ 20.4

	As of and for the year ended March 31,	
	2016	2015
<b>Summary Statistical and Operating Data (a):</b>		
<b>Active Subscribers (in thousands)</b>		
Mobile:		
Consumer postpaid .....	2,317	2,350
Consumer prepaid .....	659	672
Enterprise .....	1,541	1,516
Consumer fixed-line .....	106	49
Total .....	4,623	4,587

	As of and for the three months ended	
	June 30, 2016	March 31, 2016
<b>Active Customer ARPU</b>		
Mobile .....	€ 26.7	€ 27.3
Consumer postpaid .....	€ 28.3	€ 29.5
Consumer prepaid .....	€ 6.6	€ 6.8
Enterprise .....	€ 33.0	€ 33.6
Consumer fixed-line .....	€ 44.6	€ 51.9

- (a) For information concerning how Vodafone Netherlands defines and calculates its operating statistics, see “*Business—Introduction*”.

## Summary Operating Data

	Year ended March 31,	
	2016	2015
	in millions	
Revenue .....	€1,853.5	€1,872.5
Adjusted EBITDA (a) .....	€ 644.1	€ 645.9
Adjusted EBITDA as a % of revenue .....	34.8%	34.5%
Property, equipment and intangible asset additions .....	€ 357.7	€ 390.9
Property, equipment and intangible asset additions as % of revenue .....	19.3%	20.9%

- (a) Adjusted EBITDA is defined as operating profit excluding share in results of associates, depreciation and amortization, gains/losses on the disposal of fixed assets, impairment losses, restructuring costs, the capital-related, brand, procurement, insurance and certain other elements of corporate recharges, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of Vodafone Netherlands. Vodafone Netherlands uses Adjusted EBITDA, in conjunction with other EU-IFRS and non-EU-IFRS financial measures, such as adjusted operating profit, operating profit and result for the year, to assess their operating performance. Vodafone Netherlands believes that Adjusted EBITDA is an operating performance measure, not a liquidity measure, as it includes non-cash changes in working capital and is reviewed by the chief operating decision maker to assess internal performance in conjunction with Adjusted EBITDA margin, which is an alternative sales margin figure. Vodafone Netherlands believes it is both useful and necessary to report Adjusted EBITDA as a performance measure as it enhances the comparability of profit across segments. Because Adjusted EBITDA does not take into account certain items that affect operations and performance, Adjusted EBITDA has inherent limitations as a performance measure. To compensate for these limitations, Vodafone Netherlands analyzes Adjusted EBITDA in conjunction with other EU-IFRS and non-EU-IFRS operating performance measures. Adjusted EBITDA should not be considered in isolation or as a substitute for an EU-IFRS measure of operating performance. A reconciliation of Adjusted EBITDA to result for the year is as follows:

	Year ended March 31,	
	2016	2015
	in millions	
Adjusted EBITDA .....	€ 644.1	€ 645.9
Depreciation and amortization .....	(405.0)	(366.4)
Corporate recharges for capital expenditures, brand, procurement and other <sup>(1)(2)</sup> .....	(126.5)	(98.8)
Loss on disposal .....	(3.1)	(17.1)
Impairment, restructuring and other operating items, net .....	(2.2)	(14.3)
Other operating expense, net .....	(1.3)	(20.1)
Operating profit .....	106.0	129.2
Finance income .....	—	0.4
Finance costs .....	(15.5)	(21.2)
Income tax .....	(24.8)	(34.4)
Result for the year .....	€ 65.7	€ 74.0

- (1) Corporate recharges in 2015 include capital expenditures of €35.7 million, brand fees and group support of €36.3 million, procurement fees of €17.0 million, insurance fees of €6.4 million and roaming fees of €3.4 million.
- (2) Corporate recharges in 2016 include capital expenditures of €39.9 million, brand fees and group support of €39.0 million, procurement fees of €16.1 million, insurance fees of €9.4 million, roaming fees of €4.7 million and a corporate recharge true-up allocation of €17.4 million not considered by management to be reflective of underlying performance.

## RECENT FINANCIAL INFORMATION—VODAFONE NETHERLANDS

The following table sets forth selected financial information of Vodafone Netherlands for the six months ended June 30, 2016 and the six months ended March 31, 2016. The selected financial information presented below has been derived from Vodafone Netherlands' accounting records and has not been audited or reviewed by Vodafone Netherlands' independent auditors.

	For the six months ended	
	June 30, 2016	March 31, 2016
	in millions, except % amounts	
Revenue (a) . . . . .	€868.4	€907.3
Adjusted EBITDA (b) . . . . .	€307.3	€308.2
Adjusted EBITDA margin . . . . .	35.4%	34.0%
Property, equipment and intangible asset additions (c) . . . . .	€210.6	€206.3
Property, equipment and intangible asset additions as a % of revenue . . . . .	24.2%	22.7%

- (a) The decline in revenue during the six months June 30, 2016 as compared to the six months ended March 31, 2016 is primarily due to (i) a reduction in the sale of mobile handsets of €27.0 million and (ii) a €12.7 million decline in service revenue. Service revenue comprises all revenue related to the provision of ongoing services including, but not limited to, monthly access charges, airtime usage, roaming, incoming and outgoing network usage by non-Vodafone customers and interconnect charges for incoming calls.
- (b) The decline in Adjusted EBITDA during the six months June 30, 2016 as compared to the six months ended March 31, 2016 is primarily due to the net effect of (i) the aforementioned revenue decline, (ii) cost savings of €51.0 million, primarily resulting from lower customer acquisition and retention costs, (iii) an increase in direct and sales variable costs of €6.7 million and (iv) an increase in operating costs of €3.5 million. Customer acquisition and retention costs include connection fees, trade commissions and equipment costs relating to new customer connections, customer retentions and upgrades. For additional information regarding "Adjusted EBITDA", see *"Selected Consolidated Financial and Operating Data of Vodafone Netherlands"*.
- (c) The increase in property, equipment and intangible asset additions is primarily a result of annual investment in network software licenses in May 2016.

## Summary of Statistical and Operating Data—Vodafone Netherlands

	As of and for the three months ended	
	June 30, 2016	March 31, 2016
Active Subscribers (in thousands):		
Mobile (a):		
Consumer—postpaid . . . . .	2,301	2,317
Consumer—prepaid . . . . .	643	659
Enterprise . . . . .	1,541	1,541
Consumer fixed line . . . . .	123	106
Total . . . . .	<u>4,608</u>	<u>4,623</u>
Active Customer ARPU		
Mobile:		
Consumer—postpaid . . . . .	€ 27.1	€ 27.0
Consumer—prepaid . . . . .	€ 5.7	€ 6.5
Enterprise . . . . .	€ 31.2	€ 31.4
Consumer fixed line . . . . .	€ 42.3	€ 42.9

- (a) Although Vodafone Netherlands' Enterprise customer base remained stable, competitive price pressure continued to impact the consumer mobile subscriber base.

## 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 Senior Secured Notes*”, “*Description of the Senior Notes*” the “*Description of the Senior Secured Fold-In Notes*” and “*Description of the Senior 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.

### Issuers

Senior Secured Notes Issuer ..... Ziggo Secured Finance B.V.

The Senior Secured Notes Issuer is a special purpose financing company that was incorporated for the purpose of facilitating the offering of the Ziggo 2025 Senior Secured Notes, entering into the SPV Credit Facilities and issuing or incurring certain other senior secured indebtedness in the future (including the Senior Secured Notes offered hereby) and will depend upon payments under the Senior Secured Proceeds Loans to make payments under the Senior Secured Notes.

Senior Notes Issuer ..... Ziggo Bond Finance B.V.

The Senior Notes Issuer is a special purpose financing company that was incorporated for the purpose of facilitating the offering of the Ziggo 2025 Senior Notes and issuing or incurring certain other senior indebtedness in the future (including the Senior Notes offered hereby) and will depend upon payments under the Senior Proceeds Loans to make payments under the Senior Notes.

### Notes Offered

Senior Secured Notes ..... \$ ..... aggregate principal amount of ..... % Senior Secured Notes due 2027 (the “**Dollar Senior Secured Notes**”) and € ..... aggregate principal amount of ..... % Senior Secured Notes due 2027 (the “**Euro Senior Secured Notes**” and, together with the Dollar Senior Secured Notes, the “**Senior Secured Notes**”).

Senior Notes ..... \$625,000,000 aggregate principal amount of ..... % Senior Notes due 2027 (the “**Senior Notes**” and, together with the Senior Secured Notes, the “**Notes**”).

**Issue Date** ..... Delivery of the Notes in book-entry form will occur on or about ..... , 2016 (the “**Issue Date**”).

### Issue Price

Dollar Senior Secured Notes ..... %.

Euro Senior Secured Notes ..... %.

Senior Notes ..... %.

### Maturity Date

Dollar Senior Secured Notes ..... January 15, 2027.

Euro Senior Secured Notes ..... January 15, 2027.

Senior Notes ..... January 15, 2027.

#### Interest Rate

Dollar Senior Secured Notes ..... %.

Euro Senior Secured Notes ..... %.

Senior Notes ..... %.

**Interest Payment Dates** ..... Semi-annually in arrears on each January 15, and July 15, commencing on July 15, 2017. Interest will accrue from the Issue Date.

#### Denomination

Dollar Senior Secured Notes ..... Each Dollar Senior Secured Note will have a minimum denomination of \$200,000 and be in integral multiples of \$1,000 in excess thereof. Dollar Senior Secured Notes in denominations of less than \$200,000 will not be available. Each Euro Senior Secured Note will have a minimum denomination of €100,000 and be in integral multiples of €1,000 in excess thereof. Euro Senior Secured Notes in denominations of less than €100,000 will not be available. Each Senior Note will have a minimum denomination of \$200,000 and be in integral multiples of \$1,000 in excess thereof. Senior Notes in denominations of less than \$200,000 will not be available.

#### Ranking of the Notes

Senior Secured Notes ..... The Senior Secured Notes will:

- be senior obligations of the Senior Secured Notes Issuer;
- rank *pari passu* in right of payment with any future indebtedness (including any Additional Notes, the Ziggo 2025 Senior Secured Notes and the SPV Credit Facilities) of the Senior Secured Notes Issuer that is not subordinated to the Senior Secured Notes;
- be guaranteed by the Note Guarantors (as defined herein);
- be secured directly by the Senior Secured Notes Collateral (as defined below under “—*Security—Senior Secured Notes*”);
- benefit indirectly from the Senior Secured Proceeds Loan Collateral (as defined below under “—*Senior Secured Proceeds Loan Collateral*”); and
- benefit indirectly from the Senior Secured Proceeds Loan Guarantees as defined below under “—*Senior Secured Proceeds Loans*”).

Senior Notes ..... The Senior Notes will:

- be senior obligations of the Senior Notes Issuer;
- rank *pari passu* in right of payment with any future indebtedness (including any Additional Notes and the Ziggo 2025 Senior Notes) of the Senior Notes Issuer that is not subordinated to the Senior Notes;
- be secured directly by the Senior Notes Collateral (as defined below under “—*Security—Senior Notes*”);



- benefit indirectly from the Senior Proceeds Loan Collateral (as defined below under “—*Senior Proceeds Loan Collateral*”); and
- benefit indirectly from the Senior Proceeds Loan Guarantees as defined below under “—*Senior Proceeds Loans*”).

**Limited Recourse** . . . . . Except under the limited circumstances specified under “*Description of the Senior Secured Notes—Events of Default*” and “*Description of the Senior Notes—Events of Default*”, the obligations of the Issuers and the Note Guarantors under the Indentures, 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 Issuers from the Proceeds Loan Borrowers under the Proceeds Loans, and agreements related thereto.

In addition, other than under the limited circumstances described under “*Description of the Senior Secured Notes—Events of Default*” and “*Description of the Senior 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 Ziggo Group has no obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuers for those payments, other than the obligations of each Proceeds Loans Borrower, to make payments to the Issuers under the applicable Proceeds Loan and agreements related thereto.

## Guarantees

**Senior Secured Notes** . . . . . The Senior Secured Notes will be guaranteed by the Notes 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 (including the guarantees of the Ziggo 2025 Senior Secured Notes and the SPV Credit Facilities);
- rank senior in right of payment to any existing and future subordinated obligations of that Note Guarantor;
- benefit from the Senior Secured Notes Collateral;
- be subject to the Limited Recourse Restrictions. See “*Description of Senior Secured Notes—Ranking of the Notes, Note Guarantees and Note Collateral—Limited Recourse Obligation*”.

**Senior Notes** . . . . . The Senior Notes will not be guaranteed.

## Security

**Senior Secured Notes** . . . . . On the Issue Date, the Senior Secured Notes will be secured by a first priority security interest in the rights of the Senior Secured Notes Issuer under the Senior Secured Notes Escrow Agreement and the assets in each of the Senior Secured Notes Escrow Account, as applicable (the “**Senior Secured Notes Escrow Charge**”).

- a first-ranking pledge over the sole ordinary share of the Senior Secured Notes Issuer;

- a first-ranking charge over all bank accounts of the Senior Secured Notes 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 Partnership;
- a first-ranking charge over any bank accounts of Ziggo Secured Finance II; and
- a first-ranking assignment over of the Senior Secured Notes Issuer's rights to and benefit in the Senior Secured Proceeds Loan Facility Agreement, including the Ziggo Senior Secured Proceeds Loans and the New Senior Secured Proceeds Loans, and the Senior Secured Issuer's rights in respect of the Senior Secured Proceeds Loan Guarantees and the Senior Secured Proceeds Loan Collateral (together, the "**Senior Secured Notes Collateral**").

See "*Description of the Senior Secured 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 Notes ..... On the Issue Date, the Senior Notes will be secured by a first priority security interest in the rights of the Senior Notes Issuer under the Senior Notes Escrow Agreement and the assets held in each of the Senior Notes Escrow Accounts (the "**Senior Notes Escrow Charge**"). Upon the JV Escrow Release Date, the Senior Notes will be secured:

- a first-ranking pledge over the sole ordinary share of the Senior Notes Issuer;
- a first-ranking charge over all bank accounts of the Senior Notes Issuer; and
- a first-ranking assignment over the Senior Notes Issuer's rights and benefit in the Senior Proceeds Loan Facility, including the Ziggo Senior Proceeds Loans and the New Senior Proceeds Loans, and the Senior Notes Issuer's rights in respect of the Senior Proceeds Loan Guarantees and the Senior Proceeds Loan Collateral (together, the "**Senior Notes Collateral**").

## Proceeds Loans

### Initial Senior Secured Refi Proceeds

Loan ..... On the Issue Date the Senior Secured Notes Issuer will use \$300,000,000 (the "**Funded Amount**") from the sale of the Dollar Senior Secured Notes to fund one or more proceeds loans denominated in U.S. dollars (the "**Initial Senior Secured Refi Proceeds Loans**") to the Original Senior Secured Proceeds Loan Borrowers, subject to the terms of the Senior Secured Proceeds Loan Facility Agreement. The Initial Senior Secured Refi Proceeds Loans are intended to be used to refinance the the Ziggo Senior Secured Proceeds Loans funded with the proceeds of the SPV Credit Facility. On the Issue Date, the Initial Senior Secured Refi Proceeds Loans will not benefit the Initial Senior Secured Proceeds Loan Collateral.

JV Senior Secured Proceeds Loans . . . . . Upon the JV Escrow Release Date, the applicable Escrow Agent will release the Senior Secured Notes Escrowed Proceeds less the Senior Secured Financing Amount, if any (the “JV Senior Secured Released Proceeds”) upon which the Senior Secured Notes Issuer will use such JV Senior Secured Released Proceeds to fund one or more proceeds loans denominated in euros and one or more proceeds loan denominated in U.S. dollars (together, the “**JV Senior Secured Proceeds Loans**”) to any or all of the Senior Secured Proceeds Loan Borrowers under one or more facilities subject to the terms of the Senior Secured Proceeds Loan Facility.

Additional Senior Secured Senior

Secured Proceeds Loans . . . . . Upon the Financing Escrow Release Date, the applicable Escrow Agent will release the Senior Secured Escrowed Proceeds, less any Senior Secured Financing Amount, (the “**Financing Senior Secured Released Proceeds**”) and the Senior Secured Notes Issuer will use such Financing Senior Secured Released Proceeds to fund one or more proceeds loans denominated in euro and one or more proceeds loan denominated in U.S. dollars (together the “**Additional Senior Secured Proceeds Loans**” and the Initial Refi Senior Secured Proceeds Loans either with such Additional Senior Secured Proceeds Loans or the JV Senior Secured Proceeds Loans, the “**New Senior Secured Proceeds Loans**”) to any or all of the Original Proceeds Loan Borrowers under one or more facilities subject to the terms of the Senior Secured Proceeds Loan Facility. Upon the Financing Escrow Release Date, the aggregate principal amount of Dollar Senior Secured Notes outstanding will be no less than \$500,000,000, the aggregate principal amount of the Euro Senior Secured Notes, if any, will be no less than €400,000,000.

JV Senior Proceeds Loans . . . . . Upon the JV Escrow Release Date, the applicable Escrow Agent will release the Senior Notes Escrowed Proceeds, less any proceeds used to redeem certain of the Senior Secured Notes pursuant to the Special Optional Redemption (the “**JV Senior Proceeds**”), and the Senior Notes Issuer will use the JV Senior Proceeds to fund or more proceeds loans, denominated in U.S. dollars (the “**JV Senior Proceeds Loan**”) to any or all of the Senior Proceeds Loan Borrower under one or more facilities subject to the Senior Proceeds Loan Facility Agreement.

Additional Senior Proceeds Loans . . . . . Upon the Financing Escrow Release Date, the applicable Escrow Agent will release the Senior Notes Escrowed Proceeds, less any proceeds used to redeem certain of the Senior Secured Notes pursuant to the Special Option Redemption (the “**Additional Senior Released Proceeds**”), and the Senior Notes Issuer will use the Additional Senior Release Proceeds to fund one or more proceeds loans denominated in U.S. dollars (the “**Additional Senior Proceeds Loans**”, and the Additional Senior Proceeds Loan or the JV Senior Proceeds Loan, as the context may require the “**New Senior Proceeds Loans**”) to the Original Senior Proceeds Loan Borrowers under one or more facilities subject to the Senior Proceeds Loan Facility Agreement. Upon the Financing Escrow Release Date, the aggregate principal amount of Senior Notes outstanding, if any, will be no less than \$500,000,000.

## Ranking of the Proceeds Loans

### Ranking of the New 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 (including the Ziggo Senior Secured Proceeds Loans); and
- be secured directly by the Senior Secured Proceeds Loan Collateral (as defined below under “—*Senior Secured Proceeds Loan Collateral*”).

### Ranking of the New Senior Proceeds

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

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

## Proceeds Loans Collateral

### Senior Secured Proceeds Loan

Collateral ..... When funded, the New Senior Secured Proceeds Loans will be secured, after giving effect to the Group Priority Agreement, on an equal and ratable basis with the Ziggo Credit Facility, the Ziggo 2020 Euro Senior Secured Notes and the Ziggo Senior Secured Proceeds Loan, by (i) a first ranking security interest in the capital stock of each Senior Secured Obligor (other than ABC), (ii) all of the rights of the relevant creditors in relation to certain Subordinated Shareholder Loans (as defined in “*Description of the Notes*”), (iii) the other property and assets that currently secure the Ziggo Credit Facility, the Ziggo 2020 Euro Senior Secured Notes and the Ziggo Senior Secured Proceeds Loan (the “**Initial Senior Secured Proceeds Loan Collateral**”) and (iv) within sixty (60) days following the consummation of the JV Transactions, a first ranking security interest in the capital stock of the New Senior Secured Obligors (the “**New Senior Secured Proceeds Loan Collateral**”, and together with the Initial Senior Secured Proceeds Loan Collateral, the “**Senior Secured Proceeds Loan Collateral**”). See “*Summary—Summary of the Senior Secured Notes—Senior Secured Proceeds Loan Collateral*” and “*Description of the Senior Secured Notes—Proceeds Loans—Proceeds Loan Collateral*”).

Senior Proceeds Loan Collateral . . . . . On the earlier of the Financing Escrow Release Date or the JV Escrow Release Date, the obligations of the Senior Obligors under each Senior Proceeds Loan will, after giving effect to the Holdco Priority Agreement, be secured by (i) a first-ranking pledge of all the issued capital stock of each Senior Obligor (other than the New Senior Obligors) (the “**Initial Senior Proceeds Loan Collateral**”) on an equal and ratable basis with Ziggo 2024 Euro Senior Notes and the Ziggo Senior Proceeds Loans and (ii) within sixty (60) days following the consummation of the JV Transactions, a first ranking security interest in the capital stock of the New Senior Obligors (the “**New Senior Proceeds Loan Collateral**”, and together with the Initial Senior Proceeds Loan Collateral, the “Senior Proceeds Loan Collateral”). See “*Description of the Senior Notes—Ranking of the Notes and Security—Senior 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 Senior Secured Notes—Additional Amounts*”, “*Description of the Senior Secured Fold-In Notes—Additional Amounts*”, “*Description of the Senior Fold-In Notes—Additional Amounts*”, and *Description of the Senior 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 Proceeds Loan Borrowers may instruct the applicable Issuer to redeem the applicable 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 Senior Secured Notes—Redemption for Taxation Reasons*”, “*Description of the Senior Secured Fold-In Notes—Redemption for Taxation Reasons*”, “*Description of the Senior Notes—Redemption for Taxation Reasons*” and “*Description of the Senior Fold-In Notes—Redemption for Taxation Reasons*”.

#### **Escrow of Notes Proceeds; Special**

**Mandatory Redemption** . . . . . In the event that the JV Transactions are not consummated on or before the date that is twelve months following the Issue Date (the “**Longstop Date**”) (or upon occurrence of certain other events) (the “**Escrow Terminaiton Date**”), (i) the Senior Secured Notes (other than the Dollar Senior Secured Notes in an aggregate principal amount equal to the Funded Amount and any Senior Secured Financing Notes in an aggregate principal amount equal to the Financing Amount (as defined below)) and (ii) the Senior Notes (other than any Senior Notes in an aggregate principal amount equal to the Senior Financing Amount) will be subject to a special mandatory redemption at a redemption price equal to 100% of the aggregate initial issue price of the applicable Notes, equal to the aggregate principal amount of the applicable Escrowed Proceeds (less any Financing Amount, as applicable) plus accrued and unpaid interest from the Issue Date to such special mandatory redemption date and additional amounts, if any (the “**Special Mandatory**”).



Redemption”). See “*Description of the Senior Secured Notes—Escrow of Proceeds; Special Mandatory Redemption*” and “*Description of the Senior Notes—Escrow of Proceeds; Special Mandatory Redemption*”.

## Optional Redemption

Senior Secured Notes . . . . . The Senior Secured Proceeds Loan Borrowers may instruct the Senior Secured Notes Issuer to redeem all or part of the Senior Secured Notes on or after January 15, 2022 at the redemption prices as described under “*Description of the Senior Secured Notes—Optional Redemption*” and “*Description of the Senior Secured Fold-In Notes—Optional Redemption*”.

Prior to January 15, 2022, the Senior Secured Proceeds Loan Borrowers may instruct the Senior Secured Notes Issuer to redeem all or part of the Senior Secured Notes for the relevant “make whole” premium as described under “*Description of the Senior Secured Notes—Optional Redemption*” and “*Description of the Senior Secured Fold-In Notes—Optional Redemption*”.

Prior to January 15, 2020, the Senior Secured Proceeds Loan Borrowers may instruct the Senior Secured Notes Issuer on one or more occasions to redeem up to 40% of the principal amount of the Senior Secured Notes at the redemption prices as set forth under “*Description of the Senior Secured Notes—Optional Redemption*” and “*Description of the Senior Secured Fold-In Notes—Optional Redemption*” from the net proceeds of specified equity offerings.

Prior to January 15, 2022, during each 12-month period commencing on the Issue Date, the Senior Secured Proceeds Loan Borrowers may instruct the Senior Secured Notes Issuer to redeem up to 10% of the principal amount of the Senior Secured 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 Senior Secured Notes—Optional Redemption*” and “*Description of the Senior Secured Fold-In Notes—Optional Redemption*”.

Senior Notes . . . . . The Senior Proceeds Loan Borrowers may instruct the Senior Notes Issuer to redeem all or part of the Senior Notes on or after January 15, 2022 at the redemption prices as described under “*Description of the Senior Notes—Optional Redemption*” and “*Description of the Senior Fold-In Notes—Optional Redemption*”.

Prior to January 15, 2022, the Senior Proceeds Loan Borrowers may instruct the Senior Notes Issuer to redeem all or part of the Senior Notes for the relevant “make whole” premium as described under “*Description of the Senior Notes—Optional Redemption*” and “*Description of the Senior Fold-In Notes—Optional Redemption*”.

Prior to January 15, 2020, the Senior Proceeds Loan Borrowers may instruct the Senior Notes Issuer on one or more occasions to redeem up to 40% of the principal amount of the Senior Notes at the redemption prices as set forth under “*Description of the Senior Notes—Optional Redemption*” and “*Description of the Senior Fold-In Notes—Optional Redemption*” from the net proceeds of specified equity offerings.

**Special Optional Redemption** . . . . . At any time on or prior to the JV Escrow Release Date, the applicable Issuer may, at their option, elect to redeem all or a portion of the Notes (other than Senior Secured Dollar Notes in an aggregate principal amount equal to the Funded Amount (the “**Special Optional Redemption**”) at a redemption price equal to 100% of the principal amount of the Notes redeemed, 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 Optional Redemption (the “**Special Optional Redemption Price**”). Notice of the Special Optional Redemption will be mailed or delivered to the applicable Trustee (with an instruction to the applicable Trustee to deliver the same notice to each holder of the applicable Notes) and the applicable Escrow Agent by the relevant Issuer, and will provide that the applicable Notes shall be redeemed on a date that is no later than the fifth Business Day after such notice is mailed or delivered, but prior to the JV Escrow Release Date (the “**Special Optional Redemption Date**”). On the Special Optional Redemption Date, the applicable Escrow Agent shall release from the applicable Notes Escrow Accounts and pay from the applicable Escrowed Proceeds to the relevant Paying Agent for payment to each holder the Special Optional Redemption Price for such holder’s Notes. Any such Special Optional Redemption and notice may, in the relevant Issuer’s discretion, be subject to satisfaction of one or more conditions precedent.

**Ziggo Group Combination and**

**Ziggo Group Assumption** . . . . . A Senior Secured Proceeds Loan Borrower, at its election, may complete a series of transactions whereby (the “**Ziggo Senior Secured Group Combination**”) (i) Ziggo BV and its subsidiaries are combined or consolidated with UPC 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 Senior Secured Notes Issuer issued the Senior Secured 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 Senior Secured Notes Issuer and its subsidiaries through the assumption, assignment or other transfer of such Indebtedness or the acquisition or other transfer of the Senior Secured Notes Issuer and/or any of its subsidiaries to the Senior Secured Obligors.

Moreover, a Senior Proceeds Loan Borrower, at its election, may complete a series of transactions whereby (the “**Ziggo Senior Group Combination**” and together with the Ziggo Senior Secured Group Combination the “**Ziggo Group Combination**”) (i) Ziggo Bondco and its subsidiaries are combined or consolidated with UPC Holdco I and its subsidiaries through one or more mergers, consolidations, contributions or similar transactions and/or (ii) the special purpose financing company structure whereby the Senior Notes Issuer issued the Senior Notes and funded proceeds loans is terminated and the Senior Obligors and their subsidiaries assume or otherwise acquire all of the outstanding indebtedness of the Senior Notes Issuer and its subsidiaries through the assumption, assignment or other transfer of such Indebtedness or the acquisition or other transfer of the Senior Notes Issuer and/or any of its subsidiaries to the Senior Obligors.

Following consummation of the Ziggo Group Combination (i) a Senior Secured Obligor, may, at its sole option, effect an assumption of the Senior Secured Notes and obligations thereunder by any Senior

Secured Obligor (or its successor following the Ziggo Group Combination) (the “**Ziggo Senior Secured Notes Fold-In Issuer**”) and a release of the Senior Secured Notes Issuer from its obligations under the Senior Secured Notes and the Senior Secured Notes Indenture and such assumption and release will be a deemed repayment in full and cancellation of the Senior Secured Proceeds Loans (the “**Ziggo Group Senior Secured Notes Assumption**”) and (ii) a Senior Obligor, may, at its sole option, effect an assumption of the Senior Notes and obligations thereunder by any Senior Obligor (or its successor following the Ziggo Group Combination) (the “**Ziggo Senior Notes Fold-In Issuer**”) and a release of the Senior Notes Issuer from its obligations under the Senior Notes and the Senior Notes Indenture and such assumption and release will be a deemed repayment in full and cancellation of the Senior Proceeds Loans (the “**Ziggo Group Senior Notes Assumption**” and together with the Ziggo Group Senior Secured Notes Assumption, the “**Ziggo Group Assumption**”).

Following the Ziggo Group Assumption, (i) the terms and conditions of the Senior Secured Notes, including the covenants, will be automatically modified as set out under “*Description of the Senior Secured Fold-In Notes*” and the Senior Secured Notes will be secured directly by the Senior Secured Proceeds Loan Collateral that remains following the Ziggo Senior Secured Group Combination and guaranteed by the Senior Secured Obligors that remain following the Ziggo Senior Secured Group Ziggo Group Combination. See “*Description of the Senior Secured Notes—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*” and “*Description of the Senior Secured Fold-In Notes*” and (ii) the terms and conditions of the Senior Notes, including the covenants, will be automatically modified as set out under “*Description of the Senior Fold-In Notes*” and the Senior Notes will be secured directly by the Senior Secured Proceeds Loan Collateral that remains following the Ziggo Group Combination and guaranteed by the Senior Obligors that remain following the Ziggo Group Combination. See “*Description of the Senior Notes—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*” and “*Description of the Senior Fold-In Notes*”. The consummation of the Ziggo Group Combination and the Ziggo Group Assumption is at the sole option of each the Senior Secured Obligors and Senior Obligors, respectively, and there can be no assurance that either the Ziggo Group Combination or the Ziggo Group Assumption will be completed.

**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 Senior Secured Notes—Certain Covenants—Change of Control*”, “*Description of the Senior Secured Fold-In Notes—Certain Covenants—Change of Control*”, “*Description of the Senior Notes—Certain Covenants—Change of Control*” and “*Description of the Senior Fold-In Notes—Certain Covenants—Change of Control*”.

**Certain Covenants** . . . . . The Indentures will limit, among other things, the ability of the Issuers, and the Covenant Agreements will limit, among other things, the ability of the Senior Secured Obligors and Senior Obligors and each of the Restricted Subsidiaries to:

- incur or guarantee additional indebtedness and 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 subsidiaries of the Senior Secured Obligors and Senior Obligors to pay dividends or make other payments to the Senior Secured Obligors and Senior Obligors, as applicable;
- 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.

Each of these covenants is subject to a number of significant exceptions and qualifications. See “*Description of the Senior Secured Notes—Certain Covenants*”, “*Description of the Senior Secured Fold-In Notes—Certain Covenants*”, *Description of the Senior Notes—Certain Covenants*”, “*Description of the Senior Fold-In Notes—Certain Covenants*” and the related definitions.

**Transfer Restrictions** ..... 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 “*Transfer Restrictions*”.

**No Prior Market** ..... The Notes will be new securities for which there is currently no market. Accordingly, the Issuers cannot assure you that an active trading market for the Notes will develop or be maintained.

**Listing** ..... Following consummation of the offering of the Notes, application will be made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its Global Exchange Market. Notwithstanding the foregoing, each Issuer may at its sole option at any time, without the consent of the holders of the relevant series of Notes or the relevant Trustee, de-list the relevant series of Notes from any stock exchange for the purposes of moving the listing of such Notes to the Official List of The Channel Islands Securities Exchange Authority Limited. See “*Description of the Notes—Listing*” and “*Description of the Fold-In Notes—Listing*”.

**Governing Law** ..... 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 by the laws of The Netherlands. The assignment of the Issuers’ rights under the Senior Secured Proceeds Loan Facility Agreement will be governed by English law.

**Escrow Agent** ..... The Bank of New York Mellon, London Branch.

**Trustee** ..... Deutsche Trustee Company Limited.

**Paying Agents**

Dollar Senior Secured Notes ..... Deutsche Bank Trust Company Americas.

Euro Senior Secured Notes ..... Deutsche Bank AG, London Branch.

Senior Notes ..... Deutsche Bank Trust Company Americas.

**Registrars and Transfer Agents**

Dollar Senior Secured Notes ..... Deutsche Bank Trust Company Americas.

Euro Senior Secured Notes ..... Deutsche Bank Luxembourg, S.A.

Senior Notes ..... Deutsche Bank Trust Company Americas.

**Use of Proceeds** ..... See also “*Use of Proceeds*”

**Initial Senior Secured Refi Proceeds**

Loans ..... The proceeds from the Initial Senior Secured Refi Proceeds Loan will be used by the Original Senior Secured Proceeds Loan Borrowers to repay existing indebtedness of the Initial Senior Secured Proceeds Loan Obligors (the “**Initial Senior Secured Refinancing Transactions**”).

JV Senior Secured Proceeds Loans ..... The proceeds from the JV Proceeds Senior Secured Proceeds Loans, if any, will be used to (i) fund a loan, dividend or other distribution to Ziggo Group Holding 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 Proceeds Loan Obligors and their respective subsidiaries, including, without limitation, distributions to direct or indirect parent companies and/or financing the operating and treasury activities of the Senior Secured Proceeds Loan Obligors and their respective subsidiaries.

**Additional Senior Secured Proceeds**

Loans ..... The proceeds from the Additional Senior Secured Proceeds Loan, if any, will be used by the Original Senior Secured Proceeds Loan Borrowers to (A) repay existing indebtedness of the Initial Proceeds Loan Obligors and (B) pay fees, costs and expenses related to the offering of the Senior Secured Notes.

JV Senior Notes Proceeds Loans ..... The proceeds from the JV Senior Notes Proceeds Loan will be used (i) fund a loan, dividend or other distribution to Ziggo Group Holding 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 Proceeds Loan Obligors and their respective subsidiaries, including, without limitation, distributions to direct or indirect parent companies and/or financing the operating and treasury activities of the Senior Secured Loan Obligors and their respective subsidiaries.



Additional Senior Proceeds Loans . . . . . The proceeds from the Additional Senior Proceeds Loans may be used by the Original Senior Proceeds Loan Borrowers for general corporate purposes.

**Risk Factors** . . . . . Investing in the Notes involves substantial risk. Please see the “*Risk Factors*” section for a description of certain of the risks you should carefully consider before deciding whether to invest in the Notes.

**Certain U.S. federal income tax consequences** . . . . . One or more series of 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 *de minimis* 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 “*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*”.

**Certain ERISA considerations** . . . . . The Notes and/or any interest therein may, subject to certain restrictions described herein under “*Certain Employee Benefit Plan Considerations*”, be sold and transferred to ERISA Plans (as defined in this Offering Memorandum). See “*Certain Employee Benefit Plan Considerations*”.

## RISK FACTORS

*In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans. Investors are making an investment decision based on the creditworthiness of the Ziggo Group as of the date hereof, including based on the Ziggo Group's standalone leverage.*

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 Proceeds Loan Borrowers, to make payments under the 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*”.

Prospective purchasers of the Notes should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, regulatory, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition and that of any accounts for which they are acting.

*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 JV Transactions (as the context may require). In addition, in this section only, ARPU includes similar metric used by Vodafone Netherlands (Active Customer ARPU) and RGUs includes mobile customers.*

### **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 Proceeds Loans, and in turn, prevent the Issuers from fulfilling their obligations under the Notes.***

We have a substantial amount of indebtedness. As of June 30, 2016, on a pro forma basis after giving effect to the issuance of the Notes, the closing of the JV Transactions, 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 €10.2 billion (equivalent). We would also have had €800 million available to draw under the Ziggo Revolving Facility (which represents the entire amount available thereunder).

We may incur substantial additional debt in the future. Although the Ziggo Credit Facility and the SPV Credit Facilities, and the indentures governing the Notes, the Ziggo 2024 Euro Senior Notes, the Ziggo 2025 Senior Notes, the Ziggo 2025 Senior Secured Notes and the Ziggo 2020 Euro Senior Secured 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 Ziggo Credit Facility and the SPV Credit Facilities, will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

Further, the indentures governing the Notes, the Ziggo 2024 Euro Senior Notes, the Ziggo 2025 Senior Notes, the Ziggo 2025 Senior Secured Notes and the Ziggo 2020 Euro Senior Secured Notes, the Ziggo Credit Facility and the SPV Credit Facilities, 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 Senior Secured Notes Issuer has no material operations and no material assets other than its rights under the Senior Secured Proceeds Loans, and its interests in Ziggo Secured Finance II and US SPV Partnership, respectively, and the Senior Notes Issuer has no material operations and no material assets other than its rights under the Senior Proceeds Loans, and its interest in the Senior Secured Notes Issuer, 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 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 and mobile service 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 Proceeds Loans, and in turn, the Issuer’s ability to satisfy its obligations under the Notes offered hereby.

In addition, the Ziggo Credit Facility, the SPV Credit Facilities, and the indentures governing the Notes, the Ziggo 2024 Euro Senior Notes, the Ziggo 2025 Senior Notes, the Ziggo 2025 Senior Secured Notes and the Ziggo 2020 Euro Senior Secured 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 Ziggo Credit Facility, the SPV Credit Facilities, the Ziggo 2024 Euro Senior Notes, the Ziggo 2025 Senior Notes, the Ziggo 2025 Senior Secured Notes, the Ziggo 2020 Euro Senior Secured 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 Segment OCF (Adjusted EBITDA in the case of Vodafone Netherlands). At June 30, 2016, on a pro forma basis, after giving effect to the issuance of the Notes offered hereby, the carrying value of our total third-party consolidated outstanding debt would have been approximately €10.2 billion (equivalent). 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 Segment OCF (Adjusted EBITDA in the case of Vodafone Netherlands) and to achieve adequate returns on our capital expenditures and acquisitions. Accordingly, if our Segment OCF (Adjusted EBITDA in the case of Vodafone Netherlands) 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 Proceeds Loans (which payments allow the Issuers to make interest payments on the Notes) and to meet our other debt service obligations, including under the Ziggo Credit Facility, the Ziggo 2024 Euro Senior Notes, the Ziggo 2025 Senior Notes, and the Ziggo 2020 Euro Senior Secured 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 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 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 Ziggo 2020 Euro Senior Secured Notes, the Ziggo 2025 Senior Secured Notes, the Ziggo 2025 Senior Notes, the Ziggo 2024 Euro Senior Notes and other agreements governing our indebtedness (including the Ziggo Credit Facility and the SPV Credit Facilities) 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 are 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 may 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 Proceeds Loans, and in turn, prevent the Issuers from fulfilling their respective obligations under the relevant series of Notes. See “*Description of Other Indebtedness*”.

Under the Contribution Agreement, prior to closing of the JV Transactions our ability to carry out certain of the matters listed above will also be restricted by customary covenants which would require the prior written consent of Vodafone Netherlands (which may not be unreasonably withheld or delayed). Failure to obtain such consent 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. Following closing of the JV Transactions, under the JV Shareholders Agreement either Liberty Global or Vodafone may require the JV to undertake a refinancing or recapitalisation provided that certain prescribed principles are complied with. In the event that a refinancing or recapitalisation is pursued which does not comply with those principles then the prior written approval of both shareholders may be required, failing which the JV may not be able to pursue the intended refinancing or recapitalisation.

***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 Ziggo Credit Facility and the proceeds loans related to the SPV Credit Facilities, 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 continue to do so at a reasonable cost or at all. 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, which includes the Dollar Senior Secured Notes and the Senior Notes offered hereby. 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. With respect to the Dollar Senior Secured Notes and the Senior Notes offered hereby and the related Proceeds Loans, we have entered, or will be entering, into currency swaps to synthetically convert the interest and principal payments due under such Proceeds Loans into euro for a period up until the respective first par call date of such the Dollar Senior Secured Notes and the Senior Notes and the related Proceeds Loans.

**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) IPTV through broadband internet connections using DSL, ADSL or VDSL technology or enhancements to VDSL called, for instance, “vectoring”, “paring” or “bonding”, (b) IPTV over fiber optic lines 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) LTE services, enabling ultra high-speed mobile data services. In addition, we experience competition from (1) DTH satellite service providers; (2) over-the-top OTT 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 fixed-line network, has strong positions in fixed-line telephony, broadband internet and digital television. Moreover, 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 regulated access to KPN’s 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 and WiFi), are creating additional competitive challenges.

Key competitors in the mobile services business in The Netherlands are: (A) KPN, which offers a comprehensive range of mobile, consumer residential and enterprise services; (B) T-Mobile Netherlands, which offers a range of mobile services; and (C) Tele2, which recently launched 4G services and a range of consumer residential services. We are also facing competition from non-traditional mobile voice and data services based on new mobile voice over the internet technologies, in particular OTT applications, such as Skype, Google Talk, Facetime, Viber and Whatsapp. These OTT applications are often free of charge, accessible via smartphones and allow their users to have access to potentially unlimited messaging and voice services over the internet, thus bypassing more expensive traditional voice and messaging services (SMS/MMS) provided by mobile network operators like us, who are only able to charge the internet data usage for such services.

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 products and 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 (including, in the case of Vodafone Netherlands, active ARPU), RGUs, Segment OCF and Adjusted EBITDA and liquidity of our operations.

***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 the Dutch economy, in particular with elevated levels of unemployment and a housing market which is still in recovery coupled with 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 (including, in the case of Vodafone Netherlands, active customer ARPU). Accordingly, our ability to increase or maintain our revenue, ARPU (including, in the case of Vodafone Netherlands, active customer ARPU), RGUs, Segment OCF and Adjusted EBITDA, as the case may be, 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 television, broadband internet, fixed-telephony and mobile communications 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 CPE to enhance our service offerings and improve the customer experience. Such expansion and improvements require significant capital expenditures for equipment and associated labor costs. 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 CPE. 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.

***Adverse economic developments could reduce customer spending for our cable television, broadband, fixed-line telephony and mobile services and increase churn.***

Most of our revenue is derived from customers who could be impacted by adverse economic developments globally, in Europe and in The Netherlands. Ongoing struggles in Europe related to sovereign debt issues, among

other things, has contributed to a challenging economic environment. Accordingly, unfavorable economic conditions may impact a significant number of our customers and, as a result, it may be (i) more difficult for us to attract new customers, (ii) more likely that customers will downgrade or disconnect their services and (iii) more difficult for us to maintain ARPU (including, in the case of Vodafone Netherlands, active customer ARPU) at existing levels. The countries in which we operate may also seek new or increased revenue sources due to fiscal deficits. Such actions may further adversely affect our company. Accordingly, our ability to increase, or, in certain cases, maintain, our revenue, ARPUs (including, in the case of Vodafone Netherlands, active customer ARPU), RGUs, Segment OCF and Adjusted EBITDA, as the case may be, operating cash flow, operating cash flow margins and liquidity could be materially adversely affected if the economic environment in Europe remains uncertain or declines (including as a result of the United Kingdom's recent vote to leave the European Union). We are currently unable to predict the extent of any of these potential adverse effects. For a description of the risks associated with the U.K.'s vote to leave the European Union, see "*—The U.K. referendum advising for the exit of the U.K. from the E.U. could have a material adverse effect on our business, financial condition or results of operations.*" above.

***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 that 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, ReplayTV 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 is 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. Furthermore Vodafone Netherlands is partially dependent on KPN for the supply of fiber lines to provide fixed network services to its enterprise customers. KPN's wholesale fiber services to businesses ("Fiber to the Office" or "FttO") are no longer regulated by the ACM. The commercial agreement between Vodafone and KPN for the wholesale supply of fiber lines to enterprise customers contains a change of control clause, as a result of which, KPN may terminate the contract upon the completion of the JV Transactions. This could lead to higher prices and less favourable conditions for Vodafone Netherlands.

***Ziggo Group relies on the radio access networks of third-party wireless network providers to carry its mobile communications traffic.***

The Ziggo Group's services to mobile customers relies on the use of MVNO arrangements in which it utilizes the radio access networks of third-party wireless network providers to carry its mobile communications traffic. If those 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 the Ziggo Group is unable to find a replacement network operator on a timely and commercial basis or at all, the Ziggo Group could be prevented from continuing the mobile services relying on such MVNO arrangement. Additionally, as the Ziggo Group's MVNO arrangements come to term, it may not be able to renegotiate renewal or replacement MVNO arrangements on the same or more favorable terms. Following the completion of the JV Transactions, the JV will offer mobile services over Vodafone Netherlands' mobile networks and the JV will not rely on these MVNO arrangements to offer mobile services.

***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 networks are housed in a relatively small number of locations. Our systems and equipment (including our routers and set-up boxes) are vulnerable to damage or security breach from a variety of sources, including telecommunications failures, power loss, malicious human acts, security flaws and natural disasters. Moreover, despite security measures, our server systems and equipment are potentially vulnerable to physical or electronic break-ins, computer viruses, worms, phishing attacks and similar disruptive actions. For example, in August 2015, Ziggo Group's servers were the target of "DDoS" attacks, resulting in a nationwide internet disruption with majority of our customers having internet connection problems for several hours. While we have remedied the problems created by this attack and have taken additional precautionary measures to prevent similar attacks in the future, we cannot assure you that such attacks, resulting in major disruptions of our services, will not occur.

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 E.U. 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 could 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.

***Unauthorized access to our network resulting in piracy could result in a loss of revenue.***

We rely on the integrity of our technology to ensure that our services are provided only to identifiable paying customers. Increasingly sophisticated means of illicit piracy of television, broadband and telephony services are continually being developed in response to evolving technologies. Furthermore, billing and revenue generation for our pay television services rely on the proper functioning of our encryption systems. While we continue to invest in measures to manage unauthorized access to our networks, any such unauthorized access to our cable television service could result in a loss of revenue, and any failure to respond to security breaches could raise concerns under our agreements with content providers, all of which could have a material adverse effect on our business and results of operations.

***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 2016, 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, 2016 to December 31, 2017 and applies to approximately 97% of our employees (including non-union employees). It provided for, among other things, for a salary increase of 2.0% as of April 1, 2016 and an additional 1.5% as of April 1, 2017. 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.

***The revenue of both Ziggo Group Holding and Vodafone Netherlands has declined in recent periods and no assurance can be given that further declines will not occur in future periods, including periods following the completion of the JV Transactions.***

Due in large part to the impacts of strong competition, (i) Ziggo Group Holding's revenue has declined by 3.0% from €1,245.7 million during the six months ended June 30, 2015 to €1,208.1 million during the six months ended 2016 and by 2.4% when comparing the pro forma revenue of €2,534.8 million for 2014 to the historical revenue of €2,472.7 million for 2015 and (ii) Vodafone Netherlands' revenue has declined by 1.0% from €1,872.5 million during the fiscal year ended March 31, 2015 to €1,853.5 million during the fiscal year ended March 31, 2016. The declines in Ziggo Group Holding's revenue contributed to declines in Ziggo Group Holding's Segment OCF, which declined by 0.9% during the six months ended June 30, 2015 as compared to the six months ended June 30, 2016 and by 2.0% when comparing the pro forma 2014 Segment OCF to the historical Segment OCF for 2015. Vodafone Netherlands' Adjusted EBITDA remained relatively constant over the fiscal years ended March 31, 2016 and 2015 due in part to cost reductions that largely offset the aforementioned decline in revenue. To the extent that revenue declines occur in future periods, the JV (subsequent to the completion of the JV Transactions) and Ziggo Group Holding and Vodafone Netherlands (separately prior to the completion of the JV Transactions) will be challenged to reduce costs to offset any such revenue declines in order to maintain or grow Segment OCF or Adjusted EBITDA, as applicable. Although the creation of the JV is expected to result in significant operating cost saving synergies for the combined operations over time, there is no assurance that those synergies will be realized or that any realized synergies, together with other cost savings measures, will be sufficient to offset any future revenue declines. To the extent that revenue declines are not fully offset with synergies or other cost savings measures, the Consolidated EBITDA of the JV (or of Ziggo Group Holding and Vodafone Netherlands separately prior to the consummation of the JV Transactions) used for leverage covenant calculations would decline, potentially resulting in a reduction of the JV's borrowing capacity and, accordingly, its financial flexibility. For additional information, see "Selected Consolidated Financial and Operating Data of Ziggo Group Holding", the "Selected Consolidated Financial and Operating Data of Vodafone Netherlands", "Management's Discussion and Analysis of Financial Condition and Results of



*Operations of Ziggo Group Holding” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Vodafone Netherlands”.*

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

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, 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 associated with: realizing economies of scale in interconnection, programming and network operations; eliminating duplicative overheads; integrating personnel, networks, financial systems and operational systems; greater than anticipated expenditures required for compliance with regulatory standards or for investments to improve operational results and failure to achieve the business plan with respect to any such acquisition. 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. 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. Any 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.

Further, the withholding tax treatment of interest paid to lenders based in the U.K. under any present or future loan could be negatively affected as a result of Brexit. See “—*The U.K. referendum advising for the exit of the U.K. from the E.U. could have a material adverse effect on our business, financial condition or results of operations.*”

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 macroeconomic 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. Further, on June 23, 2016, the U.K. held a referendum in which voters approved, on an advisory basis, an exit from the E.U., commonly referred to as “Brexit.” Although the vote is non-binding, it is expected that the referendum will be passed into law and the British government will commence negotiations to determine the terms of the U.K.’s withdrawal from the E.U. It is possible that members of the European monetary union could hold a similar referendum regarding their membership within the eurozone in the future. 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.

***The U.K. referendum advising for the exit of the U.K. from the E.U. could have a material adverse effect on our business, financial condition or results of operations.***

On June 23, 2016, the U.K. held a referendum in which voters approved, on an advisory basis, an exit from the E.U., commonly referred to as “Brexit.” Although the vote is non-binding, it is expected that the referendum will be passed into law and the British government will commence negotiations to determine the terms of the U.K.’s withdrawal from the E.U. A withdrawal could, among other outcomes, disrupt the free movement of goods, services and people between the U.K. and the E.U., undermine bilateral cooperation in key geographic areas and significantly disrupt trade between the U.K. and the E.U. or other nations (including the U.S.) as the U.K. pursues independent trade relations. The initial impact of the announcement of Brexit caused significant volatility in global capital markets, as well as significant currency fluctuations that resulted in the strengthening of the U.S. dollar against the euro.

The potential impacts, if any, of the uncertainty relating to Brexit or the resulting terms of the withdrawal of the U.K. from the E.U. on customer behavior, economic conditions, interest rates, currency exchange rates, availability of capital or other matters are unclear. Examples of the impact Brexit could have on our business, financial condition or results of operations include:

- changes in foreign currency exchange rates and disruptions in the capital markets. For further discussion of risks related to changes in foreign currency exchange rates and disruptions in the capital markets, see “—*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*”;
- global economic uncertainty, which may cause our customers to reevaluate what they are willing to spend on our products and services; and rules relating to data protection, consumer protection and e-commerce;
- various geopolitical forces may impact the global economy and our business, including, for example, other E.U. Member States proposing referendums to, or electing to, exit the E.U.



Any of these effects of Brexit, and others that we cannot anticipate, could adversely impact our business, results of operations and financial condition.

### **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, including the Authority for Consumers and Markets (“ACM”, *Autoriteit Consument en Markt*), the Dutch Data Protection Agency (“AP”, *Autoriteit Persoonsgegevens*), the Dutch Radiocommunications Agency (“AT”, *Agentschap Telecom*) the Authority for Financial Markets (“AFM”, *Autoriteit Financiële Markt*) and the Dutch Media Authority (“CvdM”, *Commissariaat voor de Media*), as well as E.U. 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;
- ex ante regulation (including price regulation) in markets where we are designated as a party with significant market power;
- rules regarding the safety, integrity and continuity of our networks end systems;
- requirements that a network operator carries certain channels (the “must carry” obligation);
- rules relating to data protection, consumer protection net neutrality and e-commerce;
- rules in relation to ISPs;
- rules regarding the fair, reasonable and non-discriminatory treatment of broadcasters;
- rules regarding roaming within the E.U.;
- the qualification of certain mobile service offerings under Dutch consumer credit rules; and
- other requirements covering a variety of operational areas such as environmental protection, wiretapping 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. Regulatory requirements in relation to the markets in which we operate, including, for example, the fixed and mobile call termination markets on which we have been designated as parties with significant market power, are further described in the section “*Regulatory*”.

### **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. 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 our indirect parent company or companies, as the case may be, may conflict with our interests and this could adversely affect our business.***

As of the date of the Offering Memorandum Liberty Global is our indirect parent and, indirectly, owns all of the voting interest in us. Following completion of the JV Transactions, Liberty Global and Vodafone International, which in turn is an indirect wholly owned subsidiary of Vodafone, will be our indirect parents (the “**JV Parents**”) owning, indirectly, all of the voting interests in us. When business opportunities, or risks and risk allocation matters arise, the interests of Liberty Global (prior to the JV Transactions) and the JV Parents (following the JV Transactions) may be different from, or in conflict with, our interests on a stand-alone basis. Our indirect parent companies may allocate certain or all of their risks to us. The ability of the JV to manage its own business and affairs is subject to certain veto rights of the JV Parents set out in the shareholders’ agreement to be entered into in relation to the JV at completion of the JV Transactions. There can be no assurance that the JV Parents will permit us to pursue certain business opportunities, which could have a material adverse impact on our results of operations.

Furthermore, following the completion of the JV Transactions, the JV will be a joint venture, in which the JV Parents will each hold an indirect 50% voting interest. The JV Parents’ interests may differ from each other resulting in diverging business goals and strategies for the joint venture. If disagreements develop among the JV Parents, this could result in a deadlock in decision making and our business, financial condition, results of operations, cash flows and prospects may be harmed. Joint ventures implicate additional risks, such as:

- inability to take actions with respect to joint venture activities that are believed to be favourable to one of the parties if the other party disagrees;
- business decisions or other actions or omissions of joint venture partners that may result in harm to reputation or adversely affect the value of investments; and
- actions of joint venture partners that could result in negative impacts on debt and equity.

These and other risks related to the JV and the JV Transactions could have a material adverse effect on our business, financial condition and results of operations.

### **Risks Relating to the Senior Secured Notes**

***The Senior Secured Notes 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 Senior Secured Notes.***

The Senior Secured Notes Issuer has been formed as a special purpose financing company for the primary purpose of facilitating the offering of the Ziggo 2025 Senior Secured Notes, entering into the SPV Credit Facilities and issuing or incurring certain other future indebtedness, including the Senior Secured Notes. The Senior Secured Notes Issuer has no material business operations and no employees. The only material assets of the Senior Secured Notes Issuer are its rights under the Senior Secured Proceeds Loan Facility, the Ziggo Senior Secured Proceeds Loans and the New Senior Secured Proceeds Loans, when funded, and its rights under certain related agreements. Furthermore, the Senior Secured Notes Indenture will prohibit the Senior Secured Notes Issuer from engaging in any activities other than certain limited activities permitted under the heading “*Description of the Senior Secured Notes—Certain Covenants—Limitation on Issuer Activities*”. As such, the Senior Secured Notes 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 Senior Secured Notes (such as prepayment premiums and additional amounts following certain tax events), payments from the Senior Secured Obligors pursuant to the Senior Secured Notes Expenses Agreement, in order to service its obligations under the Senior Secured Notes.

***Neither UPC Nederland Holdco III nor Vodafone Holdco III conduct business operations of their 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.***

Neither UPC Nederland Holdco III nor Vodafone Holdco III conduct business operations of their 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, each of UPC Nederland Holdco III and Vodafone Holdco III expect to have no other sources of funds and Ziggo 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 Senior Secured Notes Issuer to make payments under the Senior Secured 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 Senior Secured Notes Issuer under the Senior Secured 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 Senior Secured 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 Senior Secured 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 Senior Secured Notes Issuer as lender under the Senior Secured Proceeds Loans Facility, and the Senior Secured Notes Issuer's rights under the Senior Secured Proceeds Loans will in turn serve as Senior Secured Notes Collateral for the obligation of the Senior Secured Notes Issuer under the Senior Secured Notes.

As a result, upon the occurrence of an event of default under the Senior Secured Notes, the Security Trustee on behalf of the Trustee for the Senior Secured Notes and the holders of the Senior Secured 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 Senior Secured Notes Collateral granted by the Senior Secured Notes Issuer in favour of the Security Trustee on behalf of the Trustee for the Senior Secured Notes and holders of the Senior Secured 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 Senior Secured Notes Collateral as it sees fit). The "Instructing Group" with respect to the Senior Secured Notes Collateral, means, at any time, those creditors (including the holders of the Senior Secured Notes, the Ziggo 2025 Senior Secured Notes and the lenders under the SPV Credit Facilities) which represent more than 50% of the outstanding senior debt of the Senior Secured Notes Issuer and the Note Guarantors. Subject to the terms of the Collateral Sharing Agreement, upon any such enforcement in respect of the Senior Secured Notes Collateral, the Security Trustee will instruct the Senior Secured Notes Issuer to enforce the Senior Secured Proceeds Loan Collateral granted in favor of the Senior Secured Notes 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 Senior Secured Notes 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 Senior Secured Notes.

***The Senior Secured 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 Senior Secured 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 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 Senior Secured Issuer, as lender of the New Senior Secured Proceeds Loans and the Ziggo Senior Secured Proceeds Loans, the holders of the Ziggo 2020 Euro Senior Secured Notes, the lenders under the Ziggo Credit Facility and certain hedging counterparties. 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 Senior Secured Issuer's (and indirectly the holders of the Senior Secured 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 Senior Secured 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 Senior Secured Notes to do so.

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

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

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



Trustee for the Senior Secured Notes, the Security Trustee, the Security Agent, the Paying Agents, the Registrars and the holders of the Senior Secured Notes may take any further steps to recover any sum still unpaid in respect of the Senior Secured Notes, the Senior Secured Notes Indenture or any of the Senior Secured Notes Security Documents or otherwise and all claims against the Senior Secured Notes 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 Senior Secured Notes under which certain Senior Secured Proceeds Loan Collateral will be released, without your consent.***

The Senior Secured Proceeds Loan Collateral will include security over 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**”). The Asset Collateral will, however, be automatically released without the need for any consent from holders of the Senior Secured Notes upon the redemption or purchase and cancellation of the Ziggo 2020 Euro Senior Secured Notes as permitted under the SPV Credit Facilities. The Senior Secured Notes Indenture also permits amendments to any Senior Secured Proceeds Loan Collateral or the provisions of the Senior Secured Notes 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 Senior Secured 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 Senior Secured 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 Senior Secured Notes Issuer’s obligations under the Senior Secured Notes, other than the obligations of the relevant Senior Secured Proceeds Loan Borrower to make payments to the Senior Secured Notes Issuer pursuant to the Senior Secured Proceeds Loans. The Senior Secured Obligors will agree in the Senior Secured Covenant Agreement to be bound by the covenants in the Senior Secured Notes Indenture that are applicable to them. However, the holders of the Senior Secured 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 Senior Secured Notes or to make funds available to the Senior Secured Notes Issuer for those payments other than the obligation of the relevant Senior Secured Obligor to make payments to the Senior Secured Notes Issuer pursuant to the Senior Secured Proceeds Loans. The rights and remedies of the holders of the Senior Secured Notes against a Senior Secured Obligor upon any breach by such Senior Secured Obligor of its obligations under the Senior Secured Covenant Agreement are limited to a right to instruct the Senior Secured Notes 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 Senior Secured Notes will be effectively subordinated to any of the Senior Secured Notes Issuer’s or the Note Guarantors’ existing and future obligations that are secured by assets or property that do not secure the Senior Secured 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 Senior Secured Notes will be effectively subordinated to any of the Senior Secured Notes Issuer’s and the Note Guarantor’s existing and future obligations that are secured by assets or property that do not secure the Senior Secured 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 Senior Secured Notes Indenture and the Senior Secured 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 Proceeds Loans, and in turn, prevent the Issuer from fulfilling its obligations under the Notes”*.

***The value of the Senior Secured Notes Collateral securing the Senior Secured Notes may not be sufficient to satisfy the Senior Secured Notes Issuer’s obligations under the Senior Secured 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.***

The Senior Secured Notes will be secured by a (i) a first ranking security interest in the sole ordinary share of the Senior Secured Notes 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 Senior Secured Notes 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 Senior Secured Notes Issuer’s rights to and benefits in the Senior Secured Proceeds Loan Facility including the Ziggo Senior Secured Proceeds Loans and, when funded, the New Senior Secured Proceeds Loans, and the Issuer’s rights in respect of the Senior Secured Proceeds Loan Guarantees and the Senior Secured Proceeds Loan Collateral. The obligations of the relevant Senior Secured Obligors under each applicable Senior Secured Proceeds Loan secured, after giving effect to the Group Priority Agreement, on an equal and ratable basis with the Ziggo Credit Facility, the Ziggo 2020 Euro Senior Secured Notes and the Ziggo Senior Secured Proceeds Loan, by (i) a first-ranking security interest in the capital stock of each Senior Secured Obligor (other than ABC), (ii) all of the rights of the relevant creditors in relation to certain Subordinated Shareholder Loans (as defined in *“Description of the Senior Secured Notes”*), (iii) the other property and assets that currently secure the Ziggo Credit Facility, the Ziggo 2020 Euro Senior Secured Notes and the Ziggo Senior Secured Proceeds Loan and (iv) within sixty (60) days following the consummation of the JV Transactions, a first-ranking security interest in the capital stock of the New Senior Secured Obligors.

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 Senior Secured 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 Senior Secured Notes Issuer’s obligations under the Senior Secured 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 Senior Secured Notes Indenture and the Senior Secured Covenant Agreement permit the granting of certain liens other than those in favor of the holders of the Senior Secured Notes on the Senior Secured Notes Collateral and the Senior Secured Notes 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 Senior Secured Covenant Agreement or the security documents, such holders or third parties may have rights and remedies with respect to the Senior Secured 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 Senior Secured Notes Issuer’s obligations under the Senior Secured Notes. Moreover, if the Senior Secured Notes Issuer issues Additional Notes (as defined in and under the terms described in the Senior Secured Notes 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 Senior Secured Notes Issuer as lender under the additional Senior Secured Proceeds Loans would benefit from the same collateral as the holders of the Senior Secured Notes being offered hereby, thereby diluting your ability to benefit from the liens on the collateral.



***A significant portion of the net proceeds from the offering of the Senior Secured Notes will be deposited into the Senior Secured Notes Escrow Accounts to be released subject to satisfaction of certain conditions or upon the occurrence of certain events. As such, the liquidity of the Senior Secured Notes and the price at which they may be sold may be adversely affected.***

On the Issue Date, all of the gross proceeds from the offering of the Dollar Senior Secured Notes will be deposited into the Senior Secured Escrow Account except for the Funded Amount, which will be used to fund the Initial Senior Secured Refi Proceeds Loans in order to refinance certain existing indebtedness of the Initial Proceeds Loan Obligor. To the extent that the conditions to release are not satisfied or upon the occurrence of certain other events on or before the Longstop Date, the Dollar Senior Secured Notes in a principal amount equal to the proceeds that remain in the Senior Secured Escrow Accounts on the Longstop Date will be subject to a special mandatory redemption. Further, at any time prior to the JV Escrow Release Date or the Financing Escrow Release Date, the Senior Secured Notes Issuer may, at its option, elect to redeem all of a portion of the Senior Secured Notes (other than the Funded Amount). See “*Description of the Senior Secured Notes—Escrow of Proceeds; Special Mandatory Redemption; Special Optional Redemption*” and “*Risks Relating to the Transactions—If the Conditions to the Escrow Release are not satisfied, the Issuers will be required to redeem all of the Notes, which means you may not obtain the return you expect on the Notes*”. Following such Special Mandatory Redemption or Special Optional Redemption, the liquidity of the trading market for any Senior Secured Notes that remain outstanding (which may be as little as an aggregate principal amount equal to the Funded Amount, which equals \$300 million) may be adversely affected. Accordingly, there can be no assurance that there will be an active trading market for the Senior Secured Notes. If no active trading market develops, you may not be able to resell your holding of the Senior Secured Notes at fair value, if at all.

### **Risks Relating to the Senior Notes**

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

The Senior Notes Issuer has been formed as a special purpose financing company for the primary purpose of facilitating the offering of the Ziggo 2025 Senior Notes and issuing or incurring certain other future indebtedness, including the Senior Notes. The Senior Notes Issuer has no material business operations and no employees. The only material assets of the Senior Notes Issuer are its rights under the Senior Proceeds Loan Facility, the Ziggo Senior Proceeds Loans and the New Senior Proceeds Loans, when funded, and its rights under certain related agreements. Furthermore, the Senior Notes Indenture will prohibit the Senior Notes Issuer from engaging in any activities other than certain limited activities permitted under the heading “*Description of the Senior Notes—Certain Covenants—Limitation on Issuer Activities*”. As such, the Senior Notes Issuer will be wholly dependent upon payments from the applicable Senior Proceeds Loan Borrower, under the Senior Proceeds Loans, as borrower of the Senior Proceeds Loans, and, with respect to certain amounts that may become due on the Senior Notes (such as prepayment premiums and additional amounts following certain tax events), payments from the Senior Obligor pursuant to the Senior Notes Expenses Agreement, in order to service its obligations under the Senior Notes.

***None of the Senior Proceeds Loan Borrowers conducts business operations of their own. Each of the Senior Proceeds Loan Borrowers will depend on the payments from their respective subsidiaries to make payments on the Senior Proceeds Loans.***

None of the Senior Proceeds Loan Borrowers conduct business operations of their own. The ability of the Senior Proceeds Loan Borrowers’ direct or indirect subsidiaries to pay dividends or to make other payments or advances to the Senior 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 Proceeds Loan Borrowers’ receipt of such payments or advances may be subject to onerous tax consequences. Most of the Senior Proceeds Loan Borrowers’ operating subsidiaries are subject to the limitations and restrictions in the Senior 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 Proceeds Loan Borrowers, as applicable. In addition, because these subsidiaries are separate and distinct legal entities they have no obligation to provide the Senior Proceeds Loan Borrowers funds for payment obligations, whether by dividends, distributions, loans or other payments. If any of the Senior Proceeds Loan Borrowers direct or indirect subsidiaries are unable to make distributions or other payments to them, none of the Senior Proceeds Loan Borrowers expect to have any other sources of funds that would, in each case, allow them to make payments under the Senior Secured Proceeds Loans, and in turn, allow the Senior Notes Issuer to make payments under the Senior Notes.

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

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

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

As a result, upon the occurrence of an event of default under the Senior Notes, the Security Trustee on behalf of the Trustee for the Senior Notes and the holders of the Senior Notes will not have the right to enforce the Senior Proceeds Loan Collateral directly but, instead, must enforce the security interest in respect of the Senior Notes Collateral granted by the Senior Notes Issuer in favour of the Security Trustee on behalf of the Trustee for the Senior Notes and holders of the Senior 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 Senior Notes Collateral as it sees fit). The "Instructing Group" with respect to the Senior Notes Collateral, means, at any time, those creditors (including the holders of the Senior Notes and the Ziggo 2025 Senior Notes) which represent more than 50% of the outstanding senior debt of the Senior Notes Issuer. Subject to the terms of the Collateral Sharing Agreement, upon any such enforcement in respect of the Senior Notes Collateral, the Security Trustee will instruct the Senior Notes Issuer to enforce the Senior Proceeds Loan Collateral granted in favor of the Senior Notes Issuer as lender under the Senior Proceeds Loans in accordance with the Holdco 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 Senior Notes Issuer as lender under the Senior Proceeds Loans may independently accelerate each Senior Proceeds Loan which is the result of on-lending of the proceeds of the Senior Notes on the instructions of the holders of the Senior Notes.

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

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

Upon the on loan of the proceeds pursuant to the Senior Proceeds Loans, the Senior Secured Creditors (as defined under the Holdco Priority Agreement) under the Holdco Priority Agreement will comprise the Senior Issuer, as lender of the New Senior Proceeds Loans and the Ziggo Senior Proceeds Loans and the holders of the Ziggo 2024 Euro Senior Notes. Furthermore, the Holdco Priority Agreement permits, subject to certain conditions, additional Pari Passu Debt (as defined under the Holdco Priority Agreement) to be incurred which may result in further Senior Secured Creditors (as defined under the Holdco Priority Agreement) being entitled to vote on enforcement decisions under the Holdco Priority Agreement, thus further limiting the Senior Issuer's (and indirectly the holders of the Senior Notes') ability to control those decisions.

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

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

The obligations of the Senior Notes Issuer under the Senior Notes Indenture, the Senior Notes and the Senior Notes Security Documents will be limited as set forth in the Senior Notes Indenture. All payments to be made by the Senior Notes Issuer under the Senior Notes Indenture, the Senior Notes and the Senior Notes Security Documents will be made only from and to the extent of such sums received or recovered by or on behalf of the Senior Notes Issuer, the Trustee for the Senior Notes or the Security Agent under the Senior Proceeds Loans and the Senior Notes Expenses Agreement, and other than under the limited circumstances described below under “*Description of the Senior Notes—Events of Default*”, none of the Trustee for the Senior Notes, the Security Trustee, the Security Agent, the Paying Agents, the Registrars or the holders of Senior Notes will have any further recourse to the Senior Notes Issuer in respect thereof in the event that the amount due and payable by the Senior Notes Issuer under the Senior Notes Indenture, the Senior Notes and the Senior Notes Security Documents exceeds the amounts so received under the Senior Proceeds Loans and the Senior Notes Expenses Agreement.

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

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

None of the Senior Obligor or any of their respective subsidiaries or any member of the Group will guarantee or provide any credit support to the Senior Notes Issuer’s obligations under the Senior Notes, other than the obligations of the relevant Senior Proceeds Loan Borrower to make payments to the Senior Notes Issuer pursuant to the Senior Proceeds Loans. The Senior Obligor will agree in the Senior Covenant Agreement to be bound by the covenants in the Senior Notes Indenture that are applicable to them. However, the holders of the Senior 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 Senior Notes or to make funds available to the Senior Notes Issuer for those payments other than the obligation of the relevant Senior Secured Obligor to make payments to the Senior Notes Issuer pursuant to the Senior Secured Proceeds Loans. The rights and remedies of the holders of the Senior Notes against a Senior Obligor upon any breach by such Senior Obligor of its obligations under the Senior Covenant Agreement are limited to a right to instruct the Senior Notes Issuer or the Security Trustee or their respective nominees to accelerate the Senior Proceeds Loans and to vote in connection with any enforcement of the collateral securing the Senior Proceeds Loans (together with any other senior creditors sharing in such collateral) in accordance with the Holdco Priority Agreement.

***The Senior Notes will be structurally subordinated to all indebtedness of the Senior Notes Issuer’s subsidiaries and will be effectively subordinated to any of the Senior Notes Issuer’s existing and future obligations that are secured by assets or property that do not secure the Senior Notes, and the Senior Proceeds Loans will be structurally subordinated to all indebtedness of the Senior Obligor’s respective subsidiaries and will be effectively subordinated to any of the Senior Obligor’s existing and future obligations that are secured by assets or property that do not secure the Senior Proceeds Loans or the Senior Proceeds Loan Guarantees.***

Because none of the Senior Notes Issuer’s subsidiaries will guarantee the Senior Notes, none of the Senior Notes Issuer’s subsidiaries will have any obligation, contingent or otherwise, to pay amounts due under the Senior Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or

otherwise. The Senior Notes will be structurally subordinated to all indebtedness (including, but not limited to, any Senior Secured Debt (including the Senior Secured Notes, the Ziggo 2025 Senior Secured Notes and the SPV Credit Facilities)) and other obligations of all of the Senior Notes Issuer's subsidiaries, such that in the event of insolvency, liquidation, reorganization, dissolution or other winding up of any subsidiary, all of the applicable subsidiary's creditors would be entitled to payment in full out of such subsidiary's assets before the Issuer would be entitled to any payment.

Further, as none of the Senior Obligors' subsidiaries will guarantee the Senior Proceeds Loans, the Senior Proceeds Loans and the Senior Proceeds Loan Guarantees will be structurally subordinated to all indebtedness (including, but not limited to, the Ziggo 2020 Euro Senior Secured Notes, the Ziggo Credit Facility and the Senior Secured Proceeds Loan Facility) of their respective subsidiaries and will be effectively subordinated to any indebtedness of the Senior Obligors that is secured by property or assets that do not secure the Senior Proceeds Loans and the Senior Proceeds Loan Guarantees to the extent of the value of the property and assets securing such indebtedness. Although the Senior Notes Indenture and the Senior Covenant Agreement contain restrictions on the ability of subsidiaries of the respective subsidiaries of the Senior 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 Proceeds Loans, and in turn, prevent the Issuers from fulfilling their obligations under the Notes"*.

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

On the earlier of the Financing Escrow Release Date or the JV Escrow Release Date, the Senior Notes will be secured by (i) a first-ranking pledge over all of the issued shares of the Senior Notes Issuer, (ii) a first-ranking charge over all bank accounts of the Senior Notes Issuer and (iii) a first-ranking assignment of the Senior Notes Issuer's rights under the Senior Proceeds Loans and any additional senior proceeds loans that may be incurred in the future, including the Senior Notes Issuer's rights in respect of the Senior Proceeds Loan Guarantees and the Senior Proceeds Loan Collateral. On the earlier of the Financing Escrow Release Date or the JV Escrow Release Date, the obligations of the Senior Obligors under each Senior Proceeds Loan will, after giving effect to the Holdco Priority Agreement, be secured by (i) a first-ranking pledge of all the issued capital stock of each Senior Obligor (other than the New Senior Obligors) on an equal and ratable basis with Ziggo 2024 Euro Senior Notes and the Ziggo 2025 Senior Notes and (ii) within sixty (60) days following the consummation of the JV Transactions, a first ranking security interest in the capital stock of the New Senior Obligors.

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 Senior Notes Collateral and the Senior Proceeds Loan Collateral, the proceeds from the sale of the Senior Proceeds Loan Collateral may not be sufficient to satisfy the Senior Obligors' obligations under the Senior Proceeds Loans and in turn the Senior Notes Issuer's obligations under the Senior Notes. The value of the Senior Notes Collateral and the Senior 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 Obligors in an ordinary sale and the availability of buyers. In addition, the shares of the Senior Obligors may be illiquid and may have no readily ascertainable market value.

The Senior Notes Indenture and the Senior Notes Covenant Agreement permit the granting of certain liens other than those in favor of the holders of the Senior Notes on the Senior Notes Collateral and the Senior Notes Issuer on the Senior 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 Senior Notes Indentures, the Senior Covenant Agreement or the security documents, such holders or third parties may have rights and remedies with respect to the Senior Notes Collateral and the Senior Proceeds Loan Collateral that, if exercised, could reduce the proceeds available to satisfy Senior Obligors' obligations under the Senior Proceeds Loans and consequently the Senior Notes Issuer's obligations under the Senior Notes. Moreover, if the Senior Notes Issuer issues Additional Notes (as defined in and on the terms described in the Senior Notes Indenture) and on lends these proceeds as additional Senior Proceeds Loans under the Senior Proceeds Loan Facility, the holders of such Additional Notes and the Senior Notes Issuer as lender under the additional Senior Proceeds Loans would benefit from the same collateral as the holders of the Senior Notes being offered hereby, thereby diluting your ability to benefit from the liens on the collateral.



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

***Under certain circumstances, following a tender offer or offer to purchase the Notes, the Issuers may, at their option, redeem the Notes of non-tendering holders.***

If, pursuant to any tender offer or other offer to purchase all of the Notes, holders of not less than 90% of the aggregate principal amount of the then outstanding Notes validly tender and do not withdraw such Notes, the Indentures will permit the relevant Issuer, at its option, to redeem the remaining outstanding Notes at a price equivalent to that paid pursuant to such purchase or tender offer. As a consequence, you may be required to surrender the Notes against your will at a price equivalent to that paid to tendering holders, including if such price is below par, and may not receive the return you expect to receive on the Notes. See “*Description of the Senior Secured Notes—Optional Redemption upon Certain Tender Offers*” and “*Description of the Senior Notes—Optional Redemption upon Certain Tender Offers*”.

***The Notes, the Note Guarantees (as applicable) and the security interests in the Notes Collateral and the Senior Secured Proceeds Loans, the Senior Secured Proceeds Loan Guarantees, the Senior Proceeds Loans, the Senior Proceeds Loan Guarantees and the security interests in the Senior Secured Proceeds Loan Collateral and the Senior 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 (as applicable) and the granting by the Issuers or the Note Guarantors (as applicable) of the Notes Collateral or the granting of a Senior Secured Proceeds Loan (and any guarantee thereof), a Senior Proceeds Loan (and any guarantee thereof), Senior Proceeds Loan Collateral 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 (as applicable), the granting of the Notes Collateral, the Senior Secured Proceeds Loans, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees, the Senior Proceeds Loan Guarantees, the Senior Secured Proceeds Loan Collateral or the Senior Proceeds Loan Collateral could be nullified. As a result of such successful challenges, holders of the Notes or the Note Guarantees (as applicable) may not enjoy the benefit of the Notes, the Note Guarantees (as applicable) or the Notes Collateral, the Senior Secured Notes 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 Senior Notes Issuer may not enjoy the benefit of the Senior Proceeds Loans, the Senior Proceeds Loan Guarantees or the Senior Proceeds Loan Collateral, and the value of any consideration that holders of the Notes or the Issuers, as applicable, received with respect to the Notes, and the Note Guarantees and the Notes Collateral, as applicable, or the Senior Secured Proceeds Loans, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees, the Senior Proceeds Loan Guarantees, the Senior Secured Proceeds Loan Collateral and the Senior Proceeds Loan Collateral, as applicable, could also be subject to recovery from the holders of the other creditors of the Issuers, the Senior Obligors or the Senior Secured Obligors, as applicable, and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes and the Issuers might be held liable for any damages incurred by prejudiced creditors of the Issuers, the Senior Obligors 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, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the Senior Proceeds Loan Guarantees may adversely affect the validity and enforceability of the Notes, the Senior Secured Proceeds Loans, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the Senior Proceeds Loan Guarantees.***

Each of the Notes provide the holders of such Notes with a right of recourse against the assets of the relevant Issuer and the Note Guarantors (with respect to the Senior Secured Notes), the Senior Secured Proceeds Loans, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees; the Senior Secured Proceeds Loan Guarantees provide the Senior Secured Notes 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) and the Senior Secured Proceeds Loan Guarantees provide the Senior Notes Issuer with a right of recourse against the Senior Obligors through a share pledge held over the ordinary shares of each of the Senior Obligors. The Notes, the Senior Secured Proceeds Loans and the Senior Proceeds Loans and the obligations thereunder may be voidable or otherwise ineffective under applicable law. Enforcement of the obligations under the Notes against the Issuers (with respect to the Senior Secured Notes), enforcement of the Senior Secured Proceeds Loans and the Senior Secured Proceeds Loans Guarantees against a Senior Secured Obligor and the Note Guarantors and enforcement of the Senior Proceeds Loans and the Senior Proceeds Loans Guarantees against a Senior Obligor will, in each case, be subject to certain defenses available to the relevant Issuer, the relevant Senior Secured Obligor or the relevant Senior 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 Issuers, the Note Guarantors, a Senior Secured Obligor or a Senior Obligor may have no liability or decreased liability under the Notes, the Senior Secured Proceeds Loans or the Senior Proceeds Loans, as applicable, or any guarantee of the Senior Secured Notes, the Senior Secured Proceeds Loans or the Senior Proceeds Loans may be unenforceable.

***The creation of certain security interests in the Notes Collateral, the Senior Secured Proceeds Loan Collateral, the Senior 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 Indentures, the Senior Secured Proceeds Loan Facility and the Senior Proceeds Loan Facility will provide for the creation of so called “parallel debt obligations”. Pursuant to the parallel debt obligations included in the Senior Secured Notes Indenture, the Security Trustee will become the holder of a separate and independent claim equal to the total amount payable by the Senior Secured Notes Issuer and the Note Guarantors under the Senior Secured Notes 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. Pursuant to the parallel debt obligations included in the Senior Notes Indenture, the Security Trustee will become the holder of a separate and independent claim equal to the total amount payable by the Senior Notes Issuer and the Note Guarantors under the Senior Notes Indenture and the security agent under the Senior Proceeds Loans will become the holder of a separate and independent claim equal to the total amount payable by the Senior Obligors under the Senior Proceeds Loan Facility, as applicable. The parallel obligation is secured by certain security interests in the Notes Collateral, the Senior Secured Proceeds Loan Collateral or the Senior 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 Issuers as lender under the respective Proceeds Loans, and may limit enforcement of holders’ rights under the Notes, the Issuers’ rights under the respective Proceeds Loan and the security interests in the Notes Collateral and the Senior Secured Proceeds Loan Collateral and the Senior Proceeds Loan Collateral.***

The Issuers, Ziggo Secured Finance II, the Senior Secured Obligors, the Senior Obligors and each parent of a Senior Secured Obligor or a Senior 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 Issuers, Ziggo Secured Finance II, the Senior Secured Obligors, the Senior 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 Ziggo Secured Finance 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 Ziggo Secured Finance will in the future be able to pay its debts as they fall due (in which case Ziggo Secured Finance 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 Ziggo Secured Finance. 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 Ziggo Secured Finance 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 lenders under the respective Proceeds Loans, in a Dutch insolvency proceeding.

Under Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to Ziggo Secured Finance'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 respective 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 Issuers under the respective 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 Issuers or, in the case of the Proceeds Loans, the date of a bankruptcy of the relevant Senior Secured Obligor or Senior 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 or Senior 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 Issuers, as lenders under the respective Proceeds Loans, receiving a right to recover less than the principal amount of their Notes or amounts owed under such 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.

***You may not be able to enforce the security interests in the Notes Collateral or the 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 Proceeds Loan Collateral may, in whole or in part, also be limited to the extent that the obligations of the Issuers, Ziggo Secured Finance II, the Senior Secured Obligors, the Senior Obligors or the Senior Secured Obligors' or the Senior 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 Issuers, Ziggo Secured Finance II, the Senior Secured Obligors, the Senior Obligors or the Senior Secured Obligors' or the Senior 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 Issuers, Ziggo Secured Finance II, the Senior Secured Obligors, the Senior Obligors or the Senior Secured Obligors' or the Senior Obligors' parents, as applicable, from creating such interests, would have an adverse effect on the interests of the Issuers, Ziggo Secured Finance II, the Senior Secured Obligors, the Senior Obligors or the Senior Secured Obligors' or the Senior Obligors' parents, as applicable, the relevant security may be found to be voidable or unenforceable upon the request of the Issuers, Ziggo Secured Finance II, the Senior Secured Obligors, the Senior Obligors or the Senior Secured Obligors' or the Senior Obligors' parents, as applicable, or any administrator in bankruptcy. As a result, notwithstanding the foregoing provisions of the articles of association of the Issuers, Ziggo Secured Finance II, the Senior Secured Obligors, the Senior Obligors or the Senior Secured Obligors' or the Senior Obligors' parents, and notwithstanding that the board of directors of the Issuers, Ziggo Secured Finance II, the Senior Secured Obligors, the Senior Obligors or the Senior Secured Obligors' or the Senior Obligors' parents has resolved that the granting of the applicable security is within the objects of and in the interest of the Issuers, the Ziggo Secured Finance II, the Senior Secured Obligors, the Senior Obligors or the Senior Secured Obligors' or the Senior 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 Issuers, Ziggo Secured Finance II, the Senior Secured Obligors, the Senior Obligors or the Senior Secured Obligors' or the Senior Obligors' parents, as applicable. To the extent the Issuers, Ziggo Secured Finance II, the Senior Secured Obligors, Senior Obligors or the Senior Secured Obligors' or the Senior 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 or the Senior Obligors may not be able to obtain enough funds necessary to finance prepayment of the Senior Secured Proceeds Loans or the Senior Proceeds Loans, as applicable, and the relevant Issuer therefore may not have funds to repurchase the relevant series of Notes, upon the occurrence of certain events constituting a change of control (as defined in the relevant Indenture) as required by the relevant Indenture.***

Upon the occurrence of certain events constituting a change of control (as defined in the relevant Indenture), the Issuers are required to offer to repurchase all outstanding Notes, as applicable, 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 or the Senior Obligors, as applicable, will have sufficient funds to fund a prepayment of the Senior Secured Proceeds Loans or the Senior Proceeds Loans, as applicable, such that the Issuers 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 relevant Issuer would allow such Issuer to make such required repurchases. A change of control may also result in an event of default under, or an acceleration of, the relevant series 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, the Senior Proceeds Loans or the repurchase of the Notes, as applicable, pursuant to such an offer, could cause a default under such indebtedness, even if the change of control itself does not. The Issuers' ability to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by such 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, Senior Proceeds Loans or the repurchases of the Notes, as applicable. If an event constituting a change of control (as defined in the Indenture) occurs at a time when the Senior Secured Obligors or the Senior Obligors are prohibited from prepaying the Senior Secured Proceeds Loans or the Senior Proceeds Loans, as applicable, or either the Issuer is prohibited from repurchasing Notes, the Senior Secured Obligor, the Senior Obligors or the Issuers may seek the consent of the lenders under such indebtedness to the prepayment of the Senior Secured Proceeds Loans,

the Senior Proceeds Loans or purchase of Notes, as applicable, or may attempt to refinance the borrowings that contain such prohibition. If the Senior Secured Obligors, the Senior Notes Obligors or the Issuers do 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 relevant series of Notes upon a change of control. Neither the Issuer can assure you that it would be able to obtain such financing. Any failure by either Issuer to offer to purchase the relevant series of Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the relevant series of Notes. See “*Description of the Senior Secured Notes—Certain Covenants—Change of Control*” and “*Description of the Senior Notes—Certain Covenants—Change of Control*”.

The change of control provisions contained in the Indentures 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, the Senior Obligors or the Senior Secured Obligors, as applicable, 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 relevant Indenture. Except as described under “*Description of the Senior Secured Notes—Certain Covenants—Change of Control*” and “*Description of the Senior Notes—Certain Covenants—Change of Control*”, the Indentures do not contain provisions that require the Issuers to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction involving the relevant Issuer, the Senior Obligors or the Senior Secured Obligors, as applicable.

The definition of “change of control” contained in the Indentures includes a disposition of all or substantially all of the assets of the relevant Issuer, the Senior Obligors or the Senior Secured Obligors, as applicable, 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 relevant Issuer, the Senior Obligors 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 relevant Issuer is required to make an offer to repurchase the relevant series of 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 Euro Senior Secured Notes in an aggregate principal amount of less than €100,000 and the Dollar Senior Secured Notes or the Senior Notes in an aggregate principal amount of less than \$200,000. Furthermore, neither Issuer has 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 “*Offer Restrictions*”.

***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 at least two of the following ratings: a Baa3 or better by Moody's, a BBB or better by S&P and a BBB– or better by Fitch 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 Senior Secured Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*” and “*Description of the Senior Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*”. If these covenants were to cease to be applicable, the relevant Issuer, the Senior Obligors, the Senior Secured Obligors, as applicable, 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 Issuers, Ziggo Secured Finance II, the Senior Secured Obligors, the Senior Obligors and each parent of a Senior Secured Obligor or a Senior 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 Issuers 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 Issuers 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 Issuers 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 DTC, Euroclear and Clearstream, as applicable.

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 depositary, or its nominee, for DTC, Euroclear and Clearstream, as applicable, 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 Euro Senior Secured Notes and Deutsche Bank Trust Company Americas, as paying agent for the Dollar Senior Secured Notes and the Senior Notes, which will make payments to Euroclear, Clearstream and DTC, 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 DTC, Euroclear and Clearstream, the Issuers 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 DTC, Euroclear and Clearstream, as applicable, and if you are not a participant in DTC, 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 relevant Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuers' 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 DTC, 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 the relevant 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 DTC, Euroclear and Clearstream, as applicable. The procedures to be implemented through DTC, 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 will be 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, neither Issuer can assure you as to:

- the liquidity of any market for the relevant series of 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 each Issuer will, in the relevant 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, and to maintain such listing as long as the Notes are outstanding, neither Issuer can assure you that the Notes will become, or remain listed. If the Issuers 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 Issuers may cease to make or maintain such listing on the Official List of the Irish Stock Exchange, provided that such 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 Issuers will be able to do so. Notwithstanding the foregoing, each Issuer may at its sole option at any time, without the consent of the holders of the relevant series of Notes or the relevant Trustee, de-list the relevant series of Notes from any stock exchange for the purposes of moving the listing of such Notes to the Official List of The Channel Islands Securities Exchange Authority Limited.

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 relevant 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 relevant 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 or the Senior Obligors, as applicable.***

Each Indenture will provide that, in the event that the Ziggo Group Combination occurs, a Senior Secured Obligor or a Senior Obligor, as applicable, may, at its sole option and its sole discretion, instruct the relevant Issuer to assign (or otherwise transfer) its obligations under the Notes to the relevant 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 Senior Secured Fold-In Notes” or “Description of the Senior Fold-In Notes”, as applicable. See “Description of the Senior Secured Notes—Certain Covenants—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination” and “Description of the Senior 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 relevant series of Notes and the relevant Indenture and such assumption and release will be a deemed repayment in full and cancellation of the Senior Secured Proceeds Loans or the Senior Proceeds Loans, as applicable, and the Senior Secured 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 and/or the Senior Notes will be the sole obligation of a Senior Obligor (or its successor following the Ziggo Group Combination) with a guarantee to be provided by any additional Senior



Obligor that remains following the Ziggo Group Combination, as applicable. The Senior Secured Notes will be secured directly by the Senior Secured Proceeds Loan Collateral that remains following the Ziggo Group Combination and the Senior Notes will be secured directly by the Senior 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 any 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 release from the Escrow Accounts are not satisfied, the Issuers 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 JV Transactions, some of which are outside of our control. If the conditions to the release of the escrow proceeds as described in “*Description of Senior Secured Notes—Escrow of Proceeds; Special Mandatory Redemption*” and “*Description of Senior Notes—Escrow of Proceeds; Special Mandatory Redemption*” are not satisfied by the applicable Longstop Dates for any reason, including any legal challenge to the JV 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 Senior Secured Notes—Escrow of Proceeds; Special Mandatory Redemption*” and “*Description of Senior Notes—Escrow of Proceeds; Special Mandatory Redemption*”. The Escrowed Proceeds will be limited to the net proceeds of the offering of the Notes (less an aggregate principal amount equal to the Financing Amount and, in the case of the Senior Secured Notes, the Dollar Senior Secured Amount in the aggregate principal amount of the Funded Amount) 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 Issuers 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 JV 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.

***In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans.***

In the event the Issuers determine that JV Transactions will not be consummated on or before the Longstop Date (or upon the occurrence of certain other Special Mandatory Redemption events), the Issuers may elect to release and on-lend to the Ziggo Group any or all of the proceeds in the Escrow Accounts to refinance existing indebtedness of the Ziggo Group or for general corporate purposes of the Ziggo Group, which may include acquisitions or loans, distributions or other payments to Ziggo Group Holding’s direct or indirect shareholders. Under the relevant escrow release conditions, the Issuers would be entitled to do so only in compliance with the applicable covenants under the Notes and the Ziggo Group’s other existing financing arrangements. However, after giving effect to any such incurrence in compliance with the applicable covenants, including in connection with permitted refinancing debt, permitted acquisition debt or other exceptions to the restriction on our ability to incur indebtedness, the Consolidated Net Leverage Ratio could increase above the Consolidated Net Leverage Ratio as of June 30, 2016, and such increase could be material.

***If the JV Transactions do not occur, some or all of the Notes will remain outstanding, and accordingly, the business and cash flows of Vodafone Netherlands will not support such outstanding Notes.***

If the JV Transactions do not occur, we will be required pursuant to the special mandatory redemption feature described under “*Description of Notes—General—Escrow of Proceeds; Special Mandatory Redemption; Special Optional Redemption*” and “*Description of Secured Notes—General—Escrow of Proceeds; Special Mandatory Redemption; Special Optional Redemption*” to redeem all of the Notes, other than an aggregate principal amount of the Dollar Notes equal to the Funded Amount plus the aggregate principal amount of Notes equal to the Financing Amount. Ziggo Group may determine at its discretion to conduct Additional Ziggo Refinancings. The Notes to be redeemed pursuant to the special mandatory redemption shall be selected on a pro rata basis and/or in accordance with the procedures of the applicable depository and, accordingly, a portion of your Notes will remain outstanding. See “*Description of Senior Secured Notes—Selection and Notice*” and “*Description of*

*Senior Notes—Selection and Notice.*” Any Notes that remain outstanding following the special mandatory redemption will not be supported by the cash flows or business of Vodafone Netherlands, and accordingly, your investment decision should be based on the creditworthiness of the Ziggo Group as of the date hereof, including based on Ziggo Group’s standalone leverage. See “*Capitalization of Ziggo Group Holding.*”

***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, or a Senior Obligor, as the case may be, 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 JV Transactions are subject to significant uncertainties and risks.***

The consummation of the JV Transactions is subject to the conditions set out in the Contribution Agreement, including regulatory approval from the European Commission. On August 3, 2016, the European Commission agreed to conditional clearance of the JV Transactions. The clearance is conditioned on divestment of the Vodafone NL Fixed-Line Business subject to a purchaser approved by the European Commission, prior to closing of the proposed merger of Ziggo Group’s and the Vodafone Netherlands’ operations in The Netherlands. It is possible that such divestment may also be subject to the approval of the Dutch Competition Authority, *Autoriteit Consument & Markt*. While the parties have received a number of expressions of interest in the assets to be divested pursuant to the structural remedy, there can be no guarantee that the sale will be completed in a timely manner and on acceptable terms.

***The expected benefits and synergies from the JV Transactions may not materialize.***

Upon completion of the JV Transactions, we expect to achieve certain benefits and synergies discussed elsewhere in this Offering Memorandum relating to the operations of Vodafone Netherlands as they will become part of the Ziggo Group. We may not realize any or all of the anticipated synergies of the JV Transactions that we currently anticipate, including if we are unable to consummate the JV Transactions. For more information regarding the synergies we expect to achieve, see “*Summary—The Transactions—JV Overview*”. Our estimated synergies from the JV Transactions are subject to a number of assumptions about the timing, execution and costs associated with realizing the synergies as well as the business model of the JV. In addition, we may be presented with significant costs and challenges in connection with such integration. Such assumptions are inherently uncertain and are subject to a wide variety of significant business, economic and competition risks and uncertainties. There can be no assurance that such assumptions will turn out to be correct and, as a result, the amount of synergies that we will actually realize and/or the timing of any such realization may differ significantly from (and may be significantly lower than) the ones that we currently estimate. In addition, there can be no assurance that the business objectives of the JV Transactions will be achieved, particularly as the achievement of the benefits are, in many important respects, subject to factors that we do not control. These factors include such things as the reactions of third parties with whom we enter into contracts and do business.

***Integration of Vodafone Netherlands and Ziggo Group will be a significant exercise and could adversely affect the JV’s business.***

Integrating the operations of the Vodafone Netherlands and the Ziggo Group may divert the JV’s management’s attention away from other business operations. Successful integration of the Vodafone Netherlands and the Ziggo Group’s operations, products and personnel may place a significant burden on our management and other internal resources. The diversion of management’s attention, and any difficulties encountered in the transition and integration process, could harm our business, financial conditions and operating results. In addition, we may lose employees who are instrumental for the integration and further development of

the combined business, as well as customers and suppliers. Any of these risks could have a material adverse impact on our results of operations.

The JV Transactions involve the integration of two companies that have previously operated independently. Such integration may be difficult, unpredictable and subject to delay because of possible company culture conflicts and different opinions on the JV's strategy and operations. We may not be successful in integrating some or all these businesses as currently anticipated, which may have a material adverse effect on our business and operations.

***The JV will depend on Liberty Global and Vodafone Group as well as third-party suppliers and licensors to supply necessary equipment, software and certain services required for the JV's business.***

The JV will rely on the JV Parents for the continued provision of key services, processes, resources and other assets (collectively, the “**Business Services**”) to support its business operations. Material services, resources or other assets will be provided either: (i) directly to the JV by the JV Parents (or other entities within their respective groups); or (ii) provided by third parties under arrangements in place with the JV Parents (or other entities within their respective groups). The continued provision of these services will be addressed by a services agreement between the JV and each of its JV Parents. If either JV Parent (or any other service provider within their respective groups) fails to perform its obligations under the services agreement the JV will be required to provide those Business Services itself or to obtain substitute arrangements with third parties. The JV may be unable to provide the Business Service internally because of technical, financial or other constraints and may be unable to implement substitute arrangements with third parties on a timely basis on terms that are commercially acceptable and cost-effective. A failure by either JV Parent to provide Business Services in accordance with the services agreement could have a material adverse impact on the operations of the JV.

In addition, Vodafone Group will grant the JV a licence to use the Vodafone brand from completion on a continuing basis. The term of the license is for 12 years, subject to customary termination rights for each party. When the JV's rights to use the Vodafone brand expire or are terminated under the licence agreement it may not be able to maintain or enjoy comparable name recognition or status under a new replacement brand. If the JV is unable to successfully manage the transition of its business to a replacement brand on expiry or termination of the licence agreement, its reputation among customers could be adversely affected and its revenue and profitability could decline.

***Ziggo Group Holding prepares its financial statements in accordance with U.S. GAAP and, following the JV Transactions, the JV will prepare its financial statements in accordance with U.S. GAAP. The Vodafone Netherlands Consolidated Financial Statements have been prepared in accordance with EU-IFRS. There may be significant differences between the EU-IFRS and U.S. GAAP presentations of the historical financial information of Vodafone Netherlands.***

Although a preliminary assessment has been performed to determine whether material differences exist between the EU-IFRS and U.S. GAAP presentation of Vodafone Netherlands' historical financial statements, it has not been possible to finalize this assessment, nor to perform a complete restatement of the Vodafone historical financial information in accordance with U.S. GAAP. As a result, the possibility exists that there could be significant differences between the EU-IFRS and U.S. GAAP presentation of the financial condition and results of operations of Vodafone Netherlands. Based on work performed to date, we believe that any such significant differences would be limited to items that do not materially impact the debt or Adjusted EBITDA of Vodafone Netherlands. Although we do not expect that material differences impacting the debt or Adjusted EBITDA of Vodafone Netherlands will be identified as this work progresses, no assurance can be given that this will be the case.

In addition, we have neither prepared nor presented in this offering memorandum pro forma financial information, as contemplated by Article 11 of Regulation S-X of the Rules and Regulations of the U.S. Securities and Exchange Commission (Article 11), for the JV after giving effect to the JV Transactions or the financing transactions contemplated by this Offering Memorandum. Although we present certain combined Ziggo Group Holding and Vodafone Netherlands information for purposes of calculating the as adjusted leverage ratios that we present under “*Selected Consolidated Financial and Operating Data of Ziggo Group Holding*,” the presentation of this combined information does not purport to present the pro forma financial condition and full results of operations that would be included in pro forma financial information prepared in accordance with Article 11.

***As Vodafone Netherlands does not prepare quarterly financial statements, the most recent financial statements included in this offering memorandum for Vodafone Netherlands are the Vodafone Netherlands 2016 Consolidated Financial Statements. As a result, financial statements that would reflect the most recent results of operations and financial condition of Vodafone Netherlands are not included in this offering memorandum.***

Vodafone Netherlands management has provided selected financial data for the six months ended June 30, 2016 and March 31, 2016 under “Recent Financial Information—Vodafone Netherlands” and has performed a review of financial and other information of Vodafone Netherlands for periods subsequent to March 31, 2016 and determined that there are no significant changes in trends or other financial events or transactions that have occurred subsequent to March 31, 2016 that require disclosure or have not been otherwise disclosed in this offering memorandum; however, these steps are not a substitute for the preparation and publication of a full set of financial statements for the three months ended June 30, 2016 and the review of those financial statements by an independent accounting firm. As a result, more reliance is necessarily placed on management’s review of the financial information with respect to periods subsequent to March 31, 2016 than would be the case if the financial statements for the three months ended June 30, 2016 were included in this offering memorandum.

## THE ISSUERS

### Senior Secured Notes Issuer

The Senior Secured Notes Issuer is a private limited liability 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 Senior Secured Notes Issuer's telephone number is + 31 (0) 20 5722300. The Senior Secured Notes Issuer is registered with the Dutch Commercial Register under number 61998907.

The Senior Secured Notes Issuer has been formed as a special purpose vehicle for the primary purpose of facilitating the offering of the Ziggo 2025 Senior Secured Notes, entering into the SPV Credit Facilities, issuing or incurring certain other future indebtedness that will rank *pari passu* with the Notes offered hereby, the Ziggo 2025 Senior Secured Notes and the SPV Credit Facilities and using the proceeds of the foregoing to fund proceeds loans under the Senior Secured Proceeds Loan Facility. The Senior Secured Notes 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) are its rights under the Senior Secured Proceeds Loan Facility, the Ziggo Senior Secured Proceeds Loans, and the New Senior Secured Proceeds Loans, when funded and its rights under certain related agreements. See "*Summary—Brief Description of the Ziggo Group Holding, the Issuer and the Structure of the Offering*" and "*Summary—The Transactions*".

The Senior Secured Notes 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 Senior Secured Notes. The payment obligations under the Senior Secured Notes will not be guaranteed by the Senior Secured Proceeds Loan Borrowers. Accordingly, the Senior Secured Notes 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 Senior Secured Notes. Although none of the Senior Secured Proceeds Loan Borrowers has any equity or voting interest in the Senior Secured Notes Issuer, the Senior Secured Proceeds Loans create a variable interest in the Senior Secured 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 Senior Secured Notes Issuer following completion of the issuance of the Notes and the Transactions. Accordingly, following the completion of the issuance of the Senior Secured Notes and the Transactions, the Senior Secured Proceeds Loans will be eliminated for financial reporting purposes through the consolidation of the Senior Secured Notes 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 Ziggo Credit Facility, the Ziggo 2020 Euro Senior Secured Notes and the Ziggo Senior Secured Proceeds Loans, by (i) a first ranking security interest in the capital stock of each Senior Secured Obligor (other than ABC), (ii) all of the rights of the relevant creditors in relation to certain Subordinated Shareholder Loans (as defined in "*Description of the Senior Secured Notes*"), (iii) the other property and assets that currently secure the Ziggo Credit Facility and the Ziggo 2020 Euro Senior Secured Notes and (iv), within sixty (60) days following the consummation of the JV Transactions, a first-ranking security interest in the capital stock of and the over the assets of the subsidiaries of Vodafone Netherlands. See "*Summary—Summary of the Notes—Senior Secured Proceeds Loans*".

The Senior Secured Notes 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 incurrence of such future indebtedness will comply with the covenants under the Senior Secured Notes and the Senior Secured Notes Indenture.

The Senior Secured Notes will be offered by the Senior Secured Notes Issuer on a limited recourse basis. The holders of the Senior Secured Notes will not have a direct claim against the cash flow or assets of Ziggo Group Holding (and its subsidiaries) and Vodafone Netherlands (and its subsidiaries), and neither Ziggo Group Holding (nor its subsidiaries), nor Vodafone Netherlands (nor its subsidiaries) will have any direct obligation to holders of the Senior Secured Notes to pay amounts due under the Senior Secured Notes. The Senior Secured Notes Issuer will also be dependent on payments by the Senior Secured Proceeds Loan Borrowers under the Senior Secured Notes Back-Stop Commitment Letter and by the Senior Secured Obligors under the Senior Secured Expenses Agreement intended to cover non-recurring and recurring expenses and fees of the Senior Secured Notes Issuer in connection with the offering of the Senior Secured Notes and subsequently, the Senior Secured Proceeds Loans.



Immediately following the issuance of the Senior Secured Notes, the Senior Secured Notes Issuer's only material liabilities will be under the Senior Secured Notes, the Ziggo 2025 Senior Secured Notes, the Senior Secured Notes Security Documents, the SPV Credit Facilities and the Senior Secured Collateral Sharing Agreement, and the Senior Secured Notes Issuer will have no material business operations, no direct subsidiaries and no employees.

Since the date of the incorporation of the Senior Secured Notes Issuer, the Senior Secured Notes 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 Senior Secured Notes Issuer's financial position or profitability, nor is the Senior Secured Notes Issuer aware that any such proceedings are pending or threatened.

### **Senior Notes Issuer**

The Senior Notes Issuer is a private limited liability 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 Senior Notes Issuer's telephone number is + 31 (0) 20 5722300. The Senior Notes Issuer is registered with the Dutch Commercial Register under number 61995460.

The Senior Notes Issuer has been formed as a special purpose vehicle for the primary purpose of facilitating the offering of the Ziggo 2025 Senior Notes, issuing or incurring certain other future indebtedness that will rank *pari passu* with the Senior Notes offered hereby and using the proceeds of the foregoing to fund proceeds loans under the Senior Proceeds Loan Facility. The Senior Notes Issuer's only material assets (other than the shares it holds in the Senior Secured Notes Issuer) are its rights under the Senior Proceeds Loan Facility, the Ziggo Senior Proceeds Loans, and the New Senior Secured Proceeds Loans, when funded, and its rights under certain related agreements. See "*Summary—Brief Description of the Ziggo Group Holding, the Issuers and the Structure of the Offering*" and "*Summary—The Transactions*".

The Senior Notes Issuer will be dependent on payments by the Senior Proceeds Loans Borrowers under the Senior Proceeds Loans in order to service its obligations under the Senior Notes. The payment obligations under the Senior Notes will not be guaranteed by the Senior Proceeds Loan Borrowers. Accordingly, the Senior Notes Issuer will depend on payments by the Senior Proceeds Loan Borrowers under the Senior Proceeds Loans in order to service its obligations under the Senior Notes. Although none of the Senior Proceeds Loan Borrowers has any equity or voting interest in the Senior Notes Issuer, the Senior Proceeds Loans create a variable interest in the Senior Notes Issuer (for which the Senior Proceeds Loan Borrowers are the primary beneficiary), as contemplated by U.S. GAAP. As such, the Senior 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 Senior Notes Issuer following completion of the issuance of the Senior Notes and the Transactions. Accordingly, following the completion of the issuance of the Notes and the Transactions, the Senior Proceeds Loans will be eliminated for financial reporting purposes through the consolidation of the Senior Notes Issuer within Ziggo Group Holding's consolidated financial statements. On the earlier of the Financing Escrow Release Date or the JV Escrow Release Date, the obligations of the Senior Obligor under each Senior Proceeds Loan will, after giving effect to the Holdco Priority Agreement, be secured by (i) a first-ranking pledge of all the issued capital stock of each Senior Obligor (other than the New Senior Obligors) on an equal and ratable basis with the Ziggo 2024 Euro Senior Notes and the Ziggo 2025 Senior Notes and (ii) within sixty (60) days following the consummation of the JV Transactions, a first ranking security interest in the capital stock of the New Senior Obligors. See "*Summary—Summary of the Notes—Senior Proceeds Loans*".

The Senior Notes 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 Obligors. Any issuance incurrence of such future indebtedness will comply with the covenants under the Senior Notes and the Senior Notes Indenture.

The Senior Notes will be offered by the Senior Notes Issuer on a limited recourse basis. The holders of the Senior Notes will not have a direct claim against the cash flow or assets of Ziggo Group Holding (and its subsidiaries) and Vodafone Netherlands (and its subsidiaries), and neither Ziggo Group Holding (nor its subsidiaries), nor Vodafone Netherlands (nor its subsidiaries) will have any direct obligation to holders of the Senior Notes to pay amounts due under the Senior Notes. The Senior Notes Issuer will also be dependent on payments by the Senior Proceeds Loan Borrowers under Senior Notes Back-Stop Commitment Letter and by the Senior Obligors under the Expense Agreement intended to cover non-recurring and recurring expenses and fees of the Senior Notes Issuer in connection with the offering of the Notes and subsequently, the Senior Proceeds Loans.

Immediately following the issuance of the Senior Notes, the Senior Notes Issuer's only material liabilities will be under the Senior Notes, the Ziggo 2025 Senior Notes and the Senior Notes Issuer will have no material business operations, no direct subsidiaries and no employees.

Since the date of the incorporation of the Senior Notes Issuer, the Senior Notes 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 Senior Notes Issuer's financial position or profitability, nor is the Senior Notes 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 Issuers and the Structure of the Offering*” and “*Use of Proceeds*” and the other transactions described below.

### *The JV Transactions*

The transactions described under this “—*The JV Transactions*” shall hereinafter be collectively referred to as to “**JV Transactions**”.

#### *Overview*

For a summary of the Contributions, see “—*JV Overview*”. The Contributions are governed by the Contribution Agreement which includes customary representations, warranties, covenants and indemnification obligations of Liberty Global and Vodafone relating to each of their contributed businesses. The Contribution Agreement also includes customary termination rights, including a right of the parties to terminate the transaction if it has not closed by August 15, 2017 (which date may be extended by mutual agreement of the parties). Until the closing of the JV Transactions, Liberty Global and Vodafone will continue to operate their respective businesses in the Netherlands as independent businesses.

As part of the consummation of the JV Transactions, Liberty Global and Vodafone will enter into the JV Shareholders Agreement whereby each of Liberty Global and Vodafone will indirectly hold 50% of the issued share capital of the JV. The JV Shareholders Agreement will set out, among others, the composition of the supervisory board of the JV. For a summary of the composition of the supervisory board of the JV see “*Management—Management of the JV*”. Each shareholder will have the right to initiate an IPO of the JV after the third anniversary of the closing, with the opportunity for the other shareholder to sell shares in the IPO on a pro-rata basis. The parties have agreed to restrictions on other transfers of interests in the JV until the fourth anniversary of the closing. After the fourth anniversary, each shareholder will be able to initiate a sale of the entire JV to a third party, subject to a right of first offer in favor of the other shareholder. In the event of the unremedied insolvency of Liberty Global or Vodafone, the other party will have the right to purchase the shares of the insolvent party in the JV for a fully distributed market value. The insolvency of a party may also result in a suspension of the rights attached to its shares in the JV (including dividends and voting) and the same applies in the event of a breach of the transfer restrictions by either party. The JV Shareholders Agreement contains customary covenants regarding co-operation, information sharing, restrictions on the partners from competing with the JV and restrictions on soliciting employees of the JV.

#### *Divestment of the Vodafone NL Fixed-Line Business*

The consummation of the JV Transactions is subject to certain conditions, including competition clearance by the European Commission. The European Commission approved the JV Transactions subject to the divestment of the Vodafone NL Fixed-Line Business. This required divestment represents a structural remedy offered by the parties to address any concerns regarding the overlap between the fixed-line telephony and TV activities of the Vodafone Netherlands and Ziggo Group Holding. The divestment could potentially also include MVNO access subject to agreement on commercial terms. See “*Summary Consolidated Financial and Operating Data of Vodafone Netherlands*” for additional information regarding revenue and Adjusted EBITDA of the Vodafone NL Group Fixed-Line Business. See “*Risk factors—Risks related to the JV Transactions—The JV Transactions are subject to significant uncertainties and risks*” and “—*The expected benefits and synergies from the JV Transactions may not materialize*”.

#### *Inter-group services*

Under “*Certain Relationships and Related-party Transactions*” we describe the recurring related-party charges that we expect to occur between the JV and the JV Parents (as defined herein) following the consummation of the JV Transactions. The amounts disclosed with respect to these recurring transactions are derived from the binding term sheet in relation to the unexecuted Framework Agreement and Trade Mark Agreement that will govern such charges once these agreements are signed. Although the Framework and Trade Mark Agreements have not yet been executed, the JV Parents are obligated to execute these agreements on the terms agreed to in the binding term sheet in connection with the consummation of the JV Transactions.

The charges payable for services provided under the Framework Agreement will be fixed, or have a fixed unit price, for the first three years following the consummation of the JV Transactions. Where the unit price is fixed the aggregate charges payable will vary depending on volumes or usage. It is anticipated that, as a result of integration of the two businesses, certain services will no longer be required. The JV will not be required to pay Liberty Global or Vodafone for any services terminated but may need to otherwise procure these, or equivalent, services on a stand-alone basis and/or from third parties.

Pursuant to the Contribution Agreement, prior to completion of the Contributions, the JV partners will either fully settle or otherwise equalize their respective inter-company loan balances. For more information on the current inter-company loans, see “*Certain Relationships and Related-party Transactions*”.

***Parent Affiliate, Affiliate Issuer Designations and New Senior Secured Proceeds Loan Guarantors***

Substantially concurrently with the consummation of the Vodafone NL Contribution, Vodafone Holdco II will give effect to the Parent Affiliate Designation under the Senior Secured Finance Documents. Furthermore, Vodafone Holdco I will execute one or more accession agreements and/or supplemental indentures to the Ziggo 2024 Euro Senior Notes Indenture, the Senior Notes Proceeds Loan and the Senior Covenant Agreement, whereby it will become an “Affiliate Issuer” (as defined in the Ziggo 2024 Euro Senior Notes Indenture”), an “Additional Borrower” (as defined in the Ziggo Senior Note Proceeds Loan) and an “Obligor” (as defined in the Senior Covenant Agreement), respectively, and give effect to the Affiliate Issuer Designation. In addition, within sixty (60) days after the consummation of the Vodafone NL Contribution, (i) the New Senior Secured Obligors will each provide a guarantee under the Senior Secured Finance Documents and a first-ranking security interest over the New Senior Secured Proceeds Loan Collateral and (ii) the New Senior Obligors will provide a first-ranking security interest of the New Senior Proceeds Loan Collateral. As a result of the Parent Affiliate Designation and the Affiliate Issuer Designation, members of the Vodafone NL Group will become part of the senior secured covenant group and the senior covenant group each as further described in “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*”, respectively.

## USE OF PROCEEDS

The gross proceeds from the sale of the Notes offered hereby will be €2,575.0 million (equivalent). If the JV Transactions are consummated, fees and expenses associated with the Notes are expected to be €45.0 million. Pending consummation of the JV Transactions, the gross proceeds of the offering of the Notes (less the Funded Amount), will be deposited on the Issue Date in segregated escrow accounts pursuant to the terms of the Senior Secured Notes Escrow Agreement and the Senior Notes Escrow Agreement. The release of the Escrowed Proceeds will be subject to the satisfaction of certain conditions, but may occur whether or not the JV Transactions are completed.

On the Issue Date, the Senior Secured Notes Issuer will use the Funded Amount to fund the Initial Senior Secured Refi Proceeds Loans to one or more Original Proceeds Loan Borrowers under the Senior Secured Proceeds Loan Facility Agreement. The proceeds of the Initial Senior Secured Refi Proceeds Loans will be used to refinance existing indebtedness of the Initial Senior Secured Proceeds Loan Obligors.

Upon release of the Escrowed Proceeds in connection with the consummation of the JV Transactions, the Issuers will use the Escrowed Proceeds (less any amounts used to redeem Notes pursuant to the Special Optional Redemption) to fund the JV Senior Secured Proceeds Loans and JV Senior Proceeds Loans (together, the “**JV Proceeds Loans**”) to one or more Proceeds Loan Borrowers under one or more facilities subject to the terms of the Senior Secured Proceeds Loan Facility Agreement or the Senior Proceeds Loan Facility Agreement, as applicable. The proceeds of the JV Proceeds Loans will be used to (i) repay related-party debt or fund a loan, dividend, distribution or other payment to Ziggo Group Holding for further distribution to Liberty Global’s or Vodafone Group’s subsidiaries, (ii) to pay fees, costs and expenses related to the offering of the Notes and (iii) for general corporate purposes of the Senior Secured Obligors and their respective subsidiaries, including, without limitation, distributions to direct or indirect parent companies and/or financing the operating and treasury activities of the Senior Secured Obligors and their respective subsidiaries.

Upon release of all or any portion of the Escrowed Proceeds in connection with an Additional Ziggo Financing, the Issuers will use the Escrowed Proceeds (less any amounts used to redeem Notes pursuant to the Special Mandatory Redemption) to fund the Additional Senior Secured Proceeds Loans and Additional Senior Proceeds Loans (together, the “**Additional Proceeds Loans**”) to one or more Proceeds Loan Borrowers under one or more facilities subject to the terms of the Senior Secured Proceeds Loan Facility Agreement or the Senior Proceeds Loan Facility Agreement, as applicable. The proceeds of the Additional Proceeds Loans may be used to (i) refinance existing indebtedness, (ii) to pay fees, costs and expenses related to the offering of the Notes and (iii) for general corporate purposes of the Senior Secured Obligors and their respective subsidiaries, including, without limitation, distributions to direct or indirect parent companies and/or financing the operating and treasury activities of the Senior Secured Obligors and their respective subsidiaries.



## CAPITALIZATION

The following table sets forth, in each case as of June 30, 2016, (i) the actual consolidated cash and capitalization of Ziggo Group Holding, (ii) the consolidated cash and capitalization of Ziggo Group Holding on an as adjusted basis after giving effect to (a) the issuance of the Notes, (b) the completion of the Initial Senior Secured Ziggo Refinancing, (c) the completion of the September 2016 Refinancing (d) the consummation of the JV Transactions and (e) the incurrence of the Additional Terms Loans and (iii) the consolidated cash and capitalization of Ziggo Group Holding on an as adjusted basis after giving effect to (a) the issuance of the Notes, (b) the completion of the Initial Senior Secured Ziggo Refinancing, (c) the completion of the September 2016 Refinancing and (d) the completion of the Special Mandatory Redemption in respect of all of the Escrowed Proceeds.

This table should be read in conjunction with “Recent Transactions”, “Use of Proceeds”, “Selected Consolidated Financial and Operating Data of Ziggo Group Holding”, “Selected Consolidated Financial and Operating Data of Vodafone Netherlands”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Ziggo Group Holding”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Vodafone Netherlands”, “Certain Relationships and Related-Party Transactions”, “Description of Other Indebtedness”, “Description of the Senior Secured Notes”, “Description of the Senior Notes” and the Ziggo 2016 Condensed Consolidated Financial Statements and the Ziggo 2015 Consolidated Financial Statement included elsewhere in this Offering Memorandum.

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 Notes have not been reflected in the as adjusted data presented in this table. Except as set forth in the footnotes to this table, there have been no material changes to Ziggo Group Holding’s cash and third-party capitalization since June 30, 2016.

	June 30, 2016		
	Actual	As Adjusted - JV Closes (1)	As Adjusted - Refi Only (2)
		in millions	
CASH AND CAPITALIZATION OF ZIGGO GROUP HOLDING			
Total cash	€ 4.7	€ 4.7	€ 4.7
Third-party debt:			
Senior Secured Debt:			
Ziggo Credit Facilities (3)(4)	€ 4,711.5	€ 4,540.6	€ 4,440.6
Ziggo 2020 Euro Senior Secured Notes	71.7	71.7	71.7
Ziggo 2025 Senior Secured Notes	800.0	800.0	800.0
Senior Secured Notes offered hereby (5)	—	2,575.0	270.9
Total Senior Secured Debt	5,583.2	7,987.3	5,583.2
Senior Debt:			
Ziggo 2024 Euro Senior Notes	743.1	743.1	743.1
Ziggo 2025 Senior Notes	761.2	761.2	761.2
Senior Notes offered hereby (5)	—	564.4	—
Total Senior Debt	1,504.3	2,068.7	1,504.3
Vendor financing	218.2	218.2	218.2
Unamortized premium and deferred financing costs (6)	(2.1)	(46.5)	(13.7)
Total carrying amount of third-party debt	7,303.6	10,227.7	7,292.0
Capital lease obligations	0.1	0.1	0.1
Total carrying value of third-party debt and capital lease obligations	7,303.7	10,227.8	7,292.1
Related-party debt and capital lease obligations (7)	3,246.3	1,391.3	3,258.0
Total debt and capital lease obligations	10,550.0	€11,619.1	10,550.1
Owner’s equity (8)	1,184.9	(9)	1,179.8
Total capitalization (10)	€11,734.9	(9)	€11,729.9

- 
- (1) The “*As Adjusted — JV Closes*” amounts reflect (i) the issuance of the Notes, (ii) the completion of the Initial Senior Secured Ziggo Refinancing, (iii) the completion of the September 2016 Refinancing, (iv) the consummation of the JV Transactions and (iv) the completion of the Additional Term Loans.
  - (2) The “*As Adjusted — Refi Only*” amounts reflect (i) the issuance of the Notes, (ii) the completion of the Initial Senior Secured Ziggo Refinancing, (iii) the completion of the September 2016 Refinancing and (iv) the completion of the Special Mandatory Redemption in respect of all of the Escrowed Proceeds. The “*As Adjusted — Refi Only*” amounts assume that the JV Transactions are not consummated, in which case the proceeds of the Notes may be used for the Additional Ziggo Financing. Should the Additional Ziggo Financing occur, the aggregate principal amount of Senior Secured Notes and/or Senior Notes may increase, in each case, from what is disclosed in the “*As Adjusted — Refi Only*” amounts up to the maximum aggregate principal amount of Notes offered hereby, as further described in footnote 10.
  - (3) ABC has entered into an agreement (the “**Additional Term Loan Agreement**”) with BNP Paribas Fortis SA/NV (the “**Additional Term Loan Lender**”) and the facility agent under the Ziggo Credit Facility and the SPV Credit Facility pursuant to which the Additional Term Loan Lender will provide, subject to the terms and conditions specified in the Additional Term Loan Agreement (including that no event of default under the SPV Credit Facility or the Ziggo Credit Facility is continuing or would result therefrom), senior secured term loans in an aggregate principal amount equal to €100.0 million under, at the Additional Term Loan Lender’s option, a new or existing facility under the Ziggo Credit Facility and/or the SPV Credit Facility (the “**Additional Term Loans**”). Proceeds of the Additional Term Loans are expected to be used to fund a loan, dividend or other distribution to Ziggo Group Holding. The Additional Term Loans are expected to be incurred as an increase to Facility C under the SPV Credit Facility; however, the Additional Term Loans may instead be incurred under an existing or separate additional tranche under the SPV Credit Facility and/or under the Ziggo Credit Facility on pre-agreed terms. If the conditions specified in the Additional Term Loan Agreement are not met, the Additional Term Loans will not be incurred.
  - (4) The “*As Adjusted — JV Closes*” and “*As Adjusted — Refi Only*” amounts reflect the completion of the Initial Senior Secured Ziggo Refinancing and the September 2016 Refinancing. In addition, the “*As Adjusted — JV Closes*” amount reflects the completion of the Additional Term Loans.
  - (5) The “*As Adjusted — JV Closes*” amounts reflect the issuance of the Notes offered hereby. The “*As Adjusted — Refi Only*” amounts reflect the issuance of the Notes offered hereby and the Special Mandatory Redemption in respect of all of the Escrowed Proceeds.
  - (6) The “*As Adjusted — JV Closes*” amount reflects (i) estimated fees and expenses of €45.0 million associated with the issuance of the Notes and (ii) the net impact of (a) estimated fees and expenses of €4.5 million associated with the Initial Senior Secured Ziggo Refinancing and (b) the write-off of €5.1 million of the unamortized discount associated with the repaid portion of the Ziggo Credit Facility pursuant to the Initial Senior Secured Ziggo Refinancing. The “*As Adjusted — Refi Only*” amount reflects (i) estimated fees and expenses of €12.2 million associated with the issuance of the Notes and (ii) the net impact of (a) estimated fees and expenses of €4.5 million associated with the Initial Senior Secured Ziggo Refinancing and (b) the write-off of €5.1 million of the unamortized discount associated with the repaid portion of the Ziggo Credit Facility pursuant to the Initial Senior Secured Ziggo Refinancing.
  - (7) The “*As Adjusted*” amounts reflect related-party borrowings of €11.7 million that were used to fund fees and expenses incurred in connection with the September 2016 Refinancing. For purposes of the “*As Adjusted — JV Closes*” amount, we have assumed that the net proceeds from the Notes will be applied to the repayment of related-party debt of Ziggo Group Holding. If the JV Transactions are consummated, the proceeds from the Notes (less any amounts used to pay related fees, costs or expenses or otherwise retained for general corporate purposes) will ultimately be distributed, by way of repayment of related-party debt, loans, dividends, distributions or other payments, to Liberty Global’s or Vodafone Group’s subsidiaries. See “*Use of Proceeds*”. The related-party loan balances of Vodafone Netherlands have not been included in this table.
  - (8) The “*As Adjusted — Refi Only*” amount reflects a loss of €5.1 million on extinguishment of debt related to the write-off of the unamortized discount associated with the repaid portion of the Ziggo Credit Facility pursuant to the Initial Senior Secured Ziggo Refinancing.
  - (9) The “*As Adjusted — JV Closes*” amount omits the equity capitalization of Ziggo Group Holding due to the fact that the opening equity of the JV will be based on valuations that have not yet been completed.
  - (10) In the event the Issuers determine that JV Transactions will not be consummated on or before the Longstop Date (or upon the occurrence of certain other Special Mandatory Redemption events), the Issuers may elect to release and on-lend to the Ziggo Group any or all of the proceeds in the Escrow Accounts to refinance

existing indebtedness of the Ziggo Group or for general corporate purposes of the Ziggo Group. Under the relevant escrow release conditions, the Issuers would be entitled to do so only in compliance with the applicable covenants under the Notes and the Ziggo Group's other existing financing arrangements. However, after giving effect to any such incurrence in compliance with the applicable covenants, including in connection with permitted refinancing debt, permitted acquisition debt or other exceptions to the restriction on our ability to incur indebtedness, the Consolidated Net Leverage Ratio could increase above the Consolidated Net Leverage Ratio as of June 30, 2016, and such increase could be material. In addition, in connection with any such incurrence, there would be an expected impact on total cash and cash equivalents, total debt, total equity and total capitalization presented above. Any actual impact would depend on the amount of additional indebtedness incurred and the use of proceeds thereof, and could be material.

## SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF ZIGGO GROUP HOLDING

The tables below set out summary financial and operating data of Ziggo Group Holding for the indicated periods, including information for the six months ended June 30, 2016 and 2015 and the years ended December 31, 2015, 2014 and 2013. The historical consolidated balance sheet data as of June 30, 2016 and the historical consolidated statement of operations and cash flow data for the six months ended June 30, 2016 and 2015 have been derived from the Ziggo 2016 Condensed Consolidated Financial Statements. The historical consolidated balance sheet data as of December 31, 2015 and 2014, statement of operations data for the years ended December 31, 2015 and 2013 and the historical consolidated statement of cash flow data for the years ended December 31, 2015, 2014 and 2013 have been derived from the Ziggo 2015 Consolidated Financial Statements. The statement of operations data for the year ended December 31, 2014 has been presented on a pro forma basis as further described below.

Certain financial and statistical and operating information for the year ended December 31, 2014 has been provided on a pro forma basis as if the Ziggo Acquisition had been completed on January 1, 2014. These pro forma amounts give effect to (i) the inclusion of the historical financial and operating results of Ziggo Holding, (ii) third-party acquisition-related financings that occurred during February and November of 2014, (iii) the new basis of accounting resulting from the Ziggo Acquisition and (iv) the impact of conforming one of Ziggo Holding's accounting policies to the corresponding Liberty Global accounting policy followed by Ziggo Group Holding. No interest expense on the Liberty Global Broadband Note is reflected in our 2014 pro forma results prior to its November 2014 issuance date. The pro forma amounts are not necessarily indicative of the financial and operating results that would have occurred if these transactions had occurred on January 1, 2014. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

The Ziggo 2015 Consolidated Financial Statements have been prepared in accordance with U.S. GAAP. The following information should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Ziggo Group Holding*" and the Ziggo 2016 Condensed Consolidated Financial Statements and Ziggo 2015 Consolidated Financial Statements. Our historical and pro forma results do not necessarily indicate results that may be expected for any future period.

Unless otherwise indicated, operating and statistical data, including subscriber statistics and product offerings, are as of June 30, 2016 and are based on Ziggo Group Holding's methodologies and do not reflect any potential changes to such methodologies that may result once the policies of Ziggo Group Holding and Vodafone Netherlands are conformed following the consummation of the JV Transactions. Additionally, the following discussion and analysis of Ziggo Group Holding's results of operations and liquidity does not include the impact of Ziggo Sport Totaal, which, as further described in note 3 to the Ziggo 2016 Condensed Consolidated Financial Statements, will be contributed to the JV by Liberty Global, but will not be included in the Borrowing Group. Ziggo Sport Totaal includes (i) third-party revenue of €5.5 million and €5.1 million during the six months ended June 30, 2016 and 2015, respectively, and €10.6 million, €10.1 million and €16.9 million during the years ended December 31, 2015, 2014 and 2013, respectively, and (ii) negative Segment OCF of €0.1 million and €4.5 million during the six months ended June 30, 2016 and 2015, respectively, and €16.6 million, €2.3 million and €0.4 million during the years ended December 31, 2015, 2014 and 2013, respectively. These negative Segment OCF figures include revenue from Ziggo Group Holding of €20.2 million and €6.8 million during the six months ended June 30, 2016 and 2015, respectively, and €13.6 million, €7.9 million and €8.3 million during the years ended December 31, 2015, 2014 and 2013, respectively. None of the amounts related to Ziggo Sport Totaal have been audited or reviewed by Ziggo Group Holding's independent auditors.

	Six months ended June 30,		Year ended December 31,		
	2016	2015	2015	2014	2013
	in millions				
Consolidated Statement of Operations Data:					
Revenue	€1,208.1	€1,245.7	€2,472.7	€2,534.8	€935.3
Operating costs and expenses:					
Operating (other than depreciation and amortization)	388.0	397.8	760.5	774.9	283.7
Selling, general and administrative (including share-based compensation)	168.6	188.6	349.7	370.8	111.0
Related-party fees and allocations	106.3	65.1	152.4	166.2	84.3
Depreciation and amortization	456.1	543.3	1,037.5	941.6	176.2
Impairment, restructuring and other operating items, net	5.7	9.2	63.8	82.9	1.1
	1,124.7	1,204.0	2,363.9	2,336.4	656.3
Operating income	83.4	41.7	108.8	198.4	279.0
Non-operating income (expense):					
Interest expense:					
Third-party	(160.9)	(146.4)	(309.4)	(179.8)	(9.2)
Related-party	(81.8)	(136.8)	(222.9)	(146.5)	(91.7)
Interest income—related-party	—	16.3	16.3	132.9	123.2
Dividend income	—	—	—	—	25.9
Realized and unrealized gains (losses) on derivative instruments, net	(186.3)	217.3	211.1	(170.5)	—
Unrealized gains due to change in fair value of investment	—	—	—	—	167.2
Foreign currency transaction gains (losses), net	47.2	(166.0)	(230.6)	(246.0)	—
Other expense, net	(9.7)	(5.1)	(16.7)	(62.7)	—
	(391.5)	(220.7)	(552.2)	(672.6)	215.4
Earnings (loss) before income taxes	(308.1)	(179.0)	(443.4)	(474.2)	494.4
Income tax benefit (expense)	73.2	56.3	124.0	125.7	(77.6)
Net earnings (loss)	(234.9)	(122.7)	(319.4)	(348.5)	416.8
Net loss (earnings) attributable to noncontrolling interests	—	—	—	3.9	(0.4)
Net earnings (loss) attributable to parent	€ (234.9)	€ (122.7)	€ (319.4)	€ (344.6)	€416.4
		June 30,	December 31,		
		2016	2015 (a)	2014 (a)	
		in millions			

**Consolidated Balance Sheet Data:**

Cash	€ 4.7	€ 12.8	€ 31.7
Total assets	€13,706.2	€14,038.9	€16,431.8
Total current liabilities (excluding current portion of debt and capital lease obligations)	€ 917.8	€ 918.3	€ 831.5
Total debt and capital lease obligations	€10,550.0	€10,481.0	€11,239.9
Total liabilities	€12,521.3	€12,633.2	€13,220.2
Total owner's equity	€ 1,184.9	€ 1,405.7	€ 3,211.6

- (a) Certain prior period amounts have been reclassified to conform to the current period presentation, including the reclassification of deferred financing costs from other long-term assets to long-term debt and capital lease obligations.

	<u>Six months ended June 30,</u>		<u>Year ended December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	in millions				
<b>Consolidated Cash Flow Data:</b>					
Cash provided by operating activities . . . . .	€ 474.7	€ 493.7	€1,059.3	€ 572.7	€ 495.1
Cash used by investing activities . . . . .	€(173.7)	€(464.7)	€ (303.8)	€(551.5)	€(1,000.3)
Cash provided (used) by financing activities . . . . .	€(309.1)	€ (47.6)	€ (771.4)	€ 9.6	€ 505.5



	As of and for the six months ended June 30,		As of and for the year ended December 31,		
	2016	2015	2015	2014	2013
<b>Summary Statistical and Operating Data (a):</b>					
<b>Footprint</b>					
Homes passed	7,053,000	7,006,900	7,023,200	6,982,700	2,838,600
Two-way homes passed	7,039,600	6,992,300	7,009,100	6,968,000	2,825,300
<b>Subscribers (RGUs)</b>					
Basic Video	720,200	835,500	768,000	902,100	523,900
Enhanced Video	3,291,500	3,347,800	3,320,500	3,387,300	1,108,100
Total Video	4,011,700	4,183,300	4,088,500	4,289,400	1,632,000
Internet	3,118,400	3,065,700	3,101,400	3,066,000	1,068,100
Telephony	2,530,500	2,549,100	2,538,300	2,576,000	982,900
Total RGUs	9,660,600	9,798,100	9,728,200	9,931,400	3,683,000
<b>Customer Bundling</b>					
Single-Play	21.8%	24.9%	22.8%	26.6%	32.8%
Double-Play	16.8%	16.2%	16.6%	15.3%	9.0%
Triple-Play	61.4%	58.9%	60.6%	58.1%	58.2%
<b>Customer Relationships</b>					
Customer relationships	4,033,300	4,185,300	4,090,400	4,291,600	1,633,900
RGUs per customer relationship	2.40	2.34	2.38	2.31	2.25
<b>ARPU—Cable Subscription Revenue</b>					
Monthly ARPU per customer relationship (b)	€ 44.89	€ 44.46	€ 44.62	€ 43.52	€ 42.17
<b>Mobile Subscribers</b>					
Total mobile subscribers	207,200	178,800	186,800	129,500	3,000
<b>ARPU—Mobile Subscription Revenue</b>					
Monthly ARPU per customer relationship:					
Excluding interconnect revenue (b)	€ 12.12	€ 12.96	€ 14.05	€ 14.65	€ 6.81
Including interconnect revenue (b)	€ 13.53	€ 14.45	€ 15.52	€ 16.32	€ 6.88

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

(b) Amounts presented for the year ended December 31, 2014 are on a pro forma basis.

	Six months ended June 30,		Year ended December 31,		
	2016	2015	2015	2014	2013
in millions, except percentages					
<b>Summary Operating Data</b>					
Revenue	€1,208.1	€1,245.7	€2,472.7	€2,534.8	€935.3
Segment OCF (a)	€ 655.8	€ 661.5	€1,369.0	€1,397.2	€541.9
Segment OCF as a % of revenue	54.3%	53.1%	55.4%	55.1%	57.9%
Property and equipment additions	€ 253.3	€ 226.5	€ 483.8	€ 539.0	€183.7
Property and equipment additions as % of revenue	21.0%	18.2%	19.6%	21.3%	19.6%

(a) Segment OCF is the primary measure used by Ziggo Group Holding’s management to evaluate its operating performance. Segment OCF is also a key factor that is used by the internal decision makers at Ziggo Group Holding to evaluate the effectiveness of its management for purposes of annual and other incentive compensation plans. As Ziggo Group Holding uses the term, Segment OCF is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, provision and provision releases related to significant litigation 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 Ziggo Group Holding believe Segment 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 Ziggo Group Holding and allows management to (a) readily view operating trends, (b) perform analytical comparisons and benchmarking between entities and (c) identify strategies to improve operating performance. Ziggo Group Holding believes that its Segment 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 Ziggo Group Holding’s measure may not be directly

comparable to similar measures used by other public companies. Segment 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 Segment OCF to operating income is as follows:

	Six months ended June 30,		Year ended December 31,		
	2016	2015	2015	2014	2013
			in millions pro forma		
Segment OCF .....	€ 655.8	€ 661.5	€ 1,369.0	€1,397.2	€ 541.9
Share-based compensation .....	(4.3)	(2.2)	(6.5)	(8.1)	(1.3)
Related-party fees and allocations, net .....	(106.3)	(65.1)	(152.4)	(166.2)	(84.3)
Depreciation and amortization .....	(456.1)	(543.3)	(1,037.5)	(941.6)	(176.2)
Impairment, restructuring and other operating items, net ...	(5.7)	(9.2)	(63.8)	(82.9)	(1.1)
Operating income .....	<u>€ 83.4</u>	<u>€ 41.7</u>	<u>€ 108.8</u>	<u>€ 198.4</u>	<u>€ 279.0</u>

## SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF VODAFONE NETHERLANDS

*In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans. Investors are making an investment decision based on the creditworthiness of the Ziggo Group as of the date hereof, including based on the Ziggo Group's standalone leverage.*

The tables below set out summary financial and operating data of Vodafone Netherlands for the indicated periods, including information for the years ended March 31, 2016 and 2015. The historical financial information as of and for the year ended March 31, 2016 has been derived from the Vodafone Netherlands 2016 Consolidated Financial Statements and the historical financial information as of and for the year ended March 31, 2015 has been derived from the Vodafone Netherlands 2015 Consolidated Financial Statements, included elsewhere in this Offering Memorandum.

The consolidated statement of income data includes amounts associated with the Vodafone Netherlands' residential fixed-line business (the **"Vodafone NL Fixed-Line Business"**), which, as further described under *"Summary—The Transactions—The JV Transactions—Divestment of the Vodafone NL Fixed Line Business"*, is required to be divested by Vodafone Netherlands prior to the consummation of the JV Transactions. The consolidated statement of income data includes (i) revenue of €38.8 million and €18.6 million, respectively, and (ii) negative Adjusted EBITDA of €28.7 million and €22.9 million, respectively, related to the Vodafone NL Fixed-Line Business. These amounts have been derived from Vodafone Netherlands' accounting records and have not been audited or reviewed by Vodafone Netherlands' independent auditors.

The Vodafone Netherlands 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 following information should be read in conjunction with *"Management's Discussion and Analysis of Financial Condition and Results of Operations of Vodafone Netherlands"* and the Vodafone Netherlands 2016 Consolidated Financial Statements and the Vodafone Netherlands 2015 Consolidated Financial Statements. Vodafone Netherlands's historical results do not necessarily indicate results that may be expected for any future period.

	Year ended March 31,	
	2016	2015
	in millions	
<b>Consolidated Statement of Income Data (a):</b>		
Revenue .....	€ 1,837.9	€ 1,860.6
Third-party .....	15.6	11.9
Related party .....		
Cost of sales:		
Third-party .....	(1,242.1)	(1,262.1)
Related-party .....	(70.5)	(59.4)
Gross profit .....	540.9	551.0
Operating expenses		
Sales and marketing:		
Third-party .....	(197.3)	(200.8)
Related-party .....	(54.9)	(44.7)
General and administrative:		
Third-party .....	(93.3)	(103.6)
Related-party .....	(89.4)	(72.7)
Total operating expenses .....	(434.9)	(421.8)
Operating profit .....	106.0	129.2
Finance income:		
Third-party .....	—	0.1
Related-party .....	—	0.3
Finance costs:		
Third-party .....	(0.4)	(2.2)
Related-party .....	(15.1)	(19.0)
Profit before taxation .....	90.5	108.4
Income tax .....	(24.8)	(34.4)
Result for the year .....	€ 65.7	€ 74.0

(a) For information on certain related parties transaction of Vodafone Netherlands, see *"Certain Relationships and Related-Parties Transactions—Related-party Transactions Impacting Vodafone Netherlands' Operating Results"*.

	<u>March 31,</u>	
	<u>2016</u>	<u>2015</u>
	<u>in millions</u>	
<b>Consolidated Balance Sheet Data:</b>		
Cash and cash equivalents . . . . .	€ 18.2	€ 30.9
Total assets . . . . .	€3,103.6	€3,110.3
Total current liabilities (excluding current portion of debt and capital lease obligations) . .	€ 550.5	€ 564.0
Total debt and capital lease obligations . . . . .	€1,596.6	€1,661.3
Total liabilities . . . . .	€2,175.1	€2,246.9
Total equity . . . . .	€ 928.5	€ 863.4

	<u>Year ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
	<u>in millions</u>	
<b>Consolidated Cash Flow Data:</b>		
Cash provided by operating activities . . . . .	€ 430.2	€ 693.8
Cash used by investing activities . . . . .	€(358.9)	€(388.0)
Cash used by financing activities . . . . .	€ (83.9)	€(285.4)
Net increase (decrease) in cash and cash equivalents . . . . .	€ (12.6)	€ 20.4

	As of and for the year ended March 31,	
	2016	2015
<b>Summary Statistical and Operating Data (a):</b>		
<b>Active Subscribers (in thousands)</b>		
Mobile:		
Consumer postpaid	2,317	2,350
Consumer prepaid	659	672
Enterprise	1,541	1,516
Consumer fixed-line	106	49
Total	4,623	4,587
<b>Active Customer ARPU</b>		
Mobile	€ 26.7	€ 27.3
Consumer postpaid	€ 28.3	€ 29.5
Consumer prepaid	€ 6.6	€ 6.8
Enterprise	€ 33.0	€ 33.6
Consumer fixed-line	€ 44.6	€ 51.9

(a) For information concerning how Vodafone Netherlands defines and calculates its operating statistics, see “*Business of Vodafone Netherlands— Introduction*”.

	<u>Year ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
	in millions	
<b>Summary Operating Data</b>		
Revenue .....	€1,853.5	€1,872.5
Adjusted EBITDA (a) .....	€ 644.1	€ 645.9
Adjusted EBITDA margin .....	34.8%	34.5%
Property, equipment and intangible asset additions .....	€ 357.7	€ 390.9
Property, equipment and intangible asset additions as % of revenue .....	19.3%	20.9%

(a) Adjusted EBITDA is defined as operating profit excluding share in results of associates, depreciation and amortization, gains/losses on the disposal of fixed assets, impairment losses, restructuring costs, the capital-related, brand, procurement, insurance and certain other elements of corporate recharges, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of Vodafone Netherlands. Vodafone Netherlands uses Adjusted EBITDA, in conjunction with other EU-IFRS and non-EU-IFRS financial measures, such as adjusted operating profit, operating profit and result for the year, to assess their operating performance. Vodafone Netherlands believes that Adjusted EBITDA is an operating performance measure, not a liquidity measure, as it includes non-cash changes in working capital and is reviewed by the chief operating decision maker to assess internal

performance in conjunction with Adjusted EBITDA margin, which is an alternative sales margin figure. Vodafone Netherlands believes it is both useful and necessary to report Adjusted EBITDA as a performance measure as it enhances the comparability of profit across segments. Because Adjusted EBITDA does not take into account certain items that affect operations and performance, Adjusted EBITDA has inherent limitations as a performance measure. To compensate for these limitations, Vodafone Netherlands analyzes Adjusted EBITDA in conjunction with other EU-IFRS and non-EU-IFRS operating performance measures. Adjusted EBITDA should not be considered in isolation or as a substitute for an EU-IFRS measure of operating performance. A reconciliation of Adjusted EBITDA to result for the year is as follows:

	Year ended March 31,	
	2016	2015
	in millions	
Adjusted EBITDA .....	€ 644.1	€ 645.9
Depreciation and amortization .....	(405.0)	(366.4)
Corporate recharges for capital expenditures, brand, procurement and other <sup>(1)(2)</sup> .....	(126.5)	(98.8)
Loss on disposal .....	(3.1)	(17.1)
Impairment, restructuring and other operating items, net .....	(2.2)	(14.3)
Other operating expense, net .....	(1.3)	(20.1)
Operating profit .....	106.0	129.2
Finance income .....	—	0.4
Finance costs .....	(15.5)	(21.2)
Income tax .....	(24.8)	(34.4)
Result for the year .....	€ 65.7	€ 74.0

(1) Corporate recharges in 2015 include capital expenditures of €35.7 million, brand fees and group support of €36.3 million, procurement fees of €17.0 million, insurance fees of €6.4 million and roaming fees of €3.4 million.

(2) Corporate recharges in 2016 include capital expenditures of €39.9 million, brand fees and group support of €39.0 million, procurement fees of €16.1 million, insurance fees of €9.4 million, roaming fees of €4.7 million and a corporate recharge true-up allocation of €17.4 million not considered by management to be reflective of underlying performance.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF ZIGGO GROUP HOLDING

The following discussion and analysis, which should be read in conjunction with the Ziggo 2016 Condensed Consolidated Financial Statements and the Ziggo 2015 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 results of operations for the three and six months ended June 30, 2016 and 2015 and for the years ended December 31, 2015, 2014 and 2013.
- *Liquidity and Capital Resources.* This section provides an analysis of our liquidity, consolidated statements of cash flows and contractual commitments.
- *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 Ziggo 2016 Condensed Consolidated Financial Statements or the notes to the Ziggo 2015 Consolidated Financial Statements. In the following text, the terms “we,” “our,” “our company” and “us” may refer, as the context requires, to Ziggo Group Holding, or collectively to Ziggo Group Holding and its subsidiaries. Unless otherwise indicated, operating and statistical data, including subscriber statistics and product offerings, are as of June 30, 2016 and are based on Ziggo Group Holding’s methodologies and do not reflect any potential changes to such methodologies that may result once the policies of Ziggo Group Holding and Vodafone Netherlands are conformed following the consummation of the JV Transactions. Additionally, the following discussion and analysis of Ziggo Group Holding’s results of operations and liquidity does not include the impact of Ziggo Sport Totaal, which, as further described in note 3 to the Ziggo 2016 Condensed Consolidated Financial Statements, will be contributed to the JV by Liberty Global, but will not be included in the Borrowing Group. The Ziggo Sport Total Channel includes (i) third-party revenue of €5.5 million and €5.1 million during the six months ended June 30, 2016 and 2015, respectively, and €10.6 million, €10.1 million and €16.9 million during the years ended December 31, 2015, 2014 and 2013, respectively, and (ii) negative Segment OCF of €0.1 million and €4.5 million during the six months ended June 30, 2016 and 2015, respectively, and €16.6 million, €2.3 million and €0.4 million during the years ended December 31, 2015, 2014 and 2013, respectively. These negative Segment OCF figures include revenue from Ziggo Group Holding of €20.2 million and €6.8 million during the six months ended June 30, 2016 and 2015, respectively, and €13.6 million, €7.9 million and €8.3 million during the years ended December 31, 2015, 2014 and 2013, respectively.

Unless otherwise indicated, convenience translations into euros are calculated as of June 30, 2016.

### Overview

We are a subsidiary of Liberty Global that provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in The Netherlands.

At June 30, 2016, we owned and operated networks that passed 7,053,000 homes and served 9,660,600 revenue generating units (“RGUs”), consisting of 4,011,700 video subscribers (including 3,291,500 enhanced video subscribers), 3,118,400 broadband internet subscribers and 2,530,500 fixed-line telephony subscribers. In addition, at June 30, 2016, we served 207,200 mobile subscribers.

We lost 27,700 and 67,600 RGUs on an organic basis during the three and six months ended June 30, 2016, respectively, as compared to 86,700 and 133,300 RGUs that we lost on an organic basis during the corresponding prior-year periods. The organic RGU losses during the three and six months ended June 30, 2016 are attributable to the net effect of (i) decreases of 16,300 and 47,800 basic video RGUs, respectively, (ii) decreases of 16,400 and 29,000 enhanced video RGUs, respectively, (iii) increases of 9,500 and 17,000 broadband internet RGUs, respectively, and (iv) decreases of 4,500 and 7,800 fixed-line telephony RGUs, respectively.

We completed the Ziggo Acquisition on November 11, 2014. This acquisition impacts the comparability of our 2015 and 2014 results of operations. For further information regarding the Ziggo Acquisition, see note 4 to the Ziggo 2015 Consolidated Financial Statements.

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 our market. 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.

At December 31, 2015, we owned and operated networks that passed 7,023,200 homes and served 9,728,200 RGUs, consisting of 4,088,500 video subscribers (including 3,320,500 enhanced video subscribers), 3,101,400 broadband internet subscribers and 2,538,300 fixed-line telephony subscribers. In addition, at December 31, 2015, we served 186,800 mobile subscribers.

We lost a total of 203,200 RGUs on an organic basis during 2015, as compared to 31,100 RGUs that we added organically on a pro forma basis (as described in *Results of Operations—Year ended December 31, 2015 compared to pro forma year ended December 31, 2014* below) during 2014. The organic RGU decline during 2015 is attributable to the net effect of (i) a decrease of 134,100 basic video RGUs, (ii) a decrease of 66,800 enhanced video RGUs, (iii) a decrease of 37,700 fixed-line telephony RGUs and (iv) an increase of 35,400 broadband internet RGUs.

We are experiencing significant competition from (i) the incumbent telecommunications operator, KPN, who is overbuilding our networks with fiber-to-the-home, -cabinet, -building or -node and advanced digital subscriber line technologies, (ii) direct-to-home operators and (iii) other providers. This significant competition, together with the maturation of our market, has contributed to organic declines in revenue, RGUs and average monthly subscription revenue per average cable RGU or mobile subscriber, as applicable, (“ARPU”), the more notable of which include:

- (a) organic declines in cable subscription and overall revenue during the second quarter of 2016, as compared to the second quarter of 2015;
- (b) organic declines during the second quarter of 2016 in (1) video RGUs, (2) fixed-line telephony RGUs and (3) total RGUs; and
- (c) organic declines in overall cable ARPU during the second quarter of 2016, as compared to the second quarter of 2015.

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 the U.S. and several European countries, combined with weak growth and high unemployment, could potentially lead to fiscal reforms (including austerity measures), tax increases, sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company. Given our significant exposure to the euro, the occurrence of any of these events within the eurozone countries could have an adverse impact on, among other matters, our liquidity and cash flows.

On June 23, 2016, the U.K. held a referendum in which voters approved, on an advisory basis, an exit from the E.U., commonly referred to as “Brexit”. Although the vote is non-binding, it is expected that the referendum will be passed into law and the British government will commence negotiations to determine the terms of the U.K.’s withdrawal from the E.U. A withdrawal could, among other outcomes, disrupt the free movement of goods, services and people between the U.K. and the E.U., undermine bilateral cooperation in key geographic areas and significantly disrupt trade between the U.K. and the E.U. or other nations as the U.K. pursues independent trade relations. The initial impact of the announcement of Brexit caused significant volatility in global capital markets, as well as significant currency fluctuations that resulted in the strengthening of the U.S. dollar against the euro.

The potential impacts, if any, of the uncertainty relating to Brexit or the resulting terms of the withdrawal of the U.K. from the E.U. on customer behavior, economic conditions, interest rates, currency exchange rates, availability of capital or other matters are unclear. Examples of the impact Brexit could have on our business, financial condition or results of operations include:

- changes in foreign currency exchange rates and disruptions in the capital markets; see “*Risk factors—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.*”
- global economic uncertainty, which may cause our customers to reevaluate what they are willing to spend on our products and services; and

- various geopolitical forces may impact the global economy and our business, including, for example, other E.U. Member States proposing referendums to, or electing to, exit the E.U.

For a discussion of the risks related to Brexit that could materially affect our business, financial condition and results of operations, see *“Risk factors—The U.K. referendum advising for the exit of the U.K. from the E.U. could have a material adverse effect on our business, financial condition or results of operations.”*

The video, broadband internet and fixed-line telephony businesses in which we operate are capital intensive. In order to add customers to our broadband networks and enhance our service offerings, we make significant investments in property and equipment to upgrade and extend our broadband communications networks and improve our customer premises equipment. Significant competition, the introduction of new technologies, the expansion of existing technologies such as fiber-to-the-home/-cabinet/-building/-node and advanced DSL technologies, or adverse regulatory developments could cause us to decide to undertake previously unplanned upgrades of our networks and customer premises equipment in 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.

## Revenue

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.

We pay interconnect 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 our MVNO arrangement. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnect 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 costs. The ultimate impact of any such changes in termination rates on our Segment OCF would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

We earn revenue from (i) subscribers to our broadband communications and mobile services and (ii) B2B services, interconnect fees, channel carriage fees, installation fees and late fees. Consistent with the presentation of our revenue categories in note 15 to the Ziggo 2015 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. In the below tables, mobile subscription revenue excludes the related interconnect revenue.

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of RGUs or mobile subscribers outstanding during the period and (ii) changes in average monthly subscription revenue per average RGU (ARPU). Changes in ARPU can be attributable to (a) price increases, (b) changes in bundling or promotional discounts, (c) changes in the tier of services selected, (d) variances in subscriber usage patterns and (e) the overall mix of cable and mobile products within a segment during the period. In the following discussion, we provide the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony and mobile products.

**Result of Operations—Three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015**

Our revenue by major category is set forth below:

	Three months ended June 30,		Increase (decrease)	
	2016	2015	€	%
	in millions			
Subscription revenue (a):				
Video .....	€263.6	€265.8	€ (2.2)	(0.8)
Broadband internet .....	171.1	176.9	(5.8)	(3.3)
Fixed-line telephony .....	110.3	120.1	(9.8)	(8.2)
Cable subscription revenue .....	545.0	562.8	(17.8)	(3.2)
Mobile subscription revenue (b) .....	7.4	6.5	0.9	13.8
Total subscription revenue .....	552.4	569.3	(16.9)	(3.0)
B2B revenue (c) .....	39.7	39.6	0.1	0.3
Other revenue (b) (d) .....	8.8	9.0	(0.2)	(2.2)
Total .....	€600.9	€617.9	€(17.0)	(2.8)
	Six months ended June 30,		Increase (decrease)	
	2016	2015	€	%
	in millions			
Subscription revenue (a):				
Video .....	€ 528.2	€ 539.4	€(11.2)	(2.1)
Broadband internet .....	341.6	351.8	(10.2)	(2.9)
Fixed-line telephony .....	222.9	239.8	(16.9)	(7.0)
Cable subscription revenue .....	1,092.7	1,131.0	(38.3)	(3.4)
Mobile (b) .....	14.3	12.1	2.2	18.2
Total subscription revenue .....	1,107.0	1,143.1	(36.1)	(3.2)
B2B revenue (c) .....	80.5	81.0	(0.5)	(0.6)
Other revenue (b) (d) .....	20.6	21.6	(1.0)	(4.6)
Total .....	€1,208.1	€1,245.7	€(37.6)	(3.0)

- (a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding late fees and installation 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) Mobile subscription revenue excludes mobile interconnect revenue of €0.9 million and €0.7 million during the three months ended June 30, 2016 and 2015, respectively, and €1.7 million and €1.4 million during the six months ended June 30, 2016 and 2015, respectively. Mobile interconnect revenue is included in other revenue.
- (c) B2B revenue includes revenue from business broadband internet, video, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to SOHO subscribers. SOHO subscribers pay a premium price to receive expanded 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 is included in cable subscription revenue, aggregated €22.2 million and €18.5 million during the three months ended June 30, 2016 and 2015, respectively, and €43.3 million and €36.8 million during the six months ended June 30, 2016 and 2015, respectively.
- (d) Other revenue includes, among other items, interconnect, installation and late fee revenue.

The details of the decreases in our revenue during the three and six months ended June 30, 2016, as compared to the corresponding periods in 2015, are set forth below:

	Three-month period			Six-month period		
	Subscription revenue	Non-subscription revenue	Total	Subscription revenue	Non-subscription revenue	Total
	in millions					
Decrease in cable subscription revenue due to change in:						
Average number of RGUs (a) . . . . .	€ (9.4)	€ —	€ (9.4)	€(20.2)	€ —	€(20.2)
ARPU (b) . . . . .	(8.4)	—	(8.4)	(18.1)	—	(18.1)
Total decrease in cable subscription revenue . . . . .	(17.8)	—	(17.8)	(38.3)	—	(38.3)
Increase in mobile subscription revenue (c) . . . . .	0.9	—	0.9	2.2	—	2.2
Total decrease in subscription revenue . . . . .	(16.9)	—	(16.9)	(36.1)	—	(36.1)
Increase (decrease) in B2B revenue . . . . .	—	0.1	0.1	—	(0.5)	(0.5)
Decrease in other revenue (d) . . . . .	—	(0.2)	(0.2)	—	(1.0)	(1.0)
Total decrease . . . . .	€(16.9)	€(0.1)	€(17.0)	€(36.1)	€(1.5)	€(37.6)

- (a) The decreases in cable subscription revenue related to changes in the average numbers of RGUs are attributable to declines in the average numbers of basic video, enhanced video and fixed-line telephony RGUs that were only partially offset by increases in the average number of broadband internet RGUs.
- (b) The decreases in cable subscription revenue related to changes in ARPU are attributable to the net effect of (i) net decreases due to (a) lower ARPU from fixed-line telephony services and broadband internet services and (b) higher ARPU from video services and (ii) improvements in RGU mix.
- (c) The increases in mobile subscription revenue are due to the net effect of (i) increases in the average number of mobile subscribers and (ii) lower ARPU.
- (d) The decrease in other revenue for the six-month comparison includes the net effect of (i) an increase due to the favorable impact of €2.9 million of nonrecurring revenue recorded during the first quarter of 2016 following the settlement of prior period amounts and (ii) a decrease in revenue of €1.4 million resulting from the termination of a Ziggo Holding partner network agreement shortly after the November 2014 acquisition of Ziggo Holding. The remaining decreases in other revenue for both comparative periods are due to net decreases resulting from individually insignificant changes in other non-subscription revenue categories.

### Operating Expenses

Operating expenses include programming and copyright, network operations, mobile access and interconnect, customer operations, customer care 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) 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 (ii) 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 €1.5 million or 0.8% and €9.8 million or 2.5% during the three and six months ended June 30, 2016, respectively, as compared to the corresponding periods in 2015. These decreases include the following factors:

- Increases in programming and copyright costs of €8.0 million or 10.3% and €16.8 million or 11.0%, respectively, primarily due to higher costs for certain premium and basic content, including costs related to Ziggo Sport, which was launched during the fourth quarter of 2015;
- Decreases in outsourced labor and professional fees of €0.6 million or 3.4% and €8.0 million or 22.7%, respectively, primarily due to lower call center costs. The lower call center costs include decreases of €2.4 million and €11.0 million, respectively, associated with the impact of third-party costs recorded in 2016 and 2015 related to network and product harmonization activities and certain other third-party customer care costs incurred in connection with the integration of Ziggo Holding;



- A decrease for the six-month comparison in other direct costs of €6.2 million, primarily resulting from lower costs from set-top box sales due to the fact we stopped selling set-top boxes during the first quarter of 2015;
- Decreases in personnel costs of €2.1 million or 4.7% and €4.0 million or 4.7%, respectively, primarily due to the net effect of (i) decreased staffing levels and (ii) increased costs resulting from lower proportions of capitalized labor costs;
- Decreases in network-related expenses of €2.3 million or 11.5% and €3.2 million or 8.2%, respectively, largely due to decreases in third-party costs incurred of €0.7 million and €2.2 million, respectively, related to network harmonization activities associated with the integration of Ziggo Holding;
- A decrease for the six-month comparison in mobile access and interconnect costs of €2.3 million or 4.7%, primarily due to lower fixed-line telephony call volumes;
- Decreases in bad debt and collection expenses of €1.1 million and €1.3 million, respectively; and
- A net decrease during the three-month comparison resulting from individually insignificant changes in other operating expense categories.

### ***SG&A Expenses***

SG&A expenses include human resources, information technology, general services, management, finance, legal, sales and marketing, 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 decreased €1.0 million or 1.2% and €20.0 million or 10.6% during the three and six months ended June 30, 2016, respectively, as compared to the corresponding periods in 2015. Our SG&A expenses include share-based compensation expense, which increased €1.1 million and €2.1 million during the three and six months ended June 30, 2016, respectively, as compared to the corresponding periods in 2015. Excluding the effects of share-based compensation expense, our SG&A expenses decreased €2.1 million or 2.5% and €22.1 million or 11.9% during the three and six months ended June 30, 2016, respectively, as compared to the corresponding periods in 2015. These decreases include the following factors:

- Decreases in sales and marketing costs of €1.1 million or 3.7% and €11.8 million or 30.5%, respectively. The decrease for the three-month comparison is primarily due to the net effect of (i) higher costs associated with advertising campaigns, (ii) a decrease of €2.5 million related to the impact of rebranding costs incurred during the second quarter of 2015 following the acquisition of Ziggo Holding and (iii) lower third-party sales commissions. The decrease for the six-month comparison is primarily due to (a) lower costs associated with advertising campaigns, (b) a decrease of €3.6 million related to the impact of rebranding costs incurred during the first six months of 2015 following the acquisition of Ziggo Holding and (c) lower third-party sales commissions;
- Decreases in personnel costs of €3.9 million or 10.0% and €9.6 million or 13.7%, respectively, primarily due to decreased staffing levels, including €0.4 million and €1.2 million recorded during the three and six months ended June 30, 2015, respectively, related to integration activities in connection with the Ziggo Acquisition; and
- A net increase during the three-month comparison resulting from individually insignificant changes in other SG&A expense categories.

### ***Related-party fees and allocations***

We recorded related-party fees and allocations of €53.3 million and €106.3 million during the three and six months ended June 30, 2016, respectively, as compared to €25.5 million and €65.1 million during the three and six months ended June 30, 2015, respectively. These amounts represent fees charged to our company that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support our company's operations. For additional information, see note 9 to the Ziggo 2016 Condensed Consolidated Financial Statements.

### ***Depreciation and amortization expense***

Our depreciation and amortization expense decreased €45.2 million or 16.5% and €87.2 million or 16.1% during the three and six months ended June 30, 2016, respectively, as compared to the corresponding periods in 2015. These decreases are primarily due to the net effect of (i) decreases associated with certain assets becoming

fully depreciated, (ii) increases associated with property and equipment additions related to the installation of customer premises equipment and (iii) decreases resulting from expense recorded during the corresponding periods in 2015 due to the acceleration of depreciation on certain assets that were acquired in connection with the acquisition of Ziggo Holding.

#### ***Impairment, restructuring and other operating items, net***

We recognized impairment, restructuring and other operating items, net, of €6.7 million and €2.9 million during the three months ended June 30, 2016 and 2015, respectively. The 2016 amount is primarily due to (i) €4.2 million of restructuring charges related to certain reorganization activities associated with the integration of Ziggo Holding and Ziggo Services, (ii) €2.3 million of direct acquisition costs associated with the JV and (iii) €0.9 million of impairment charges related to tangible assets. The 2015 amount is primarily due to (a) €2.2 million of direct acquisition costs related to the Ziggo Acquisition and (b) €1.5 million of impairment charges related to intangible assets acquired in the Ziggo Acquisition.

We recognized impairment, restructuring and other operating items, net, of €5.7 million and €9.2 million during the six months ended June 30, 2016 and 2015, respectively. The 2016 amount is primarily related to (i) €7.7 million of restructuring charges related to certain reorganization activities associated with the integration of Ziggo Holding and Ziggo Services, (ii) a gain of €2.7 million related to the settlement of a legal contingency, (iii) a gain of €2.4 million related to the sale of tangible assets and (iv) €2.3 million of direct acquisition costs associated with the JV. The 2015 amount is primarily related to (a) €4.7 million of impairment charges related to intangible assets acquired in the Ziggo Acquisition, (b) €3.6 million of direct acquisition costs related to the Ziggo Acquisition, and (c) €1.5 million of restructuring charges related to employee severance and termination costs associated with certain reorganization activities.

The market values of certain publicly-traded equity securities of Liberty Global declined significantly immediately following the results of Brexit. If, among other factors, (i) our enterprise value or certain Liberty Global equity values declined further 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, based on the relatively high carrying value of our reporting unit, 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—third-party***

Our third-party interest expense remained relatively unchanged during the three months ended June 30, 2016, as compared to the corresponding prior-year period. Our interest expense increased €14.5 million or 9.9% during the six months ended June 30, 2016, as compared to the corresponding period in 2015. This increase is primarily attributable to higher average outstanding debt balances related to certain financing transactions completed during the first quarter of 2015. For additional information regarding our third-party debt, see note 7 to the Ziggo 2016 Condensed Consolidated Financial Statements.

#### ***Interest expense—related-party***

Our related-party interest expense decreased €24.1 million or 37.0% and €55.0 million or 40.2% during the three and six months ended June 30, 2016, respectively, as compared to the corresponding periods in 2015. These decreases are primarily due to declines in the average outstanding balance of the Liberty Global Broadband Note, partially offset by increases related to the Liberty Global Europe Note, which was entered into during the third quarter of 2015. For additional information regarding our related-party debt, see note 9 to the Ziggo 2016 Condensed Consolidated Financial Statements.

#### ***Interest income—related-party***

Our related-party interest income was €16.3 million during the six months ended June 30, 2015. This amount represents interest income on the UPC Broadband Loan Receivable and the UPC Western Europe Loan Receivable, both of which were settled during the first quarter of 2015. We did not record any interest income during the three and six months ended June 30, 2016.

### ***Realized and unrealized gains (losses) on derivative instruments, net***

Our realized and unrealized gains or losses on derivative instruments include (i) unrealized changes in the fair values of our derivative instruments that are non-cash in nature until such time as the derivative contracts are fully or partially settled and (ii) realized gains or losses upon the full or partial settlement of the derivative contracts. The details of our realized and unrealized gains (losses) on derivative instruments, net, are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	in millions			
Cross-currency and interest rate derivative contracts (a) . . . . .	€52.3	€(10.3)	€(186.3)	€224.3
Foreign currency forward contracts . . . . .	—	—	—	(7.0)
Total . . . . .	<u>€52.3</u>	<u>€(10.3)</u>	<u>€(186.3)</u>	<u>€217.3</u>

- (a) The gain during the 2016 three-month period is primarily attributable to the net effect of (i) gains associated with a decrease in the value of the euro relative to the U.S. dollar, (ii) losses associated with decreases in market interest rates in the euro market and (iii) gains associated with decreases in market interest rates in the U.S. dollar market. The loss during the 2016 six-month period is primarily attributable to the net effect of (a) losses associated with decreases in market interest rates in the euro market, (b) losses associated with an increase in the value of the euro relative to the U.S. dollar, (c) losses associated with decreases in market interest rates in the euro market and (d) gains associated with decreases in market interest rates in the U.S. dollar market. In addition, the gain (loss) during the 2016 periods include a net gain (loss) of (€2.3 million) and €6.9 million during the three and six months ended June 30, 2016, respectively, resulting from changes in our credit risk valuation adjustments. The loss during the 2015 three-month period is primarily attributable to the net effect of (1) losses associated with an increase in the value of the euro relative to the U.S. dollar, (2) gains associated with increases in market interest rates in the euro market and (3) losses associated with increases in market rates in the U.S. dollar market. The gain during the 2015 six-month period is primarily attributable to (I) gains associated with a decrease in the value of the euro relative to the U.S. dollar and (II) gains associated with increases in market interest rates in the euro market. In addition, the gain (loss) during the 2015 periods include net losses of €3.1 million and €4.4 million during the three and six months ended June 30, 2015, respectively, resulting from changes in our credit risk valuation adjustments.

For additional information regarding our derivative instruments, see notes 4 and 5 to the Ziggo 2016 Condensed Consolidated Financial Statements.

### ***Foreign currency transaction gains (losses), net***

Our foreign currency transaction gains or losses primarily result from the remeasurement of monetary assets and liabilities that are denominated in currencies other than our functional currency. Unrealized foreign currency transaction gains or losses are computed based on period-end exchange rates and are non-cash in nature until such time as the amounts are settled. The details of our foreign currency transaction gains (losses), net, are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	in millions			
U.S. dollar denominated debt issued by our company . . . . .	€(67.5)	€96.7	€47.0	€(169.7)
Cash and restricted cash denominated in a currency other than our functional currency . . . . .	—	(0.1)	—	6.2
Other . . . . .	0.2	(1.0)	0.2	(2.5)
Total . . . . .	<u>€(67.3)</u>	<u>€95.6</u>	<u>€47.2</u>	<u>€(166.0)</u>

### ***Income tax benefit***

We recognized income tax benefits of €24.1 million and €10.0 million during the three months ended June 30, 2016 and 2015, respectively, and €73.2 million and €56.3 million during the six months ended June 30, 2016 and 2015, respectively.

The income tax benefit recognized during the three months ended June 30, 2016 differs from the expected tax benefit of €27.1 million that would result from the application of the Dutch income tax rate of 25.0% to our loss before income taxes, primarily due to the negative impact of non-deductible or non-taxable interest and other expenses that was only partially offset by the positive impact of tax benefits associated with technology innovation. The income tax benefit recognized during the three months ended June 30, 2015 differs from the expected tax benefit of €7.6 million, primarily due to the positive impact of tax benefits associated with technology innovation.

The income tax benefit recognized during the six months ended June 30, 2016 differs from the expected income tax benefit of €77.0 million that would result from the application of the Dutch income tax rate of 25.0% to our loss before income taxes, primarily due to the negative impact of non-deductible or non-taxable interest and other expenses that was only partially offset by the positive impact of tax benefits associated with technology innovation. The income tax benefit recognized during the six months ended June 30, 2015 differs from the expected tax benefit of €44.8 million, primarily due to the positive impacts of tax benefits associated with technology innovation and the recognition of previously unrecognized tax benefits.

For additional information regarding our income taxes, see note 8 to the Ziggo 2016 Condensed Consolidated Financial Statements.

### *Net loss*

During the three months ended June 30, 2016 and 2015, we reported net losses of €84.3 million and €20.3 million, respectively, including (i) operating income of €31.5 million and €32.4 million, respectively, (ii) net non-operating expenses of €139.9 million and €62.7 million, respectively, and (iii) income tax benefits of €24.1 million and €10.0 million, respectively.

During the six months ended June 30, 2016 and 2015, we reported net losses of €234.9 million and €122.7 million, respectively, including (i) operating income of €83.4 million and €41.7 million, respectively, (ii) net non-operating expenses of €391.5 million and €220.7 million, respectively, and (iii) income tax benefits of €73.2 million and €56.3 million, respectively.

Gains or losses associated with (i) changes in the fair values of derivative instruments, (ii) movements in foreign currency exchange rates and (iii) the disposition of assets are subject to a high degree of volatility and, as such, any gains from these sources do not represent a reliable source of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings from operations is largely dependent on our ability to increase our Segment OCF to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) related-party fees and allocations, (c) depreciation and amortization, (d) impairment, restructuring and other operating items, net, (e) interest expense, (f) other net non-operating expenses and (g) income tax expenses.

Subject to the limitations included in our various debt instruments, we expect that Liberty Global will continue to cause our company to maintain our debt at current levels relative to our Covenant EBITDA. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information concerning our expectations with respect to trends that may affect our operating results in future periods, see the discussion under Overview above. For information concerning the reasons for changes in specific line items in our results of operations data, see the above discussion.

### **Result of Operations—Year ended December 31, 2015 compared to the pro forma year ended December 31, 2014**

This section provides an analysis of our results of operations for the year ended December 31, 2015 as compared to our pro forma results of operations for the year ended December 31, 2014. As further explained in notes 1 and 5 to the Ziggo 2015 Consolidated Financial Statements, the operating results of Ziggo Holding are not included in our consolidated statements of operations prior to the Ziggo Acquisition Date.

In order to provide meaningful comparisons, our results of operations data for the year ended December 31, 2014 has been adjusted to give effect to the pro forma adjustments as of January 1, 2014 relating to (i) the inclusion of the historical operating results of Ziggo Holding, (ii) third-party acquisition-related financings that occurred during February and November of 2014, (iii) the new basis of accounting resulting from the Ziggo Acquisition and (iv) the impact of conforming one of Ziggo Holding's accounting policies to the corresponding Liberty Global accounting policy followed by Ziggo Group Holding. No interest expense on the Liberty Global Broadband Note is reflected in our 2014 pro forma results prior to its November 2014 issuance date. The pro

forma amounts are not necessarily indicative of the operating results that would have occurred if these transactions had occurred on January 1, 2014. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

**Results for 2015, as compared to the pro forma results during 2014, are set forth below (in millions):**

	Year ended December 31,	
	2015	2014 pro forma
Revenue .....	€2,472.7	€2,534.8
Operating costs and expenses:		
Operating (other than depreciation and amortization) (including share-based compensation) .....	760.5	774.9
SG&A (including share-based compensation) .....	349.7	370.8
Related-party fees and allocations .....	152.4	166.2
Depreciation and amortization .....	1,037.5	941.6
Impairment, restructuring and other operating items, net .....	63.8	82.9
	<u>2,363.9</u>	<u>2,336.4</u>
Operating income .....	<u>108.8</u>	<u>198.4</u>
Non-operating income (expense):		
Interest expense:		
Third-party .....	(309.4)	(179.8)
Related-party .....	(222.9)	(146.5)
Interest income—related-party .....	16.3	132.9
Realized and unrealized gains (losses) on derivative instruments, net .....	211.1	(170.5)
Foreign currency transaction losses, net .....	(230.6)	(246.0)
Losses on debt modification and extinguishment, net .....	(0.9)	(64.0)
Other income (expense), net .....	(15.8)	1.3
	<u>(552.2)</u>	<u>(672.6)</u>
Loss before income taxes .....	(443.4)	(474.2)
Income tax benefit .....	<u>124.0</u>	<u>125.7</u>
Net loss .....	(319.4)	(348.5)
Net loss attributable to noncontrolling interests .....	<u>—</u>	<u>3.9</u>
Net loss attributable to parent .....	<u>€ (319.4)</u>	<u>€ (344.6)</u>

**Revenue**

Our revenue by major category is set forth below (in millions):

	Year ended December 31,		Increase (decrease)	
	2015	2014 pro forma	€	%
Subscription revenue (a):				
Video .....	€1,065.9	€1,108.0	€(42.1)	(3.8)
Broadband internet .....	703.7	684.2	19.5	2.9
Fixed-line telephony .....	474.0	484.8	(10.8)	(2.2)
Cable subscription revenue .....	2,243.6	2,277.0	(33.4)	(1.5)
Mobile (b) .....	28.1	14.0	14.1	N.M.
Total subscription revenue .....	2,271.7	2,291.0	(19.3)	(0.8)
B2B revenue (c) .....	162.8	166.4	(3.6)	(2.2)
Other revenue (b) (d) .....	38.2	77.4	(39.2)	N.M.
Total .....	<u>€2,472.7</u>	<u>€2,534.8</u>	<u>€(62.1)</u>	<u>(2.4)</u>

(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) Mobile subscription revenue excludes mobile interconnect revenue of €2.9 million and €1.6 million during 2015 and 2014, respectively. Mobile interconnect revenue is included in other revenue.
- (c) B2B revenue includes revenue from business broadband internet, video, voice, mobile 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 expanded 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 is included in cable subscription revenue, aggregated €76.6 million and €66.4 million during 2015 and 2014, respectively.
- (d) Other revenue includes, among other items, interconnect, late fee and installation revenue.

N.M.—Not Meaningful

The details of our revenue decrease during 2015, as compared to our results during 2014, are set forth below:

	<u>Subscription revenue</u>	<u>Non-subscription revenue</u> in millions	<u>Total</u>
Pro forma decrease in cable subscription revenue due to change in:			
Average number of RGUs (a) .....	€(27.4)	€ —	€(27.4)
ARPU (b) .....	(6.0)	—	(6.0)
Total pro forma decrease in cable subscription revenue .....	(33.4)	—	(33.4)
Pro forma increase in mobile subscription revenue (c) .....	14.1	—	14.1
Total pro forma decrease in subscription revenue .....	(19.3)	—	(19.3)
Pro forma decrease in B2B revenue .....	—	(3.6)	(3.6)
Pro forma decrease in other revenue (d) .....	—	(39.2)	(39.2)
Total pro forma decrease .....	<u>€(19.3)</u>	<u>€(42.8)</u>	<u>€(62.1)</u>

- (a) The decrease in cable subscription revenue related to a change in the average number of RGUs is attributable to a decline in the average numbers of basic video, enhanced video and fixed-line telephony RGUs that was only partially offset by an increase in the average number of broadband internet RGUs.
- (b) The decrease in cable subscription revenue related to a change in ARPU is attributable to the net effect of (i) a net decrease due to (a) lower ARPU from video and fixed-line telephony services and (b) higher ARPU from broadband internet services and (ii) an improvement in RGU mix.
- (c) The increase in mobile subscription revenue is primarily due to an increase in the average number of mobile subscribers.
- (d) The decrease in other revenue is primarily due to (i) a decrease in revenue of €20.3 million resulting from the termination of a partner network agreement shortly after the Ziggo Acquisition, (ii) a decrease in installation revenue and (iii) lower revenue from set-top box sales due to the fact that we stopped selling set-top boxes during the first quarter of 2015.

### **Operating expenses**

Our operating expenses decreased €14.4 million or 1.9% during 2015, as compared to our results during 2014. Our operating expenses include share-based compensation expense, which decreased €0.3 million during 2015. Excluding the effects of share-based compensation expense, our operating expenses decreased €14.1 million or 1.8%. This decrease includes the following factors:

- A decrease in other direct costs of €29.3 million primarily due to (i) lower costs from set-top box sales due to the fact that we stopped selling set-top boxes during the first quarter of 2015, (ii) lower promotions involving free devices and (iii) lower costs due to the termination of a partner network agreement shortly after the Ziggo Acquisition;
- An increase in programming and copyright costs of €14.7 million or 5.2%, primarily due to higher costs for certain premium and basic content;

- An increase in outsourced labor and professional fees of €12.7 million or 23.9%, primarily due to higher call center costs. The higher call center costs represent third-party costs that are primarily related to network and product harmonization activities following the Ziggo Acquisition. These costs, together with certain other third-party customer care costs, accounted for an increase of €12.3 million;
- A decrease in personnel costs of €11.4 million or 6.8%, primarily due to (i) decreased costs related to higher proportions of capitalizable activities and (ii) decreased staffing levels;
- A decrease in mobile access and interconnect costs of €6.8 million or 5.9%, primarily due to the net effect of (i) lower fixed-line telephony call volumes and (ii) increased costs attributable to higher mobile subscriber growth; and
- An increase in network-related expenses of €2.7 million or 3.6%, primarily due to the net effect of (i) an increase in network and customer premises equipment maintenance costs, (ii) an increase in third-party costs incurred of €2.0 million related to network harmonization activities following the Ziggo Acquisition and (iii) lower energy costs.

### ***SG&A expenses***

Our SG&A expenses decreased €21.1 million or 5.7% during 2015, as compared to our results during 2014. Our SG&A expenses include share-based compensation expense, which decreased €1.4 million during 2015. Excluding the effects of share-based compensation expense, our SG&A expenses decreased €19.7 million or 5.4%. This decrease includes the following factors:

- A decrease in personnel costs of €18.7 million or 11.1%, primarily due to the net effect of (i) decreased staffing levels, (ii) lower incentive compensation costs, (iii) higher temporary personnel costs associated with the need to fill internal vacancies following staffing level reductions related to the Ziggo Acquisition and (iv) higher costs due to a lower proportion of capitalizable activities;
- A decrease in outsourced labor and professional fees of €2.2 million or 9.2%, primarily due to the net effect of (i) decreased costs related to legal and certain other professional services and (ii) increased consulting costs related to integration activities during 2015 of €4.7 million;
- An increase in information technology-related expenses of €1.3 million or 6.0% due to higher software and other information technology-related maintenance costs; and
- A decrease in sales and marketing costs of €0.3 million or 0.2%, primarily due to the net effect of (i) lower marketing costs associated with cost containing initiatives implemented during the second half of 2015, (ii) higher costs associated with advertising campaigns and (iii) an increase of €3.6 million related to rebranding activities following the Ziggo Acquisition.

### ***Related-party fees and allocations***

We recorded related-party fees and allocations of €152.4 million during 2015, as compared to €166.2 million during 2014. These amounts represent fees charged to our company that originate with Liberty Global and certain other Liberty Global subsidiaries and include charges for management, finance, legal, technology, marketing and other services that support our company's operations, including, during 2014, the use of the "UPC" trademark. For additional information, see note 12 to the Ziggo 2015 Consolidated Financial Statements.

### ***Depreciation and amortization expense***

Our depreciation and amortization expense increased €95.9 million or 10.2% during 2015, as compared to 2014. This increase is primarily due to the acceleration of depreciation on certain assets of Ziggo Holding that were acquired in connection with the Ziggo Acquisition.

### ***Impairment, restructuring and other operating items, net***

We recognized impairment, restructuring and other operating items, net, of €63.8 million and €82.9 million during 2015 and 2014, respectively. The 2015 amount primarily relates to (i) restructuring charges of €56.5 million that primarily comprises employee severance and termination costs related to certain reorganization activities following the Ziggo Acquisition and (ii) impairment charges of €5.1 million, primarily related to intangible assets acquired in the Ziggo Acquisition. The 2014 amount primarily relates to (a) impairment charges of €69.5 million related to certain tangible assets and (b) restructuring charges of €18.4 million related to certain reorganization activities in anticipation of the Ziggo Acquisition.

### ***Interest expense—third-party***

Our third-party interest expense increased €129.6 million or 72.1% during 2015, as compared to 2014. This increase is primarily due to the issuance of the Ziggo SPE Notes in January and February of 2015. For additional information regarding our third-party debt, see note 10 to the Ziggo 2015 Consolidated Financial Statements.

### ***Interest expense—related-party***

Our related-party interest expense increased €76.4 million or 52.2% during 2015, as compared to 2014. This increase is primarily due to the issuance of (i) the Liberty Global Broadband Note in November 2014 and (ii) the Liberty Global Europe Note in July 2015. For additional information regarding our related-party debt, see note 10 to the Ziggo 2015 Consolidated Financial Statements.

### ***Interest income—related-party***

Our related-party interest income decreased €116.6 million during 2015, as compared to 2014. This decrease is due to the settlements of the UPC Western Europe Loan Receivable and the UPC Broadband Loan Receivable during the first quarter of 2015. For additional information regarding our related-party loans receivable, see note 12 to the Ziggo 2015 Consolidated Financial Statements.

### ***Realized and unrealized gains (losses) on derivative instruments, net***

The details of our realized and unrealized gains (losses) on derivative instruments, net, are as follows (in millions):

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
		<b>pro forma</b>
Cross-currency and interest rate derivative contracts (a) . . . . .	€218.1	€(182.5)
Foreign currency forward contracts . . . . .	(7.0)	12.0
Total . . . . .	<u>€211.1</u>	<u>€(170.5)</u>

(a) The gain during 2015 is primarily attributable to the net effect of (i) gains associated with a decrease in the value of the euro relative to the U.S. dollar, (ii) gains associated with increases in market interest rates in the euro market and (iii) losses associated with increases in market interest rates in the U.S. dollar market. In addition, the gain during 2015 includes a net gain of \$1.4 million resulting from changes in our credit risk valuation adjustments. The loss during 2014 is primarily attributable to the net effect of (a) losses associated with decreases in market interest rates in the euro market and (b) gains associated with a decrease in the value of the euro relative to the U.S. dollar.

### ***Foreign currency transaction losses, net***

The details of our foreign currency transaction losses, net, are as follows (in millions):

	<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
		<b>pro forma</b>
U.S. dollar denominated debt issued by euro functional currency entities . . . . .	€(234.3)	€(248.3)
Other . . . . .	3.7	2.3
Total . . . . .	<u>€(230.6)</u>	<u>€(246.0)</u>

### ***Losses on debt modification and extinguishment, net***

We recognized losses on debt modification and extinguishment, net, of €0.9 million and €64.0 million during 2015 and 2014, respectively. The loss during 2014 is related to a refinancing transaction that was completed during the first quarter of 2014 in anticipation of the Ziggo Acquisition.

### ***Income tax benefit***

We recognized income tax benefits of €124.0 million and €125.7 million during 2015 and 2014, respectively.

The income tax benefits during 2015 and 2014 differ from the expected income tax benefits (based on the Dutch income tax rate of 25.0%) of €110.9 million and €118.6 million, respectively, primarily due to the tax benefits associated with technology innovation.

For additional information regarding our income taxes, see note 11 to the Ziggo 2015 Consolidated Financial Statements.

### *Net loss*

During 2015 and 2014, we reported net losses of €319.4 million and €348.5 million, respectively, including (i) operating income of €108.8 million and €198.4 million, respectively, (ii) net non-operating losses of €552.2 million and €672.6 million, respectively, and (iii) income tax benefits of €124.0 million and €125.7 million, respectively.

### **Result of Operations—Year ended December 31, 2014 compared to the year ended December 31, 2013**

This section provides an analysis of our results of operations for the year ended December 31, 2014 as compared to our results of operations for the year ended December 31, 2013. As further explained in notes 1 and 5 to the Ziggo 2015 Consolidated Financial Statements, the operating results of Ziggo Holding are not included in our consolidated statements of operations prior to the Ziggo Acquisition Date.

### *Revenue*

Our revenue by major category is set forth below:

	<b>Year ended December 31,</b>		<b>Increase</b>		<b>Organic increase (decrease)</b>
	<b>2014 (a)</b>	<b>2013</b>	<b>€</b>	<b>%</b>	<b>%</b>
	<b>in millions</b>				
Subscription revenue (b):					
Video .....	€ 550.1	€459.2	€ 90.9	19.8	0.9
Broadband internet .....	266.9	221.3	45.6	20.6	(9.9)
Fixed-line telephony .....	221.2	169.1	52.1	30.8	6.9
Cable subscription revenue .....	1,038.2	849.6	188.6	22.2	(0.7)
Mobile subscription revenue .....	2.8	0.3	2.5	N.M.	(33.3)
Total subscription revenue .....	1,041.0	849.9	191.1	22.5	(0.7)
B2B revenue (c) .....	71.8	58.7	13.1	22.3	(2.9)
Other revenue (d) .....	30.1	26.7	3.4	12.7	(15.0)
Total .....	<u>€1,142.9</u>	<u>€935.3</u>	<u>€207.6</u>	<u>22.2</u>	<u>(1.3)</u>

(a) The amounts presented include the post-acquisition revenue of Ziggo Holding from November 12, 2014 through December 31, 2014.

(b) 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.

(c) B2B revenue includes revenue from business broadband internet, video, voice, mobile 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 expanded 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 €31.6 million and €17.7 million during 2014 and 2013, respectively, is included in cable subscription revenue. On an organic basis, our total B2B revenue, including revenue from SOHO subscribers, increased 16.0% during 2014 as compared to 2013.

(d) Other revenue includes, among other items, installation, interconnect and late fee revenue.

N.M.—Not Meaningful

The details of our revenue increase during 2014, as compared to 2013, include (i) an organic decrease of €12.3 million or 1.3% and (ii) the impact of the Ziggo Acquisition, as set forth below:

	Subscription revenue	Non-subscription revenue	Total
	in millions		
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs (a) . . . . .	€ 1.2	€ —	€ 1.2
ARPU (b) . . . . .	(4.8)	—	(4.8)
Total decrease in cable subscription revenue . . . . .	(3.6)	—	(3.6)
Decrease in mobile subscription revenue . . . . .	(0.1)	—	(0.1)
Total decrease in subscription revenue . . . . .	(3.7)	—	(3.7)
Decrease in B2B revenue . . . . .	—	(1.7)	(1.7)
Decrease in other revenue (c) . . . . .	—	(6.9)	(6.9)
Total organic decrease . . . . .	(3.7)	(8.6)	(12.3)
Impact of the Ziggo Acquisition . . . . .	194.8	25.1	219.9
Total . . . . .	€191.1	€16.5	€207.6

- (a) The increase in cable subscription revenue related to a change in the average number of RGUs is attributable to an increase in the average numbers of broadband internet, fixed-line telephony and enhanced video RGUs that was mostly offset by a decline in the average number of basic video RGUs.
- (b) The decrease in cable subscription revenue related to a change in ARPU is attributable to the net effect of (i) a net decrease due to (a) lower ARPU from broadband internet services and (b) higher ARPU from video and fixed-line telephony services and (ii) an improvement in RGU mix.
- (c) The decrease in other revenue is primarily due to lower installation revenue.

### **Operating expenses**

Our operating expenses increased €55.9 million or 19.7% during 2014, as compared to 2013. This increase includes €73.2 million attributable to the impact of the Ziggo Acquisition. Our operating expenses include share-based compensation expense, which increased €0.1 million. Excluding the effects of the Ziggo Acquisition and share-based compensation expense, our operating expenses decreased €17.4 million or 6.1%. This decrease includes the following factors:

- A decrease in interconnect costs of €7.4 million or 15.9%, primarily due to (i) lower rates and (ii) lower call volumes;
- A decrease in network-related expenses of €6.6 million or 18.4%, 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 €6.4 million or 12.7%, primarily due to (i) increased costs related to a lower proportion of capitalizable activities, (ii) annual wage increases and (iii) higher incentive compensation costs;
- A decrease in programming and copyright costs of €2.1 million or 1.9%, primarily due to the net effect of (i) lower costs related to digital video services and (ii) a net increase of €1.0 million due to the impact of accrual releases associated with the reassessment of operational contingencies. The nonrecurring adjustments recorded during 2014 resulted in lower costs of (a) €1.0 million in the third quarter and (b) €1.7 million in the fourth quarter. During 2013, the aggregate impact of similar reassessments and settlements resulted in a net cost decrease of €3.7 million; and
- A decrease in outsourced labor and professional fees of €2.1 million or 11.0%, primarily due to lower call center costs.



### ***SG&A expenses***

Our SG&A expenses increased €45.2 million or 40.7% during 2014, as compared to 2013. This increase includes €30.8 million attributable to the impact of the Ziggo Acquisition. Our SG&A expenses include share-based compensation expense, which increased €4.2 million. Excluding the effects of the Ziggo Acquisition and share-based compensation expense, our SG&A expenses increased €10.2 million or 9.3%. This increase includes the following factors:

- An increase in personnel costs of €9.7 million or 17.3%, largely due to (i) higher incentive compensation costs, (ii) annual wage increases and (iii) increased staffing levels;
- An increase in sales and marketing costs of €4.5 million or 14.8%, primarily due to (i) higher costs associated with advertising campaigns and (ii) higher third-party sales commissions; and
- A decrease in outsourced labor and professional fees of €1.7 million or 30.2%, primarily due to lower consulting costs associated with certain strategic initiatives.

### ***Related-party fees and allocations***

We recorded related-party fees and allocations of €88.4 million during 2014 as compared to €84.3 million during 2013. Amounts represent fees charged to our company that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support our company's operations, including the use of the UPC trademark. For additional information, see note 12 to the Ziggo 2015 Consolidated Financial Statements.

### ***Depreciation and amortization expense***

Our depreciation and amortization expense increased €120.1 million or 68.2% during 2014, as compared to 2013. This increase is primarily due to the Ziggo Acquisition. In addition, the increase was impacted by the following factors: (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 €127.5 million and €1.1 million during 2014 and 2013, respectively. The 2014 amount primarily relates to (i) direct acquisition costs of €64.2 million associated with the Ziggo Acquisition, (ii) an impairment charge of €56.8 million that was recorded during the fourth quarter of 2014 to reduce the carrying amount of certain internal-use software assets to zero as these assets are not used by our operations following the Ziggo Acquisition and (iii) €9.1 million of restructuring charges for employee severance and termination costs. The 2013 amount primarily relates to the net effect of (a) a €3.2 million restructuring charge, primarily associated with employee severance and termination costs related to certain reorganization activities, and (b) a €2.5 million gain on the disposal of fixed assets.

For additional information regarding the Ziggo Acquisition, see note 4 to the Ziggo 2015 Consolidated Financial Statements.

### ***Interest expense—third-party***

Our third-party interest expense increased €37.8 million during 2014, as compared to 2013. This increase is primarily due to a higher average outstanding debt balance associated with the completion of certain financing transactions in connection with the Ziggo Acquisition. For additional information regarding our third-party debt, see note 10 to the Ziggo 2015 Consolidated Financial Statements.

### ***Interest expense—related-party***

Our related-party interest expense increased €54.8 million or 59.8% during 2014, as compared to 2013. This increase is primarily due to the issuance of the Liberty Global Broadband Note in November 2014 in connection with the Ziggo Acquisition. For additional information regarding our related-party debt, see note 10 to the Ziggo 2015 Consolidated Financial Statements.

### ***Interest income—related-party***

Our related-party interest income increased €9.5 million or 7.7% during 2014, as compared to 2013, 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 12 to the Ziggo 2015 Consolidated Financial Statements.

### ***Dividend income***

Our dividend income decreased €25.9 million during 2014, as compared to 2013, as Ziggo Holding did not declare any dividends following the January 2014 execution of the Merger Protocol. For additional information regarding our investment in Ziggo Holding shares, see note 6 to the Ziggo 2015 Consolidated Financial Statements.

### ***Realized and unrealized gains on derivative instruments, net***

During 2014, we recognized realized and unrealized gains on derivative instruments, net, of €26.2 million related to our cross-currency and interest rate derivative contracts. This gain is primarily attributable to the net effect of (a) gains associated with a decrease in the value of the euro relative to the U.S. dollar and (b) losses associated with increases in market interest rates in the euro market and (c) losses associated with decreases in market interest rates in the U.S. dollar market.

### ***Unrealized gains due to changes in fair value of investment***

We recognized unrealized gains due to changes in fair value of investment of €165.0 million and €167.2 million during 2014 and 2013, respectively, related to increases in the fair value of the Ziggo Holding shares prior to the Ziggo Acquisition. For additional information regarding our investments and fair value measurements, see notes 6 and 8 to the Ziggo 2015 Consolidated Financial Statements.

### ***Foreign currency transaction losses, net***

The details of our foreign currency transaction losses, net, are as follows:

	<b>Year ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>in millions</b>	
U.S. dollar denominated debt issued by euro functional currency entities .....	€(56.2)	€—
Other .....	(0.8)	—
Total .....	<u>€(57.0)</u>	<u>€—</u>

### ***Income tax expense***

We recognized income tax expense of €33.7 million and €77.6 million during 2014 and 2013, respectively.

The income tax expense during 2014 differs from the expected income tax expense of €51.4 million (based on the Dutch income tax rate of 25.0%) primarily due to the positive impact of certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries and affiliates. This positive impact was partially offset by the negative impact of certain permanent differences between the financial and tax accounting treatment of certain expenses.

The income tax expense during 2013 differs from the expected income tax expense of €123.6 million (based on the Dutch income tax rate of 25.0%) primarily due to the positive impact of certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries and affiliates.

For additional information regarding our income taxes, see note 11 to the Ziggo 2015 Consolidated Financial Statements.

### ***Net earnings***

During 2014 and 2013, we reported net earnings of €172.0 million and €416.8 million, respectively, including (i) operating income of €134.9 million and €279.0 million, respectively, (ii) net non-operating income of €70.8 million and €215.4 million, respectively, and (iii) income tax expense of €33.7 million and €77.6 million, respectively.

## ***Liquidity and Capital Resources Sources and Uses of Cash***

As a holding company, Ziggo Group Holding's primary assets are its investments in consolidated subsidiaries. The terms of the instruments governing the indebtedness of certain of these subsidiaries may restrict our ability to access the assets of these subsidiaries. The ability to access the liquidity of our subsidiaries may also be limited by tax and legal considerations and other factors. At June 30, 2016, substantially all of our €4.7 million of consolidated cash was held by our subsidiaries.

### ***Liquidity of Ziggo Group Holding***

Our current sources of liquidity at the parent level include (i) funding from Liberty Global or other Liberty Global subsidiaries in the form of loans or contributions, as applicable, and (ii) subject to the restrictions noted above, proceeds in the form of distributions or loans from our subsidiaries. No assurance can be given that funding from Liberty Global Europe (and ultimately from Liberty Global subsidiaries or Liberty Global), our subsidiaries or external sources would be available on favorable terms, or at all. Subsequent to the formation of the JV, it is the intention of both parties that the JV will be self-funding and capable of financing their activities on a standalone basis without recourse to either party.

Ziggo Group Holding's corporate liquidity requirements include corporate general and administrative expenses. From time to time, Ziggo Group Holding may also require cash in connection with (i) the repayment of its related-party debt, (ii) the funding of loans or distributions to Liberty Global Europe (and ultimately to Liberty Global or other Liberty Global subsidiaries), (iii) the satisfaction of contingent liabilities, (iv) acquisitions and other investment opportunities or (v) income tax payments.

### ***Liquidity of our Subsidiaries***

In addition to cash, the primary sources of liquidity of our operating subsidiaries are cash provided by operations and, in the case of Ziggo B.V. and certain of its subsidiaries, any borrowing availability under the Ziggo Revolving Facilities. For details of the borrowing availability under the Ziggo Revolving Facilities, see note 7 to the Ziggo 2016 Condensed Consolidated Financial Statements.

The liquidity of our operating subsidiaries generally is used to fund property and equipment additions, debt service requirements and other liquidity requirements that may arise from time to time. For additional information regarding our condensed consolidated cash flows, see the discussion under “—*Consolidated Statements of Cash Flows*” below. Our subsidiaries may also require funding in connection with (i) the repayment of amounts due under the third-party and related-party debt instruments of our subsidiaries, (ii) acquisitions and other investment opportunities, (iii) distributions or loans to Ziggo Group Holding (and ultimately to Liberty Global subsidiaries or Liberty Global) or (iv) the satisfaction of contingencies, including contingent obligations that could be triggered by the exercise of a written put option, as further described in note 4 to the Ziggo 2016 Condensed Consolidated Financial Statements.

## ***Capitalization***

At June 30, 2016, the outstanding principal amount of our consolidated third-party debt, together with our capital lease obligations, aggregated €7,305.8 million, including €218.3 million that is classified as current in our condensed consolidated balance sheet and €7,015.8 million that is not due until 2021 or thereafter. For additional information regarding our current debt maturities, see note 7 to the Ziggo 2016 Condensed Consolidated Financial Statements.

When it is cost effective, we generally seek to match the denomination of the borrowings of our subsidiaries with the functional currency of the operations that are supporting the respective borrowings. As further discussed in note 4 to the Ziggo 2016 Condensed Consolidated Financial Statements, we also use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements and indentures is dependent primarily on our ability to maintain or increase our Covenant EBITDA and to achieve adequate returns on our property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in the various debt instruments of our subsidiaries. In this regard, if our Covenant EBITDA were to decline, we could be required to repay or limit our borrowings under the Ziggo Credit Facility in order to maintain compliance with applicable

covenants. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. Through the expected closing date of the JV Transactions, we do not anticipate any instances of non-compliance with respect to any of our subsidiaries' debt covenants that would have a material adverse impact on our liquidity.

Notwithstanding our negative working capital position at June 30, 2016, we believe that we have sufficient resources to repay or refinance the current portion of our debt and capital lease obligations and to fund our foreseeable liquidity requirements through the expected closing date of the JV Transactions. However, as our maturing debt grows 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 complete these refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. However, (i) the financial failure of any of our counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all. 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.

All of our consolidated third-party debt and capital lease obligations at June 30, 2016 has been borrowed or incurred by our subsidiaries.

For additional information regarding our debt and capital lease obligations, see note 7 to the Ziggo 2016 Condensed Consolidated Financial Statements.

### ***Consolidated Statements of Cash Flows***

*Condensed Consolidated Statements of Cash Flows—Six months ended June 30, 2016 compared to six months ended June 30, 2015*

*Summary.* The condensed consolidated statements of cash flows for the six months ended June 30, 2016 and 2015 are summarized as follows:

	Six months ended June 30,		
	2016	2015	Change
	in millions		
Net cash provided by operating activities . . . . .	€ 474.7	€ 493.7	€ (19.0)
Net cash used by investing activities . . . . .	(173.7)	(464.7)	291.0
Net cash used by financing activities . . . . .	(309.1)	(47.6)	(261.5)
Effect of exchange rate changes on cash . . . . .	—	(3.0)	3.0
Net decrease in cash . . . . .	€ (8.1)	€ (21.6)	€ 13.5

*Operating Activities.* The decrease in net cash provided by our operating activities is primarily attributable to the net effect of (i) a decrease in cash provided due to higher cash payments related to interest, (ii) an increase in the cash provided by our Segment OCF and related working capital items and (iii) a decrease in cash provided due to higher cash payments related to derivative instruments.

*Investing Activities.* The decrease in net cash used by our investing activities is primarily attributable to decreases of (i) €239.2 million associated with lower net advances to related parties and (ii) €48.6 million due to lower capital expenditures.

The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that our company has financed under capital-related vendor financing or capital lease arrangements. Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered and as repayments of debt when the principal is repaid. In the following discussion, we refer to (i) our capital expenditures as reported in our condensed consolidated statements of cash flows, which exclude amounts financed under capital-related vendor financing or capital lease arrangements, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under capital-related vendor financing or capital lease arrangements. For further details regarding our property and equipment additions and our debt, see notes 6 and 7 to the Ziggo 2016 Condensed Consolidated Financial Statements, respectively.

A reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in our condensed consolidated statements of cash flows is set forth below:

	Six months ended June 30,	
	2016	2015
	in millions	
Property and equipment additions . . . . .	€253.3	€226.5
Assets acquired under capital-related vendor financing arrangements . . . . .	(95.1)	(17.8)
Assets acquired under capital leases . . . . .	—	(2.8)
Changes in current liabilities related to capital expenditures (including related-party amounts) . . . . .	10.5	11.4
Capital expenditures . . . . .	<u>€168.7</u>	<u>€217.3</u>

The increase in our property and equipment additions is primarily due to an increase in expenditures for the purchase and installation of customer premises equipment.

*Financing Activities.* The increase in net cash used by our financing activities is primarily attributable to the net effect of (i) an increase in cash used of €555.4 million due to lower net borrowings of third-party debt, (ii) a decrease in cash used of €145.1 million associated with lower net related-party payments, (iii) a decrease in cash used of €125.9 million related to the purchase during the 2015 period of the remaining noncontrolling interest in Ziggo Holding and (iv) a decrease in cash used of €21.9 million due to lower cash payments related to derivative instruments.

#### Consolidated Statements of Cash Flows—2015 compared to 2014

*Summary.* The 2015 and 2014 consolidated statements of cash flows are summarized as follows:

	Year ended December 31,		Change
	2015	2014	
	in millions		
Net cash provided by operating activities . . . . .	€1,059.3	€ 572.7	€ 486.6
Net cash used by investing activities . . . . .	(303.8)	(551.5)	247.7
Net cash provided (used) by financing activities . . . . .	(771.4)	9.6	(781.0)
Effect of exchange rate changes on cash . . . . .	(3.0)	—	(3.0)
Net increase (decrease) in cash . . . . .	<u>€ (18.9)</u>	<u>€ 30.8</u>	<u>€ (49.7)</u>

*Operating Activities.* The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase in the cash provided by our Segment OCF and related working capital changes, primarily due to the Ziggo Acquisition, (ii) a decrease in cash provided due to higher cash payments for interest and (iii) a decrease in cash provided due to higher cash payments related to derivative instruments.

*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 €465.0 million associated with lower advances to related parties and (ii) an increase in cash used of €195.3 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,	
	2015	2014
	in millions	
Property and equipment additions . . . . .	€483.8	€205.8
Assets acquired under capital-related vendor financing arrangements . . . . .	(86.7)	(13.2)
Assets acquired under related-party capital leases . . . . .	(2.8)	(3.5)
Changes in current liabilities related to capital expenditures . . . . .	(8.1)	1.8
Capital expenditures . . . . .	<u>€386.2</u>	<u>€190.9</u>



The increase in our property and equipment additions is primarily attributable to the Ziggo Acquisition. During 2015 and 2014, our property and equipment additions represented 19.6% and 18.0% of our revenue, respectively.

*Financing Activities.* The change in net cash provided (used) by our financing activities is primarily attributable to the net effect of (i) a decrease in cash of €1,810.2 million related to higher related-party payments, (ii) an increase in cash of €883.2 million related to higher net borrowings of third-party debt, (iii) an increase in cash of €83.0 million related to lower purchases of Ziggo Holding shares following the completion of the Ziggo Acquisition and (iv) an increase in cash of €79.3 million related to derivative instruments.

#### *Consolidated Statements of Cash Flows—2014 compared to 2013*

*Summary.* The 2014 and 2013 consolidated statements of cash flows are summarized as follows:

	<b>Year ended December 31,</b>		<b>Change</b>
	<b>2014</b>	<b>2013</b>	
	<b>in millions</b>		
Net cash provided by operating activities . . . . .	€ 572.7	€ 495.1	€ 77.6
Net cash used by investing activities . . . . .	(551.5)	(1,000.3)	448.8
Net cash provided by financing activities . . . . .	9.6	505.5	(495.9)
Net increase in cash . . . . .	<u>€ 30.8</u>	<u>€ 0.3</u>	<u>€ 30.5</u>

*Operating Activities.* The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase in the cash provided by our Segment OCF and related working capital changes, primarily due to the Ziggo Acquisition, (ii) a decrease in cash provided due to higher cash payments for interest, primarily due to the impact of debt incurred in connection with the Ziggo Acquisition and (iii) a decrease in cash provided as a result of Ziggo Holding not declaring any dividends following the January 2014 execution of the Merger Protocol.

*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 €458.1 million associated with lower advances to related parties and (ii) an increase in cash used of €23.7 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:

	<b>Year ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>in millions</b>	
Property and equipment additions . . . . .	€205.8	€183.7
Assets acquired under capital-related vendor financing arrangements . . . . .	(13.2)	(3.0)
Assets acquired under related-party capital leases . . . . .	(3.5)	(5.6)
Assets acquired under a financing arrangement . . . . .	—	(4.8)
Changes in current liabilities related to capital expenditures . . . . .	1.8	(3.1)
Capital expenditures . . . . .	<u>€190.9</u>	<u>€167.2</u>

The increase in our property and equipment additions is primarily attributable to the net effect of (i) an increase due to the impact of the Ziggo Acquisition, (ii) a decrease in expenditures for the purchase and installation of customer premises equipment, (iii) a decrease in expenditures for support capital, such as information technology upgrades and general support systems, and (iv) a decrease in expenditures for new build and upgrade projects to expand services. During 2014 and 2013, our property and equipment additions represented 18.0% and 19.6% of our revenue, respectively.

*Financing Activities.* The decrease in net cash provided by our financing activities is primarily attributable to the net effect of (i) a decrease in cash provided of €973.8 million related to lower net borrowings of third-party debt, (ii) an increase in cash provided of €672.0 million related to higher related-party receipts and (iii) a decrease in cash provided of €208.9 million related to the purchase of additional shares of Ziggo Holding following the completion of the Ziggo Acquisition.

## Contractual Commitments

The following table sets forth the euro equivalents of our commitments as of June 30, 2016:

	Remainder of 2016	Payments due during:						Total
		2017	2018	2019	2020	2021	Thereafter	
				in millions				
Debt (excluding interest):								
Third-party .....	€ 86.3	€131.9	€ —	€ —	€ 71.7	€664.2	€6,351.6	€ 7,305.7
Related-party .....	—	—	—	—	—	—	3,241.9	3,241.9
Capital leases (excluding interest) .....	1.3	2.1	0.9	0.2	—	—	—	4.5
Programming commitments .....	51.8	76.7	56.1	46.6	32.2	—	—	263.4
Operating leases .....	8.2	18.3	14.4	8.3	5.6	3.5	5.0	63.3
Purchase commitments .....	14.0	9.4	1.6	0.6	0.4	2.5	—	28.5
Other commitments .....	7.5	9.5	5.1	4.3	3.9	2.4	1.3	34.0
Total (a) .....	<u>€169.1</u>	<u>€247.9</u>	<u>€ 78.1</u>	<u>€ 60.0</u>	<u>€113.8</u>	<u>€672.6</u>	<u>€9,599.8</u>	<u>€10,941.3</u>
Projected cash interest payments on third-party debt and capital lease obligations (b) .....	<u>€155.7</u>	<u>€311.4</u>	<u>€311.7</u>	<u>€311.6</u>	<u>€307.7</u>	<u>€283.8</u>	<u>€ 448.1</u>	<u>€ 2,130.0</u>

- (a) The commitments included in this table do not reflect any liabilities that are included in our June 30, 2016 condensed consolidated balance sheet other than debt and capital lease obligations.
- (b) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of June 30, 2016. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest rate derivative contracts, deferred financing costs or original issue premiums or discounts. Amounts associated with related-party debt are excluded from the table.

For additional information concerning our debt and capital lease obligations and our commitments, see notes 7 and 11 to the Ziggo 2016 Condensed Consolidated Financial Statements, respectively.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments, pursuant to which we expect to make payments in future periods. For information regarding projected cash flows associated with these derivative instruments, see “—*Projected Cash Flows Associated with Derivative Instruments*” below. For information regarding our derivative instruments, including the net cash paid in connection with these instruments during the six months ended June 30, 2016 and 2015, see note 4 to the Ziggo 2016 Condensed Consolidated Financial Statements.

## Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected cash flows associated with our derivative instruments. The euro equivalents presented below are based on interest rates and exchange rates that were in effect as of June 30, 2016. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 4 to the Ziggo 2016 Condensed Consolidated Financial Statements.

	Remainder of 2016	Payments (receipts) due during:						Total
		2017	2018	2019	2020	2021	Thereafter	
				in millions				
Projected derivative cash payments (receipts), net:								
Interest-related (a) .....	€30.5	€72.2	€62.0	€62.0	€62.2	€54.1	€ 16.9	€ 359.9
Principal-related (b) .....	—	—	—	—	—	—	(325.5)	(325.5)
Total .....	<u>€30.5</u>	<u>€72.2</u>	<u>€62.0</u>	<u>€62.0</u>	<u>€62.2</u>	<u>€54.1</u>	<u>€(308.6)</u>	<u>€ 34.4</u>

- (a) Includes the interest-related cash flows of our cross-currency and interest rate swap contracts.
- (b) Includes the principal-related cash flows of our cross-currency swap contracts.

## **Critical Accounting Policies, Judgments and Estimates**

In connection with the preparation of the Ziggo 2015 Consolidated Financial Statements, we used estimates and assumptions that affected 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 were critical in the preparation of Ziggo 2015 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 and other indefinite-lived intangible assets);
- 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 Ziggo 2015 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 and other indefinite-lived intangible assets) that were held for use comprised 95.9% of our total assets at December 31, 2015.

We review, when circumstances warrant, the carrying amounts of our property and equipment and our intangible assets (other than goodwill and our other indefinite-lived intangible asset) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include (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 market 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. 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 and our other indefinite-lived intangible asset for impairment at least annually on October 1 and whenever facts and circumstances indicate that the carrying amounts of goodwill and our other indefinite-lived intangible asset may not be recoverable. For purposes of the annual goodwill impairment evaluation, our operations consist of one reporting unit. A reporting unit is an operating segment or one level below an operating segment (referred to as a “component”). Our operating segment is deemed to be a reporting unit as it comprises a single component. For impairment evaluations with respect to both goodwill and our other indefinite-lived intangible asset, we first make a qualitative assessment to determine if the goodwill or our other indefinite-lived intangible asset may be impaired. In the case of goodwill, if it is more-likely-than-not that the 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. 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. With respect to our other indefinite-lived intangible asset, if it is more-likely-than-not that the fair value of an indefinite-lived intangible asset is less than its carrying value, we then estimate its fair value and any excess of the carrying value over the fair value of the indefinite-lived intangible asset is also 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 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 margins and Segment OCF 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 2015 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 year ended December 31, 2015, we recorded impairment charges of €5.1 million, primarily related to intangible assets acquired in the Ziggo Acquisition. During the fourth quarter of 2014, we recorded a €56.8 million impairment charge to reduce the carrying amount of certain internal-use software assets to zero as these assets are not used by our operations following the Ziggo Acquisition. During the year ended December 31, 2013, we recorded no material impairments of our property and equipment and intangible assets (including goodwill).

The market values of certain publicly-traded equity securities of Liberty Global declined significantly immediately following the results of the U.K. referendum in which voters approved Brexit. If, among other factors, (i) our enterprise value or these Liberty Global publicly-traded equity securities decline further 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, based on the relatively high carrying value of our reporting unit, 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 assets. 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 the years ended December 31, 2015, 2014 and 2013 was €1,037.5 million, €296.3 million and €176.2 million, respectively. A 10.0% increase in the aggregate amount of the depreciation and amortization expense during 2015 would have resulted in a €103.8 million or 95.4% decrease in our 2015 operating income.

### ***Fair Value Measurements***

U.S. GAAP provides guidance with respect to recurring and nonrecurring fair value measurements and 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.

*Recurring Valuations.* We perform recurring fair value measurements with respect to our derivative instruments. We use cash flow valuation models to determine the fair values of our interest rate and foreign currency derivative instruments. For a detailed discussion of the inputs we use to determine the fair value of our derivative instruments, see note 5 to the Ziggo 2016 Condensed Consolidated Financial Statements. See also note 4 to the Ziggo 2016 Condensed Consolidated Financial Statements for information concerning our derivative instruments.

Changes in the fair values of our derivative instruments have had, and we believe will continue to have, a significant and volatile impact on our results of operations. During the years ended December 31, 2015, 2014 and 2013, our continuing operations included net gains of €211.1 million, €26.2 million and nil, respectively, attributable to changes in the fair values of our derivative instruments.

As further described in note 8 to the Ziggo 2015 Consolidated Financial Statements, actual amounts received or paid upon the settlement of our derivative instruments may differ materially from the recorded fair values at December 31, 2015.

*Nonrecurring Valuations.* Our nonrecurring valuations are primarily associated with (i) the application of acquisition accounting and (ii) impairment assessments, both of which require that we make fair value determinations as of the applicable valuation date. In making these determinations, we are required to make estimates and assumptions that affect the recorded amounts, including, but not limited to, expected future cash flows, market comparables and discount rates, remaining useful lives of long-lived assets, replacement or reproduction costs of property and equipment and the amounts to be recovered in future periods from acquired net operating losses and other deferred tax assets. To assist us in making these fair value determinations, we may engage third-party valuation specialists. Our estimates in this area impact, among other items, the amount of depreciation and amortization, impairment charges and income tax expense or benefit that we report. Our estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain. A significant portion of our long-lived assets were initially recorded through the application of acquisition accounting and all of our long-lived assets are subject to impairment assessments. For additional information, see notes 4, 8 and 9 to the Ziggo 2015 Consolidated Financial Statements.

### ***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, 2015, the aggregate valuation allowance provided against deferred tax assets was €0.5 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, 2015 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. If we conclude that the more-likely-than-not threshold is not met, the unrecognized tax benefit is classified as an increase to income tax payable or as a reduction to a deferred tax asset for net operating loss or similar carryforwards. As of December 31, 2015, we did not have any unrecognized tax benefits.

For additional information concerning our income taxes, see note 11 to the Ziggo 2015 Consolidated Financial Statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF VODAFONE NETHERLANDS

*In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans. Investors are making an investment decision based on the creditworthiness of the Ziggo Group as of the date hereof, including based on the Ziggo Group's standalone leverage.*

The following discussion and analysis, which should be read in conjunction with the Vodafone Netherlands 2016 Consolidated Financial Statements, is intended to assist in providing an understanding of our financial condition and results of operations and is organized as follows:

- *Overview.* This section provides an overview of our business, our product offerings and recent events.
- *Results of Operations.* This section provides an analysis of our results of operations for the years ended March 31, 2016 and 2015.
- *Liquidity and Capital Resources.* This section provides an analysis of our liquidity, consolidated statements of cash flows and contractual commitments.
- *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 Vodafone Netherlands 2016 Consolidated Financial Statements. In this “*Management's Discussion and Analysis of Financial Condition and Results of Operations of Vodafone Netherlands*” section, the terms, “Vodafone Netherlands”, “we”, “our”, “our company” and “us” may refer, as the context requires, to Vodafone Libertel B.V., or collectively to Vodafone Libertel B.V. and its subsidiaries. Unless otherwise indicated, operating and statistical data, including subscriber statistics and product offerings, are as of March 31, 2016 and are based on Vodafone Netherlands' methodologies and do not reflect any potential changes to such methodologies that may result once the policies of Vodafone Netherlands and Ziggo Group Holding are conformed following the consummation of the JV Transactions. Additionally, the consolidated statement of income data includes amounts associated with the Vodafone NL Fixed-Line Business, which, as further described under “*Summary—The Transactions—Divestment of the Vodafone NL Fixed-Line Business*”, is required to be divested by Vodafone Netherlands prior to the consummation of the JV Transactions. The Vodafone Netherlands 2016 Consolidated Financial Statements and the Vodafone Netherlands 2015 Consolidated Financial Statements include (i) revenue of €38.8 million and €18.6 million, respectively, and (ii) negative Adjusted EBITDA of €28.7 million and €22.9 million, respectively, related to the Vodafone NL Fixed-Line Business. These amounts have been derived from Vodafone Netherlands' accounting records and have not been audited or reviewed by Vodafone Netherlands' independent auditors.

### Overview

Vodafone Netherlands is a subsidiary of Vodafone Group, which is one of the world's largest mobile telecommunications companies in terms of revenue. Vodafone Group has mobile operations in 26 countries, 57 partner networks worldwide and fixed broadband operations in 17 markets. During the year ended March 31, 2016, Vodafone Group had more than 462 million mobile customers and over 13 million fixed broadband customers.

Vodafone Netherlands is headquartered in both Maastricht and Amsterdam, and is the second largest mobile communications operator in The Netherlands in terms of revenue.

We provide a range of mobile services, enabling customers to call, text and access the internet, stream music and watch videos, whether at home or traveling abroad. We also provide M2M services and mobile wholesale access services, hosting several MVNOs.

Vodafone Netherlands' range of fixed-line businesses includes the Vodafone NL Fixed-Line Business and a wider range of services to our enterprise customers, including cloud & hosting and IP-VPN (“**Virtual Private Networks**”) and Private Branch Exchange services. As noted above, the Vodafone NL Fixed-Line Business will be sold prior to the consummation of the JV Transactions, see “*Summary—The Transactions—The JV Transactions—Divestment of the Vodafone NL Fixed-Line Business*”.

Our customers include individual consumers, businesses and public authorities. We divide our customers into two primary segments, or consumer and enterprise. Within our consumer segment, we offer contract subscription services and prepaid services. In our enterprise segment, we further segment customers into SOHO (1 to 29 employees), Small and Medium Sized Enterprise (30 to 500 employees) and Corporate (500 or more employees). Each segment is targeted with tailored marketing, sales and advertising strategies.

Despite experiencing significant competition, we made progress in stabilizing our revenue and minimizing mobile customer base reductions while growing fixed-line revenues. Our key competitors are:

- i. KPN—with its comprehensive range of mobile, consumer residential and enterprise services;
- ii. T-Mobile Netherlands—with its range of mobile services; and
- iii. Tele2—with its newly launched 4G services and range of consumer residential services.

In general, our ability to increase or maintain the fees we receive for our services is limited by competitive, and to a lesser degree, regulatory factors. The competition we face in our market, as well as any decline in the economic environment, could adversely impact our ability to increase or maintain our revenue, profitability or operating cash flow or liquidity.

The communication business in which we operate is capital intensive. Significant capital expenditures are required for network infrastructure, spectrum and, to a lesser degree, customer services equipment.

Significant competition, the introduction of new technologies or adverse regulatory developments could cause us to decide to undertake previously unplanned upgrades of our communications networks and or require us to purchase new spectrum licenses. 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 purchasing new spectrum licenses or making our other planned or unplanned capital expenditures, our growth could be limited and our competitive position could be harmed.

## Results of Operations

This section provides an analysis of our results of operations for the years ended March 31, 2016 and 2015. For additional information, see Vodafone Netherlands 2016 Consolidated Financial Statements.

### Consolidated Statement of Income Data

	Year ended March 31,	
	2016	2015
	in millions	
Revenue:		
Third-party	€ 1,837.9	€ 1,860.6
Related-party	15.6	11.9
Cost of sales:		
Third-party	(1,242.1)	(1,262.1)
Related-party	(70.5)	(59.4)
Gross profit	540.9	551.0
Operating expenses		
Sales and marketing:		
Third-party	(197.3)	(200.8)
Related-party	(54.9)	(44.7)
General and administrative:		
Third-party	(93.3)	(103.6)
Related-party	(89.4)	(72.7)
Total operating expenses	(434.9)	(421.8)
Operating profit	106.0	129.2
Finance income:		
Third-party	—	0.1
Related-party	—	0.3
Finance costs:		
Third-party	(0.4)	(2.2)
Related-party	(15.1)	(19.0)
Profit before taxation	90.5	108.4
Income tax	(24.8)	(34.4)
Result for the year	€ 65.7	€ 74.0

## Revenue

	Year ended March 31,	
	2016	2015
	in millions	
Access fees	€1,139.9	€1,130.1
Airtime usage	557.1	592.5
Sale of Goods	128.7	124.7
Connection fees and other	27.8	25.2
Total Revenue	€1,853.5	€1,872.5

Total revenue decreased from €1,872.5 million in the year ended March 31, 2015 to €1,853.5 million in the year ended March 31, 2016, a decrease of 1.0%. The revenue trend is consistent with the last fiscal year (decrease of 1.1% for the year ended March 31, 2015), where in-bundle-fee (access fees) growth that was more than offset by declining out-of-bundle fees (airtime and usage) and other items. The decrease in out-of-bundle fees is mainly due to higher allowances within customer bundles resulting in lower out-of-bundle usage. Fixed line service revenue continued to grow. The main drivers of such growth were the increasing customer base in the consumer fixed line segment and increased demand for converged propositions in the enterprise segment. Furthermore, 4G nationwide coverage and network quality (4G+ coverage) stimulated the increase in data usage. Favorable macroeconomic conditions such as GDP growth and increase in consumer confidence provided a supportive environment for revenue generation.

Revenue and Adjusted EBITDA in the year ended March 31, 2015 included €44.8 million of VAT rebates, of which €13.6 million was related to prior periods. In the year ended March 31, 2016, VAT rebates of €12.1 million are included in revenue and Adjusted EBITDA, none of which are related to prior periods.

## Cost of sales

	Year ended March 31,	
	2016	2015
	in millions	
Interconnect costs	€ 134.1	€ 143.7
Leased line rental costs	48.1	44.8
Service provider support and dealer commissions	196.0	190.4
Equipment and accessories	333.5	336.1
Amortisation of license fees and customer related software	192.6	193.0
Depreciation of land and buildings and network assets	187.1	159.3
Disposal of network assets	1.6	18.2
Wages and salaries including contractors and travel	61.9	73.5
Fixed line costs	60.2	51.9
Other direct costs	97.5	110.5
Total Cost of sales	€1,312.6	€1,321.4

Total cost of sales decreased by €8.8 million or 0.7% during the year ended March 31, 2016, as compared to the year ended March 31, 2015. This decrease includes the following factors:

- A reduction in interconnect costs of €9.6 million or 6.7%, primarily due to a reduction in roaming tariffs and a reduction in SMS volumes;
- An increase in leased line rental cost of €3.3 million or 7.4%, primarily due to an expansion of our mobile network and an increase in site rentals;
- An increase in service provider support and dealer commissions of €5.6 million or 2.9%, primarily due to an increase in customer upgrade and retention costs;
- An increase in depreciation of land and buildings and network assets of €27.8 million or 17.5%, primarily due to the expansion of our mobile network;
- A reduction in the charge for the disposal of network assets, primarily due to impairment of customer related software (€10.5 million) and disposal of network assets (€3.8 million) during the year ended March 31, 2015. The disposal of network assets pertains to losses due to assets in the network that are no longer in use. We did not incur impairment charges during the year ended March 31, 2016;

- A reduction in wage and salaries, primarily due to a decrease in annual bonuses for employees in the year ended March 31, 2016, as compared to the year ended March 31, 2015;
- An increase in fixed line costs of €8.3 million or 16.0%, primarily due to an increase in the consumer fixed customer base and an increase in enterprise customer fixed connectivity; and
- A reduction in other direct costs of €13.0 million or 11.8%, primarily due to a reduction in cost of the platform that supports our “hollandsnieuwe” consumer propositions and a reduction in costs associated with customer after sales support.

### **Operating Expenses**

	<b>Year ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>in millions</b>	
Operating expenses:		
Sales and marketing:		
Third-party .....	€197.3	€200.8
Related-party .....	54.9	44.7
General and administrative:		
Third-party .....	93.3	103.6
Related-party .....	89.4	72.7
Total operating expenses .....	<u>€434.9</u>	<u>€421.8</u>

Total operating expenses increased by €13.1 million or 3.1% during the year ended March 31, 2016, as compared to the year ended March 31, 2015. This increase includes the following factors:

- An increase in sales and marketing expenses of €6.7 million or 2.7%, primarily due to an increase in corporate recharges from Vodafone Group for sales and marketing costs (€10.7 million) regarding global activities to support enterprise revenue growth; and
- An increase in general and administrative expenses of €6.4 million or 3.6%, primarily due to an increase in related party charges of €16.7 million supporting enterprise, consumer and technology services offset by lower third party costs of €10.3 million primarily driven by lower annual bonus.

### **Net Finance Costs**

Our net total finance costs of €15.5 million for the year ended March 31, 2016 primarily includes interest expense of €15.1 million paid to Vodafone Group companies on an average related-party loan balance of €1,663 million. Net financing costs reduced from €20.8 million in the year ended 2015 to €15.5 million in the year ended March 31, 2016, primarily as a result of a reduction in interest rates.

### **Income tax**

We recognized income tax expense of €24.8 million in the year ended 2016, a reduction from €34.4 million in the year ended March 31, 2015. This reduction was primarily the result of a decrease in the profit before income taxes. Income taxes paid in the year ended March 31, 2016 were €27.0 million, a reduction from €38.5 million in the year ended March 31, 2015.

For additional information regarding our income taxes, see note 6 to the 2016 Vodafone NL Consolidated Financial Statements.

### **Result for the year**

Result for the year decreased from €74.0 million to €65.7 million, a decrease of 11.2%. This was caused by the decrease in operating profit, however partly compensated by lower financing costs and income taxes.

### **Liquidity and Capital Resources**

As further described in “General information” within the notes to the Vodafone Netherlands 2016 Consolidated Financial Statements contained in this Offering Memorandum, Vodafone Netherlands is a



wholly-owned subsidiary of Vodafone Group. The liquidity requirements of Vodafone Netherlands are currently managed by Vodafone Group. Vodafone Netherlands' liquidity generally is used to fund tangible and intangible asset additions, dividends to Vodafone International Holdings B.V. and repayments of related-party loans. The sources of liquidity of Vodafone Netherlands are currently cash from operations and loans or contributions from Vodafone Group. Subsequent to the formation of the JV, it is the intention of both parties that the JV will be self-funding and capable of financing their activities on a standalone basis without recourse to either party.

The consolidated statements of cash flows for the years ended March 31, 2016 and 2015 are summarized as follows:

	<u>Year ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
	<u>in millions</u>	
<b>Consolidated Cash Flow Data:</b>		
Cash provided by operating activities . . . . .	€ 430.2	€ 693.8
Cash used by investing activities . . . . .	€(358.9)	€(388.0)
Cash used by financing activities . . . . .	€ (83.9)	€(285.4)
Net increase (decrease) in cash and cash equivalents . . . . .	€ (12.6)	€ 20.4

Net cash outflows amounted to €12.6 million for the year ended March 31, 2016, as compared to €20.4 million of net cash inflows for the year ended March 31, 2015. The change in cash is primarily driven by lower cash generated by operations before deposits with subsidiaries of Vodafone Group and a decrease in cash used by financing activities related to a dividend of €200.0 million that we paid in the year ended March 31, 2015. These changes were partially offset by lower tax payments and lower cash outflows from investing activities.

#### **Critical Accounting Policies, Judgments and Estimates**

For additional information concerning our critical accounting estimates and information concerning our commitment and contingencies, see refer to the section entitled "General Information" and note 23, respectively, of the Vodafone Netherlands 2016 Consolidated Financial Statements contained elsewhere in this Offering Memorandum.

## BUSINESS OF ZIGGO GROUP HOLDING

In this “Business of Ziggo Group Holding” section, unless the context otherwise requires, the terms “we,” “our,” and “us” refer to Ziggo Group Holding B.V (“**Ziggo Group Holding**”). Unless otherwise indicated, operational and statistical data, including subscriber statistics and product offerings, are as of June 30, 2016.

### Introduction

We are a subsidiary of Liberty Global plc (“**Liberty Global**”) that provides video, broadband internet, fixed-line telephony and mobile services in The Netherlands. We operate the largest cable network in the Netherlands in terms of video subscribers and are located throughout most of the Netherlands, including major cities like Amsterdam, Rotterdam, The Hague, Utrecht, Eindhoven, Groningen and Maastricht. We provide video, broadband internet and fixed-line telephony over our broadband communications network and mobile services as a mobile virtual network operator (“**MVNO**”). We classify our customers based on our main subscription-based business activities.

Liberty Global is the world’s largest international TV and broadband company, with operations in more than 30 countries across Europe, Latin America and the Caribbean. Liberty Global invests in the infrastructure that empowers its customers to make the most of the digital revolution. Its scale and commitment to innovation enables it to develop market-leading products delivered through next-generation networks that connect its 29 million customers who subscribe to over 59 million television, broadband internet and telephony services. Liberty Global also serves 11 million mobile subscribers and offers WiFi service across seven million access points.

The following table presents our operating statistics as of June 30, 2016:

### Footprint

Homes Passed (1)	7,053,000
Two-way Homes Passed (2)	7,039,600

### Customer Relationships

Customer Relationships (3)	4,033,300
RGUs per Customer Relationship	2.40

### Subscribers (RGUs) (4)

Basic Video (5)	720,200
Enhanced Video (6)	3,291,500
Total Video.	4,011,700
Internet (7)	3,118,400
Telephony (8)	2,530,500
Total RGUs (9)	9,660,600

### Penetration

Enhanced Video Subscribers as a % of Total Video Subscribers (10)	82.0%
Internet as % of Two-way Homes Passed (11)	44.3%
Telephony as % of Two-way Homes Passed (11)	35.9%

### Customer bundling

Single-Play	21.8%
Double-Play	16.8%
Triple-Play	61.4%

### Mobile statistics

Mobile subscribers (12)	207,200
-------------------------	---------

- (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 footprint (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 Revenue Generating Units (“**RGUs**”), without regard to which or to how many services they subscribe. To the extent that RGU counts include equivalent billing unit (“**EBU**”) adjustments, we reflect corresponding adjustments to our Customer Relationship counts. 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-only customers from Customer Relationships.
- (4) RGU is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Telephony Subscriber (each 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 enhanced video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Basic Video, Enhanced Video, 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. In this regard, our June 30, 2016 RGU count excludes our separately-reported postpaid mobile subscribers.
- (5) Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards (as defined below), or other integrated or virtual technologies that we use to provide our enhanced service offerings. With the exception of RGUs that we count on an EBU basis, we count RGUs on a unique premises basis. In other words, a subscriber with multiple outlets in one premises is counted as one RGU and a subscriber with two homes and a subscription to our video service at each home is counted as two RGUs.
- (6) Enhanced Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network or through a partner network via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Enhanced Video Subscribers that are not counted on an EBU basis are countered on a unique premise basis. For example, a subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one subscriber. An Enhanced Video Subscriber is not counted as a Basic Video Subscriber. As we migrate customers from basic to enhanced video services, we report a decrease in our Basic Video Subscribers equal to the increase in our Enhanced Video Subscribers. Subscribers to enhanced video services provided over partner networks receive basic video services from the partner networks as opposed to our operations.
- (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) Pursuant to service agreements, we offer enhanced video, 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.
- (10) Enhanced video penetration is calculated by dividing the number of enhanced video RGUs by the total number of basic and enhanced video RGUs.
- (11) Telephony and broadband penetration is calculated by dividing the number of telephony RGUs and broadband RGUs, respectively, by the total two-way homes passed.
- (12) Our mobile subscriber count represents the number of active subscriber identification module (**SIM**) cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (via a dongle) would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from our mobile telephony subscriber count.

## History

Ziggo Group Holding's primary subsidiaries consist of (i) UPC Nederland Holding I B.V. ("**UPC Nederland Holding**") and its subsidiaries, including Ziggo Services B.V. ("**Ziggo Services**"), and (ii) LGE HoldCo VI B.V. ("**HoldCo VI**") and its subsidiaries, including LGE HoldCo VII B.V. ("**HoldCo VII**"), LGE HoldCo V B.V. ("**HoldCo V**") and HoldCo V's subsidiary, Ziggo Holding B.V. ("**Ziggo Holding**").

UPC Nederland Holding, and its subsidiaries, was one of the historic cable operations owned by Liberty Global and its predecessors. Ziggo Holding, which was acquired by a subsidiary of Liberty Global on November 6, 2014, was a publicly-traded company in the Netherlands established on February 1, 2007, following the merger of @Home, Casema and Multikabel. Between May 2008 and November 11, 2014, these three companies 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 ("**IPTV**"), telephony and data communications. Multikabel served homes, companies and institutions with television and radio programs.

## 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, directly connected to their personal computers, or via WiFi 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 deploy 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 bundle consisting of enhanced video, broadband internet and fixed-line telephony. As an additional service for our customers, we offer 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 video, 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 have enhanced pay-per-view programming, which we distribute through VoD. We also offer a multimedia home gateway "**Horizon TV**", see "*Interactive Services*" below.

To receive our enhanced video services, a subscriber must obtain a set-top box and a conditional access security card, or a "**smart card**", or the Horizon TV box, from us. 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 enhanced video services. A CI+ module is a small device (credit card size) that allows customers with CI+ enabled television set, which subscribe to, or otherwise have access to, our enhanced 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. Accordingly, subscribers with the necessary equipment and who pay monthly subscription fee for our analog package are able to also receive our basic digital services. In addition, expanded channel packages and premium channels and services are available for an incremental monthly fee.

We offer multiple tiers of digital video programming and audio services starting with a basic video service. Subscribers to our basic video service generally receive 30 digital video channels (including four HD), up to 30 analog video channels and 90 analog radio channels. 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. We also offer a variety of premium channel packages to meet the special interests of our subscribers. We continue to upgrade our systems to expand our digital services and encourage our analog subscribers to convert to a digital video service.

For an additional monthly charge, a subscriber 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. Enhanced video subscribers may also subscribe to one or more packages of premium channels, including additional HD channels for an additional monthly charge. Premium channels available include HBO, Filml, Videoland, Ziggo Sport Totaal (former Sport1 platform), 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 and Hindi channels and an adult entertainment package. A subscriber to our enhanced video services also has the option, for an incremental monthly charge, to upgrade the standard digital set-top box to a Horizon TV box (which has HD DVR capabilities).

For subscribers who want access to thousands of movies and television series, we offer “**MyPrime**”. MyPrime, which is included in our enhanced video services with our Horizon TV platform, offers customers unlimited streaming access to a library of on-demand content both through our set-top boxes and through the Horizon Go platform (as described below). Our library consists of approximately 1,300 movies and 3,000 television episodes from local and international suppliers, such as ABC/ Disney, A+E Networks, NBC/Universal, CBS/Paramount, BBC, Warner TV and Sony. The MyPrime offering also includes approximately 2,100 children’s episodes. These boxes may be rented from us. VoD services, including catch-up television, are available on a subscription basis or a transaction basis, depending on the tier of enhanced video service selected by the subscriber. It is also available to CI+ users. 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.

Discounts to our monthly service fees are available to any subscriber who selects a bundle of two or more of our services (“**bundled services**”): video, internet, fixed-line telephony and mobile services. Bundled services consist of “double-play” for two services, “triple-play” for three services and “quadruple-play” for four services.

### ***Interactive Services***

In September 2012, we launched Horizon TV, which is a next generation 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, which has been available to all our customers since April 2015, 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 smart phone (“**Horizon Go**”). 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 June 30, 2016, we had 898,000 Horizon subscribers.

In April 2015, we launched our new cloud DVR service (“**Replay TV**”). This service allows our customers to go back seven days in the electronic programming guide to “replay” linear programming they have missed. Using the Horizon Go application, all of our 4.0 million customers can watch programs from the past seven days on their laptops, smart phones or tablets at no additional cost. The cloud DVR platform allows our customers to have DVR functionality, without the need of a hard drive inside the set-top boxes.

We offer regular interactive DVR and HD DVR. Additionally, in March 2013, we 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 interactive services through our cable network. In November 2013, we introduced a CI+ 1.3 module that enables subscribers to view enhanced video services without a set-top box and use a single remote control. To utilize this service, customers must have a CI+ 1.3 enabled television and obtain the CI+ 1.3 module and smart card from us. An interactive receiver in the set-top box is then no longer necessary for those subscribers to our enhanced video services.



We make available certain applications to our subscribers. For our Horizon TV subscribers, we offer more than 80 applications for various online services around television channels, news, music, games, sport and lifestyle (such as YouTube, Twitter, Flickr, Deezer, and many others). ‘TV Francaise’ is a television channel application, enabling our customers to watch eight French channels via IP instead of the traditional cable broadcast. Horizon Go includes an online television application for viewing on a second screen over 3G/4G and WiFi in the Netherlands. This application allows video customers to view over 100 linear video channels, watch missed linear programming using Replay TV and access and watch content from the MyPrime library of which up to 95 channels are available outside the home. In addition, we added Chromecast and Airplay support to the Horizon Go entertainment experience, enabling our customers to watch video content on any screen without the need of an additional set-top box. At June 30, 2016, we recorded 915,000 active Horizon Go users representing 23% of our customer base. Furthermore, the Horizon family of products provides the ability to remotely schedule the recording of a television program on the gateway decoder box at home through an iOS or Android mobile digital device or an internet browser.

### ***Broadband Internet***

We offer multiple tiers of broadband internet service with download speeds ranging from 40 Mbps to 300 Mbps for our ultra high-speed internet service as part of our residential bundle offers. Our ultra high-speed internet service is based on Euro DOCSIS 3.0 technology, which is an international standard that defines the requirements for data transmission over a cable system. Although we are currently the leader in internet speed in a majority of the Netherlands, we have begun the trial phase of Euro DOCSIS 3.1 technology, which we believe will allow us to boost our broadband speeds to 1 Gbps over time in a cost effective manner. We also offer a value-added broadband security services (anti-virus, anti-spyware, firewall, spam protections and childproof lock) for an incremental charge. As described under “—*Mobile Services*” below, we also offer mobile broadband services.

A subscriber must subscribe to our video service (or the video service in a partner network) in order to subscribe to our internet service. They may do this through either a double-play option that bundles our broadband internet services with our enhanced video services or as a triple-play option that bundles our broadband internet services with our enhanced video and fixed-line telephony services. We offer various levels of download speeds depending on the package selected. Our mid-tier bundled product, ‘Connect & Play Complete’, offers download speeds of 150 Mbps.

Our residential subscribers generally access the internet via cable modems directly connected to their internet capable devices that include personal computers, or via WiFi 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, we launched WiFiSpots enabling broadband internet subscribers access to the internet experience outside of the home. WiFiSpots, which provide 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. As of the date of the Offering Memorandum, we have more than 2.0 million enabled 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. We pay interconnection fees to other telephony and internet providers when calls by our subscribers terminate on another network and receive similar fees from providers when calls by their users terminate on 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: 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 a flat rate plan for international calls. At an incremental cost, we also offer value-added services, such as a second phone line, a personal call manager, unified messaging and unlimited calling to fixed and mobile phone numbers.

## ***Mobile Services***

We launched mobile telephony services in September 2013. Our mobile services are offered as an option to customers who subscribe to at least one of our other products, including video, broadband internet or fixed-line telephony. We introduced our mobile service as part of a strategy to offer customers a full product portfolio from a single source, and with the aim to increase customer loyalty and satisfaction. In October 2015, we launched our new mobile portfolios in the consumer and business markets, which include 4G speeds, up to 8 GB of data and more value for the customer, such as roaming-free calls to Dutch telephone numbers from anywhere in Europe. All of our offered mobile subscriptions can be adjusted on a monthly basis.

We provide mobile services, both internet and voice, through partnerships with a third-party mobile network operator. 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. For certain portions of our mobile customer base, 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 to rent radio access services from a third-party operator than a light MVNO arrangement would provide, where we do not have a core network that is fully integrated with our infrastructure.

Our customers who subscribe to a single, double- or triple-play bundle service receive a discount on their mobile service fee. Our mobile services include voice, short message service and internet or data access under a post-paid monthly service plan. We also typically charge a one-time activation fee to our customers for each SIM card.

## ***Business Services***

In addition to our residential services, we offer a range of voice, broadband internet and data services to business customers. Our business customers include SOHO (generally fewer than 20 employees), medium and large enterprises. Our B2B services are designed to meet the specific demands of our business customers with a wide range of services, including increased data transmission speeds and virtual private networks. Our B2B services focus primarily on the SOHO and small to medium businesses already connected to our networks. The services for our B2B customers include a core bundle offer with a maximum download speed of 500 Mbps and upload speeds of 40 Mbps. Our services to B2B customers are characterized by additional features, such as static IP addresses, on-line security, hosting, multi-WiFi point solutions, 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, which includes Horizon TV. 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.

Our business services are provided to customers at contractually established prices 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 business customers, we enter into individual agreements that address their needs. These agreements are for a period of one or more years. In addition to providing business services over our networks, we also have agreements to provide these services to our business 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 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 footprint. 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 enhanced video services. We recently signed a new shop-in-shop partnership agreement with the largest electronic retailer in the Netherlands (Media Markt), extending our retail presence by 49 locations in the second half of 2016.

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. Customer service also provides inbound telemarketing and sales support functions for residential and SOHO customers. To reduce our customer service call volume, we utilize an online customer web service, 'Ziggo Community'. In addition, we utilize an automated voice response center and social media like Twitter and Facebook 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 enables 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 fixed-line telephony services are transmitted over a hybrid fiber coaxial cable network. This network is composed 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.

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 7.1 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. We also continue to explore new technologies that will enhance our customer's connected entertainment experience, such as:

- recapturing bandwidth and optimizing our networks by increasing the number of nodes in our markets and using digital compression technologies;
- enhancing our network to accommodate additional business services;
- using wireless technologies to extend our services outside the home;
- offering remote access to our video services through personal computers, smart phones and tablets; and
- expanding the availability of Horizon TV and related products and developing and introducing online media sharing and streaming or cloud based video.

### ***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 with minimum pay guarantees in certain cases. 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 Horizon Go.

We purchase each type of customer premises equipment from a number of different suppliers. Customer premises equipment includes set-top boxes, DVRs, tuners, modems 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 a per subscriber fee for software licenses and a share of advertising revenue for content licenses. For our fixed-line telephony services, we license software products, such as voicemail, text messaging and caller ID, from a variety of suppliers. For these licenses, we seek 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, fixed-line telephony and mobile services are highly competitive and rapidly evolving. In addition, technological advances and product innovations have increased and are likely to continue to increase the number of alternative providers available to our customers. Consequently, our business has faced and is expected to continue to face significant competition specifically as a result of deregulation in the E.U. The percentage information provided below is based on information from the subscription based website DataXis for the first half of 2016.

## ***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 92% of the television households in the Netherlands and we serve approximately 53% of the total television market. We experience most of our competition from other fixed-line telecommunications carriers and broadband providers, including the incumbent telephony operator Koninklijke KPN N.V. (“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 digital subscriber line (“DSL”) technology, very high-speed DSL technology (“VDSL”) or an enhancement to VDSL, such as “vectoring”, (c) digital terrestrial television, 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, the next generation of ultra high-speed mobile data, also called “4G” (referred to herein as “LTE”). In addition we experience competition from (1) direct-to-home satellite (“DTH”) 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.

KPN provides subscription video services to 27% of the total 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, places significant competitive pressure on our operations. KPN’s VDSL service includes VoD and DVR functionality, catch-up television, replay television and second screen viewing. In addition, KPN has launched its own over-the-top video service. Portions of our network, approximately 31%, have also been overbuilt by KPN’s and other providers’ FTTx networks, and expansion of these networks is expected to continue. Another principal competitor in the provision of video services is from the DTH provider CanalDigitaal, a subsidiary of M7 Group S.A. CanalDigitaal, which offers DTH services, provides subscription video services to 6% of the total television households in the Netherlands.

To improve our competitive position, we introduced new portfolios for our double- and triple-play offers. 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. For an incremental fee, customers may also include mobile voice and data with 4G speeds to any bundle package. The bundle options give subscribers the option to select various combinations of services to meet their needs, including high-speed internet, fixed-line telephony options and content options. Also, our extended digital video tiers include Horizon TV, Replay TV and MyPrime. Horizon Go is also available, providing subscribers the ability to watch linear and VoD programming through a second screen application on smart phones, tablets and PCs and to record programs remotely. In addition, we continue to improve the quality of our programming and modify our video options by offering attractive content packages. For example, in November 2015, we launched Ziggo Sport, our new sports channel, which we added to all existing video packages for no additional charge.

## ***Internet***

We face competition primarily from KPN, one of the largest broadband internet providers and, to a lesser extent, the telecommunications company Tele2 Netherlands Holding B.V., as well as operators using wholesale access on KPN's fixed network. KPN offers ultra-high-speed internet services with download speeds of up to 500 Mbps on its FTTx network and up to 100 Mbps over its VDSL or FTTx network. KPN is the leading mobile broadband provider with its competitively priced mobile internet products and LTE services. KPN and other competitors in both fixed-line and wireless broadband internet services offer a range of services with varying speeds, as well as interactive computer based services, data and other non-video services. KPN serves 42% and Ziggo Group Holding serves 43%, respectively, of the total broadband internet market in the Netherlands. To remain competitive, we seek to increase the maximum speed of our connections, offering varying tiers of service, prices and bundled product offerings and a range of value added services. We are also expanding our mobile data services, including access to Community Wifi. The bundle strategies include offering ultra-high-speed internet with speeds of up to 300 Mbps to compete with KPN's VDSL and FTTx initiatives. We offer internet service through bundled offerings that include digital video and, in certain offerings, include fixed-line telephony. We also offer mobile voice and data services with 4G speeds.

## ***Telephony***

KPN is the dominant fixed-line telephony provider and expanded its mobile services with its LTE network, which is available throughout the Netherlands. All of the large multiple system operators, including Ziggo Group Holding, as well as ISPs, offer VoIP services. We entered the mobile market as an MVNO in September 2013. Our market share of the fixed-line telephony market is 38% compared to 50% for KPN. In the mobile market, we are small compared to the competition with approximately 1% of the market.

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 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.

## ***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 92% of the television households in the Netherlands and we serve approximately 53% of the total television market. The Netherlands has very attractive characteristics for cable operators, including the relative prosperity of its population (in 2015, GDP per capita in The Netherlands amounted to €36,800, which was 28% above the E.U.-28 average in 2015, 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 860MHz 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.

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

As of June 30, 2016, we had a bundling ratio (RGU's per Customer Relationship) of 2.4 in each of our footprints. Over 61% of our customers subscribed to our triple-play offering of video, broadband internet and fixed-line telephony (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 our footprint. 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”, and a cloud DVR service (“**Replay TV**”). Replay TV allows our customers to go back seven days in the electronic programming guide to “replay” linear programming and is available to all of our video customers via the Horizon Go multi-screen app.

We provide download speeds up to 300 Mbps for residential customers and up to 500 Mbps to B2B customers, which have allowed us to achieve significant market share. Additionally, we offer our customers community WiFi branded “WiFiSpots”, which facilitates seamless access to WiFi outside of the home. We currently have approximately 2.0 million WiFiSpots throughout The Netherlands and anticipate adding additional continue adding WiFiSpots throughout the country. 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 Director has served in various senior management roles within the industry prior to his current role and has 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. 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 (V)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 enhanced digital video experience, and we believe our next-generation multimedia home gateway, “Horizon TV” 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. The Horizon family of products also includes an online television application for viewing on a second screen over 3G/4G and WiFi in the Netherlands. This application is called Horizon Go that allows video customers to view over 100 linear video channels, watch back linear programming using Replay TV and access and watch MyPrime VOD library. of which up to 95 channels are available outside the home. We have also deployed Replay TV to our customers and offer regular interactive DVR and HD DVR.

***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 two quarters of 2016, mobile services revenue and B2B revenue combined accounted for approximately 15% Ziggo Group Holding revenue. We intend to capitalize on these revenue growth opportunities by continuing to implement our 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, we recently launched Ovidius, a new service program that is aimed at improving processes across all service channels and, as a result of this launch and other quality of service improvements, during the second quarter of 2016 saw sequential improvement of our Net Promoter Score ("NPS") related to customer service. 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 centre agents, so that we can efficiently provide high quality service to our customers.

***Maximize synergies from the Ziggo acquisition.***

We expect to continue to realize a number of synergies as a result of the combination of Ziggo Services and Ziggo Holding. The benefits in the mid to long term 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. As of the date of this Offering Memorandum, we are on track to realize €250.0 million of synergies at the end of 2018. 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.*"

**Regulatory Matters**

For a description of current regulatory developments in The Netherlands, which will affect our operations, see "Regulatory" in this Offering Memorandum.

**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.

**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 operation.

**Employees**

As of June 30, 2016, we, including our consolidated subsidiaries, have an aggregate of approximately 4,000 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 2016, 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, 2016 to December 31, 2017 and applies to approximately 97% of our employees (including non-union employees). It provided for, among other things, for a salary increase of 2.0% as of April 1, 2016 and an additional 1.5% as of April 1, 2017.

## BUSINESS OF VODAFONE NETHERLANDS

*In this “Business of Vodafone Netherlands” section, the terms of “Vodafone Netherlands”, the “Company”, “we”, “our” and “us” refers to Vodafone Libertel B.V. and its subsidiaries, as the context may require.*

*In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans. Investors are making an investment decision based on the creditworthiness of the Ziggo Group as of the date hereof, including based on the Ziggo Group’s standalone leverage.*

### The Market Landscape

The Netherlands has a population of 17 million with 7.7 million households and 20.5 million mobile telephony customers. The main telecommunication service providers are KPN, Ziggo, Vodafone, T-Mobile and Tele2 with competition in the mobile sector increased by a large number of MVNOs including Lebara and Lyca Mobile. Annual market revenue is estimated at €11.5bn to €12bn.

### General Company Overview

Vodafone Netherlands is a subsidiary of Vodafone Group, which is one of the world’s largest mobile telecommunications companies in terms of turnover. Vodafone Group has mobile operations in 26 countries, 57 partner networks worldwide and fixed broadband operations in 17 markets. During the 2016 financial year Vodafone employed an average of 108,000 employees worldwide and had more than 462 million mobile customers and over 13 million fixed broadband customers as at March 31, 2016.

Vodafone Netherlands incorporated in The Netherlands, started its activities in 1994. The principal activity of Vodafone Netherlands is the operation of mobile telecommunication services in The Netherlands. Headquarters are located in both Maastricht and Amsterdam. There are also offices in Eindhoven, Capelle aan den IJssel, Amstelveen, Bodegraven, Maarssen, Zwolle, IJsselstein and 238 retail stores throughout the country. The registered address of the Company is Avenue Céramique 300, 6221 KX Maastricht.

On March 15, 1995, the Company was awarded a 900 MHz licence to operate a 2G GSM network in The Netherlands for a period of 15 years. The network started operations in September 1995 following the completion of the first stage of the installation of the network. National coverage was achieved in October 1996. In February 1998, the Company acquired licences to extend its GSM services to the 1800 MHz band for a period of 15 years. In August 2000 the Company acquired a license to operate a 3G (UMTS) network in the Netherlands for a period of 16 years. The network started operations in February 2004. The original 16 year term of the licence to operate in 2100 MHz frequencies has been extended for all licensees to 2020. In May 2010, the Company acquired licences in the 2600 MHz band, allowing the provisioning of 4G (LTE) services for a period of 20 years. In December 2012, the Company acquired licenses that allow the Company to continue to operate 2G, 3G and expand 4G (using 800Mhz spectrum) networks in the Netherlands until 2030. Following a period of appropriate network investment large scale commercial 4G services were offered by September 2013 with national 4G coverage completed in September 2014. Out of a total of 5.03 million customers more than 2 million customers have the appropriate device and subscription to benefit from 4G services.

Our main objective is to enable our customers to always be ‘confidently connected’, with friends, family and clients. At home, on the road and in the office. We want to distinguish ourselves by being the highest quality network, by providing the best experience for our customers and by providing the best integrated solutions. We aim to achieve good financial results, ethical and responsible business operations and to have a strong commitment to improving our social impact. We believe this will help us achieve a sustainable business over the long term.

We are building a sustainable business and have a strategy with five pillars: (i) A Great Place to Work; Vodafone Netherlands wants to be a good employer. To guarantee our success in the future, it is essential to make appropriate investments in the development of the right people and to ensure that we retain them. As a company we can only achieve good results with motivated and committed employees; (ii) The Easiest Place to do Business; we want to offer our customers the best experience through our products and services. People should be able to deal with us in a quick and easy manner. For this reason we are simplifying related processes as we

ensure that we are as accessible as possible online and with the development of relevant and simple products; (iii) Build for the Future; we want to respond rapidly to the changing needs of our customers. We have invested heavily in our network and IT systems in order to prepare our communication services for the future and we encourage and facilitate innovation using mobile and fixed technology; (iv) A Playful and Connected Brand; we want to stand apart from the rest in ease and ‘playfulness’ and create involvement in our brand. (v) An Improved and Leading Reputation; We want to take a leading position in the market and we want to be an attractive choice for current and prospective employees, customers and partners and a reliable partner for government, regulators and other stakeholders. We are familiar with the main concerns and needs of our stakeholders and we are changing where possible. We take clear positions on important issues and pro-actively implement them.

With our five-pillar strategy we want to create a sustainable and financially sound company. We want to deliver a solid financial performance in terms of operating revenue, margins and cash flow, which results in a growing market share and improved profitability.

### **Value creation**

The aim of our strategy is to increase our value for all stakeholders. The five pillars of our strategy are closely interrelated and have an influence on each other. When making decisions we therefore consider the impact on all five pillars.

We provide the following products and services to our customers:

- **Mobile Communication Services.** As of March 31, 2016, we provided our mobile communication services to 4.6 million active mobile customers of which 3.9 million customers are contract and 659,000 are prepay customers. Our service enables customers to call, text, access the internet, stream music and watch videos whether at home or travelling abroad. We also provide mobile wholesale access services, hosting several MVNOs. Mobile Access Fees and Airtime Usage Fees together represent 85.2% of Vodafone Netherlands’ Total Revenue.
- **Consumer Residential Services** (the “Vodafone NL Fixed-Line Business”), which is further described under “*Summary—The Transactions—Divestment of the Vodafone NL Group’s Fixed-Line Business*”, is required to be divested by Vodafone Netherlands prior to consummation of the JV Transactions. As of March 31, 2016, we provided consumer residential services consisting of broadband internet, television and fixed line telephony services to 106,000 households. Our current broadband internet service portfolio consists of services with download speeds ranging from 20 Mbps to 500 Mbps with no time or data volume restrictions. Our television service offering includes basic and premium digital services, including premium subscription channels, video on demand, HD and DVR services. We market our fixed-line telephony services principally as a component of our triple-play bundles.
- **Enterprise Services.** As of March 31, 2016, in addition to mobile communication services we provided a range of additional services to small, medium, large national and multinational customers including fixed line telephony, cloud & hosting and Virtual Private Networks (“IP-VPN”) and (Virtual) Private Branch Exchange services and unified communication services.

Vodafone Netherlands employed 3,665 people, equating to 3,197 permanent full-time equivalents (FTE’s) at March 31, 2016.

### **Services**

In recent years Vodafone has taken advantage of growth opportunities to move from being a pure mobile operator to delivering a broad mix of communication services including mobile, fixed broadband, video content, cloud & hosting, Internet of Things offerings and managed services.

We provide a range of mobile services, marketed under the Vodafone and hollandsnieuwe brands, enabling customers to call, text, access the internet, stream music and watch videos whether at home or travelling abroad. We also provide machine to machine services and mobile wholesale access services, hosting several MVNOs.

Vodafone Nederland’s range of fixed line services includes voice, broadband and TV services to consumers and a wider range of services to our enterprise customers, including cloud & hosting and IP-VPN and Private Branch Exchange services.

## Overview of Business Performance for Financial Year Ending 31 March 2016.

We divide our customers into two primary segments being consumer and enterprise. Within consumer, we offer contract subscription services and prepaid services. In enterprise we segment customers further into SOHO (1 to 29 employees), Small and Medium Sized Enterprise (30 to 500 employees) and Corporate (500+employees). Each market segment is targeted with tailored marketing, sales and advertising techniques.

	As of and for the year ended March 31,	
	2016	2015
<b>Summary Statistical and Operating Data (a):</b>		
<b>Active Subscribers</b>		
Mobile		
Consumer postpaid	2,317	2,350
Consumer prepaid	659	672
Enterprise	1,541	1,516
Consumer fixed-line	106	49
Total	4,623	4,587
<b>Active Customer ARPU</b>		
Mobile	€ 26.7	€ 25.5
Consumer postpaid	€ 28.3	€ 29.5
Consumer prepaid	€ 6.6	€ 6.8
Enterprise	€ 33.0	€ 33.6
Consumer fixed-line	€ 44.6	€ 51.9

In the financial year ending March 31, 2016, Vodafone Netherlands generated total revenue of €1,854 million. We generate revenue principally from relationships with our customers who pay subscription and usage fees to access and use our network, products and our services. Access and usage fees contributed 91.6% of the Company's revenue with 6.9% from sales of goods and 1.5% from connection fees and other miscellaneous revenue.

## Spectrum and mobile network

We acquire spectrum and licences to use radio frequencies that deliver mobile services. We have steadily increased our spectrum holdings to boost network quality and our capacity to carry more data. On March 31, 2016 we had 5,027 base stations in the Netherlands of which 95% were connected with high capacity transmission, meaning we can provide customers with wide coverage both indoors and outdoors, a reliable connection, high speed data transmission and ample data capacity. Over the last three years we have invested €660 million in our mobile network.

Spectrum	800Mhz	900Mhz	1800Mhz	2.1Ghz	2.6 Ghz
Quantity	2x10	2x10	2x20	2x20+5	2x10
Expiry	2030	2030	2030	2020	2030

Vodafone has a 23.6% share of total spectrum in the market, a balanced spread across frequency bands with the majority of spectrum licenses expiring in 2030.

## Fixed Network

Fixed line services are provided to residential and enterprise customers through Fiber and Copper (DSL) infrastructure primarily leased from KPN and Eurofiber on long term lease agreements. For residential broadband and TV customers Vodafone has unbundled KPN fiber covering 1.1m households. As part of the JV Transactions and in order to comply with the conditions set by the European Commission, Vodafone Netherlands will be required to divest the Vodafone NL Fixed-Line Business, see "*Summary—The JV Transactions—Divestment of the Vodafone NL Fixed-Line Business*" for further information.

## Information Technology

Our IT assets include our data centres, customer relationship capability, customer billing services and online resources. Over the last three years we have invested €230 million to upgrade our IT systems and to standardise



and simplify our processes. This has enhanced customer services at all touchpoints—in-store, on the phone and online—and expanded the range of services we provide. This means we can provide new offerings, such as single bills for converged fixed and mobile price plans, and cloud & hosting for business users for more flexible working.

### ***Convenient Sales Channels***

67% of our customers are individuals or families. We reach them through a variety of channels including 238 owned stores, distribution partners, third-party retailers and, increasingly, online services. 33% of our customers are enterprises – from small shop owners to multinationals. We reach these customers via our direct sales teams, indirect partners, and telesales channels. This means it is easy for our customers to get in touch wherever and however is convenient for them.

### ***Simple Customer Service***

With a broad customer base comprising individuals, domestic businesses of all sizes, multinationals and public sector departments, with a wide range of communications needs. Our highly-trained and diverse workforce of employees help provide these different services. We have 930 retail customer employees, 730 customer service employees and a fully integrated digital customer service interface.

## REGULATORY

*In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans.*

### 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, broadband internet, fixed-line telephony and mobile businesses 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.

### European Union

On May 6, 2015, the European Commission published its Digital Single Market (“**DSM**”) strategy document. The strategy is an aggregation of many different policy areas under a united banner of creating a digital single market in order to expand jobs and stimulate growth and—in order to stem the rise of anti-Europe parties in many E.U. Member States—to demonstrate to E.U. citizens that the European Commission is delivering results for them,

The strategy includes policy reviews in the areas of E.U. electronic communications regulation, broadcasting law, copyright reform and addressing anti-competitive geo-blocking practices. Proposed legislation reforming the E.U. communications and broadcasting regulations is anticipated during the course of 2016.

The body of E.U. 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 various legal measures, which we refer to as “Directives,” that require the EU’s Member States to harmonize their laws as well as certain E.U. regulations that have effect without any specific adoption at the national level. Main Directives within the Regulatory Framework are the so-called Framework Directive, Access Directive, Authorisation Directive, Universal Service Directive and e-Privacy Directive. Main Regulations are the Net Neutrality and Roaming Regulations.

The Regulatory Framework primarily seeks to create an internal market for electronic communication networks and services within the European Union. It harmonizes the rules within the E.U. for the establishment and operation of electronic communications 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.

The operation of broadcasting networks and the distribution of broadcasting signals by a cable operator falls within the scope of the Regulatory Framework. The content related activities of a broadcaster are harmonized by other elements of E.U. 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 E.U. Member State must generally respect the laws of that Member State. Pursuant to both the AVMS and TVWF, and in accordance with what is referred to as the “country of origin principle”, an E.U. Member State must furthermore allow within its territory the free transmission of broadcast signals of a broadcaster established in another E.U. 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 comprises a wide variety of rights and obligations relevant to the provision of public electronic communications networks and services. 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***

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, who 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 (individual) 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. Licenses for frequencies are issued upon application, either on a first-come-first-serve basis, beauty contest or auction. A frequency license confers the right to use a specific set of frequencies in a specific band for a specific period of time and under specific conditions, such as coverage obligations. Frequency licenses are transferable with permission from the Minister of Economic Affairs. In addition to one-off license fees, holders of licenses have to pay annual supervision costs, based on the amount of spectrum held. Vodafone Netherlands holds licenses for 2G GSM mobile communications (800, 900 and 1800 MHz bands), 3G UMTS communications (2100 MHz band) and 4G LTE communications (2600 MHz band) in the Netherlands. Ziggo holds a license for the 2600 Mhz band. With the exception of the 3G licence for the 2100 MHz band, the licenses will run until 2030. The 3G license for the 2100 MHz will expire in 2020. The Dutch Government is considering re-auctioning this band in 2019, possibly together with the 700 and 1400 MHz bands.

### ***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 network 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.

### ***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 in a relevant market. Ex ante regulation means that ACM sets behavioral rules beforehand with which providers with significant market power must comply. 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.

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 electronic communications 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 European Commission in its so called three criteria test for determining whether a market is susceptible to ex ante regulation.

If ACM determines that a company has significant market power, ACM must impose one or more appropriate obligations. These obligations relate to, among other things, access and use of specific network facilities, non-discrimination, transparency and price regulation at both the wholesale and retail level. To ensure a proper functioning of the market, these obligations may not be disproportionate. The investigation of a relevant market, the designation of parties with significant market power and the imposition of ex ante obligations culminate in so-called market analysis decisions of ACM. These decisions normally apply for a period of three years, after which the market concerned needs to be re-investigated.

ACM has completed various rounds of market analyses. Currently, Ziggo is designated as a party with significant market power on the market for fixed terminating access services and Vodafone Netherlands is designated as a party with significant market power for both the fixed terminating and mobile terminating access markets. The analyses in respect of these markets are discussed in the 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, Ziggo (in relation to fixed call termination services) and Vodafone Netherlands (in relation to both fixed and mobile call termination services), 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 call termination, which combines both the fixed termination market and the mobile termination market. The new tariffs became effective September 1, 2013, and apply for a three year period. The decision was appealed by various operators, including us, and on August 27, 2013, the Dutch Supreme Administrative Court decided in a preliminary decision that the price cap on mobile termination charges should be higher than ACM had initially determined. The court ruled that ACM should apply a so-called BULRIC-plus cost calculation method (taking into account common overhead costs relating also to other services than mobile call termination) rather than a pure BULRIC method (in which such common overhead costs are to be disregarded). These revised tariffs apply until the Dutch Supreme Administrative Court arrives at a final decision in the appeal proceedings on the merits. Because the pure BULRIC method used by ACM is in fact a method recommended by the European Commission in its 2009 Recommendation on the Regulatory Treatment of Termination Rates, the Supreme Administrative Court posed prejudicial questions to the European Court of Justice. On March 16, 2016 the hearing took place. The Advocate General published his opinion on April 28, 2016. The ruling of the European Court of Justice is expected on September 15, 2016. The subsequent final decision of the Dutch Supreme Administrative Court is not expected before the end of 2016.

At the same time ACM has started a new market analysis in respect of the fixed and mobile call termination markets, to apply for the period 2016-2019. ACM aims to publish a new draft decision with regard to these markets in September 2016.

### ***ACM Broadcast Market Analysis Decision***

In December 2011, ACM completed its latest market assessment of the television market in The Netherlands, concluding that there were no grounds for regulation of that market. As a result, no new regulations relating to the television market may be proposed without a new analysis. In particular, ACM rejected previously filed requests from a number of providers to perform a new market analysis of the television market and this decision was upheld by the Dutch Supreme Administrative Court in a ruling of November 5, 2012. At this time, no ex ante regulation of this market is expected.

### ***ACM Local Loop Unbundling Decision***

Following the European Commission’s clearance of the Ziggo Acquisition, ACM published a draft market analysis decision on LLU. In this draft decision, ACM found that there is a risk of joint dominance of KPN and Ziggo BV in the related retail broadband market, to be remedied on the wholesale market for LLU where ACM found a risk of single dominance of KPN. In its final decision published on December 17, 2015, which is to apply for the period 2016-2019, ACM repealed the finding of a risk of joint dominance for KPN and Ziggo at the retail

level but still concluded that there is a risk of consumer harm due to retail prices that may be set above the competitive equilibrium. At the wholesale level, ACM concluded that Ziggo is not part of the relevant LLU market and that KPN is dominant on that market, imposing obligations on KPN.

#### ***Network and services security and continuity***

As a provider of public electronic communication networks and services, we are subject to specific obligations to safeguard the safety and integrity of our networks and services, and to ensure the continuity of electronic communications services in the event of disturbances or outages of the electricity grid. We are also required to notify AT of safety and integrity breaches which materially threaten the continuity of our networks and services. To mitigate the risks to continuity of mobile services, Vodafone Netherlands, T-Mobile and KPN voluntarily entered into national roaming arrangements in 2014, allowing for their respective subscribers to roam on the other parties' networks in the event of severe outages.

#### ***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, and compensation of subscriber fees in the event of outages. 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 include an obligation to offer certain technical facilities, such as specification of invoices, telephone number identification and transfer of calls, rules regarding the use and processing of location data and traffic data (i.e., call detail records), an obligation to provide access to subscriber lists for directory services, obligations to implement security measures to protect personal data and rules regarding unsolicited commercial communications (spam). The DTA also obliges providers of public electronic communications networks to notify ACM in case of a security breach which has negative consequences for personal data processed by the provider. In certain circumstances, data subjects involved will need to be informed as well. Non-compliance with the DTA can lead to a fine. Additional data protection obligations relevant to our operations are anticipated with the entry into force of the E.U. General Data Protection Regulation, which will become applicable as of May 25, 2018, and has direct effect in The Netherlands.

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. As part of this appeal the Dutch Supreme Administrative Court posed prejudicial questions to the European Court of Justice. The hearing is scheduled for October 5, 2016. 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***

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, and to provide relevant Dutch law enforcement agencies information on subscribers and telecommunications traffic.



## ***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. In October 2015, the European Parliament adopted a new Regulation including the first EU-wide net neutrality regime. Following a lengthy legislative procedure, the regulation (directly applicable in all Member States from April 30, 2016) reflects a light-handed approach to net neutrality permitting the provision of specialized services optimized for specific content and approving reasonable traffic management. A proposal to change the DTA pursuant to the E.U. net neutrality Regulation is pending with the Dutch Senate. In that proposal, a specific obligation prohibiting tariff discrimination is maintained, which however does not clearly follow from the Regulation.

## ***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, revised must carry obligations became effective. The revised must carry obligations do not only apply to cable operators, as was previously the case, but also 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, including six public television broadcasting channels as a must carry obligation, a limited amount of regional and local television broadcasting channels and a number of digital radio broadcasting channels. In addition, all providers of analog program packages with 100,000 or more subscribers must include at least 15 television channels, including five public broadcasting channels as a must carry obligation, a limited amount of regional and local television broadcasting channels and some analog radio broadcasting channels. The DMA can grant a (conditional) exemption from the obligation 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.

## ***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 (by accession) of 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.

## ***Roaming***

In the European Roaming Regulation, which has direct effect in The Netherlands, the European Commission has increased regulation regarding roaming charges for calls, SMS and data, when roaming in the European Union. As of April 30, 2016, roaming retail charges (exclusive of VAT) are capped at EUR 0.19 per minute for calls made, EUR 0.06 per SMS message sent, €0.20 per megabyte of data used, with a maximum surcharge for roaming calls received of EUR 0.0114, a maximum surcharge for outgoing calls of EUR 0.05 per minute (exclusive of VAT), a maximum surcharge of EUR 0.02 per SMS sent and a maximum surcharge for data used of EUR 0.05 per megabit. As of June 15, 2017, roaming retail surcharges will no longer be permitted, subject to a fair use policy. Additionally, roaming related wholesale network access obligations and wholesale roaming price caps have been imposed.

## ***Consumer Credit***

In June 2014 and February 2016, the Dutch (Civil) Supreme Court ruled that certain combined propositions of mobile services and a mobile handset could, under circumstances, be qualified as, inter alia, consumer credit and instalment sales, which qualification could have consequences on the validity of certain customer contracts and the applicability of financial laws including the supervision of AFM. Vodafone Netherlands was not party to the above-mentioned proceedings. Currently, we are unable to conclude if, and if so, which, mobile subscriptions of Vodafone Netherlands would be impacted by these rulings. Vodafone Netherlands is in close consultation with the Financial Market Authority and the industry about the applicability and implementation of financial laws on

consumer credit going forward and applied for a consumer credit licence with the Dutch Financial supervisory body (“AFM”) in June 2016. Discussions with AFM on compliance requirements, timing and implementation are ongoing. It is currently unclear to us whether the June 2014 and February 2016 rulings will have retroactive effect (in the sense that customer contracts concluded prior to these rulings will be affected). So far, three legal proceedings have been initiated by claims organizations (in three separate individual customer cases). Vodafone Netherlands is a party to these proceedings is in the process of preparing its statement of defense in these cases.

#### ***Conditions Applied in Connection with the Ziggo Acquisition***

In connection with the completion of the Ziggo Acquisition, Liberty Global obtained regulatory clearance from the European Commission on October 10, 2014, subject to the following commitments:

- Liberty Global’s commitment to divest its Film1 channels to a third party and for our company to carry Film1 on our network for a period of three years. Accordingly, on July 21, 2015, Liberty Global sold its Film1 channels to Sony Pictures Television Networks. Under the terms of the agreement, all five Film1 channels will continue to be carried on our network for a period of at least three years; and
- an eight-year commitment 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 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

*In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans.*

### Ziggo Group

#### *Supervisory Directors*

Ziggo Group Holding is managed by its Managing Directors, as described below. Responsibilities for operations are delegated to members of senior management. In addition, Ziggo Group Holding has a supervisory board which 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 2012 and served in that role until August 2015, when he assumed the position of Executive Vice President and Chief Commercial Officer of Liberty Global. During 2011, Mr. Karsten served as Managing Director, European Broadband Operations, of Liberty Global. Mr. Karsten served as Managing Director, Ziggo Services 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, 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.
- **Graham King** was appointed a Supervisory Board member on September 28, 2015. He succeeded Ritchy Drost, who became Chief Financial Officer of Ziggo. Mr. King is Senior Commercial Counsel, Europe and Managing Attorney of the Legal Department of Liberty Global at its executive offices in Schiphol-Rijk, the Netherlands since 2012. He has been working for the Liberty Global group for more than 12 years, previously in his role as Senior Corporate Counsel, handling all commercial contracts in close co-operation with the procurement and technology teams. He is a Master of Law (LLM Bristol University) and Business (MBA Erasmus University Rotterdam). Prior to joining Liberty Global, he worked as a finance lawyer in private practice for three firms, including Clifford Chance, and in industry for KPN Qwest as Vice President of Legal.
- **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 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, 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 Holding 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 Vereniging "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, King 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 Holding and Liberty Global.

The supervisory board advises and supervises the managing board of Ziggo Holding. The articles of association of Ziggo Holding 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 Holding.

### Management of Ziggo Group Holding

The Managing Directors of Ziggo Group Holding 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 Ziggo Group Holding and its affiliates.

The current Managing Directors are Baptist Coopmans and Ritchy Drost. Below is a brief biographical summary of the business experience of the Managing Directors of Ziggo Group Holding.

- **Baptist Coopmans** was appointed Managing Director of UPC Nederland Holding I B.V. in June 2013 and in November 2014 also became the Chief Executive Officer and member of the Management Board of the Ziggo Holding. In September 2015 he was appointed Chief Executive Officer and member of the Management Board of Ziggo Group Holding. 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.
- **Ritchy Drost** was appointed Chief Financial Officer and member of the Management Board of Ziggo Group Holding, in September 2015, succeeding Bert Groenewegen. 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 Ziggo Services 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 in November 1999. Previously he was with Arthur Andersen LLP in their assurance practice.

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 Ziggo Group and his or her personal interests and duties.

### Management of the JV

Upon consummation of the JV Transactions the entities in the Ziggo Group and the Vodafone Netherlands will become wholly owned subsidiaries of the JV.

On July 19, 2016 Vodafone and Liberty Global announced their intention to appoint Jeroen Hoencamp as Chief Executive and Ritchy Drost as Chief Financial Officer of the two companies' proposed JV.

Jeroen Hoencamp was appointed CEO of Vodafone Netherlands on September 1, 2016. A Dutch citizen, he led Vodafone's U.K. business as Chief Executive from September 2013 to September 2016 and was previously Chief Executive of Vodafone Ireland. Before that, he spent 12 years in a number of senior executive roles (including Sales Director and Enterprise Business Unit Director) with Vodafone Netherlands. Earlier in his career he worked in senior marketing and sales positions with Canon Southern Copy Machines, Inc. in the U.S. and Thorn EMI/Skala Home Electronics in The Netherlands. He is a former officer in the Royal Dutch Marine Corps.

A brief summary of the business experience of Ritchy Drost is provided under "*—Management of Ziggo Group Holding*".

Additionally, Liberty Global announced that it is intended that Ziggo Chief Executive Baptist Coopmans will remain in his current position as CEO until completion of the transaction, after which he will join the Supervisory Board of the JV as one of Liberty Global's appointed directors.

The Supervisory Board of the JV is expected to be comprised of three representatives from each of Liberty Global and Vodafone and two members nominated by the Works Council. Certain matters will require unanimous approval of both companies' representatives. The post of Chairman will be held for alternating 12 month periods by a Liberty Global or Vodafone appointed director.



## PRINCIPAL SHAREHOLDERS

*In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans. Investors are making an investment decision based on the creditworthiness of the Ziggo Group as of the date hereof, including based on the Ziggo Group's standalone leverage.*

As of the date of the Offering Memorandum, Ziggo Group Holding is indirectly wholly-owned by Liberty Global. Following the completion of the JV Transactions, Ziggo Group Holding will be directly or indirectly wholly owned by Liberty Global and Vodafone through the JV, in which Liberty Global and Vodafone will each hold a 50% voting interest.

### **Liberty Global**

Liberty Global is the world's largest international TV and broadband company, with operations in more than 30 countries across Europe, Latin America and the Caribbean. We invest in the infrastructure that empowers our customers to make the most of the digital revolution. Our scale and commitment to innovation enables us to develop market-leading products delivered through next-generation networks that connect our 29 million customers who subscribe to over 59 million television, broadband internet and telephony services. We also serve 11 million mobile subscribers and offer WiFi service across seven million access points. Liberty Global's businesses are currently attributed to two trading stock groups: the Liberty Global Group, which is primarily comprised of its European operations and listed on the NASDAQ Global Select Market under the symbols "LBTYA", "LBTYB" and "LBTYK", the LiLAC Group, which is comprised of our operations in Latin America and the Caribbean and listed on the NASDAQ Global Select Market under the symbols "LILA" and "LILAK" and the OTC Link under the symbol "LILAB". Liberty Global Group's consumer brands include Virgin Media, Ziggo, Unitymedia, Telenet and UPC. Liberty Global Group's operations also include Liberty Global Business Services, its commercial division, and Liberty Global Ventures, its investment fund. The consumer brands of the LiLAC Group include VTR, Flow, Liberty, Mas Movil and BTC. In addition, the LiLAC Group operates a subsea fiber network throughout the region in over 30 markets.

### **Vodafone**

Vodafone Netherlands is part of Vodafone, which is one of the world's largest mobile telecommunications companies in terms of turnover. Vodafone has mobile operations in 26 countries, 57 partner networks worldwide and fixed broadband operations in 17 markets. During the 2016 financial year Vodafone Group employed an average of 108,000 employees worldwide and had more than 462 million mobile customers and over 13 million fixed broadband customers as at March 31, 2016,

## CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

*In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans. Investors are making an investment decision based on the creditworthiness of the Ziggo Group as of the date hereof, including based on the Ziggo Group's standalone leverage.*

### General

In the following discussion, we describe the historical related-party transactions of Ziggo Group Holding and Vodafone Netherlands. In addition, we describe the recurring related-party charges that we expect to occur between the JV and the JV Parents following the consummation of the JV Transactions. The amounts disclosed with respect to these recurring transactions are derived from the binding term sheet in relation to the Framework Agreement and Trade Mark Agreement that will govern such charges once these agreements are signed. Although the Framework and Trade Mark Agreements have not yet been executed, the JV Parents are obligated to execute these agreements on the terms agreed to in the binding term sheet in connection with the consummation of the JV Transactions.

Charges payable for services provided under the Framework Agreement will be fixed, or have a fixed unit price, for the first three years following the consummation of the JV Transactions. Where the unit price is fixed the aggregate charges payable will vary depending on volumes or usage. It is anticipated that, as a result of integration of the two businesses, certain services will no longer be required. The JV will not be required to pay its co-owners for any services terminated but may need to otherwise procure these, or equivalent, services on a stand-alone basis and/or from third parties.

Pursuant to the Contribution Agreement, prior to the completion of the Contributions, the JV partners will either fully settle or otherwise equalize their respective inter-company loan balances.

### Related-party Transactions Impacting Ziggo Group Holding's Operating Results

Ziggo Group Holding has various related-party transactions with certain Liberty Global subsidiaries. These related-party transactions are described below and in notes 9 and 12 to the Ziggo 2016 Condensed Consolidated Financial Statements and Ziggo 2015 Consolidated Financial Statements, respectively. The capitalized terms used below have been defined in the notes to the Ziggo 2016 Condensed Consolidated Financial Statements or the notes to the Ziggo 2015 Consolidated Financial Statements.

Certain Liberty Global subsidiaries 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. The methodology Liberty Global uses to allocate its central and administrative costs to its borrowing groups impacts the calculation of the "EBITDA" metric specified by our debt agreements ("Covenant EBITDA"). In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (a) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries 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 amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was 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 our company would decrease (increase). 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.

### Revenue

Related-party revenue represent charges for certain commercial telephony services provided to other Liberty Global subsidiaries and affiliates and totaled €1.1 million and €0.8 million during the six months ended June 30, 2016 and 2015, respectively, and €1.9 million, €2.3 million and €1.6 million during the years ended December 31, 2015, 2014 and 2013, respectively.

### ***Operating expenses***

Related-party operating expenses represent charges from other Liberty Global subsidiaries and affiliates. Such amounts consist of (i) charges of €26.7 million and €18.5 million during the six months ended June 30, 2016 and 2015, respectively, and €30.6 million, €22.2 million and €25.2 million during the years ended December 31, 2015, 2014 and 2013, respectively, for programming and related services provided to our company, including with respect to certain live sports content purchased by another subsidiary of Liberty Global, (ii) charges of €1.6 million and €2.9 million during the six months ended June 30, 2016 and 2015, respectively, and €4.0 million, €6.5 million and €4.2 million during the years ended December 31, 2015, 2014 and 2013, respectively, for certain customer premises equipment, backbone and other network-related services provided to our company and (iii) charges of €0.9 million and €1.2 million during the six months ended June 30, 2016 and 2015, respectively, and €2.1 million during the year ended December 31, 2015 for outsourced labor and professional services and staff-related services provided to our company.

### ***SG&A expenses***

Related-party SG&A expenses consist primarily of charges for information technology-related and other services provided to our company by other Liberty Global subsidiaries and totaled (€0.2 million) and €1.9 million during the six months ended June 30, 2016 and 2015, respectively, and €3.4 million, (€0.1 million) and €1.8 million during the years ended December 31, 2015, 2014 and 2013, respectively.

### ***Allocated share-based compensation expense***

Liberty Global allocates shared-based compensation to Ziggo Group Holding associated with Liberty Global share-based incentive awards held by certain employees of Ziggo Group Holding subsidiaries. Ziggo Group Holding recorded allocated share-based compensation of €4.3 million and €2.2 million during the six months ended June 30, 2016 and 2015, respectively, and €6.5 million, €5.6 million and €1.3 million during the years ended December 31, 2015, 2014 and 2013, respectively.

### ***Fees and allocations***

The following table sets forth the fees and allocations charged to Ziggo Group Holding by subsidiaries of Liberty Global:

	<b>Six months ended June 30,</b>		<b>Year ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>in millions</b>				
Fees and allocations:					
Operating and SG&A related (exclusive of depreciation and share-based compensation) .....	€ (37.0)	€(30.3)	€ (63.5)	€(40.8)	€(31.8)
Depreciation .....	(23.8)	(16.4)	(35.1)	(22.0)	(17.2)
Share-based compensation .....	(11.2)	(8.8)	(26.6)	(5.3)	(2.8)
Management fee .....	(34.3)	(9.6)	(27.2)	(20.3)	(32.5)
Total fees and allocations .....	<u>€(106.3)</u>	<u>€(65.1)</u>	<u>€(152.4)</u>	<u>€(88.4)</u>	<u>€(84.3)</u>

These amounts represent fees charged to our company that originate with Liberty Global and certain other Liberty Global subsidiaries and include charges for management, finance, legal, technology, marketing and other services that support our company's operations. The categories of our fees and allocations are as follows:

- *Operating and SG&A (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally cash settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global's European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations without a mark-up. Amounts in this category are generally deducted to arrive at our Covenant EBITDA.
- *Depreciation.* The amounts included in this category, which are generally cash settled, represent our estimated share of depreciation of assets not owned by our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.

- *Share-based compensation.* The amounts included in this category, which are generally loan settled, represent our estimated share of share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Management fee.* The amounts included in this category, which are generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

Pursuant to two technology service agreements that expire in December 2018 and March 2020 (the “**Technology Service Agreements**”), certain subsidiaries of Liberty Global charge technology-based fees to our company using a royalty-based method. Upon consummation of the JV Transactions, all charges (including amounts charged for technology services) between the JV and the applicable subsidiaries of Liberty Global and Vodafone will be governed by a Framework Agreement. As a result, the agreements and arrangements (including the Technology Service Agreements) underlying the current related-party charges and allocations will terminate prior to the consummation of the JV Transactions. In connection with the termination of the Technology Service Agreements, we expect to incur a significant termination fee. The settlement of this fee with the applicable Liberty Global subsidiaries is not expected to have a material impact on our liquidity.

### ***Interest expense***

Related-party interest expense primarily relates to (i) during the six months ended June 30, 2016, the Liberty Global Europe Note and the Liberty Global Broadband Note, each as defined and described below, (ii) during 2015, the Liberty Global Broadband Note and the Liberty Global Europe Note, (iii) during 2014, the Liberty Global Services Note, the Liberty Global Broadband Note, as defined and describe below, and the 2012 Liberty Global Europe Note, as defined and described below, and (iv) during 2013, the Liberty Global Services Note and the 2012 Liberty Global Europe Note. Ziggo Group Holding recorded related-party interest expense of €81.8 million and €136.8 million during the six months ended June 30, 2016 and 2015, respectively, and €222.9 million, €146.5 million and €91.7 million during the years ended December 31, 2015, 2014 and 2013, respectively.

### ***Interest income***

Related-party interest income relates to loans receivable from (i) UPC Western Europe and UPC Broadband Holding and (ii) HoldCo V Note Receivable, as defined and described below. Ziggo Group Holding recorded related-party interest income of nil and €16.3 million during the six months ended June 30, 2016 and 2015, respectively, and €16.3 million, €132.7 million and €123.2 million during the years ended December 31, 2015, 2014 and 2013, respectively.

### ***Related-party allocation of current tax expense***

Ziggo Group Holding recorded related-party allocation of current tax benefit (expense) from other Liberty Global Holding subsidiaries within the Liberty Global Holding Dutch Fiscal Unity, as defined and described in note 11 to the Ziggo 2015 Consolidated Financial Statements, of nil and (€6.9 million) during the six months ended June 30, 2016 and 2015, respectively, and €12.4 million, (€73.1 million) and (€59.0 million) during the years ended December 31, 2015, 2014 and 2013, respectively.

### ***Property and equipment additions, net***

Ziggo Group Holding had related-party property and equipment additions, net of €79.3 million and €47.1 million during the six months ended June 30, 2016 and 2015, respectively, and €121.6 million, €58.8 million and €82.1 million during the years ended December 31, 2015, 2014 and 2013, respectively. These amounts, which are generally cash settled, represent the net carrying values of (i) customer premises and network-related equipment acquired from other Liberty Global subsidiaries, which centrally procure equipment on behalf of our company and various other Liberty Global subsidiaries, and (ii) equipment transferred to other Liberty Global subsidiaries outside of Ziggo Group Holding.

### ***Current Receivables***

Ziggo Group Holding has certain current receivables from other Liberty Global subsidiaries, including amounts that result from cash advances to Liberty Global Europe and other Liberty Global subsidiaries. The receivable balances resulting from these cash advances are periodically transferred to existing note receivable balances or settled against existing note payable balances, each on a non-cash basis.

## **Loan Receivables**

### ***UPC Western Europe Loan Receivable***

Prior to December 31, 2015, Ziggo Group Holding had loans receivable from UPC Western Europe (collectively, the “**UPC Western Europe Loan Receivable**”) issued in connection with the Network Transfer and the related issuance of the Liberty Global Services Note, each as defined and described below. The interest rate on the UPC Western Europe Loan Receivable was 6.80%. During 2015, 2014 and 2013, interest income earned on the UPC Western Europe Loan Receivable was €1.4 million, €70.6 million and €77.8 million, respectively. During the first quarter of 2015, (i) €881.5 million of principal due under the UPC Western Europe Loan Receivable was non-cash settled against the Liberty Global Services Note, as further described in note 10 to the Ziggo 2015 Consolidated Financial Statements, and (ii) the remaining amount outstanding of €112.6 million, which represents €111.2 million of principal and €1.4 million of accrued interest, was converted to equity, resulting in a non-cash decrease to parent’s equity. The decreases in the principal amounts of the UPC Western Europe Loan Receivable during 2014 and 2013 relate to non-cash settlements of amounts outstanding pursuant to the Liberty Global Services Note of €102.5 million and €109.2 million, respectively.

### ***UPC Broadband Loan Receivable***

Prior to December 31, 2015, Ziggo Group Holding had a loan receivable from UPC Broadband Holding (the “**UPC Broadband Loan Receivable**”) that originated in 2012. The interest rate on the UPC Broadband Loan Receivable was 9.29%. During 2015, 2014 and 2013, interest income earned on the UPC Broadband Loan Receivable was €14.9 million, €62.1 million and €30.7 million, respectively. During the first quarter of 2015, (i) €89.3 million of cash repayments were received on the outstanding principal balance of the UPC Broadband Loan Receivable and (ii) the remaining €840.8 million, which represents €825.9 million of principal and €14.9 million of accrued interest, was converted to equity, resulting in a non-cash decrease to parent’s equity. The net increase in the principal balance of the UPC Broadband Loan Receivable during 2014 includes (a) cash loaned of €908.0 million, (b) cash received of €574.0 million and (c) 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 (1) cash loaned of €995.7 million, (2) cash received of €653.6 million, (3) a €62.2 million non-cash decrease related to the settlement of related-party charges and allocations, (4) Liberty Global Services Note loan settlements of €10.8 million, representing the interest rate differential between the Liberty Global Services Note and the UPC Western Europe Loan Receivable, (5) Liberty Global Services Note loan settlements of €4.6 million of principal, (6) the transfer of €4.3 million in non-cash accrued interest payable related to a previously settled loan agreement with UPC Broadband Holding to the loan receivable balance, (7) the transfer of €2.7 million in non-cash accrued interest to the loan receivable balance and (8) individually insignificant non-cash decreases aggregating €0.8 million. During 2014 and 2013, none of the repayments were payments of interest.

### ***Liberty Global Europe Holding Receivable***

Prior to December 31, 2015, Ziggo Group Holding had a loan receivable from Liberty Global Europe (the “**Liberty Global Europe Holding Receivable**”). The Liberty Global Europe Holding Receivable was entered into during March 2015 and settled during the third quarter of 2015, as further described below. Prior to its settlement, activity on the Liberty Global Europe Holding Receivable during 2015 included (i) a €1,544.1 million increase in connection with the March 2015 issuance of the Ziggo Proceeds Loans, as further described in note 10 to the Ziggo 2015 Consolidated Financial Statements, including (a) a €1,200.0 million non-cash increase and (b) a €344.1 million cash advance, (ii) an increase of €125.3 million related to transfers of current related-party receivable balances, and (iii) a decrease of €28.9 million related to non-cash settlements of certain related-party fees and allocations. During the third quarter of 2015, the outstanding principal balance of €1,640.5 million under the Liberty Global Europe Holding Receivable was non-cash settled against the Liberty Global Europe Note.

### ***HoldCo V Note Receivable***

During 2013, HoldCo V loaned €458.4 million to a Liberty Global subsidiary outside of Ziggo Group Holding pursuant to a promissory note (the “**HoldCo V Note Receivable**”). In December 2013, the principal and interest due under the HoldCo V Note Receivable were converted to equity, resulting in a €493.6 million non-cash decrease to parent’s equity.

## **Accounts Payable and Accrued and Other Current Liabilities**

Ziggo Group Holding has certain 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. These balances also include amounts that result from cash advances from Liberty Global Europe and other Liberty Global subsidiaries. The payable balances resulting from these cash advances are periodically settled against existing note payable balances on a non-cash basis.

## Debt

### *Liberty Global Europe Note*

Ziggo Group Holding has a related-party loan due to Liberty Global Europe, the immediate parent of Ziggo Group Holding, pursuant to a note payable (the “**Liberty Global Europe Note**”) that originated in July 2015. The Liberty Global Europe Note matures on July 1, 2020 and has a fixed interest rate of 4.48%. The net decrease in the principal balance during the six months ended June 30, 2016 relates to (i) €1,424.6 million of cash repayments, (ii) €1,125.4 million of cash borrowings, (iii) an increase of €85.5 million resulting from the settlement of certain related-party charges and allocations, (iv) a non-cash increase of €53.9 million resulting from the transfer of accrued interest, (v) a non-cash increase of €25.0 million in connection with the purchase of a term loan receivable from a third-party lender (as further described in note 7 to the Ziggo 2016 Condensed Consolidated Financial Statements) and (vi) an increase of €6.9 million related to other cash and non-cash settlements. During the six months ended June 30, 2016, none of the debt repayments were payments of interest. The net increase in the principal balance during 2015 includes (i) an increase of €3,926.0 million related to a transfer of principal from the Liberty Global Broadband Note, (ii) a decrease of €1,640.5 million related to a non-cash settlement against the Liberty Global Europe Holding Receivable (iii) a net decrease €290.5 million related to cash payments and (v) a decrease of €0.4 million related to other non-cash settlements. During 2015, none of the debt repayments were payments of interest.

### *Liberty Global Broadband Note*

Ziggo Group Holding has a related-party loan due to Liberty Global Broadband I Limited, pursuant to a note payable (the “**Liberty Global Broadband Note**”) that we issued during 2014. The Liberty Global Broadband Note matures on May 15, 2025 and has a fixed interest rate of 5.13%. The increase in the principal balance during the six months ended June 30, 2016 relates to (i) a non-cash increase of €167.8 million resulting from the transfer of accrued interest and (ii) a non-cash increase of €75.0 million in connection with the purchase a term loan receivable from a third-party lender (as further described in note 7 to the Ziggo 2016 Condensed Consolidated Financial Statements). The net decrease in the principal balance during 2015 includes (i) a decrease of €3,926.0 million related to a non-cash transfer of principal to the Liberty Global Europe Note, (ii) a decrease of €207.2 million related to non-cash settlements, as further described in note 12 to the Ziggo 2015 Consolidated Financial Statements, (iii) a decrease of €172.5 million representing the then fair value of certain derivative instruments that were novated to us from UPC Broadband Holding and (iv) an increase of €30.9 million resulting from the transfer of accrued interest. The net increase in the principal balance during 2014 includes (a) a non-cash increase of €3,936.1 million related to the Ziggo Acquisition, as further described in note 4 to the Ziggo 2015 Consolidated Financial Statements, (b) cash advances of €1,050.9 million, (c) a non-cash increase of €553.3 million related to the acquisition of additional shares of Ziggo Holding, (d) repayments of €355.0 million, (e) a non-cash increase of €191.9 million related to the acquisition of Ziggo Holding shares from another Liberty Global subsidiary outside of Ziggo Group Holding prior to the Ziggo Acquisition and (f) other non-cash increases aggregating €20.5 million, primarily related to settlement of accrued interest on other related-party payables. During 2014, none of the debt repayments were payments of interest.

### *Liberty Global Services Note*

Prior to December 31, 2015, Ziggo Group Holding had a note payable to Liberty Global Services (the “**Liberty Global Services Note**”). The note was issued in December 2011 in connection with transactions whereby we converted net operating losses into additional tax basis in network assets (the “**Network Transfer**”). In addition, in connection with the Network Transfer, UPC Western Europe issued to our company the UPC Western Europe Loan Receivable. The original principal balance of the Liberty Global Services Note and the UPC Western Europe Loan Receivable were equivalent and, therefore, no cash was exchanged between the related parties involved in the transaction. The Liberty Global Services Note bore interest at 7.72%.

During the first quarter of 2015 and in connection with the Ziggo Services Transfer and the HoldCo VI Transfer, €881.5 million of the outstanding principal under the Liberty Global Services Note was settled against the UPC Western Europe Loan Receivable, as defined and described in note 12 to the Ziggo 2015 Consolidated Financial Statements. In addition, the remaining outstanding principal and interest of €120.8 million was

converted to equity. The decrease in the principal balance during 2014 relates to a €102.5 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Western Europe Loan Receivable. The decrease in the principal balance during 2013 includes (i) a €109.2 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Western Europe Loan 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. Additionally, in December 2013, accrued interest of (a) €77.8 million was settled against accrued interest outstanding pursuant to the UPC Western Europe Loan Receivable and (b) €10.8 million, representing the interest rate differential between the Liberty Global Services Note and the UPC Western Europe Loan Receivable, was settled against the UPC Broadband Loan Receivable.

### ***2012 Liberty Global Europe Note***

Prior to December 31, 2015, UPC Equipment (our previously consolidated variable interest entity) had a loan agreement with Liberty Global Europe (the “**2012 Liberty Global Europe Note**”). As further described in note 1 to the Ziggo 2015 Consolidated Financial Statements, we no longer consolidate UPC Equipment subsequent to December 31, 2014. As a result, effective January 1, 2015, the 2012 Liberty Global Europe Note is no longer included in our consolidated financial statements. The 2012 Liberty Global Europe Note bore interest at 9.29%. The net increase in the principal balance during 2014 includes (i) cash borrowings of €34.4 million, (ii) the transfer of €2.4 million in non-cash accrued interest to the loan balance and (iii) cash payments of €0.1 million. The net increase in the principal balance during 2013 includes (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. During 2014 and 2013, none of the debt repayments were payments of interest.

### ***Unitymedia Hessen Note***

Prior to December 31, 2015, UMI (our previously consolidated variable interest entity) entered into a loan agreement with Unitymedia Hessen GmbH & Co. KG (the “**Unitymedia Hessen Note**”). As further described in note 1 to the Ziggo 2015 Consolidated Financial Statements, we no longer consolidate UMI subsequent to December 31, 2014. As a result, effective January 1, 2015, the Unitymedia Hessen Note is no longer included in our consolidated financial statements. The Unitymedia Hessen Note bore interest at 2.47%. The net decrease in the principal balance during 2014 includes (i) cash payments of €38.6 million, (ii) cash borrowings of €33.0 million and (iii) the transfer of €0.1 million in non-cash accrued interest to the loan balance. The net increase in the principal balance during 2013 includes (a) cash borrowings of €43.3 million and (b) cash payments of €10.3 million. During 2014 and 2013, none of the debt repayments were payments of interest.

### **Related-party Transactions Impacting Vodafone Netherlands’ Operating Results**

Vodafone Netherlands has various related-party transactions with certain Vodafone Group subsidiaries, most notably Vodafone Group Services Ltd (“**VGSL**”), which provides central group services to the operating companies of the Vodafone Group.

Vodafone Netherlands takes its share of the costs of the provision of each service provided by VGSL or other Vodafone Group entities, based on an appropriate allocation key, which ensures that all companies within Vodafone receive a charge that is commensurate with the group services provided.

VGSL’s intra-group services consist of the following central functions:

- Group Consumer;
- Group Enterprise;
- Group Technology; and
- Corporate Functions.

An intercompany framework documents and regulates the terms and pricing for intra-group transactions in the context of the Organization for Economic Cooperation and Development Transfer Pricing Guidelines (“**OECD Guidelines**”). Broadly, the OECD Guidelines are intended to ensure that the provision of goods and services and intangibles between related companies is undertaken on an arm’s length basis.

Corporate recharges included in the result for the year are made on a full cost plus mark-up basis and allocated across the service users based on specific allocation keys to ensure the charges are commensurate to the respective services provided and benefits received by the service recipient. These related-party transactions are reflected in related-party revenue, operating expenses (including sales and marketing and general and administrative expenses), corporate recharges, interest expense and interest income. The details of these related-party transactions are set forth in the following table:

	<u>Year ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
	<u>in millions</u>	
Revenue (a) .....	€ 15.6	€ 11.9
Operating expenses (b) .....	(30.8)	(28.3)
Corporate recharges (c):		
Operating .....	(57.4)	(49.7)
Capital-related .....	(39.9)	(35.7)
Brand, procurement, insurance and other .....	(86.6)	(63.1)
Total corporate recharges .....	(183.9)	(148.5)
Included in operating profit .....	(199.1)	(164.9)
Interest income .....	—	0.3
Interest expense (d) .....	(15.1)	(19.0)
Included in result for the year .....	<u>€(214.2)</u>	<u>€(183.6)</u>

- a. Amounts represent roaming fees charged to other subsidiaries of Vodafone Group.
- b. Amounts represent roaming fees charged by other subsidiaries of Vodafone Group.
- c. Represents corporate recharges related to (i) administrative and marketing services provided by Vodafone Group, (ii) allocated depreciation expense for corporate assets that benefit Vodafone Netherlands and (iii) charges for the use of the Vodafone brand and centralized procurement, insurance and roaming services. Following the consummation of the JV Transactions, these corporate recharges will be replaced with corporate recharges from Vodafone Group to the JV pursuant to the Framework and Trade Mark Agreements, each as defined and described below.
- d. Represents interest expense associated with related-party loan agreements as described below.

As at March 31, 2016, we had long term loans aggregating €1,596.6 million with affiliates of Vodafone Group Plc, of which (i) €1,422.2 million was drawn under a €1.6 billion facility from Vodafone Investments Luxembourg Sarl (“**Vodafone Luxembourg**”) with a commitment period ending December 27, 2017, and (ii) €174.2 million was drawn under a €450.0 million facility from Vodafone Europe B.V. (“**Vodafone Europe**”) with a commitment period ending March 26, 2018. At March 31, 2016, borrowings under the Vodafone Luxembourg and Vodafone Europe loans bore interest at EURIBOR plus 0.55% per annum and 0.8% per annum, respectively. In addition, we pay commitments fees of 0.3% per annum, and 0.45% per annum, respectively, on the unborrowed commitments of the Vodafone Luxembourg and Vodafone Europe loans.

## Related-party Transactions Following the Consummation of the JV Transactions

The following table sets forth the expected charges from the JV Parents pursuant to the Framework and Trade Mark Agreements. As discussed above, the amounts shown below remain subject to change based on differences between actual and assumed usage or volumes where unit prices are fixed or changes that may be made to the terms of the charges prior to the execution of the Framework and Trade Mark Agreements.

	Year ended March 31,		
	2017	2018	2019
	in millions		
Corporate recharges from Liberty Global:			
Operating (a) .....	€ 69.1	€ 77.1	€ 62.9
Capital (b) .....	45.0	53.8	32.0
Total expected corporate recharges .....	<u>€114.1</u>	<u>€130.9</u>	<u>€ 94.9</u>
Corporate recharges from Vodafone Group:			
Operating, net (c) .....	€ 54.1	€ 54.1	€ 54.1
Brand and procurement fees (d) .....	46.9	46.9	46.9
Total expected corporate recharges .....	<u>€101.0</u>	<u>€101.0</u>	<u>€101.0</u>
Total .....	<u>€215.1</u>	<u>€231.9</u>	<u>€195.9</u>

- a. Represents expected amounts to be charged for technology and other services to be provided by Liberty Global to the JV. These charges will be deducted to arrive at Covenant EBITDA of the Borrowing Group.
- b. Represents expected amounts to be charged for capital expenditures to be made by Liberty Global related to assets that will be used by or will otherwise benefit the JV. These charges will not be deducted to arrive at Covenant EBITDA of the Borrowing Group.
- c. Represents expected amounts to be charged for technology and other services to be provided by Vodafone Group to the JV. These charges will be deducted to arrive at Covenant EBITDA of the Borrowing Group.
- d. Represents expected amounts to be charged to the JV by Vodafone Group for brand and procurement fees. These charges will not be deducted to arrive at Covenant EBITDA of the Borrowing Group.

## DESCRIPTION OF OTHER INDEBTEDNESS

*The following contains a summary of the material provisions of the material indebtedness of the Issuers 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

The SPV Borrowers have entered into the SPV Credit Facilities Agreement (as defined below). The terms of the Ziggo Credit Facility and the terms of the SPV Credit Facilities are summarized below.

### Ziggo Credit Facility

At June 30, 2016, the Ziggo Credit Facility comprises a €1,925.0 million term loan facility, a \$2,350.0 million term loan facility and an €800 million revolving credit facility (the **“Ziggo Revolving Facility”**). After giving effect to the August 16, 2016 refinancing transaction as described under **“Recent Transaction—New SPV Term Loans”**, the Ziggo Credit Facility comprises a \$1,350.0 million term loan facility (the **“Term Loans”**) and the Ziggo Revolving Facility pursuant to a senior facilities agreement dated January 27, 2014 as amended and restated on February 10, 2014 and March 11, 2014 (the **“Ziggo Credit Facility 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. The lenders’ commitments may be increased and additional facilities can be included under the Ziggo Credit Facility Agreement subject to certain conditions and the consent of the lenders providing such increased commitment or additional facility. The Ziggo Credit Facility Agreement provides for the accession of additional borrowers. References to the “borrower” or “borrowers” under **“—Ziggo Credit Facility”** refer to Ziggo BV and any additional borrowers who accede to the Ziggo 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 Ziggo Revolving Facility, after giving effect to the amendment to the Ziggo Credit Agreement entered into on September 14, 2016, is December 31, 2022.

The borrowers are permitted to make drawdowns under the Ziggo Revolving Facility 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 Ziggo Revolving Facility. Except in relation to any rollover loans, drawdowns under the Ziggo Revolving Facility 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 Ziggo Revolving Facility Borrowings

The Term Loans have been funded to the Original SFA Borrower (or in respect of the U.S. Dollar denominated Term Loans, Ziggo Financing Partnership as a United States established partnership). Drawdowns under the Ziggo Credit Facility 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 Ziggo 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 Ziggo Revolving Facility).

All amounts borrowed under the Ziggo Revolving Facility 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 Ziggo Revolving Facility in an amount equal to 40% of the applicable Margin on the Ziggo Revolving Facility.

### ***Guarantees and Security***

Subject to certain agreed security principles, the Ziggo 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 Ziggo Credit Facility 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 Ziggo Credit Facility and related finance documentation provided that following the redemption of the Ziggo 2020 Euro 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 Ziggo Credit Facility 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 Ziggo Credit Facility 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 Ziggo Credit Facility 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 Ziggo Credit Facility 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 Ziggo Credit Facility 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 Ziggo Credit Facility restricts 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 interests over its assets, subject to exceptions to these limitations.

The Ziggo Credit Facility also requires 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.

### ***Future Amendments***

Certain lenders under the Ziggo Credit Facility Agreement have consented to certain amendments to the Ziggo Credit Facility Agreement (and the Finance Documents as defined therein). Such amendments may be implemented at the election of the Parent once the consent of the requisite lenders is obtained and include, among others matters, the deletion of the maintenance covenants (provided that a springing maintenance covenant that benefits certain designated revolving facility lenders is included), amendments to the undertakings and events of default such that they are aligned to those for the SPV Credit Facilities and any other consequential amendments required to conform the Ziggo Credit Facility Agreement to the SPV Credit Facilities Agreement. As a result of the September 2016 refinancing and the application of the Funded Amount to prepay certain Term Loans, the consent of the majority lenders will have been obtained and the amendments that require majority lender consent (which include the deletion of the maintenance covenant) may be implemented at the election of the Parent.

### ***Certain Definitions***

“Bank Group” means the Parent and any affiliate of the Parent designated in accordance with the Ziggo Credit Facility Agreement, and each of their direct and indirect subsidiaries from time to time other than certain excluded subsidiaries. UPC Nederland Holdco II has been designated as such an affiliate. It is intended that Vodafone Holdco II will 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.

### ***SPV Credit Facilities***

At June 30, 2016, the SPV Credit Facilities comprise a €664.2 million term loan facility (the “**Ziggo Secured Finance EUR B1 Facility**”). After giving effect to the August 16, 2016 refinancing transaction, as described under “**Recent Transactions—New SPV Term Loans**”, the SPV Credit Facilities comprise a €2,589.2 million term loan facility (“**Facility C**”) and a \$1,000.0 million (“**Facility D**” and, together with the Facility C, the “**Facilities**”) pursuant to a senior facilities agreement dated March 5, 2015 (the “**SPV Credit Facilities Agreement**”), between, among others, The Bank of Nova Scotia as Facility Agent, Ziggo Secured Finance B.V. (“**Ziggo Secured Finance**”) and Ziggo Secured Finance Partnership (the “**US SPV Partnership**”) as SPV borrowers (the “**SPV Borrowers**”) certain lenders party thereto (the “**SPV Lenders**”) and Deutsche Trustee Company Limited as SPV Security Agent. The SPV Lenders’ commitments may be increased and additional facilities can be included under the SPV Credit Facilities Agreement subject to certain conditions and the consent of the SPV Lenders providing such increased commitment or additional facility.

### ***Structure***

The Facilities are 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 any further facilities drawn by the SPV Borrowers under the SPV 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.

### ***Conditions to Borrowings***

Drawdowns under the SPV Credit Facilities Agreement are subject to conditions precedent on the date the drawdown is requested and on the drawdown date including (other than in connection with a Certain Funds Acquisition) 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 SPV Credit Facilities Agreement are true in all material respects.

### ***Interest Rates and Fees***

The interest rate in respect of the EUR B1 Facility and the Facility C for each relevant interest period is equal to the aggregate of (i) 3.75% per annum and (ii) EURIBOR. The interest rate in respect of the Facility D for each relevant interest period is equal to the aggregate of (i) 3.00% per annum 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 SPV 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 provided that following the redemption of the Ziggo 2020 Euro 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 and UPC Nederland Holdco II in relation to loans to their subsidiaries.

The SPV 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 SPV 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 SPV 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 SPV 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 SPV 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 SPV Credit Facilities Agreement restrict the ability of the members of the Bank Group pursuant to a covenant agreement (the “**Facility Covenant Agreement**”) which binds the same obligors as those under the Senior Secured Proceeds Loan Facility and the Ziggo Credit Facility 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 SPV Credit Facilities Agreement also requires the SPV Borrowers and, pursuant to the Facility Covenant Agreement, the 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) 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.

### ***Future Amendments***

The lenders under the SPV Credit Facilities Agreement have consented to certain amendments to the SPV Credit Facilities Agreement (and the Finance Documents as defined therein). Such amendments may be implemented at the election of Ziggo Secured Finance and include, among others matters, the deletion of the maintenance covenant (if and to the extent that the maintenance covenants in the Ziggo Credit Facility Agreement (other than any springing maintenance covenant that benefits revolving facility lenders) have been deleted).

### ***Limited Recourse***

The obligations of the SPV Borrowers and Ziggo Secured Finance II under the SPV Credit Facilities Agreement will be limited to the extent that (i) none of the Finance Parties under the SPV 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 SPV 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 SPV 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). It is intended that Vodafone Holdco II will be designated as such Affiliate Obligor.

**“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.

## Notes

### *Ziggo 2024 Euro Senior Notes*

On November 11, 2014, LGE Holdco VI B.V. issued €743.1 million aggregate principal amount of 7.125% Senior Notes due 2024 (the **“Ziggo 2024 Euro 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 €743.1 million aggregate principal amount of 7.125% 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 Ziggo 2024 Euro 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 Ziggo 2024 Euro Senior Notes by paying a specified “make-whole premium. On or after May 15, 2019, Ziggo Bondco may redeem all or part of the Ziggo 2024 Euro 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 Ziggo 2024 Euro 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 Ziggo 2024 Euro Senior Notes to purchase such holder’s Ziggo 2024 Euro 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.

On March 5, 2015, UPC Nederland Bondco acceded to the 2024 Notes Indenture as an “affiliate issuer” and provided a guarantee of the Ziggo 2024 Euro 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 Nederland 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 Ziggo 2024 Euro 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.

### *Ziggo 2020 Euro 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 €71.1 million as of June 30, 2016 (the **“Ziggo 2020 Euro Senior Secured Notes”**). The Ziggo 2020 Euro 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 Ziggo Senior Secured Credit Facility. The Ziggo 2020 Euro Senior Secured Notes are listed on the Luxembourg Stock Exchange.

Ziggo BV may redeem all or part of the Ziggo 2020 Euro 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 Ziggo 2020 Euro Senior Secured Notes to purchase such holder’s Ziggo 2020 Euro 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 Ziggo 2020 Euro 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 Ziggo 2020 Euro Senior Secured Notes but do not otherwise contain any restrictive covenants.

The indenture governing the Ziggo 2020 Euro Senior Secured Notes contains certain events of default, including, among others, the non-payment of principal or interest on the Ziggo 2020 Euro Senior Secured Notes and insolvency or bankruptcy events.

### ***Ziggo 2025 Senior Notes***

On January 29, 2015, Ziggo Bond Finance, the parent of the Issuer, issued (i) €400 million aggregate principal amount of 4.625% Senior Notes due 2025 (the “**Ziggo 2025 Euro Senior Notes**”) and (ii) \$400 million aggregate principal amount of 5.875% Senior Notes due 2025 (the “**Ziggo 2025 Dollar Senior Notes**”, and together with the Existing 2025 Euro Senior Notes, the “**Ziggo 2025 Senior Notes**”) in accordance with the offering memorandum dated January 14, 2015. The Ziggo 2025 Senior Notes are listed on the Irish Stock Exchange.

Prior to January 15, 2018, the Senior Proceeds Loan Borrowers (as defined in the Ziggo 2025 Senior Notes offering memorandum), may instruct the Ziggo Bond Finance on one or more occasions to redeem up to 40% of the principal amount of the Ziggo 2025 Senior Notes at the redemption price of 104.625% of the principal amount of the Ziggo 2025 Euro Senior Notes and/or 105.875% of the principal amount of the Ziggo 2025 Dollar Senior Notes, plus accrued and unpaid interest and Additional Amounts (as defined in the indenture governing the Ziggo 2025 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 Ziggo 2025 Euro Senior Notes and/or the Ziggo 2025 Dollar Senior Notes at a price equal to 100% of the principal amount plus the Applicable Premium (as defined in the indenture governing the Ziggo 2025 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 Ziggo 2025 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 Ziggo 2025 Senior Notes contains certain customary events of default, including the non-payment of principal or interest on the Existing 2025 Senior Notes, and certain failures to perform or observe other obligations.

### ***Ziggo 2025 Senior Secured Notes***

On February 4, 2015, Ziggo Secured Finance issued €800 million aggregate principal amount of 3.75% Senior Secured Notes due January 15, 2025 (the “**Ziggo 2025 Senior Secured Notes**”). The Ziggo 2025 Senior Secured Notes are senior secured obligations of Ziggo Secured Finance and are guaranteed on a senior secured basis by certain of its subsidiaries. The Ziggo 2025 Senior Secured Notes are listed on the Irish Stock Exchange.

Prior to January 15, 2018, the Senior Secured Proceeds Loan Borrowers (as defined in the Ziggo 2025 Senior Secured Notes offering memorandum), may instruct the Ziggo Secured Finance on one or more occasions to redeem up to 40% of the principal amount of the Ziggo 2025 Senior Secured Notes at the redemption price of 103.750% of the principal amount of the Ziggo 2025 Senior Secured Notes, plus accrued and unpaid interest and Additional Amounts (as defined in the indenture governing the Ziggo 2025 Senior Secured Notes), if any, to the applicable redemption date.

Prior to January 15, 2020, the Senior Secured Proceeds Loan Borrowers, may instruct Ziggo Secured Finance to redeem all or part of the Ziggo 2025 Senior Secured Notes at a price equal to 100% of the principal amount plus the Applicable Premium (as defined in the indenture governing the Ziggo 2025 Senior Secured Notes) as of, and accrued but unpaid interest and Additional Amounts, if any, to the applicable redemption date.

The Senior Secured Proceeds Loan Borrowers may instruct Ziggo Bond Finance to redeem all or part of the Ziggo 2025 Senior Secured 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.

Prior to January 15, 2020, during each 12 month period, the Senior Secured Proceeds Loan Borrowers may instruct the Ziggo Secured Finance to redeem up to 10% of the principal amount of the Ziggo 2025 Senior Secured 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.

The indenture governing the Ziggo 2025 Senior Secured Notes contains certain customary events of default, including the non-payment of principal or interest on the Ziggo 2025 Senior Secured Notes, and certain failures to perform or observe other obligations.

## **Intercreditor Agreements**

### **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 Ziggo Credit Facility Agreement, the senior agent under the Ziggo Credit Facility 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 Ziggo Credit Facility 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 Ziggo Credit Facility 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 Ziggo Credit Facility 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 Ziggo Credit Facility 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 Ziggo Credit Facility, 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 Ziggo Credit Facility (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 Ziggo Credit Facility, 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 Ziggo Credit Facility, 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 Ziggo Credit Facility 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 Ziggo Credit Facility 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 €250,000) (“**Senior Secured Payment Default**”) has occurred and is continuing;
- (ii) if those lenders under the Ziggo Credit Facility 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 Ziggo Credit Facility; 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 Ziggo Credit Facility 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 Ziggo Credit Facility 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 Ziggo Credit Facility 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 Ziggo Credit Facility, 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 Ziggo Credit Facility, 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 10per cent. or more of consolidated EBITDA or whose gross assets (excluding intra-group items) represents 10per 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 Ziggo Credit Facility 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 Ziggo Credit Facility 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 Ziggo Credit Facility 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 Obligors (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 Obligors 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 “**Ziggo 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 Ziggo 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, Ziggo 2024 Euro 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, Ziggo 2024 Euro 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 Obligors;
- (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 Obligors to which those obligations are owed and on behalf of the Senior Obligors 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 “**Ziggo Secured Finance**”) and Ziggo Secured Finance Partnership (the “**U.S. SPV Partnership**”) and together with the Ziggo Secured Finance, the “Debtors”) entered into a Senior Secured Collateral Sharing Agreement dated 5 March 2015 (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 SPV Credit 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 SPV Credit 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 SPV Credit Facilities Agreement);

“Finance Documents” means the Finance Documents as defined in the SPV Credit Facilities Agreement.

“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 Ziggo Secured Finance and the Security Trustee creating Security over the shares in the Ziggo Secured Finance;
- (b) a first ranking Dutch law governed deed of pledge of shares dated on or about the date of this Agreement between the Ziggo Secured Finance as security provider and the Security Trustee creating Security over the shares in Ziggo Secured Finance II;
- (c) an English law governed assignment agreement dated on or about the date of the Senior Secured Collateral Sharing Agreement between the Ziggo Secured Finance and the US SPV Partnership as security provider and the Security Trustee in relation to the rights of the Ziggo Secured Finance and the US SPV Partnership 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.

“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 4 February 2015, between the Issuer, the Note Trustee and the Security Trustee governing the Original Notes;

“Original Notes” means the Notes offered pursuant to the Original Note Indenture;

“Pari Passu Creditors” means the lenders or other creditors in respect of any Pari Passu Debt and the *PariPassu* 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 *PariPassu* 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, *PariPassu* 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 *PariPassu* 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 *PariPassu* 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, Ziggo Services and ABC as obligors;

“Proceeds Loan Group” means (i) ABC and its subsidiaries; (ii) UPC Nederland Holdco II 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 the SPV Credit Facilities Agreement;

“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 SPV Credit 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 SPV Credit 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 SPV Credit 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 a 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 entered into a collateral sharing agreement dated 5 March 2015 (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 (as defined below) in respect of the Shared Security Documents (as defined below) and sets out, among other things, the relative ranking of certain debt of Ziggo Secured Finance, 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;

“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.

“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 4 February 2015, between the B.V. Issuer, the Note Trustee and the Security Trustee governing the Original Notes;

“Original Notes” means the Notes offered 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, PariPassu 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 PariPassu 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 Holdco I. and Ziggo Bondco as obligors;

“Proceeds Loan Group” means (i) Ziggo Bondco and its subsidiaries, (ii) UPC Nederland Holdco I and its subsidiaries and (iii) any affiliate of Ziggo Bondco and UPC Nederland Holdco I 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 SENIOR SECURED 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 Initial 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 Senior Secured 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 Senior Secured 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;
- (7) the term “Ziggo BV” refers only to Ziggo B.V. and its successors and not to any of its Subsidiaries;
- (8) the term “Vodafone Holdco II” refers only to a private limited company to be incorporated under the laws of the Netherlands and its successors and not to any of its Subsidiaries;
- (9) the term “Vodafone Holdco III” refers only to a private limited company and a subsidiary of Vodafone Holdco II to be incorporated under the laws of the Netherlands and its successors and not to any of its Subsidiaries; and
- (10) the term “Vodafone Libertel” refers only to Vodafone Libertel B.V. and its successors and not to any of its Subsidiaries.

The Issuer is an independent special purpose financing company formed for the purpose of issuing the Notes (including any Additional Notes), the Existing 2025 Senior Secured Notes, borrowing under the 2015 SPV Senior Secured Credit Facility 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 Existing Senior Notes and certain other Indebtedness in the future. 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”), its rights under the Existing Proceeds Loans, the Initial Refinancing Dollar Proceeds Loans (as defined below) and, after the Escrow Release Date (as defined below) if it occurs, its rights under the JV Proceeds Loans (as defined below) or the Additional Financing Proceeds Loans (as defined below), as applicable. 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, UPC NL Holdco II and, if the JV Escrow Release (as defined below) occurs, to which Vodafone Holdco II will accede to on or before the JV Escrow Release Date (as defined below). The Issuer has filed 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 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 \$ \_\_\_\_\_ aggregate principal amount of senior secured notes due 2027 (the “Dollar Notes”) and € \_\_\_\_\_ aggregate principal amount of senior secured notes due 2027 (the “Euro Notes” and, together with the Dollar Notes, 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 Senior Secured Notes, references to the Notes include any Additional Notes.

On the Issue Date, the Issuer will use \$300,000,000 (the “Funded Amount”) from the sale of the Dollar Notes to fund one or more proceeds loans to any or all of UPC NL Holdco III and Ziggo BV (together with UPC NL Holdco III, the “Original Proceeds Loan Borrowers”, and each, an “Original Proceeds Loan Borrower”) as one or more proceeds loans denominated in U.S. dollars (the “Initial Refinancing Dollar Proceeds Loans”) pursuant to the Proceeds Loan Agreement.

Subject to the Special Optional Redemption (as defined below), pending consummation of the JV Transactions (as defined under “—*Certain Definitions*”), the Initial Purchasers will deposit the gross proceeds of this offering of the Notes less the Funded Amount into one or more escrow accounts (each an “Escrow Account”) pursuant to the terms of a senior secured notes escrow agreement (the “Escrow Agreement”) between the Trustee and The Bank of New York Mellon, 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 and/or Financing Release; Special Optional Redemption.*” In the event the JV Transactions are not or will not be consummated on or before the date that is twelve months following the Issue Date (the “Longstop Date”) (or upon the occurrence of certain other events), the Notes (other than Dollar Notes in an aggregate principal amount equal to the Funded Amount and any Financing Notes (as defined below) in an aggregate principal amount equal to the Financing Amount (as defined below)) will be redeemed at a redemption price of each series of Notes equal to 100% of the aggregate initial issue price of such series of Notes plus accrued and unpaid interest and Additional Amounts (as defined below), if any, from the Issue Date. If the Notes are or will become subject to such redemption, the Issuer may elect to use any or all of the proceeds in the Escrow Account (such amount, the “Financing Amount”) to fund Additional Financing Proceeds Loans (as defined below) to any or all of the Original Proceeds Loan Borrowers for the purpose of refinancing existing indebtedness of the Initial Proceeds Loan Obligors (as defined below), including any Existing Proceeds Loans, or for general corporate purposes which may include acquisitions or loans, distributions or other payments to Ziggo Group Holding’s direct or indirect shareholders or share buybacks. See “—*General—Escrow of Proceeds; Special Mandatory Redemption and/or Financing Release; Special Optional Redemption.*” Euro Notes in an aggregate principal amount equal to the euro denominated proceeds used to fund the Additional Financing Euro Proceeds Loans are referred to herein as the “Euro Financing Notes” and Dollar Notes in an aggregate principal amount equal to the U.S. dollar denominated proceeds used to fund the Additional Financing Dollar Proceeds Loans are referred to herein as the “Dollar Financing Notes”. The Euro Financing Notes and the Dollar Financing Notes are collectively referred to herein as the “Financing Notes”. In the event of a Financing Release (as defined below), the aggregate principal amount of Dollar Notes (being Dollar Notes in an aggregate principal amount equal to the Funded Amount plus the Dollar Financing Notes) will be no less than \$500,000,000 and the aggregate principal amount of the Euro Financing Notes, if any, will be no less than €400,000,000.

On:

- (1) the JV Escrow Release Date (as defined below), if it occurs, the Issuer will loan the escrowed proceeds from the sale of the Dollar Notes (less any proceeds used to redeem Dollar Notes pursuant to the Special Optional Redemption, if any) to any or all of Original Proceeds Loan Borrowers and/or either (i) Vodafone Libertel or (ii) a subsidiary of Vodafone Holdco II (either such entity, the “New Proceeds Loan Borrower”, and together with each Original Proceeds Loan Borrower, the “JV Proceeds Loan Borrowers”, and each, a “JV Proceeds Loan Borrower”) as one or more proceeds loans denominated in U.S. dollars (the “JV Dollar Proceeds Loans”) and will loan the escrowed proceeds from the sale of the Euro Notes (less any proceeds used to redeem Euro Notes pursuant to the Special Optional Redemption, if any) to any or all of the JV Proceeds Loan Borrowers as one or more proceeds loans denominated in euro (the “JV Euro Proceeds Loans” and, together with the JV Dollar Proceeds Loans, the “JV Proceeds Loans”), in each case, pursuant to the Proceeds Loan Agreement; or

- (2) the Financing Escrow Release Date (as defined below), if it occurs, the Issuer will loan the escrowed proceeds from the sale of the Dollar Notes (less any proceeds used or to be used to redeem Dollar Notes pursuant to the Special Optional Redemption or the Special Mandatory Redemption, if any) to any or all of Original Proceeds Loan Borrowers as one or more proceeds loans denominated in U.S. dollars (the “Additional Financing Dollar Proceeds Loans” and together with the Initial Refinancing Dollar Proceeds Loans, the “Financing Dollar Proceeds Loans”) and will loan the escrowed proceeds from the sale of the Euro Notes (less any proceeds used or to be used to redeem Euro Notes pursuant to the Special Optional Redemption or the Special Mandatory Redemption, if any) to any or all of the Original Proceeds Loan Borrowers as one or more proceeds loans denominated in euro (the “Additional Financing Euro Proceeds Loans” and, together with the Financing Dollar Proceeds Loans, the “Additional Financing Proceeds Loans”), in each case, pursuant to the Proceeds Loan Agreement.

The term:

- (1) “Proceeds Loans” shall hereinafter refer to Initial Refinancing Dollar Proceeds Loans together with either (i) the JV Proceeds Loans (if any) or (ii) the Additional Financing Proceeds Loans (if any), as the case may be; and
- (2) “Proceeds Loan Borrowers” shall hereinafter refer to either the Original Proceeds Loan Borrowers only or, following the JV Escrow Release, if any, the Original Proceeds Loan Borrowers together with the New Proceeds Loan Borrower and each in such capacity a “Proceeds Loan Borrower”.

The obligations of UPC NL Holdco III, Ziggo BV and, if the JV Escrow Release occurs, the New Proceeds Loan Borrower, 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 Senior Secured Fold-In Notes*”. See “—*Certain Covenants—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*” and “*Description of the Senior Secured Fold-In Notes*”.

Application will be 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 Senior Secured 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 Dollar Notes will mature on January 15, 2027, and the Euro Notes will mature on January 15, 2027 and will initially be guaranteed by the Guarantors (as defined below) and be secured as described below under “—*Ranking of the Notes, Note Guarantees and Note Collateral*”.

The Issuer will issue the Dollar Notes in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof and the Euro Notes in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.



## ***Interest***

Interest on the Dollar Notes will accrue at the rate of        % per annum and interest on the Euro Notes will accrue at the rate of        % per annum and, in each case, will be payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2017. 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 respective Euro Notes Paying Agent or Dollar Notes Paying Agent, as the case may be, 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 Euro 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 Euro Global Notes and payments on the Dollar Global Notes (as defined under “—*Transfer and Exchange*”) will be made to Cede & Co as the registered holder of the Dollar Global Notes. The rights of holders to receive any payment in respect of any Global Notes are subject to applicable procedures of DTC, 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 respective Euro Notes Paying Agent or Dollar Notes Paying Agent, as the case may be, 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 Euro Notes and Deutsche Bank Trust Company Americas will initially act as Paying Agent for the Dollar 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 Euro Notes will be Deutsche Bank Luxembourg S.A. in Luxembourg and the initial Registrar for the Dollar Notes will be Deutsche Bank Trust Company Americas. The initial transfer agent for the Euro Notes will be Deutsche Bank Luxembourg S.A. and the initial transfer agent for the Dollar Notes will be Deutsche Bank Trust Company Americas. The Registrars 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 Agents 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*.”

### ***Escrow of Proceeds; Special Mandatory Redemption; Special Optional 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 gross proceeds of the offering of the Notes sold on the Issue Date less the Funded Amount. Prior to the release of such proceeds from the Escrow Account, such funds may 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.”

Subject to the Special Mandatory Redemption and the Special Optional Redemption (each as defined below), in order to cause the Escrow Agent to release the Escrowed Property (the “JV 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 “JV Escrow Release Date”) at a time that is on or before the Longstop Date, an Officer’s Certificate to the effect that:

- (1) the JV 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 JV 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 and/or Financing Release***

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 the Issuer determines that any conditions to the Escrow Release could not reasonably be deemed to be capable of being satisfied and (iii) if the JV 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 (other than the Dollar Notes in an aggregate principal amount equal to the Funded Amount and any Financing Notes in an aggregate principal amount equal to the Financing Amount) (the “Special Mandatory Redemption”) at a redemption price (the “Special Mandatory Redemption Price”) equal to 100% of the principal amount of the Notes redeemed 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 and Registrar (with an instruction to the Trustee and Registrar to deliver the same to each holder of the Notes) and the Escrow Agent, and will provide that the Notes (other than Dollar Notes in an aggregate principal amount equal to the Funded Amount and any Financing Notes in an aggregate principal amount equal to the Financing Amount) shall be redeemed on a date that is no later than the tenth 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 to be redeemed 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.

If the Escrow Termination Date occurs, the Issuer may with prior notice to the Trustee (with an instruction to the Trustee to deliver the same to each holder of the Notes) and the Escrow Agent delivered no later than the second Business Day following the Escrow Termination Date, elect to use the Financing Amount to fund Additional Financing Proceeds Loans to any or all of the Original Proceeds Loan Borrowers for the purpose of refinancing existing indebtedness of the Initial Proceeds Loan Obligors, including any Existing Proceeds Loans, or for general corporate purposes which may include acquisitions or loans, distributions or other payments to Ziggo Group Holding's direct or indirect shareholders or share buybacks (the "Financing Escrow Release"). The Financing Escrow Release shall occur on or prior to the date that is the tenth Business Day after the Financing Notes notice is mailed or delivered (such date, the "Financing Escrow Release Date" and, the Financing Escrow Release Date or the JV Escrow Release Date, as the case may be, the "Escrow Release Date").

In the event the Special Mandatory Redemption Price payable upon such Special Mandatory Redemption exceeds the amount of the Escrowed Property, Ziggo Group Holding 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 "Escrow 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.

#### *Special Optional Redemption*

At any time on or prior to the earlier of the JV Escrow Release Date and the Escrow Termination Date, the Issuer may, at its option, elect to redeem all or a portion of the Notes (other than Dollar Notes in an aggregate principal amount equal to the Funded Amount) (the "Special Optional Redemption") at a redemption price (the "Special Optional Redemption Price") equal to 100% of the principal amount of the Notes redeemed, 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 Optional 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 Optional Redemption will be mailed or delivered to the Trustee and Registrar (with an instruction to the Trustee and Registrar to deliver the same to each holder of the Notes) and the Escrow Agent by the Issuer, 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 but prior to the JV Escrow Release Date (the "Special Optional Redemption Date"). On the Special Optional Redemption Date, the Escrow Agent shall pay to the relevant Paying Agent for payment to each holder the Special Optional Redemption Price for such holder's Notes. Any such Special Optional Redemption and notice may, in the Issuer's discretion, be subject to satisfaction of one or more conditions precedent.

If the Special 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.

#### *Transfer and Exchange*

The Notes will be issued in the form of several registered notes in global form, without interest coupons, as follows:

- Each series of 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"):
  - The 144A Global Notes representing the Dollar Notes (the "Dollar 144A Global Note") will, on the Issue Date, be deposited with a custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC.

- The 144A Global Notes representing the Euro Notes (the “Euro 144A Global Note”), will, on the Issue Date, be deposited with and registered in the name of the nominee for the common depository for the accounts of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream”).
- Each series of 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 Regulation S Global Notes representing the Dollar Notes (the “Dollar Regulation S Global Note,” and together with the Dollar 144A Global Note, the “Dollar Global Notes”) will initially be credited within DTC for the accounts of Euroclear and Clearstream.
  - The Regulation S Global Notes representing the Euro Notes (the “Euro Regulation S Global Notes,” and together with the Euro 144A Global Note, the “Euro Global Notes”) will, on the Issue Date, be deposited with and registered in the name of the nominee for the common depository for the accounts of Euroclear and 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 DTC, 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 DTC, participants in Euroclear or participants in Clearstream will be effected by DTC, Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, 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 or \$200,000 principal amount, as the case may be, and integral multiples of €1,000 in excess thereof or \$1,000 in excess thereof, as the case may be, upon receipt by the applicable 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 DTC, 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, Euro 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 and Dollar Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of \$200,000 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 DTC, 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, the Existing 2025 Senior Secured Notes and the 2015 SPV Senior Secured Credit Facility) of the Issuer that is not subordinated to the Notes;
- be guaranteed by the Guarantors as described under “—*Guarantees*”;
- following the earlier of the Escrow Release Date and the Special Mandatory Redemption Date, be secured directly by the Note Collateral, including a first priority assignment of the Issuer’s rights under the Proceeds Loans and the Existing 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, any Affiliate Proceeds Loan Obligor (as defined below) or any of their respective Subsidiaries. However, following the earlier of the Escrow Release Date and the Special Mandatory Redemption Date, as a result of the Proceeds Loan Assignment, the Notes will indirectly benefit from the Proceeds Loans, the Existing 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, any Affiliate Proceeds Loan Obligor or any of their respective Subsidiaries, and none of the Company, UPC NL Holdco II, any 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 (including the guarantees of the Existing 2025 Senior Secured Notes and the 2015 SPV Senior Secured Credit Facility);
- 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, any Affiliate Proceeds Loan Obligor or any of their respective Subsidiaries. However, following the earlier of the Escrow Release Date and the Special Mandatory Redemption Date, as a result of the Proceeds Loan Assignment, the Notes will indirectly benefit from the Proceeds Loans, the Existing 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 JV Transactions, the Initial Purchasers will deposit the gross proceeds from the offering of the Notes less the Funded Amount 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.

On the Issue Date, 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 Existing Proceeds Loans, 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 the Existing 2025 Senior Secured Notes, the 2015 SPV Senior Secured Credit Facility and 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*

On the Issue Date, the Trustee will accede to the Collateral Sharing Agreement. The Existing 2025 Senior Secured Notes, the 2015 SPV Senior Secured Credit Facility, 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 Existing 2025 Senior Secured Notes, the lenders under the 2015 SPV Senior Secured Credit Facility, the holders of the Notes and all Additional Debt of the Issuer and the Guarantors. The holders and/or lenders, as applicable, of a majority in aggregate principal amount of all the Existing 2025 Senior Secured Notes, the 2015 SPV Senior Secured Credit Facility, all Notes and Additional Debt then outstanding will control any enforcement actions in respect of the Note Collateral.

#### **Proceeds Loans**

##### *General*

On the Issue Date, the Issuer will use an amount equal to the Funded Amount from the sale of the Dollar Notes to fund the Initial Refinancing Dollar Proceeds Loans to any or all of the Original Proceeds Loan Borrowers under the Proceeds Loan Agreement. The Initial Refinancing Dollar Proceeds Loans will be denominated in US Dollars and the maturity, interest rate and interest periods of each of the Financing Dollar Proceeds Loans will be the same as the maturity, interest rate and interest periods of the Dollar Notes.

On:

- (1) the JV Escrow Release Date, if it occurs, the Issuer will use the escrowed proceeds from the sale of the Notes to fund the JV Proceeds Loans (less any proceeds used to redeem Notes pursuant to the Special Optional Redemption, if any) to any or all of the JV Proceeds Loan Borrowers under the Proceeds Loan Agreement. The currency, principal, maturity, interest rate and interest periods of each of the JV Proceeds Loans will be the same as the currency, principal, maturity, interest rate and interest periods of the relevant Notes; or
- (2) the Financing Escrow Release, if it occurs, the Issuer will use the escrowed proceeds from the sale of the Notes to fund the Additional Financing Proceeds Loans (less any proceeds used or to be used to redeem Notes pursuant to the Special Optional Redemption or the Special Mandatory Redemption, if any) to any or all of the Original Proceeds Loan Borrowers under the Proceeds Loan Agreement. The currency, principal, maturity, interest rate and interest periods of each of the Refi 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 relevant Proceeds Loan Borrower;
- be guaranteed by the relevant Proceeds Loan Guarantors as described below under “—*Proceeds Loan Guarantees*;
- have the benefit of security as described below under “—*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 (including the Existing Proceeds Loans) 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 Obligor that are not Proceeds Loan Guarantors.

### ***Proceeds Loan Guarantees***

#### ***General***

When funded, the Proceeds Loans will be guaranteed by (i) the Company, Torensplits II B.V., Ziggo Netwerk B.V., Ziggo Netwerk II B.V., Ziggo Deelnemingen B.V., Ziggo Financing Partnership, UPC NL Holdco II, and UPC Nederland B.V. and each Restricted Subsidiary or Affiliate Subsidiary (in each case, other than the New Proceeds Loan Obligor) that may become a proceeds loan guarantor as provided under the Indenture and

the Original Proceeds Loan Borrower which is not acting as the borrower of the relevant Proceeds Loan (each, an “Initial Proceeds Loan Guarantor” and together the “Initial Proceeds Loan Guarantors” and, together with the “Original Proceeds Loan Borrowers, the “Initial Proceeds Loan Obligors”, and each an “Initial Proceeds Loan Obligors”) and (ii) following a JV Escrow Release only, (A) the New Proceeds Loan Borrower, where it is not acting as a borrower under a Proceeds Loan and Vodafone Holdco II and (B), within sixty (60) days following the JV Escrow Release Date, by Vodafone Libertel (if it is not the New Proceeds Loan Borrower) (the “New Proceeds Loan Guarantors”, and together the New Proceeds Loan Borrower, the “New Proceeds Loan Obligors”, and each a “New Proceeds Loan Obligor”, and together with the Initial Proceeds Loan Guarantors, the “Proceeds Loan Guarantors”, and the Proceeds Loan Guarantors together with the Proceeds Loan Borrowers, the “Proceeds Loan Obligors”). If the JV Transactions are not consummated and the Special Mandatory Redemption and/or the Financing Escrow Release occurs:

- the term “Proceeds Loan Obligors” will not include the New Proceeds Loan Obligors;
- the term “Proceeds Loan Borrowers” will not include the New Proceeds Loan Borrower; and
- the term “Proceeds Loan Guarantors” will not include the New 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 or will be a guarantor, as applicable, of the Existing Proceeds Loans, the 2014 Senior Facility Agreement, the Existing 2020 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, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the Senior Proceeds Loan Guarantees may adversely affect the validity and enforceability of the Notes, the Senior Secured Proceeds Loans, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the Senior 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;
- have the benefit of security as described below under *“—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 (including guarantees of the Existing Proceeds Loans, the 2014 Senior Facility Agreement and the Existing 2020 Senior Secured Notes) 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.

#### *Additional Proceeds Loan Guarantees*

The Company, UPC NL Holdco II or any 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, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the Senior Proceeds Loan Guarantees may adversely affect the validity and enforceability of the Notes, the Senior Secured Proceeds Loans, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the Senior 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 Senior Secured 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, any 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, the Existing Proceeds Loans, the 2014 Senior Facility Agreement, the Existing 2020 Senior Secured Notes or any other Indebtedness of the Company, UPC NL Holdco II, any 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, any Affiliate Proceeds Loan Obligor, another Restricted Subsidiary of the Company, UPC NL Holdco II or any 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***

When funded, 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 Existing Proceeds Loans, the 2014 Senior Facility Agreement and the Existing 2020 Senior Secured Notes, including:

- the Capital Stock of each Proceeds Loan Obligor, other than the Company and the New Proceeds Loan Obligors, (collectively, the “Initial 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 Initial Proceeds Loan Share Pledges, the “Initial Proceeds Loan Collateral”).

Within sixty (60) days following the consummation of the JV Escrow Release, if it occurs, the Proceeds Loans will be secured by a first ranking security interest in the capital stock of the New Proceeds Loan Obligors (collectively, the “New Proceeds Loan Share Pledges”, and together with the Initial Proceeds Loan Share Pledges, the “Proceeds Loan Share Pledges”). The Initial Proceeds Loan Collateral together with the New Proceeds Loan Share Pledges are referred to herein as 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, in respect of some Initial Proceeds Loan Obligors only) of the Proceeds Loan Obligors, 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 2020 Senior Secured Notes as permitted under the 2014 Senior Facility Agreement. See “*Risk Factors—Risks Relating to the Notes and the Structure—There are circumstances other than repayment or discharge of the Senior Secured 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. If the JV Escrow Release does not occur, the term “Proceeds Notes Collateral” will not include the New Proceeds Loan Share Pledges.

The Proceeds Loan Collateral also secures or will also secure the obligations of the Proceeds Loan Obligors under the Existing Proceeds Loans, the 2014 Senior Facility Agreement, the Existing 2020 Senior Secured Notes and certain Hedging Obligations. Subject to the terms of the Priority Agreement, the Issuer, as lender under the Proceeds Loans and the Existing Proceeds Loans, the lenders under the 2014 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 Obligors 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, any 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 Existing Proceeds Loans, the 2014 Senior Facility Agreement, the Existing 2020 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—Limitation on 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 Obligors under the Proceeds Loans, the Existing Proceeds Loans, the 2014 Senior Facility Agreement, the Existing 2020 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.

#### *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, any 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, any 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 (including, without limitation, as may be permitted by the covenants described under “—*Certain Covenants—Impairment of Liens*”), 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 2014 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, any 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);
- (11) if the Proceeds Loan Collateral is assets at such time as those assets are transferred to a Receivables Entity pursuant to a Qualified Receivables Transaction, and with respect to any Securitization Obligation that is transferred, in one or more transactions, to a Receivables Entity; and
- (12) 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***

The Issuer is party to the Priority Agreement as a “Pari Passu Creditor”. The Priority Agreement governs, among other things, the rights and obligations of the Issuer as lender under the Existing Proceeds Loans, the lenders under the 2014 Senior Facility Agreement, certain Hedging Obligations and the Existing 2020 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.

On the JV Escrow Release Date (if it occurs), Vodafone Holdco II will be designated as an Affiliate Proceeds Loan Obligor.

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 Senior Secured 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, any Affiliate Proceeds Loan Obligor (including any New Proceeds Loan Borrower) and the Restricted Subsidiaries. On the Issue Date, the Initial Proceeds Loan Obligors will enter into the Covenant Agreement with the Issuer and the Trustee, pursuant to which each Initial 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. If the JV Escrow Release Date occurs, the New Proceeds Loan Borrower and Vodafone Holdco II will accede to the Covenant Agreement. Within sixty (60) days of the JV Escrow Release Date, the other New Proceeds Loan Obligors will accede to the Covenant Agreement. 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

### *Dollar Notes*

#### *Optional Redemption on or after January 15, 2022*

Except as described above under “—*General—Escrow of Proceeds; Special Mandatory Redemption; Special Optional Redemption*” and below and under “—*Redemption for Taxation Reasons*”, the Dollar Notes are not redeemable until January 15, 2022. On or after January 15, 2022, 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 Dollar 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>
2022 .....	%
2023 .....	%
2024 .....	%
2025; 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 Dollar Notes on or before the relevant redemption date. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the applicable Proceeds Loan Borrower’s or the Issuer’s discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the applicable Proceeds Loan Borrower or the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer’s obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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 Dollar Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Dollar Notes will be subject to redemption by the Issuer.

#### *Optional Redemption prior to January 15, 2022*

Prior to January 15, 2022, 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 Dollar 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 Dollar 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, 2022, 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 Dollar 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 Dollar Notes on or before the relevant redemption date. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Proceeds Loan Borrower's or the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, the applicable Proceeds Loan Borrower or the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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 Dollar 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.

## ***Euro Notes***

### ***Optional Redemption on or after January 15, 2022***

Except as described above under “—*General—Escrow of Proceeds; Special Mandatory Redemption; Special Optional Redemption*” and below and under “—*Redemption for Taxation Reasons*”, the Euro Notes are not redeemable until January 15, 2022. On or after January 15, 2022, 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 Euro 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>
2022 .....	%
2023 .....	%
2024 .....	%
2025; 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 Euro Notes on or before the relevant redemption date. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the applicable Proceeds Loan Borrower's or the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the applicable Proceeds Loan Borrower or the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such

redemption date if it were a Business Day for the intervening period. 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 Euro Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Euro Notes will be subject to redemption by the Issuer.

#### *Optional Redemption prior to January 15, 2022*

Prior to January 15, 2022, 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 Euro 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 Euro 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, 2022, 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 Euro 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 Euro Notes on or before the relevant redemption date. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Proceeds Loan Borrower's or the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, the applicable Proceeds Loan Borrower or the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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 Euro 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, 2020, 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 \_\_\_\_\_ % of the principal amount of the Euro Notes and/or \_\_\_\_\_ % of the principal amount of the Dollar 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 each of the Euro Notes and the Dollar Notes, as applicable, (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 such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Proceeds Loan Borrower's or the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, the applicable Proceeds Loan Borrower or the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person. For the avoidance of doubt, in each case above, the Proceeds Loan Borrowers may choose to redeem each series of Notes, either together or separately.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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.

#### ***Optional Redemption upon Certain Tender Offers***

In connection with any tender offer or other offer to purchase for all of the Notes, if holders of not less than 90% of the aggregate principal amount of the then outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer and the Issuer, or any third party making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not validly withdrawn by such holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' notice following such purchase date, to redeem all Notes that remain outstanding following such purchase at a price equal to the price paid to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the date of such redemption.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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 or Registrar 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 Euro Notes of €100,000 or less or Dollar Notes of \$200,000 or less can be redeemed in part. The Trustee or Registrar 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 DTC, Euroclear or Clearstream, notices may be given by delivery of the relevant notices to DTC, 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 Guarantor, then only if the payment giving rise to such requirement cannot be made by the Issuer or another 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 Issuer or a relevant 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 or the Notes.

### **Redemption at Maturity**

The Issuer will redeem the Dollar Notes on January 15, 2027 and the Euro Notes on January 15, 2027 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 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 any Note Guarantee or 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) all United States backup withholding taxes;
- (g) 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
- (h) any combination of items (a) through (g) 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 (h) 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 or \$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 Senior Secured 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 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, the Ultimate Parent 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 or the Reporting Entity and their Subsidiaries to the Ultimate Parent or a first-tier or second-tier Subsidiary of the Ultimate Parent through one or more mergers, transfers, consolidations or other similar transactions, and/or (ii) the issuance by Ziggo Group Holding or the Reporting Entity of Capital Stock to the Ultimate Parent or a first-tier or second-tier Subsidiary of the Ultimate Parent and, as consideration therefor, the assignment or transfer by the Ultimate Parent or such first-tier or second-tier Subsidiary of the Ultimate Parent of assets to Ziggo Group Holding 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, in the case of the Euro Notes, and in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes, 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, in the case of the Euro Notes, and \$200,000, in the case of the Dollar Notes.

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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, 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 or the Senior Obligors may not be able to obtain enough funds necessary to finance prepayment of the Senior Secured Proceeds Loans or the Senior Proceeds Loans, as applicable, and the relevant Issuer therefore may not have funds to repurchase the relevant series of Notes, upon the occurrence of certain events constituting a change of control (as defined in the relevant Indenture) as required by the relevant 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 or \$200,000 and in integral multiples of €1,000 or \$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, UPC NL Holdco II and/or any Affiliate Proceeds Loan Obligor 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 Obligors 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 any 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, any 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, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries under Credit Facilities, and any Refinancing Indebtedness in respect thereof, 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 any 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, any 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, any 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, any 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, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as the case may be;

- (3) (a) Indebtedness represented by the Proceeds Loans and the Existing Proceeds Loans, (b) Indebtedness of the Proceeds Loan Guarantors represented by the Proceeds Loan Guarantees and the guarantees of

the Existing Proceeds Loans, (c) Indebtedness under the Existing 2020 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 (18) or Incurred pursuant to the second paragraph of this covenant;
- (6) Indebtedness of the Company, UPC NL Holdco II, any 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, any 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, any 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, any 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, any 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, any 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, any 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 any Affiliate Proceeds Loan Obligor or by a Restricted Subsidiary or such other transaction, (i) the Company, UPC NL Holdco II, any 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, any 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 any Affiliate Proceeds Loan Obligor);
- (8) Indebtedness consisting of (a) mortgage financings, asset backed 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 (including, without limitation, in respect of tenant improvement) of property (real or personal), plant, equipment or other assets (including, without limitation, network assets) used or useful in the business of the Company, UPC NL Holdco II, any 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 (including, without limitation, in respect of tenant improvement) of property (real or personal), plant, equipment or other assets (including, without limitation, network assets) used or useful in the business of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, whether through the direct purchase of assets (including, without limitation, network 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, casualty or liability insurance, self-insurance obligations, performance, bid, indemnity, surety, judgment, appeal, completion, 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, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or consistent with past practice or industry practice or in respect of any government requirement, including but not limited to, those Incurred to secure health, safety and environmental obligations or rental obligations, (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 (or consistent with past practice or industry practice) or in respect of any government requirement, including, but not limited to letters of credit or similar instruments in respect of casualty or liability insurance, self-insurance, unemployment insurance, worker's compensation obligations, health disability or other benefits, pensions-related obligations and other social security laws, (c) the financing of insurance premiums or take-or-pay obligations contained in supply agreements in each case, 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, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary providing for indemnification, guarantees or obligations in respect of earn-outs or adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or 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 (in the case of dispositions) or paid (in the case of acquisitions) by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries in connection with such acquisition or disposition, as applicable;
- (11) Indebtedness arising from (i) Bank Products and (ii) 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 in the case of this clause (ii) such Indebtedness is extinguished within thirty Business Days of Incurrence;
- (12) guarantees by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Company, UPC NL Holdco II, any 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, any Affiliate Proceeds Loan Obligor 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 Company, UPC NL Holdco II, any 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 any Affiliate Proceeds Loan Obligor;
- (15) Indebtedness of the Company, UPC NL Holdco II, any 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 any Affiliate Proceeds Loan Obligor from the issuance or sale (other than to the Company, UPC NL Holdco II, any 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, 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, any 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, any 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) (i) Indebtedness with Affiliates reasonably required to effect or consummate the Related Transactions and (ii) Indebtedness pursuant to any Permitted Financing Action;
- (17) [Reserved]; and
- (18) in addition to the items referred to in clauses (1) through (17) above, Indebtedness of the Company, UPC NL Holdco II, any 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 (18) and then outstanding, will not exceed the greater of (i) €250.0 million and (ii) 5.0% of Total Assets at any time outstanding.

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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, as the case may be, 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), (15) or (18) 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 any 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, any 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 any 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, any 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 any 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, any 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 any 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, any Affiliate Proceeds Loan Obligor, any Affiliate Subsidiary or any Parent of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Affiliate Subsidiary held by Persons other than the Company, UPC NL Holdco II, any 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, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary makes such Restricted Payment:

- (a) in the case of a Restricted Payment other than a Restricted Investment, an Event of Default shall have occurred and be continuing (or would result therefrom); or
- (b) except in the case of a Restricted Investment, if such Restricted Payment is made in reliance on clause (c)(i) below, the Company, UPC NL Holdco II, any 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, of marketable securities, or other property or assets, received by the Company, UPC NL Holdco II or any 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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination, (x) Excluded Contributions, (y) any property received in connection with clause (24) of the third paragraph of this covenant or (z) Net Cash Proceeds and the fair market value of such assets received in connection with the Acquisition or the JV Contribution);
  - (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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, of marketable securities, or other property or assets, received by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary from the issuance or sale (other than to the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary) by the Company, UPC NL Holdco II, any 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 any 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, any 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, any 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, any 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, any 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, UPC NL Holdco II's or any Affiliate Proceeds Loan Obligor's option) included under this clause (iv);

- (v) without duplication of amounts included in clauses (iii) or (iv), the amount by which Indebtedness of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor is reduced on the Consolidated balance sheet of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor upon the conversion or exchange of any Indebtedness of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor issued after May 7, 2010, which is convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor held by Persons not including the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor or any of their Restricted Subsidiaries, as applicable (less the amount of any cash or the fair market value of other property or assets distributed by the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor upon such conversion or exchange); and
- (vi) 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, any 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, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Subsidiary of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor for the benefit of its employees to the extent funded by the Company, UPC NL Holdco II, any 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, any 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, UPC NL Holdco II's or any Affiliate Proceeds Loan Obligor's option) included under this clause (vi).

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 any 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, Subordinated Shareholder Loans or Capital Stock of the Company, UPC NL Holdco II or any 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, any 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 any 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 any 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, any 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, any 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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary or any parent of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor held by any existing or former employees or management of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Subsidiary of the Company, UPC NL Holdco II or any 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 €10.0 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor has made (or caused to be 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 designated an Affiliate Proceeds Loan Obligor or an Affiliate Subsidiary or was otherwise acquired by the Company, UPC NL Holdco II, any 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, any 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, any 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), (12) and (20) 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 any Affiliate Proceeds Loan Obligor, or loans, advances, dividends or distributions to any parent company of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor to make payments to holders of Capital Stock of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor or any parent company of the Company, UPC NL Holdco II or any 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) 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 any 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, any 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, any Affiliate Proceeds Loan Obligor or any Parent, the declaration and payment by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or such Parent, or the making of any cash payments, advances, loans, 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, any 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 any Affiliate Proceeds Loan Obligor or contributed to the capital of the Company, UPC NL Holdco II or any 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, any 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, any 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, any 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 or Permitted Financing Action; *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 Credit Facility in an amount not to exceed the Credit 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 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 any 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;
- (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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (22) distributions or payments of Receivables Fees and purchases of Receivables pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Transaction;

(23) [Reserved];

(24) Restricted Payments to finance Investments or other acquisitions by a Parent or any Affiliate (other than the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary) which would otherwise be permitted to be made pursuant to this covenant “—*Limitation on Restricted Payments*” if made by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary; *provided*, that (i) such Restricted Payment shall be made within 120 days of the closing of such Investment or other acquisition, (ii) such Parent or Affiliate shall, prior to or promptly following the date such Restricted Payment is made, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the Issuer or a Restricted Subsidiary or (2) the merger, amalgamation, consolidation, or sale of the Person formed or acquired into the Issuer or a Restricted Subsidiary (in a manner not prohibited by the covenant described under “—*Merger and Consolidation*”) in order to consummate such Investment or other acquisition, (iii) such Parent or Affiliate receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with this covenant “—*Limitation on Restricted Payments*” and (iv) any property received in connection with such transaction shall not constitute an Excluded Contribution up to the amount of such Restricted Payment made under this clause (24).

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 (24) above, or is permitted pursuant to the first paragraph of this covenant, the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor 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, any 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor.

### ***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 any 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; *provided that*, the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary may create, Incur, or suffer to exist, a Lien upon any property or asset that does not constitute Proceeds Loan Collateral (such Lien, the “Initial Lien”) if, contemporaneously with the Incurrence of such Initial Lien, effective provision is made to secure the Indebtedness due under the Indenture and the Notes or, in respect of Liens on any Proceeds Loan Obligor’s property or asset that does not constitute Proceeds Loan Collateral, such Proceeds Loan Obligor’s Proceeds Loan Guarantee, equally and ratably with (or prior to, in the case of Liens with respect to Subordinated Obligations of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary, as the case may be) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured; and
- (2) in the case of any property or asset that constitutes Proceeds Loan Collateral, Permitted Collateral Liens.

Any Lien created pursuant to the proviso described in clause (1) of the preceding paragraph in favor of the Proceeds Loans will be automatically and unconditionally released and discharged upon (i) the release and

discharge of the Initial Lien to which it relates or (ii) in accordance with the provision described under “—*Ranking of the Notes, Note Guarantees and Note Collateral—Proceeds Loan Collateral—Release of the Proceeds Loan Collateral*”.

Notwithstanding the foregoing, the Company, UPC NL Holdco II and any 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 on any Proceeds Loan Collateral other than Permitted Collateral Liens.

For purposes of determining compliance with this covenant, (x) a Lien need not be Incurred solely by reference to one category of Permitted Liens or Permitted Collateral Liens, as applicable, but may be Incurred under any combination of such categories (including in part under one such category and in part under any other such category) and (y) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens or Permitted Collateral Liens, as applicable, the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor shall, in its sole discretion, divide, classify or may subsequently reclassify at any time such Lien (or any portion thereof) in any manner that complies with this covenant and the definition of “Permitted Liens” or “Permitted Collateral Liens”, as applicable.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The “Increased Amount” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms or in the form of common stock, the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock of the same class, accretion of original issue discount or liquidation preference, any fees, underwriting discounts, accrued and unpaid interest, premiums and other costs and expenses incurred in connection therewith and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

#### ***Limitation on Restrictions on Distributions from Restricted Subsidiaries***

The Company, UPC NL Holdco II and any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (2) make any loans or advances to the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary; or
- (3) transfer any of its property or assets to the Company, UPC NL Holdco II, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary to other Indebtedness Incurred by the Company, UPC NL Holdco II, any 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 Existing 2025 Senior Secured Notes, the Existing Covenant Agreements, the Existing Proceeds Loans, the 2015 SPV Senior Secured Credit Facility, the 2014 Senior Facility Agreement, the Existing 2020 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Company, UPC NL Holdco II, any 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 any Affiliate Proceeds Loan Obligor or was merged or consolidated with or into the Company, UPC NL Holdco II, any 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, any 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, any 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor);
- (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, any 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, any 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 encumbrance or restriction arising in connection with any Purchase Money Note, other Indebtedness or 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, 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, any 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 Existing 2025 Senior Secured Notes, the Existing Covenant Agreements, the Existing Proceeds Loans, the 2015 SPV Senior Secured Credit Facility, the 2014 Senior Facility Agreement, the Existing 2020 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 any 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 any Affiliate Proceeds Loan Obligor ) and, in each case, either (i) the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor reasonably believes that such encumbrances and restrictions will not materially affect the Company’s, UPC NL Holdco II’s, Vodfaone Holdco II’s or the Affiliate Proceeds Loan Obligor’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 any 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, any 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor (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, any 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, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as the case may be:
  - (a) to the extent the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor 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, any 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, any Affiliate Proceeds Loan Obligor or an Affiliate of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor) 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, any Affiliate Proceeds Loan Obligor such Proceeds Loan Obligor or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of any

revolving Indebtedness) 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, any 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor 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, any 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 any 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, the Issuer will make an offer (the “Asset Disposition Offer”) to all holders of Notes and to the extent notified by the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor in such Notice, to all holders of other Indebtedness of the Company, UPC NL Holdco II, any 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, in the case of the Euro Notes, and in \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes.

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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor 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, any Affiliate Proceeds Loan Obligor or the Issuer that is prior to the Asset Disposition Purchase Date (as defined below). Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

No later than five Business Days after the termination of the Asset Disposition Offer (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.

Any Net Available Cash payable in respect of the Notes pursuant to this covenant will be apportioned between the Euro Notes and the Dollar Notes in proportion to the respective aggregate principal amounts of Euro Notes and Dollar Notes validly tendered and not withdrawn, based upon the Euro Equivalent of such principal amount of Dollar Notes determined as of a date selected by the Issuer that is with the Asset Disposition Offer period. 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor 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, in the case of the Euro Notes and in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes. 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 on or prior to the Asset Disposition Purchase Date 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, 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 the case of the Euro Notes and in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes. 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 any Affiliate Proceeds Loan Obligor or Indebtedness of a Restricted Subsidiary and the release of the Company, UPC NL Holdco II, any 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary from the transferee that are convertible by the Company, UPC NL Holdco II, any 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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (5) any Designated Non-Cash Consideration received by the Company, UPC NL Holdco II, any 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, any 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 any 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 any Affiliate Proceeds Loan Obligor (an “Affiliate Transaction”) involving aggregate consideration in excess of €50.0 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, any 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, or (in the event that there are no comparable transactions involving Persons who are not Affiliates of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary to apply for comparative purposes) is otherwise on terms that, taken as a whole, the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary has conclusively determined in good faith to be fair to the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary; 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 either (i) a majority of the members of the Board of Directors or (ii) the senior management of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as applicable.

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, any Affiliate Proceeds Loan Obligor, any Restricted Subsidiary 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, 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, any 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, any 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, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary for the benefit of the Company, UPC NL Holdco II, any 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, any Affiliate Proceeds Loan Obligor or the relevant Restricted Subsidiary in the reasonable determination of either the Board of Directors or the senior management of the Company, UPC NL Holdco II, any 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 any Affiliate Proceeds Loan Obligor by the Company, UPC NL Holdco II, any 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, any Affiliate Proceeds Loan Obligor or the relevant Restricted Subsidiary, as the case may be, 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, executives or officers of any Parent, of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (8) the performance of obligations of the Company, UPC NL Holdco II, any 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, any 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) any transaction with (i) a Receivables Entity effected as part of a Qualified Receivables Transaction, acquisitions of Permitted Investments in connection with a Qualified Receivables Transaction, and other Investments in Receivables Entities consisting of cash or Securitization Obligations or (ii) with an Affiliate in respect of Non-Recourse Indebtedness;
- (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 any 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, any Affiliate Proceeds Loan Obligor and their Subsidiaries and unpaid amounts accrued for prior periods;
- (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 loans, capital market transactions, hedging and other derivative transactions, acquisitions or divestitures or (3) of Parent Expenses;
- (13) guarantees of Indebtedness, hedging and other derivative transactions 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries would not exceed 4.00 to 1.00) of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor to any direct Parent of the Company, UPC NL Holdco II or any 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries, taken as a whole are fair to the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries and are on terms not materially less favorable to the Company, UPC NL Holdco II, any 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;
- (16) (a) transactions with Affiliates in their capacity as holders of Indebtedness or Capital Stock of the Company, UPC NL Holdco II, any 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, any 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 the Ultimate Parent, the Company, UPC NL Holdco II, any 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 any Affiliate Proceeds Loan Obligor and any other Person or a Restricted Subsidiary and any other Person with which the Company, UPC NL Holdco II, any 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 any 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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary and any Affiliate of the Company, UPC NL Holdco II or any 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, any 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, any 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, any Affiliate Proceeds Loan Obligor or Restricted Subsidiary reasonably believes allocates costs fairly;
- (21) any transactions between the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary and Ziggo Group Holding or any of its Subsidiaries; and
- (22) any Related Transaction or Permitted Financing Action.

### ***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 any Affiliate Proceeds Loan Obligor shall not permit any Restricted Subsidiary (other than a Proceeds Loan Obligor) to, directly or indirectly, guarantee or otherwise become obligated under any Indebtedness of the Company, UPC NL Holdco II, any 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 Restricted 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 any 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, any 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, any 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, any 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 any 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 the Ultimate Parent'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 two 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 the Ultimate Parent), (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 any 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries (excluding, for the avoidance of doubt, the effect of any intercompany balances between the Reporting Entity and the Company, UPC NL Holdco II, any 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, any 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.

From the Issue Date until the Escrow Release Date, the Issuer and/or Vodafone Libertel will provide to the Trustee (provided, however, that to the extent any reports are filed on Vodafone Libertel's or its Parent's website, such reports shall be deemed to be provided to the Trustee), within 120 days after the end of each fiscal year and each semi-annual period ending subsequent to the Issue Date, certain summary consolidated financing and

operating data of Vodafone Libertel, containing the following information (substantially in form provided under the section “*Selected Consolidated Financial and Operating Data of Vodafone Netherlands—Summary Statistical and Operating Data and — Summary Operating Data*” contained elsewhere in this Offering Memorandum): (i) Revenue, (ii) Adjusted EBITDA, (iii) property, plant, equipment and intangibles, (iv) selected subscriber statistics and (v) selected ARPU.

The Issuer, the Company, UPC NL Holdco II or any 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 the Ultimate Parent’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 any 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 any Affiliate Proceeds Loan Obligor, or such Successor Company, would be no greater than that of the Company, UPC NL Holdco II and any Affiliate Proceeds Loan Obligor immediately prior to giving effect to such transaction; and
- (4) the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor 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 any Affiliate Proceeds Loan Obligor (as applicable), which properties and assets, if held by the Company, UPC NL Holdco II or any 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 any 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 any 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 any 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), clause (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, any Affiliate Proceeds Loan Obligor or any other Restricted Subsidiary and (iii) the Company, UPC NL Holdco II or any 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 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; or
- (10) in connection with any Permitted Financing Action.

On the Issue Date, the Issuer will loan an amount equal to the Funded Amount from the sale of the Dollar Notes to one or more Original Proceeds Loan Borrowers pursuant to the Initial Refinancing Dollar Proceeds Loans. On the Escrow Release Date, the Issuer will loan all of the escrowed 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 (other than the prior funded Initial Refinancing Dollar 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 or in connection with a Permitted Financing Action.

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 Senior Secured 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor) 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor 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 any 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 any Affiliate Proceeds Loan Obligor shall not, and the Company, UPC NL Holdco II and any 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, any 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, any 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, any 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor 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, any 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 is party to the Priority Agreement.

At the request of the Company, UPC NL Holdco II or any 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 any 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 any 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, any 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, any 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, any 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.

### ***Limited Condition Transaction***

In connection with any action being taken in connection with a Limited Condition Transaction, for purposes of determining compliance with any provision of the Indenture which requires that no Default or Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, as applicable, be deemed satisfied, so long as no Default or Event of Default, as applicable, exists on the date the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into. For the avoidance of doubt, if the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, as applicable, has exercised its option under the first sentence of this paragraph, and any Default or Event of Default occurs following the date such definitive agreement for a Limited Condition Transaction is entered into and prior to the consummation of such Limited Condition Transaction, any such Default or Event of Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Transaction is permitted hereunder.

In connection with any action being taken in connection with a Limited Condition Transaction for purposes of:

- (1) determining compliance with any provision of the Indenture which requires the calculation of any financial ratio or test, including the Consolidated Net Leverage Ratio; or

- (2) testing baskets set forth in the Indenture (including baskets measured as a percentage or multiple, as applicable, of Total Assets or Pro forma EBITDA);

in each case, at the option of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, as applicable, (the Company's, UPC NL Holdco II's or any Affiliate Proceeds Loan Obligor's election to exercise such option in connection with any Limited Condition Transaction, an "LCT Election"), the date of determination of whether any such action is permitted hereunder, shall be deemed to be the date the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into (the "LCT Test Date"); provided, however, that the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, as applicable, shall be entitled to subsequently elect, in its sole discretion, the date of consummation of such Limited Condition Transaction instead of the LCT Test Date as the applicable date of determination, and if, after giving pro forma effect to the Limited Condition Transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof), as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Pro forma EBITDA" and "Consolidated Net Leverage Ratio", the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary could have taken such action on the relevant LCT Test Date in compliance with such ratio, test or basket, such ratio, test or basket shall be deemed to have been complied with.

If the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, as applicable, has made an LCT Election and any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date are exceeded as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in Pro forma EBITDA or Total Assets, of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries or the Person or assets subject to the Limited Condition Transaction (as at each reference to the "Company", "UPC NL Holdco II" or any "Affiliate Proceeds Loan Obligor", as applicable, in such definition was to such Person or assets) at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations. If the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, as applicable, has made an LCT Election for any Limited Condition Transaction, then in connection with any subsequent calculation of any ratio, test or basket availability under the Indenture (including with respect to the Incurrence of Indebtedness or Liens, or the making of Asset Dispositions, acquisitions, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary or the designation of an Unrestricted Subsidiary) on or following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the definitive agreement for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such ratio, test or basket shall be calculated on a pro forma basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) have been consummated.

### ***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; Special Optional Redemption*" or otherwise;
- (3) failure by the Issuer, the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor 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, the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, 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, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries (or the

payment of which is guaranteed by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries), other than Indebtedness owed to the Company, UPC NL Holdco II, any 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, any 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, any 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, any 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, any 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor 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, any 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, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor 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, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor 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, 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); *provided, however*, that if any amendment, waiver or other modification will only affect the Euro Notes or the Dollar Notes only the consent of the holders of at least a majority in principal amount of the then outstanding Euro Notes or Dollar Notes (and not the consent of at least a majority of all Notes then outstanding), as the case may be, shall be required. However, unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (*provided, however* that if any amendment, waiver or other modification will only affect the Euro Notes or the Dollar Notes only the consent of the holders of at least 90% of the aggregate principal amount of the then outstanding Euro Notes or Dollar Notes (and not the consent of at least 90% of the aggregate principal amount of all Notes then outstanding), as the case may be, shall be required), 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; Special Optional 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 (*provided, however* that if any amendment, waiver or other modification will only affect the Euro Notes or the Dollar Notes only the consent of the holders of at least 75% of the aggregate principal amount of the then outstanding Euro Notes or Dollar Notes (and not the consent of at least 75% of the aggregate principal amount of all Notes then outstanding), as the case may be, shall be required), 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, any 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 Senior Secured Notes” to the extent that such provision in this “Description of the Senior Secured Notes” was intended to be a verbatim recitation thereof;
- (17) give effect to any amendment to the Priority Agreement that is permitted under the 2014 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 2014 Senior Facility Agreement (as in effect on the Issue Date);
- (18) comply with the covenant relating to mergers, consolidations and sales of assets described under “—*Certain Covenants—Merger and Consolidation*”;
- (19) provide for a reduction in the minimum denominations of the relevant series of Notes; provided that such reduction would not result in a breach of applicable securities laws or in a requirement to produce a prospectus or otherwise register the Notes with any regulatory authority in connection with any investment therein or resale thereof; or
- (20) comply with the rules of any applicable securities depository.

For purposes of determining whether the holders of the requisite principal amount of Notes have taken any action under the Indenture (other than with respect to a determination that only effects the Dollar Notes), the principal amount of Dollar Notes shall be deemed to be the Euro Equivalent of such principal amount of such Dollar Notes as of (a) if a record date has been set with respect to the taking of such action, such date or (b) if no such record date has been set, the date the taking of such action by the holders of such requisite principal amount is certified to the Trustee by the Issuer, the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor.

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, the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, 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, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor 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, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor 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 (in the case of the Euro Notes) and dollars, dollar-denominated U.S. Government Obligations or a combination thereof (in the case of the Dollar Notes) 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, or as to the Euro Notes or Dollar Notes, as applicable, when:

- (1) either:
  - (a) all Notes (or all Euro Notes or Dollar Notes, as applicable) 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 (or all Euro Notes or Dollar Notes, as applicable) 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 Euro Notes, cash, Cash Equivalents, European Government Obligations or a combination thereof, in each case, denominated in euro and with respect to the Dollar Notes, cash, Cash Equivalents, U.S. Government Obligations or a combination thereof, in each case, denominated in U.S. dollars, 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 (or the Euro Notes or Dollar Notes, as applicable) 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 Euro Notes is euro and with respect to the Dollar Notes is U.S. dollars. Any amount received or recovered in a currency other than euros in respect of the Euro Notes or U.S. dollars in respect of the Dollar 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 or U.S. dollar amount, as the case may be, 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 or U.S. dollar amount, as the case may be, is less than the euro amount or the U.S. dollar amount, as the case may be, 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 or U.S. dollars, as the case may be, been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euro or U.S. dollars, as the case may be, 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. Notwithstanding the foregoing, the Issuer may at its sole option at any time, without the consent of the holders of the Notes or the Trustee, de-list the Notes from any stock exchange for the purposes of moving the listing of the Notes to the Official List of The Channel Islands Securities Exchange Authority Limited.

### **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, any 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 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 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 Euro Notes and Deutsche Bank Trust Company Americas will initially act as Paying Agent for the Dollar Notes. The initial Registrar for the Euro Notes will be Deutsche Bank Luxembourg S.A. in Luxembourg and the initial Registrar for the Dollar Notes will be Deutsche Bank Trust Company Americas. The initial transfer agent for the Euro Notes will be Deutsche Bank Luxembourg S.A. and the initial transfer agent for the Dollar Notes will be Deutsche Bank Trust Company Americas. 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**

"2014 Senior Facility Agreement" means the senior facility agreement dated as of 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*".



“2015 SPV Senior Secured Credit Facility” means the senior secured credit facility dated as of March 5, 2015 (as amended, restated or supplemented from time to time), between, among others, the Issuer and US SPV Partnership, as borrowers, The Bank of Nova Scotia, as the facility agent, and the Trustee, as the security trustee, as described above under “*Description of Other Indebtedness—Existing Senior Secured Credit Facilities*”.

“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, any 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, any 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 an Ultimate Parent (other than a Subsidiary of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor) that provides a Proceeds Loan Guarantee following the Issue Date.

“Applicable Premium” means, in the case of the Euro Notes, the Euro Applicable Premium and, in the case of the Dollar Notes, the Dollar Applicable Premium. 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, any 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 any Affiliate Proceeds Loan Obligor or by the Company, UPC NL Holdco II, any 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, any 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 any 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 or related assets 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 assignment, licensing or sublicensing of intellectual property or other general intangibles and assignments, licenses, sublicenses, leases or subleases of spectrum or 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 receivables 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, and Investments in a Receivables Entity consisting of cash or Securitization Obligations;
- (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, any 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, any 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 or expropriation of assets or Capital Stock which the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary is required by, or made in response to concerns raised by, a regulatory authority or court of competent jurisdiction;

- (20) any disposition 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 3.0% 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 €50.0 million and 3.0% of Total Assets of carried over amounts for any calendar year);
- (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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary to such Person;
- (23) any disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such disposition is applied in accordance with the “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” covenant;
- (24) any sale or disposition with respect to property built, repaired, improved, owned or otherwise acquired by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;
- (25) the sale or disposition of the Towers Assets; and
- (26) 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 (26) 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 (26) 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.

“Bank Products” means (i) any facilities or services related to cash management, cash pooling, treasury depository, overdraft, commodity trading or brokerage accounts, credit or debit card, p-cards (including purchasing cards or commercial cards), electronic funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade financial services or other cash management and cash pooling arrangements and (ii) daylight exposures of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in respect of banking and treasury arrangements entered into in the ordinary course of business.

“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 any Affiliate Proceeds Loan Obligor is a Subsidiary of the Ultimate Parent, any action required to be taken under the Indenture by the Board of Directors of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor can, in the alternative, at the option of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, be taken by the Board of Directors of the Ultimate Parent 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 any Affiliate Proceeds Loan Obligor can, in the alternative, at the option of the Company, UPC NL Holdco II or any 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, 2022 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, 2022; provided, however, that, if the period from such redemption date to January 15, 2022 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, 2022, 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 or obligations, insured or unconditionally guaranteed by the United States government, the government of the United Kingdom, the relevant member state of the European Union as of January 1, 2004 (each, a “Qualified Country”) or any agency or instrumentality thereof, in each case having maturities of not more than 24 months from the date of acquisition thereof;
- (2) securities or obligations issued by any Qualified Country or any political subdivision of any such Qualified Country, or any public instrumentality thereof, having maturities of not more than 24 months from the date of acquisition thereof and, at the time of acquisition, having an investment grade rating generally obtainable from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, then from another nationally recognized rating service in any Qualified Country);
- (3) commercial paper issued by any lender party to a Credit Facility or any bank holding company owning any lender party to a Credit Facility;
- (4) commercial paper maturing no more than 12 months after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (5) time deposits, eurodollar time deposits, bank deposits, certificates of deposit or bankers’ acceptances maturing no more than two years after the date of acquisition thereof issued by any lender party to a Credit Facility or any other bank or trust company (x) having combined capital and surplus of not less

than \$250.0 million in the case of U.S. banks and \$100.0 million (or the U.S. Dollar equivalent thereof) in the case of non-U.S. banks or (y) 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 in any Qualified Country);

- (6) auction rate securities rated at least Aa3 by Moody’s and AA- by S&P (or, if at any time either S&P or Moody’s shall not be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (7) repurchase agreements or obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1), (2) and (5) above entered into with any bank meeting the qualifications specified in clause (5) above or securities dealers or recognized national standing;
- (8) marketable short-term money market and similar funds (x) either having assets in excess of \$250.0 million (or U.S. Dollar equivalent thereof) or (y) having a rating of at least A-2 or P-2 from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (9) interests in investment companies or money market funds, 95% the investments of which are one or more of the types of assets or instruments described in clauses (1) through (8) above; and
- (10) in the case of investments by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Subsidiary organized or located in a jurisdiction other than the United States or a member state of the European Union (or any political subdivision or territory thereof), or in the case of investments made in a country outside the United States, other customarily utilized high-quality investments in the country where such Subsidiary is organized or located or in which such Investment is made, all as conclusively determined in good faith by the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor; provided that bank deposits and short term investments in local currency of any Restricted Subsidiary shall qualify as Cash Equivalents as long as the aggregate amount thereof does not exceed the amount reasonably estimated by such Restricted Subsidiary as being necessary to finance the operations, including capital expenditures, of such Restricted Subsidiary for the succeeding 90 days.

“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 any 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 any 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 any 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, any 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 any Affiliate Proceeds Loan Obligor of a plan or proposal for the liquidation or dissolution of the Company, UPC NL Holdco II or any 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 as of March 5, 2015, 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries on Consolidated basis, plus, at the option of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor (except with respect to clauses (1) to (2) below) the following (to the extent deducted from operating income (loss)):

- (1) Consolidated depreciation expense;
- (2) Consolidated amortization expense;
- (3) stock based compensation expense;
- (4) 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) 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, any 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 (including Intra-Group Services) 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 any Affiliate Proceeds Loan Obligor ;
- (10) 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 the sale or transfer of any assets in connection with an asset securitization programme, receivables factoring transaction or other receivables transaction (including without limitation a Qualified Receivables Transaction);
- (12) Specified Legal Expenses;
- (13) any net earnings or losses attributable to non-controlling interests;
- (14) share of income or loss on equity Investments;
- (15) any realized and unrealized gains or losses due to changes in fair value of equity Investments;
- (16) 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;
- (17) any fees or other amounts charged or credited to the Company, UPC NL Holdco II, any 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;
- (18) any charges or costs in relation to any long-term incentive plan and any interest component of pension or post-retirement benefits schemes; and
- (19) Receivables Fees.

“Consolidated Net Income” means, for any period, the net income (loss) determined on the basis of GAAP of the Company, UPC NL Holdco II, any 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 any Affiliate Proceeds Loan Obligor ) if such Person is not a Restricted Subsidiary, except that (a) the Company’s, UPC NL Holdco II’s or any 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, any 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 any 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, any 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 any 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 Existing 2025 Senior Secured Notes, the Existing Covenant Agreements, the Proceeds Loans, the Existing Proceeds Loans, the 2015 SPV Senior Secured Credit Facility, the 2014 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, any 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, any 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) at the option of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, any adjustments to reduce or eliminate 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;
- (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 any 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 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, any 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 Credit Facility Excluded Amount (or its equivalent in other

currencies) at the relevant time incurred under any Permitted Credit Facility, (iii) any Indebtedness which is a contingent obligation of the Company, UPC NL Holdco II, any 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, any 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries, and (iv) any Indebtedness incurred pursuant to clause (18) of the third paragraph of the covenant under the caption “—*Certain Covenants—Limitation on Indebtedness*”) of the Company, UPC NL Holdco II, any 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, any 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 any Affiliate Proceeds Loan Obligor in accordance with GAAP consistently applied; *provided*, however, that “Consolidation” will not include (i) consolidation or combination of the accounts of any Unrestricted Subsidiary, but the interest of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment and (ii) at the Company’s, UPC NL Holdco II’s or any Affiliate Proceeds Loan Obligor’s election, any Receivables Entity. 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).

“Contribution Agreement” refers to the contribution agreement dated July 21, 2016 between, among others, Liberty Global Europe B.V., Liberty Global plc, Vodafone International and Vodafone Group Plc governing the Ziggo Group Contribution and the Vodafone NL Contribution, as may be amended or restated from time to time.

“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, arrangements, instruments, trust deeds, note purchase agreements, indentures or commercial paper facilities and overdraft facilities (including, without limitation, the facilities made available under the 2014 Senior Facility Agreement) 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, notes, bonds, debentures 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 2014 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 (including, without limitation, the 2015 SPV Senior Secured Credit Facility) 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.

“Credit 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, any 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.

“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 any Affiliate Proceeds Loan Obligor ) of non-cash consideration received by the Company, UPC NL Holdco II, any 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, any 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 any 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 any 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 any 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.

“Dollar Applicable Premium” means with respect to a Dollar Note at any redemption date prior to January 15, 2022, the excess of (1) the present value at such redemption date of (a) the redemption price of such Dollar Note on January 15, 2022 (such redemption price being described under “—*Optional Redemption—Dollar Notes—Optional Redemption on or after January 15, 2022*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Dollar Note through January 15, 2022 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate plus 50 basis points over (2) the principal amount of such Dollar Note on such redemption date.

“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, any 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 any 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 any 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.

“Euro Applicable Premium” means with respect to a Euro Note at any redemption date prior to January 15, 2022, the excess of (1) the present value at such redemption date of (a) the redemption price of such Euro Note on January 15, 2022 (such redemption price being described under “—*Optional Redemption—Euro Notes—Optional Redemption on or after January 15, 2022*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Euro Note through January 15, 2022 (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 Euro Note on such redemption date.

“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 any Affiliate Proceeds Loan Obligor as capital contributions or Subordinated Shareholder Loans to the Company, UPC NL Holdco II or any 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 any Affiliate Proceeds Loan Obligor, in each case to the extent designated as an Excluded Contribution pursuant to an Officers’ Certificate of the Company.

“Existing 2020 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.

“Existing 2025 Senior Secured Notes” means the €800 million aggregate principal amount of 3<sup>3</sup>/<sub>4</sub>% Senior Secured Notes due 2025 issued by the Issuer.

“Existing Covenant Agreements” means the covenant agreements each dated as of February 4, 2015, (i) between, among others, the Issuer, the Proceeds Loan Obligors and the Trustee, pursuant to which the Proceeds Loan Obligors agreed to be bound by the covenants of the indenture governing the Existing 2025 Senior Secured Notes and (ii) between, amongst others, the Company and UPC NL Holdco II, as the parent companies and the original obligors, the Issuer and US SPV Partnership, as borrowers, The Bank of Nova Scotia, as facility agent, and the Trustee, as security trustee, pursuant to which the obligors thereunder agreed to be bound by the covenants of the 2015 SPV Senior Secured Credit Facility, in each case, as applicable to them.

“Existing Proceeds Loans” means the proceeds loans funded and subject to the provisions of the Proceeds Loan Agreement outstanding on the Issue Date.

“Existing Senior Notes” means the (i) \$400 million aggregate principal amount of 5<sup>7</sup>/<sub>8</sub>% Senior Notes due 2025 and (ii) €400 million aggregate principal amount of 4<sup>5</sup>/<sub>8</sub>% Senior Notes due 2025 issued by the Senior Notes Issuer.

“Expenses Agreement” means the expenses agreement dated as of January 21, 2015 between, among others, the Issuer, the Company and UPC NL Holdco II pursuant to which the Company and UPC NL Holdco II have agreed, and Vodafone Holdco II will accede to on or prior to the Escrow Release Date and 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 Senior Secured 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 any 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, any 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, any 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, any 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, any 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; and
- (4) 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, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary from a customer or subscriber for its service and any other deferred or prepaid revenue, (b) any obligations to make payments in relation to earn-outs, (c) Indebtedness which is in the nature of equity (other than redeemable shares) or equity derivatives, (d) Capitalized Lease Obligations, (e) receivables sold or discounted, whether recourse or non-recourse, including for the avoidance of doubt any indebtedness in respect of Qualified Receivables Transactions, including without limitation guarantees by a Receivables Entity of the obligations of another Receivables Entity and any indebtedness in respect of Limited Recourse, (f) pension obligations or any obligation under employee plans or employment agreements, (g) any “parallel debt” obligations to the extent such obligations mirror other Indebtedness, (h) any payments or liability 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 (including, without limitation, any liability under an IRU Contract), (i) 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 (3) above, (j) 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 (including, in each case, any accrued dividends), (k) Hedging Obligations and (l) any Non-Recourse Indebtedness. 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 any Affiliate Proceeds Loan Obligor, qualified to perform the task for which it has been engaged.

“Initial Proceeds Loan Obligors” means in respect of a Proceeds Loan, the Company, Torensplits II B.V., Ziggo Netwerk B.V., Ziggo Netwerk II B.V., Ziggo Deelnemingen B.V., Ziggo Financing Partnership, UPC NL Holdco II, and UPC Nederland B.V. and the Original Proceeds Loan Borrower which is not acting as the borrower of the relevant Proceeds Loan.

“Initial Public Offering” means an Equity Offering of common stock or other common equity interests of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor, the Spin Parent or any direct or indirect parent company of the Company, UPC NL Holdco II or any 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 (including, for the avoidance of doubt, any such Equity Offering of common stock or other common equity interest of the Spin Parent in connection with any Spin-off).

“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, any 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) (or, in the event that there are no



comparable transactions to apply for comparative purposes, is otherwise on terms that, taken as a whole, the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor has conclusively determined in good faith to be fair to the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary):

- (1) the sale of programming or other content by the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries to the Company, UPC NL Holdco II, any 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, any Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries to the Ultimate Parent, the Spin Parent or any of their Subsidiaries or by the Ultimate Parent, the Spin Parent or any of their Subsidiaries to the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor 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 Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries to or from the Ultimate Parent, the Spin Parent or any of their Subsidiaries, including, without limitation, (a) the employment of personnel, (b) provision of employee healthcare or other benefits, including stock and other incentive plans (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, any Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries to or by the Ultimate Parent 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, any 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 any 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 I's or any 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 any 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 any 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 any 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 any 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 any 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 any Affiliate Proceeds Loan Obligor.

If the Company, UPC NL Holdco II, any 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 any 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 any 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, any 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 any two 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;
- (2) a rating of "BBB—" (or the equivalent) or higher from Standard & Poor's Ratings Services, or any of its successors or assigns; and
- (3) a rating of "BBB-" (or the equivalent) or higher from Fitch Ratings Inc. 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.

"IRU Contract" means a contract entered into by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries in the ordinary course of business in relation to the right to use capacity on a telecommunications cable system (including the right to lease such capacity to another person).

“Issue Date” means the date of first issuance of the Notes.

“Joint Venture Parent” means the joint venture entity formed in a Parent Joint Venture Transaction.

“JV Contribution” means the contribution by Vodafone International of the Vodafone NL Group to Ziggo Group Holding.

“JV Entity” means the joint venture entity Liberty Global Europe and Vodafone International intend to form as part of the JV Transactions.

“JV Transactions” means certain transactions to be entered into, in connection with the JV Contribution, including transactions whereby (i) Liberty Global Europe will contribute or otherwise transfer Ziggo Group Holding and its subsidiaries to the JV Entity (ii) Vodafone International will contribute or otherwise transfer the Vodafone NL Group to the JV Entity and (iii) each of Liberty Global Europe and Vodafone International will own a 50% interest in the JV Entity, or, in each case, pursuant to the Contribution Agreement or as otherwise agreed by Liberty Global Europe and Vodafone International.

“Liberty Global Europe” mean Liberty Global Europe B.V., an indirect wholly owned subsidiary of Liberty Global Plc.

“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).

“Limited Condition Transaction” means (i) any Investments or acquisition, in each case, by one or more of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries of any assets, business or Person whose consummation is not conditioned on the availability of, or on obtaining, third party financing, and (ii) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment.

“Limited Recourse” means a letter of credit, revolving loan commitment, cash collateral account, guarantee or other credit enhancement issued by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary (other than a Receivables Entity) in connection with the incurrence of Indebtedness by a Receivables Entity under a Qualified Receivables Transaction; *provided* that, the aggregate amount of such letter of credit reimbursement obligations and the aggregate available amount of such revolving loan commitments, cash collateral accounts, guarantees or other such credit enhancements of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries (other than a Receivables Entity) shall not exceed 25% of the principal amount of such Indebtedness at any time.

“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, stewardship or other similar fees payable by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary, including any fees, charges and related expenses incurred by any Parent on behalf of and/or charged to the Company, UPC NL Holdco II, any 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, any 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 the Ultimate Parent 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 the Ultimate Parent, such second-tier Subsidiary.

“New Proceeds Loan Borrower” means in respect of a Proceeds Loan either (i) Vodafone Libertel or (ii) a Subsidiary of Vodafone Holdco II to be incorporated on or prior to the Escrow Release Date.

“Non-Recourse Indebtedness” means any indebtedness of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary (and not of any other Person), in respect of which the Person or Persons to whom such indebtedness is or may be owed has or have no recourse whatsoever to the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary for any payment or repayment in respect thereof:

- (1) other than recourse to the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary which is limited solely to the amount of any recoveries made on the enforcement of any collateral securing such indebtedness or in respect of any other disposition or realization of the assets underlying such indebtedness;
- (2) provided that such Person or Persons are not entitled, pursuant to the terms of any agreement evidencing any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up, dissolution or administration of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary (or proceedings having an equivalent effect) or to appoint or cause the appointment of any receiver, trustee or similar person or officer in respect of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or any of its assets until after the Notes have been repaid in full; and
- (3) provided further that the principal amount of all indebtedness Incurred and then outstanding pursuant to this definition does not exceed the greater of (i) €250.0 million and (ii) 5.0% of Total Assets.

“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.

“Original Proceeds Loan Borrower” means in respect of a Proceeds Loan, UPC NL Holdco III and/or Ziggo BV.

“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, any Affiliate Proceeds Loan Obligor or the Trustee.

“Parent” means (i) the Ultimate Parent, (ii) any Subsidiary of the Ultimate Parent of which the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor is a Subsidiary on the Issue Date, (iii) any other Person of which the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor at any time is or becomes a Subsidiary after the Issue Date (including, for the avoidance of doubt, the Spin Parent and any Subsidiary of the Spin Parent following any Spin-Off ) and (iv) any Joint Venture Parent, any Subsidiary of the Joint Venture Parent and any Parent Joint Venture Holders following any Parent Joint Venture Transaction.

“Parent Company” means the Reporting Entity; *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 or any Subsidiary of a 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (2) indemnification obligations of any Parent or any Subsidiary of a 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 any Affiliate Proceeds Loan Obligor or the conduct of the business of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries;
- (3) obligations of any Parent or any Subsidiary of a Parent in respect of director and officer insurance (including premiums therefor) with respect to its ownership of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor or the conduct of the business of the Company, UPC NL Holdco II, any 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, stewardship or operation of the business (including, but not limited to, Intra-Group Services) of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries, including acquisitions, dispositions or treasury transactions by the Company, UPC NL Holdco II, any 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.

“Parent Joint Venture Holders” means the holders of the share capital of the Joint Venture Parent.

“Parent Joint Venture Transaction” means a transaction pursuant to which a joint venture is formed by the contribution of some or all of the assets of a Parent or issuance or sale of shares of a Parent to one or more entities which are not Affiliates of the Ultimate Parent, including the JV Transactions.

“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, any 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, any 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, any 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, any 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, any Affiliate Proceeds Loan Obligor, 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 (18) 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, any 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, any Affiliate Proceeds Loan Obligor and a Proceeds Loan Guarantor, as applicable, if such Indebtedness is Senior Indebtedness of the Company, UPC NL Holdco II, any 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 Credit Facility” means, one or more debt facilities or arrangements that may be entered into by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries providing for credit loans, letters of credit or other Indebtedness or other advances, in each case, Incurred in compliance with the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”.

“Permitted Financing Action” means, to the extent that any incurrence of Indebtedness or Refinancing Indebtedness is permitted pursuant to the covenants described under “—*Certain Covenants—Limitation on Indebtedness*”, any transaction to facilitate or otherwise in connection with a cashless rollover of one or more lenders’ or investors’ commitments or funded Indebtedness in relation to the incurrence of that Indebtedness or Refinancing Indebtedness.



“Permitted Holders” means, collectively, (1) the Ultimate Parent, (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 any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in:

- (1) the Company, UPC NL Holdco II, any 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, any 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, any 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, any 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, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary;
- (7) Capital Stock, obligations, accounts receivables or securities received in settlement of debts created in the ordinary course of business and owing to the Company, UPC NL Holdco II, any 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, workout, recapitalization 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 herewith;
- (11) Investments by the Company, UPC NL Holdco II, any 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, any 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, any 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, the Existing 2025 Senior Secured Notes and the Existing 2020 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 any 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, any 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, any 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 in Securitization Obligations
- (20) Investments resulting from the disposition of assets in transactions excluded from the definition of “Asset Disposition” pursuant to the exclusions from such definition;
- (21) any Person where such Investment was acquired by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary (a) in exchange for any other Investment or accounts receivable held by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor 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 Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any such Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;
- (22) 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);
- (23) Investments consisting of purchases and acquisitions of inventory, supplies, material, services or equipment or purchases of contract rights or licenses or leases of intellectual property;
- (24) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements;

- (25) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or its Restricted Subsidiaries; and
- (26) Investments by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary in any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business.

“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, and Liens on Investments in Receivables Entities;
- (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;
- (5) Liens in favor of issuers of surety, bid or performance bonds or with respect to other regulatory requirements or trade or government contracts or to secure leases or permits, licenses, statutory or regulatory obligations, 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) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto, (including, without limitation, the right reserved to or vested in any governmental authority by the terms of any lease, license, franchise, grant or permit acquired by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any of its Restricted Subsidiaries or by any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof), (b) minor survey exceptions, encumbrances, trackage rights, special assessments, 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, any 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries and (c) any condemnation or eminent domain proceedings affecting any real property;
- (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, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries;

- (9) Liens arising out of judgments, decrees, orders or awards 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 (including Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into 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, any 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;
- (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, any 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 (including Liens created, incurred or assumed in connection with or in contemplation of such acquisition or transaction); provided, however, that any such Lien may not extend to any other property owned by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);
- (15) Liens on property at the time the Company, UPC NL Holdco II, any 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 (including Liens created, incurred or assumed in connection with or in contemplation of such acquisition or transaction); *provided, however*, that such Liens may not extend to any other property owned by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);
- (16) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company, UPC NL Holdco II, any 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;
- (26) Liens consisting of any right of set-off granted to any financial institution acting as a lockbox bank in connection with a Qualified Receivables Transaction;
- (27) Liens for the purpose of perfecting the ownership interests of a purchaser of Receivables and related assets pursuant to any Qualified Receivables Transaction;
- (28) Liens arising in connection with other sales of Receivables permitted hereunder without recourse to the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries;
- (29) Liens in respect of Bank Products or to implement cash pooling arrangements or arising under the general terms and conditions of banks with whom the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary maintains a banking relationship or to secure cash management and other banking services, netting and set-off arrangements, and encumbrances over credit balances on bank accounts to facilitate operation of such bank accounts on a cash-pooled and net balances basis (including any ancillary facility under any Credit Facility or other accommodation comprising of more than one account) and Liens of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary under the general terms and conditions of banks and financial institutions entered into in the ordinary course of banking or other trading activities;
- (30) any Liens in respect of the ownership interests in, or assets owned by, any joint ventures securing obligations of such joint ventures;
- (31) any encumbrance or restriction (including, but not limited to, put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (32) cash deposits or other Liens for the purpose securing Limited Recourse;
- (33) Liens on equipment of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary granted in the ordinary course of business to a client of Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary at which such equipment is located;
- (34) subdivision agreements, site plan control agreements, development agreements, servicing agreements, cost sharing, reciprocal and other similar agreements with municipal and other governmental authorities affecting the development, servicing or use of a property; provided the same are complied with in all material respects except as such non-compliance does not interfere in any material respect as determined in good faith by the Issuer with the business of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor and its Subsidiaries taken as a whole;
- (35) facility cost sharing, servicing, reciprocal or other similar agreements related to the use and/or operation a property in the ordinary course of business; provided the same are complied with in all material respects;
- (36) deemed trusts created by operation of law in respect of amounts which are (i) not yet due and payable, (ii) immaterial, (iii) being contested in good faith and by appropriate proceedings and for which appropriate reserves have been established in accordance with GAAP or (iv) unpaid due to inadvertence after exercising due diligence; and
- (37) 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 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.

“Proceeds Loan Agreement” means the proceeds loan agreement dated as of March 5, 2015 (as amended, supplemented and/or restated from time to time) between the Issuer and US SPV Partnership, as lenders, UPC Nederland B.V. as original borrower, and ING Bank N.V., as security agent.

“Proceeds Loan Borrowers” means in respect of each Proceeds Loan, either an Original Proceeds Loan Borrower or, if the JV Escrow Release occurs, the New Proceeds Loan Borrower, 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 Original Proceeds Loan Obligors other than the borrower of such Proceeds Loan, any Additional Proceeds Loan Guarantor (including, if the JV Escrow Release occurs, any New Proceeds Loan Guarantor) and any and all successors thereto, and any permitted assignees thereof under the Proceeds Loans.

“Proceeds Loan Obligors” means the Proceeds Loan Borrowers and the Proceeds Loan Guarantors (including any Additional Proceeds Loan Guarantor).

“Pro forma EBITDA” means, for any period, the Consolidated EBITDA of the Company, UPC NL Holdco II, any 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, any 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, any 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, any 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, any 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, any 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).

“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 2015 SPV Senior Secured Credit Facility, the 2014 Senior Facility Agreement, a Permitted 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, any 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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in connection with a Qualified Receivables Transaction with a Receivables Entity, which note is intended to finance that portion of the purchase price that is not paid in cash or a contribution of equity and which (a) is repayable from cash available to the Receivables Entity, other than (i) amounts required to be established as reserves pursuant to agreements, (ii) amounts paid to investors in respect of interest, (iii) principal and other amounts owing to such investors and (iv) amounts owing to such investors and amounts paid in connection with the purchase of newly generated Receivables and (b) may be subordinated to the payments described in clause (a).

“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, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries pursuant to which the Company, UPC NL Holdco II, any 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, any 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, any 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 and any Hedging Obligations entered into by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any such Restricted Subsidiary in connection with such 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 any Affiliate Proceeds Loan Obligor (or another Person in which the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary makes an Investment and to which the Company, UPC NL Holdco II, any 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, any 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, any 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, any 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;
  - (d) except, in each such case, Limited Recourse and Permitted Liens as defined in clauses (1), (27) through (29) and (33) of the definition thereof.
- (2) with which neither the Company, UPC NL Holdco II, any 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, any 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 any 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, any 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 (other than those related to or incidental to the relevant Qualified Receivables Transaction), except for Limited Recourse.

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 any Affiliate Proceeds Loan Obligor giving effect to such designation and an Officers’ Certificate certifying that such designation complied with the foregoing conditions.

“Receivables Fees” means reasonable distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Receivables Entity in connection with, any Qualified Receivables Transaction.

“Receivables Repurchase Obligation” means any obligation of a seller of Receivables in a Qualified Receivables Transaction to repurchase Receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

“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 any 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, any 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, any Affiliate Proceeds Loan Obligor or any of the Company’s, UPC NL Holdco II’s or any Affiliate Proceeds Loan Obligor’s Subsidiaries), or
  - (b) being a holding company parent of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any of the Company’s, UPC NL Holdco II’s or any 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 any Affiliate Proceeds Loan Obligor, or any of the Company’s, UPC NL Holdco II’s or any Affiliate Proceeds Loan Obligor’s Subsidiaries, or
  - (d) having guaranteed any obligations of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any Subsidiary of the Company, UPC NL Holdco II or any 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 any 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, any 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, any 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, any 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, any Affiliate Proceeds Loan Obligor and their Subsidiaries (reduced by any taxes measured by income actually paid by the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor and their Subsidiaries).

“Related Transaction” means (1) any transactions to effect or consummate the JV 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 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, any 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, any 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 JV Transactions, 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, (ii) following the accession of any Affiliate Subsidiary, Ziggo Group Holding 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 any 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 any Affiliate Proceeds Loan Obligor together with any Affiliate Subsidiaries other than an Unrestricted Subsidiary.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the United States Securities Act of 1933, as amended.

“Securitization Obligation” means any Indebtedness or other obligation of any Receivables Entity.

“Security Agent” means ING Bank N.V. and any successor or replacement Security Agent, acting in such capacity.

“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, any 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, any 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 any Affiliate Proceeds Loan Obligor to any Restricted Subsidiary;
- (3) any liability for taxes owed or owing by the Company, UPC NL Holdco II, any 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 any 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 any 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 Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor or a Parent of the Company, UPC NL Holdco II or any Affiliate Proceeds Loan Obligor, directly or indirectly owned by Ultimate Parent are distributed to (x) all of the Ultimate Parent’s shareholders, or (y) all of the shareholders comprising one or more group of the Ultimate Parent’s shareholders as provided by the Ultimate Parent’s articles of association, in each case, either directly or indirectly through the distribution of shares in a company holding the Company’s, UPC NL Holdco II’s or any Affiliate Proceeds Loan Obligor’s shares or a Parent’s shares.

“Spin Parent” means the Person the shares of which are distributed to the shareholders of the Ultimate Parent 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary which are reasonably customary in securitization of Receivables transactions, including without limitation, those relating to the servicing of the assets of a Receivables Entity and Limited Recourse, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking;

“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., (iii) if the JV Escrow Release occurs, Vodafone Holdco I and (iv) any other Parent of the Company, UPC NL Holdco II or any 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 any 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 any 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 or the Notes;
- (4) does not provide for or require any Lien or encumbrance over any asset of the Company, UPC NL Holdco II, any 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 any Affiliate Proceeds Loan Obligor, as applicable, (b) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, UPC NL Holdco II or its property or any Affiliate Proceeds Loan Obligor 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 any Affiliate Proceeds Loan Obligor, as applicable;
- (6) under which the Company, UPC NL Holdco II or any 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 any Affiliate Proceeds Loan Obligor.

“Total Assets” means the Consolidated total assets of the Company, UPC NL Holdco II, any 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).

“Towers Assets” means:

- (1) all present and future wireless and broadcast towers and tower sites that host or assist in the operation of plant and equipment used for transmitting telecommunications signals, being tower and tower sites that are owned by or vested in the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or any the Restricted Subsidiary and include, without limitation, any and all towers under constructions;
- (2) all rights, title, deposits (including, without limitation, deposits placed with landlords, electricity boards and transmission companies) and interest in, or over, the land property on which such towers and tower sites have been constructed or erected or installed;
- (3) all current assets relating to towers or tower sites whether movable, immovable or incorporeal;
- (4) all plant and equipment customarily treated by telecommunications operators as forming part of the Tower Assets, including, in particular, but without limitation, the electricity power connections, utilities, diesel generator sets, batteries, power management systems, air conditioners, shelters and all associated civil and electrical works; and

- (5) all permits, licences, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, trademarks, designs, copyrights, patents and other intellectual property and powers of every kind, nature and description whatsoever, whether form government bodies or otherwise, pertaining to or relating to the aforesaid.

“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.

“Treasury Rate” means the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available on a day no earlier than two Business Days prior to the date of the delivery of the redemption notice in respect of such redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to January 15, 2022; provided, however, that if the period from the redemption date to January 15, 2022 is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from the redemption date to January 15, 2022 is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

“Ultimate Parent” means (1) Liberty Global plc and any all successors thereto or (2) upon consummation of a Spin-Off, “Ultimate Parent” will mean the Spin Parent and its successors, and (3) upon consummation of a Parent Joint Venture Transaction, “Ultimate Parent” will mean each of the top tier Parent entities of the Joint Venture Holders and their successors.

“Unrestricted Subsidiary” means:

- (1) any Subsidiary of the Company, UPC NL Holdco II or any 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 any Affiliate Proceeds Loan Obligor may designate any Subsidiary of the Company, UPC NL Holdco II or any 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 any 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 any 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 any 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 any 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 any 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, any 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.

“Vodafone Holdco I” means a private limited company to be incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone Holdco II” means a private limited company and a subsidiary of Vodafone Holdco I to be incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone Holdco III” means a private limited company and a subsidiary of Vodafone Holdco II to be incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone International” means Vodafone International Holding B.V., a private limited company incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone Libertel” means Vodafone Libertel B.V., a private limited company incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone NL Group” refers to Vodafone Libertel together with any holding companies and its Subsidiaries.

“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 (a) directors’ qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law, regulation or to ensure limited liability and (b) in the case of a Receivables Entity, shares held by a Person that is not an Affiliate of the Company, UPC NL Holdco II or an Affiliate Proceeds Loan Obligor solely for the purpose of permitting such Person (or such Person’s designee) to vote with respect to customary major events with respect to such Receivables Entity, including without limitation the institution of bankruptcy, insolvency or other similar proceedings, any merger or dissolution, and any change in charter documents or other customary events) 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 and any Affiliate Proceeds Loan Obligor 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.

“Ziggo Group Holding” means Ziggo Group Holding B.V. and any all successors thereto.



## DESCRIPTION OF THE SENIOR NOTES

Ziggo Bond 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, Ziggo Bond Company B.V. (the “Company”) and UPC Nederland Holding I B.V. (“UPC NL Holdco”, together with the Company, “the Original Proceeds Loan Borrowers” or the “Initial Proceeds Loan Obligors”, as the context may require) 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 Senior 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 Senior Notes under the heading “—*Certain Definitions*”. For purposes of this description:

- (1) the term “Issuer” refers only to Ziggo Bond Finance B.V. and its successors and not to any of its Subsidiaries;
- (2) the term “Senior Secured Notes Issuer” refers only to Ziggo Secured 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 Issuer;
- (4) the term “Company” refers only to Ziggo Bond Company B.V. and its successors and not to any of its Subsidiaries;
- (5) the term “UPC NL Holdco I” refers only to UPC Nederland Holding I B.V. and its successors and not to any of its Subsidiaries; and
- (6) the term “Vodafone Holdco” refers only to a private limited company to be incorporated under the laws of the Netherlands and its successors and not to any of its Subsidiaries.

Subject to the Special Optional Redemption (as defined below), pending consummation of the JV Transactions (as defined under “—*Certain Definitions*”), the Initial Purchasers will deposit the gross proceeds of this offering of the Notes into one or more escrow accounts (the “Escrow Account”) pursuant to the terms of a senior notes escrow agreement (the “Escrow Agreement”) between the Trustee and The Bank of New York Mellon, 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 and/or Financing Release; Special Optional Redemption*.” In the event the JV Transactions are not or will not be consummated on or before the date that is twelve months following the Issue Date (the “Longstop Date”) (or upon the occurrence of certain other events), the Notes (other any Financing Notes (as defined below) in an aggregate principal amount equal to the Financing Amount (as defined below)) will be redeemed at a redemption price of each series of Notes equal to 100% of the aggregate initial issue price of such series of Notes plus accrued and unpaid interest and Additional Amounts (as defined below), if any, from the Issue Date. If the Notes are or will become subject to such redemption, the Issuer may elect to use any or all of the proceeds in the Escrow Account (such amount, the “Financing Amount”) to fund the Financing Proceeds Loans (as defined below) to any or all of the Original Proceeds Loan Borrowers for the purpose of refinancing existing indebtedness of the Initial Proceeds Loan Obligors (as defined below) or their Restricted Subsidiaries, including any Existing Proceeds Loans, or for general corporate purposes which may include acquisitions or loans, distributions or other payments to Ziggo Group Holding’s direct or indirect shareholders or share buybacks. See “—*General—Escrow of Proceeds; Special Mandatory Redemption and/or Financing Release; Special Optional Redemption*.” Notes in an aggregate principal amount equal to the proceeds use to fund the Financing Proceeds Loans are referred to herein as the “Financing Notes”. In the event of a Financing Release (as defined below), the aggregate principal amount of Financing Notes will be no less than \$500,000,000.

The Issuer is an independent special purpose financing company formed for the purpose of issuing the Notes (including any Additional Notes), the Existing 2025 Senior Notes and any other Additional Issuer Debt permitted to be incurred or issued under the Indenture. All of the Issuer’s issued shares are held by the SPV Parent, which is a foundation (*stichting*) established under the laws of The Netherlands formed for the purpose of holding and controlling the Issuer and the Senior Secured Notes Issuer, each a special purpose financing company formed for the purpose of issuing Indebtedness. All of the Senior Secured Notes Issuer’s issued shares are held by the Issuer.

The Issuer has no material business operations and upon completion of this offering will have no material assets other than the interests in the Senior Secured Notes Issuer, its rights under the Existing Proceeds Loans (as defined below) and, after the Escrow Release Date (as defined below), its rights under the Proceeds Loans (as defined below). 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 and, if the JV Escrow Release (as defined below) occurs, to which Vodafone Holdco I will accede to on or before the JV Escrow Release Date (as defined below). The Issuer has filed 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 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 \$ \_\_\_\_\_ aggregate principal amount of senior notes due 2027 (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 Obligor 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 Senior Notes, references to the Notes include any Additional Notes.

On:

- (1) the JV Escrow Release Date (as defined below), if it occurs, the Issuer will loan the escrowed proceeds from the sale of the Notes (less any proceeds used to redeem Notes pursuant to the Special Optional Redemption, if any) to any or all of the Original Proceeds Loan Borrowers and/or Vodafone Holdco I (together with each Original Proceeds Loan Borrower, the “JV Proceeds Loan Borrowers” and, each a “JV Proceeds Loan Borrower”) as one or more proceeds loans denominated in dollars (the “JV Proceeds Loans”) pursuant to the Proceeds Loan Agreement; or
- (2) the Financing Escrow Release Date (as defined below), the Issuer will loan the escrowed proceeds from the sale of the Notes (less any proceeds used or to be used to redeem Notes pursuant to the Special Optional Redemption or Special Mandatory Redemption, if any) to any or all of Original Proceeds Loan Borrowers as one or more proceeds loans denominated in U.S. dollars (the “Financing Proceeds Loans”) pursuant to the Proceeds Loan Agreement.

The term:

- (1) “Proceeds Loans” shall hereinafter refer to either (i) the JV Proceeds Loans or (ii) the Financing Proceeds Loans, as the case may be; and
- (2) “Proceeds Loan Borrowers” shall hereinafter refer to either the Original Proceeds Loan Borrowers only or, following the JV Escrow Release, if any, the Original Proceeds Loan Borrowers together with Vodafone Holdco I, and each in such capacity a “Proceeds Loan Borrower”.

The obligations of the Company, UPC NL Holdco and, if JV Escrow Release occurs, Vodafone Holdco I, as applicable, under the Proceeds Loans will be guaranteed by any other Proceeds Loan Borrower that is not the borrower of such Proceeds Loan 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 Senior Fold-In Notes*”. See “—*Certain Covenants—Assumption of Note Obligations by the Fold-In Issuer following the Ziggo Group Combination*” and “*Description of the Senior Fold-In Notes*”.

Application will be 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 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 Senior 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, 2027 and will be secured as described below under “—*Ranking of the Notes and Note Collateral*”.

The Issuer will issue the Notes in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

### ***Interest***

Interest on the Notes will accrue at the rate of \_\_\_\_\_ % per annum and will be payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2017. 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 Notes 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 Cede & Co 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 DTC, 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 in New York 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 in the Borough of Manhattan, City of New York (the “Paying Agent”) and Deutsche Bank Trust Company Americas will initially act as Paying Agent in New York.

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 Trust Company Americas. The initial transfer agent for the Notes will be Deutsche Bank Trust Company Americas. 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 agent 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*.”

### ***Escrow of Proceeds; Special Mandatory Redemption; Special Optional 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 gross 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 may 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.”

Subject to the Special Mandatory Redemption and the Special Optional Redemption (each as defined below), in order to cause the Escrow Agent to release the Escrowed Property (the “JV 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 “JV Escrow Release Date”) at a time that is on or before the Longstop Date, an Officer’s Certificate to the effect that:

- (1) the JV 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 JV 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 and/or Financing Release***

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 the Issuer determines that any conditions to the Escrow Release could not reasonably be deemed to be capable of being satisfied and (iii) if the JV 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 (other than any Financing Notes in an aggregate principal amount equal to the Financing Amount) (the “Special Mandatory Redemption”) at a redemption price (the “Special Mandatory Redemption Price”) equal to 100% of the principal amount of the Notes redeemed 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 and Registrar (with an instruction to the Trustee and Registrar to deliver the same to each holder of the Notes) and the Escrow Agent, and will provide that the Notes (other than any Financing Notes in an aggregate principal amount equal to the Financing Amount) shall be redeemed on a date that is no later than the tenth 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 Paying Agent for payment to each holder the Special Mandatory Redemption Price for such holder’s Notes to be redeemed 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.

If the Escrow Termination Date occurs, the Issuer may with prior notice to the Trustee (with an instruction to the Trustee to deliver the same to each holder of the Notes) and the Escrow Agent delivered no later than the second Business Day following the Escrow Termination Date, elect to use the Financing Amount to fund Financing Proceeds Loans to any or all of the Original Proceeds Loan Borrowers for the purpose of refinancing existing indebtedness of the Initial Proceeds Loan Obligors and their Restricted Subsidiaries, including any Existing Proceeds Loans, or for general corporate purposes which may include acquisitions or loans, distributions or other payments to Ziggo Group Holding’s direct or indirect shareholders or share buybacks (the “Financing Escrow Release”). The Financing Escrow Release shall occur on or prior to the date that is the tenth Business Day after the Financing Notes notice is mailed or delivered (such date, the “Financing Escrow Release Date” and, the Financing Escrow Release Date or the JV Escrow Release Date, as the case may be, the “Escrow Release Date”).

In the event the Special Mandatory Redemption Price payable upon such Special Mandatory Redemption exceeds the amount of the Escrowed Property, Ziggo Group Holding 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 “Escrow 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.

#### *Special Optional Redemption*

At any time on or prior to the earlier of the JV Escrow Release Date and the Escrow Termination Date, the Issuer may, at its option, elect to redeem all or a portion of the Notes (the “Special Optional Redemption”) at a redemption price (the “Special Optional Redemption Price”) equal to 100% of the principal amount of the Notes redeemed, 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 Optional 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 Optional Redemption will be mailed or delivered to the Trustee and Registrar (with an instruction to the Trustee and Registrar to deliver the same to each holder of the Notes) and the Escrow Agent by the Issuer, 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 but prior to the JV Escrow Release Date (the “Special Optional Redemption Date”). On the Special Optional Redemption Date, the Escrow Agent shall pay to the Paying Agent for payment to each holder the Special Optional Redemption Price for such holder’s Notes. Any such Special Optional Redemption and notice may, in the Issuer’s discretion, be subject to satisfaction of one or more conditions precedent.



If the Special 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.

### ***Transfer and Exchange***

The Notes will be issued in the form of several registered notes in global form, without interest coupons, as follows:

- The 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”):
- The 144A Global Notes will, on the Issue Date, be deposited with a custodian for The Depository Trust Company (“DTC”) and registered in the name of Cede & Co., as nominee of DTC.
- The 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 Regulation S Global Notes will initially be credited within DTC for the accounts of Euroclear and 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 DTC, 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 DTC, participants in Euroclear or participants in Clearstream will be effected by DTC, Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, 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 \$200,000 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 DTC, 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 \$200,000 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 DTC, 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 Agent will be entitled to treat the registered holder of a Note as the owner of it for all purposes.

## **Ranking of the Notes 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 and the Existing 2025 Senior Notes) of the Issuer that is not subordinated to the Notes
- following the Escrow Release Date, be secured directly by the Note Collateral, including a first priority assignment of the Issuer's rights under the Proceeds Loans and the Existing 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;
- be effectively subordinated to any existing and future Indebtedness of the Issuer's Subsidiaries; 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, any Affiliate Proceeds Loan Obligor (as defined below) or any of their respective Subsidiaries. However, following the Escrow Release Date, as a result of the Proceeds Loan Assignment, the Notes will indirectly benefit from the Proceeds Loans, the Existing Proceeds Loans, the Proceeds Loan Collateral and the Proceeds Loan Guarantees.

### ***Limited Recourse Obligations***

The obligations of the Issuer under the Indenture, the Notes and the Note Security Documents will be limited as set forth in the Indenture. All payments to be made by the Issuer 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 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 Agent, the Registrar 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 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, any Affiliate Proceeds Loan Obligor or any of their respective Subsidiaries, and none of the Company, UPC NL Holdco, any 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*”.

## ***Notes Collateral***

### ***General***

Pending consummation of the JV Transactions, the Initial Purchasers will deposit the gross 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 Date (the date such security is granted, the “Collateral Grant Date”), the Notes 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”); and
- (3) a first-ranking assignment of the Issuer’s rights under the the Proceeds Loans, Existing 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 and the Issuer Bank Account Charge, the “Note Collateral”),

in each case, on a *pari passu* basis with the Existing 2025 Senior Notes and all future Additional Issuer Debt 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 and the Issuer pursuant to which security interests in the Note Collateral are granted to secure the Notes 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 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 by way of an independent acknowledgement of Indebtedness to the Security Trustee that is equal to the total amounts payable by the Issuer 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 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*”; or
- (6) 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*

On the Collateral Grant Date, the Trustee will accede to the Collateral Sharing Agreement. The Existing 2025 Senior Notes benefit, and following the Collateral Grant Date, the Notes and all future Additional Issuer Debt 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 Existing 2025 Senior Notes, the holders of the Notes and all Additional Issuer Debt. The holders of a majority in aggregate principal amount of all Notes, the Existing 2025 Senior Notes and Additional Issuer Debt then outstanding will control any enforcement actions in respect of the Note Collateral.

### **Proceeds Loans**

#### ***General***

On:

- (1) the JV Escrow Release Date, if it occurs, the Issuer will use the escrowed proceeds from the sale of the Notes (less any proceeds used to redeem Notes pursuant to the Special Optional Redemption, if any) to fund the JV Proceeds Loans to any or all of the JV Proceeds Loan Borrowers under the Proceeds Loan Agreement. The currency, principal, maturity, interest rate and interest periods of each of the JV Proceeds Loans will be the same as the currency, principal, maturity, interest rate and interest periods of the relevant Notes; or
- (2) the Financing Escrow Release Date, if it occurs, the Issuer will use the escrowed proceeds from the sale of the Notes (less any proceeds used or to be used to redeem Notes pursuant to the Special Optional Redemption or Special Mandatory Redemption, if any) to fund the Financing Proceeds Loans to any or all of Original Proceeds Loan Borrowers under the Proceeds Loan Agreement. The currency, principal, maturity, interest rate and interest periods of each of the Financing 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 relevant Proceeds Loan Borrower;
- be guaranteed by the relevant Proceeds Loan Guarantors;
- 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 (including the Existing Proceeds Loans and the Existing 2024 Senior Notes) 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.

### ***Proceeds Loan Guarantees***

#### ***General***

On the Escrow Release Date, the Proceeds Loans will be guaranteed by (i) the Original Proceeds Loan Borrower, which is not acting as the borrower of the relevant Proceeds Loans (the “Initial Proceeds Loan Guarantor”, and together with the Original Proceeds Loan Borrower, the “Initial Proceeds Loan Obligor”) and (ii) if the JV Escrow Release occurs, Vodafone Holdco I, if it is not acting as a borrower of the relevant Proceeds Loans (in such capacity, the “New Proceeds Loan Guarantor”, and together with the Initial Proceeds Loan Guarantor, the “Proceeds Loan Guarantors”, and together with the Initial Proceeds Loan Obligor, the “Proceeds Loan Obligors”). The Proceeds Loan Guarantors will 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. If the JV Transactions are not consummated and the Financing Escrow Release occurs:

- the term “Proceeds Loan Obligors” will not include the New Proceeds Loan Guarantor;
- the term “Proceeds Loan Borrowers” will not include the Vodafone Holdco I; and
- the term “Proceeds Loan Guarantors” will not include the New Proceeds Loan Guarantor.

Each Proceeds Loan Guarantor is or will be a guarantor, as applicable, of the Existing Proceeds Loans on a senior basis and is or will be an affiliate issuer under the Existing 2024 Senior Notes. 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, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the Senior Proceeds Loan Guarantees may adversely affect the validity and enforceability of the Notes, the Senior Secured Proceeds Loans, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the Senior Proceeds Loan Guarantees”.*

#### *Ranking of the Proceeds Loan Guarantees*

The Proceeds Loan Guarantees 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 (including guarantees of the Existing Proceeds Loans and the Existing 2024 Senior Notes) that is not subordinated in right of payment to the 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.

#### *Additional Proceeds Loan Guarantees*

The Company, UPC NL Holdco or any 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, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the Senior Proceeds Loan Guarantees may adversely affect the validity and enforceability of the Notes, the Senior Secured Proceeds Loans, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the Senior 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 Senior 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, any 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) as a result of a transaction permitted by, and in compliance with, the covenant entitled “—*Certain Covenants—Merger and Consolidation*”;
- (8) 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, any Affiliate Proceeds Loan Obligor, another Restricted Subsidiary of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor which is not an Affiliate Subsidiary, any Affiliate Proceeds Loan Obligor or a Proceeds Loan Guarantor;
- (9) as described under “—*Amendments and Waivers*”; and
- (10) 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 Capital Stock of the Initial Proceeds Loan Obligors (the “Initial Proceeds Loan Collateral”). Within sixty (60) days following the JV Escrow Release Date, if it occurs, the Proceeds Loans will be secured by the Capital Stock of Vodafone Holdco I (the “New Proceeds Loan Collateral”, and together with the “Initial Proceeds Loan Collateral”, the “Proceeds Loan Collateral”). 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. If the JV Escrow Release does not occur, the term “Proceeds Loan Collateral” will not include the New Proceeds Loan Collateral.

The Proceeds Loan Collateral also secures or will also secure the obligations of the Proceeds Loan Obligors under the Existing 2024 Senior Notes and the Existing Proceeds Loans. Subject to the terms of the Priority Agreement, the Issuer, as lender under the Proceeds Loans and the Existing Proceeds Loans, the holders of the Existing 2024 Senior Notes and other 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 Obligors 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 and any Affiliate Proceeds Loan Obligor 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 Existing Proceeds Loans and the Existing 2024 Senior Notes. The amount of such additional Indebtedness will be limited by the covenants

described under the captions “—*Certain Covenants—Limitation on 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 Obligors under the Proceeds Loans, under the Existing 2024 Senior Notes, under the Existing Proceeds Loans 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.

#### *Release of the Proceeds Loan Collateral*

The Proceeds Loan Collateral will be automatically and unconditionally released and discharged:

- (1) upon the sale or other disposition of any Proceeds Loan Collateral pursuant to an Enforcement Sale;
- (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, any 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 (including, without limitation, as may be permitted by the covenants described under “—*Certain Covenants—Impairment of Liens*”), 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) as described under “—*Amendments and Waivers*”;
- (6) 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);
- (7) 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 of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor is simultaneously released;
- (8) in connection with (i) any transfer of the Capital Stock of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary, or (ii) issuance of new Capital Stock of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary, in each of (i) and (ii) pursuant to the Holdco Restructuring; *provided* that the transferee of the Capital Stock of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary grants a pledge over the Capital Stock of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary (having the same ranking as prior to such transfer taking the Priority Agreement into account) held by such transferee for the benefit of the holders of the Notes substantially concurrently with the consummation of such transfer;
- (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);

- (10) if the Proceeds Loan Collateral is assets at such time as those assets are transferred to a Receivables Entity pursuant to a Qualified Receivables Transaction, and with respect to any Securitization Obligation that is transferred, in one or more transactions, to a Receivables Entity; 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***

The Issuer is party to the Priority Agreement as a “Pari Passu Creditor”. The Priority Agreement governs, among other things, the rights and obligations of the Issuer as lender under the Existing Proceeds Loans and the Existing 2024 Senior Notes, in respect of enforcement of the Proceeds Loan Collateral and the Proceeds Loan Guarantees. See “*Description of Other Indebtedness—Priority Agreement*”.

### ***Affiliate Proceeds Loan Obligor and Affiliate Subsidiaries***

The Company and/or UPC NL Holdco 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.

On the JV Escrow Release Date (if it occurs), Vodafone Holdco I will be designated as an Affiliate Proceeds Loan Obligor.

Concurrently with any 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 Pledge taking into account the Priority Agreement) as security for any Affiliate Proceeds Loan Obligor Guarantee. In this Description of the Senior Notes, references to any 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 and any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries. On the Issue Date, the Initial Proceeds Loan Obligors will enter into the Covenant Agreement with the Issuer and the Trustee, pursuant to which each Initial 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. If the JV Escrow Release Date occurs, Vodafone Holdco I, in its capacity as a Proceeds Loan Obligor, will accede to the Covenant Agreement. 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, 2022*

Except as described above under “—General—Escrow of Proceeds; Special Mandatory Redemption; Special Optional Redemption” and below and under “—Redemption for Taxation Reasons”, the Notes are not redeemable until January 15, 2022. On or after January 15, 2022, 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>
2022 .....	%
2023 .....	%
2024 .....	%
2025; 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 such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the applicable Proceeds Loan Borrower’s or the Issuer’s discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; provided that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the applicable Proceeds Loan Borrower or the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer’s obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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, 2022*

At any time prior to January 15, 2022, 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 such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Proceeds Loan Borrower’s or the Issuer’s discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, the applicable Proceeds Loan Borrower or the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer’s obligations with respect to such redemption may be performed by another Person.



If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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, 2020, 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 \_\_\_\_\_ % 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 each 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 such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Proceeds Loan Borrower's or the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, the applicable Proceeds Loan Borrower or the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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.

#### ***Optional Redemption upon Certain Tender Offers***

In connection with any tender offer or other offer to purchase for all of the Notes, if holders of not less than 90% of the aggregate principal amount of the then outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer and the Issuer, or any third party making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not validly withdrawn by such holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' notice following such purchase date, to redeem all Notes that remain outstanding following such purchase at a price equal to the price paid to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the date of such redemption.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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 or Registrar 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 \$200,000 or less can be redeemed in part. The Trustee or Registrar 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 DTC, Euroclear or Clearstream, notices may be given by delivery of the relevant notices to DTC, 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 would be, required to pay more than de minimis 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, the Change in Tax Law must become effective after the date that such entity first makes payment in respect of the Notes. 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 or the Notes.

### **Redemption at Maturity**

On January 15, 2027, 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 or any successor thereto (a “Payor”) on or with respect to the Notes 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) all United States backup withholding taxes;
- (g) 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
- (h) any combination of items (a) through (g) 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 (h) 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 Senior 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 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, the Ultimate Parent 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 or the Reporting Entity and their Subsidiaries to the Ultimate Parent or a first-tier or second-tier Subsidiary of the Ultimate Parent through one or more mergers, transfers, consolidations or other similar transactions, and/or (ii) the issuance by Ziggo Group Holding or the Reporting Entity of Capital Stock to the Ultimate Parent or a first-tier or second-tier Subsidiary of the Ultimate Parent and, as consideration therefor, the assignment or transfer by the Ultimate Parent or such first-tier or second-tier Subsidiary of the Ultimate Parent of assets to Ziggo Group Holding 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 \$200,000 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 \$200,000.

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, UPC NL Holdco or an Affiliate Proceeds Loan Obligor, 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 or the Senior Obligors may not be able to obtain enough funds necessary to finance prepayment of the Senior Secured Proceeds Loans or the Senior Proceeds Loans, as applicable, and the relevant Issuer therefore may not have funds to repurchase the relevant series of Notes, upon the occurrence of certain events constituting a change of control (as defined in the relevant Indenture) as required by the relevant 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 \$200,000 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, UPC NL Holdco and/or an Affiliate Proceeds Loan Obligor 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 will not Incur any Indebtedness (including Acquired Indebtedness) other than (1) the Notes (including Additional Notes), (2) Additional Issuer Debt and (3) Indebtedness represented by the Note Security Documents; *provided, however* that the proceeds of each Incurrence of Additional Notes or Additional Issuer Debt are loaned by the Issuer to one or more Proceeds Loan Obligors 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 and any 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:

- (1) 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 (a) the Consolidated Net Leverage Ratio (excluding for the purposes of this clause (1)(a), outstanding Indebtedness of the Company, UPC NL Holdco and any Affiliate Proceeds Loan Obligor as set forth in the definition of Consolidated Net Leverage Ratio) would not exceed 4.00 to 1.00 and (b) the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00; and
- (2) the Company, UPC NL Holdco and/or any Affiliate Proceeds Loan Obligor may Incur Pari Passu 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 5.00 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, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries under Credit Facilities, and Refinancing Indebtedness in respect thereof, 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 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 Company, UPC NL Holdco or any 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, any 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, any 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, any 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, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as the case may be;

- (3) (a) Indebtedness represented by the Proceeds Loans, the Existing Proceeds Loans and the Existing Senior Secured Proceeds Loans, (b) (i) Indebtedness of the Proceeds Loan Guarantors represented by the Proceeds Loan Guarantees and the guarantees under the Existing Proceeds Loans and (ii) Indebtedness of the Senior Secured Proceeds Loan Guarantors represented by the Existing Senior Secured Proceeds Loan Guarantees, (c) Indebtedness under the Existing 2024 Senior Notes and the Existing 2020 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 (18) or Incurred pursuant to the second paragraph of this covenant;
- (6) Indebtedness of the Company, UPC NL Holdco, any 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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary or was designated any 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, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or was designated any 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, any 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, any 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, any 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 or any Affiliate Proceeds Loan Obligor or by a Restricted Subsidiary or such other transaction, (i) the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries would have been able to Incur €1.00 of additional Pari Passu 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 the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries, 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 or any Affiliate Proceeds Loan Obligor);
- (8) Indebtedness consisting of (a) mortgage financings, asset backed 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 (including, without limitation, in respect of tenant improvement) of property (real or personal), plant, equipment or other assets (including, without limitation, network assets) used or useful in the business of the Company, UPC NL Holdco, any 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 (including, without limitation, in respect of tenant improvement) of property (real or personal), plant, equipment or other assets (including, without limitation, network assets) used or useful in the business of the Company, UPC NL Holdco, any 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, casualty or liability insurance, self-insurance obligations, performance, bid, indemnity, surety, judgment, appeal, completion, 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, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business consistent with past practice or industry practice or in respect of any government requirement, including but not limited to, those Incurred to secure health, safety and environmental obligations or rental obligations, (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 (or consistent with past practice or industry practice) or in respect of any government requirement, including, but not limited to letters of credit or similar instruments in respect of casualty or liability insurance, self-insurance, unemployment insurance, worker's compensation obligations, health disability or other benefits, pensions-related obligations and other social security laws (c) the financing of insurance premiums or take-or-pay obligations contained in supply agreements in each case, 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, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary providing for indemnification, guarantees or obligations in respect of earn-outs or adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor 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 (in the case of dispositions) or paid (in the case of acquisitions) by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries in connection with such acquisition or disposition, as applicable;
- (11) Indebtedness arising from (i) Bank Products and (ii) 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 in the case of this clause (ii) such Indebtedness is extinguished within thirty Business Days of Incurrence;

- (12) guarantees by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary of Indebtedness or any other obligation or liability of the Company, UPC NL Holdco, any 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, any Affiliate Proceeds Loan Obligor 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 Company, UPC NL Holdco, any 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 or any Affiliate Proceeds Loan Obligor;
- (15) Indebtedness of the Company, UPC NL Holdco, any 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 or any Affiliate Proceeds Loan Obligor from the issuance or sale (other than to the Company, UPC NL Holdco, any 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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, 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, any 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, any 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) (i) Indebtedness with Affiliates reasonably required to effect or consummate the Related Transactions and (ii) Indebtedness pursuant to any Permitted Financing Action;
- (17) [Reserved]; and
- (18) in addition to the items referred to in clauses (1) through (17) above, Indebtedness of the Company, UPC NL Holdco, any 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 (18) and then outstanding, will not exceed the greater of (i) €250.0 million and (ii) 5.0% of Total Assets at any time outstanding.

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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, as the case may be, 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), (15) or (18) 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 or any 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, any 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 Issuer Maintenance Payments.



The Company, UPC NL Holdco and any 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, any 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 or any Affiliate Proceeds Loan Obligor (other than Disqualified Stock) or Subordinated Shareholder Loans; and
  - (b) dividends or distributions payable to the Company, UPC NL Holdco, any 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 or any 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, any Affiliate Proceeds Loan Obligor, any Affiliate Subsidiary or any Parent of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Affiliate Subsidiary held by Persons other than the Company, UPC NL Holdco, any 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, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary makes such Restricted Payment:

- (a) in the case of a Restricted Payment other than a Restricted Investment, an Event of Default shall have occurred and be continuing (or would result therefrom); or
- (b) except in the case of a Restricted Investment, if such Restricted Payment is made in reliance on clause (c)(i) below, the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries are not able to Incur an additional €1.00 of Pari Passu 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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, of marketable securities, or other property or assets, received by the Company, UPC NL Holdco or any 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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary unless such loans have been repaid with cash on or

prior to the date of determination, (x) Excluded Contributions, (y) any property received in connection with clause (24) of the third paragraph of this covenant or (z) Net Cash Proceeds and the fair market value of such assets received in connection with the Acquisition or the JV Contribution);

- (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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, of marketable securities, or other property or assets, received by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary from the issuance or sale (other than to the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary) by the Company, UPC NL Holdco, any 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 or any 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, any 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, any 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, any 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, any 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, UPC NL Holdco's, any Affiliate Proceeds Loan Obligor's option) included under this clause (iv);

- (v) without duplication of amounts included in clauses (iii) or (iv), the amount by which Indebtedness of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor is reduced on the Consolidated balance sheet of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor upon the conversion or exchange of any Indebtedness of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor issued after May 7, 2010, which is convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor held by Persons not including the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor or any of their Restricted Subsidiaries, as applicable (less the amount of any cash or the fair market value of other property or assets distributed by the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor upon such conversion or exchange); and
- (vi) 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, any 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, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Subsidiary of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor for the benefit of its employees to the extent funded by the Company, UPC NL Holdco, any 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, any 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, UPC NL

Holdco's or any Affiliate Proceeds Loan Obligor's option) included under this clause (vi).

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 or any 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, Subordinated Shareholder Loans or Capital Stock of the Company, UPC NL Holdco or any 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, any 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 or any 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 or any 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, any 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, any 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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary or any parent of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor held by any existing or former employees or management of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Subsidiary of the Company, UPC NL Holdco or any 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 €10.0 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 UPC NL Holdco or any Affiliate Proceeds Loan Obligor has made (or caused to be 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 designated an Affiliate Proceeds Loan Obligor or an Affiliate Subsidiary or was otherwise acquired by the Company, UPC NL Holdco, any 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, any 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, any 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), (12) and (20) 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 or any Affiliate Proceeds Loan Obligor, or loans, advances, dividends or distributions to any parent company of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor to make payments to holders of Capital Stock of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor or any parent company of the Company, UPC NL Holdco or any 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) 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 or



any 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 5.00 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, any 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, any Affiliate Proceeds Loan Obligor or any Parent, the declaration and payment by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or such Parent, or the making of any cash payments, advances, loans, 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, any 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 or any Affiliate Proceeds Loan Obligor or contributed to the capital of the Company, UPC NL Holdco or any 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 5.00 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, any 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, any 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, any 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 or Permitted Financing Action; *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 Credit Facility in an amount not to exceed the Credit 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 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 or any 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;
- (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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (22) distributions or payments of Receivables Fees and purchases of Receivables pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Transaction;
- (23) [Reserved]; and
- (24) Restricted Payments to finance Investments or other acquisitions by a Parent or any Affiliate (other than the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary) which would otherwise be permitted to be made pursuant to this covenant “—*Limitation on Restricted Payments*” if made by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary; *provided*, that (i) such Restricted Payment shall be made within 120 days of the closing of such Investment or other acquisition, (ii) such Parent or Affiliate shall, prior to or promptly following the date such Restricted Payment is made, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the Issuer or a Restricted Subsidiary or (2) the merger, amalgamation, consolidation, or sale of the Person formed or acquired into the Issuer or a Restricted Subsidiary (in a manner not prohibited by the covenant described under “—*Merger and Consolidation*”) in order to consummate such Investment or other acquisition, (iii) such Parent or Affiliate receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with this covenant “—*Limitation on Restricted Payments*” and (iv) any property received in connection with such transaction shall not constitute an Excluded Contribution up to the amount of such Restricted Payment made under this clause (24).

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 (24) above, or is permitted pursuant to the first paragraph of this covenant, the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor 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, any 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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor.

### ***Limitation on Liens***

The Issuer will not, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Issuer 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 and any 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 (other than Permitted Liens) 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, (such Lien, the “Initial Lien”), unless contemporaneously with the Incurrence of such Initial Lien effective provision is made to secure the Indebtedness due under the Proceeds Loans equally and ratably with (or prior to, in the case of Liens with respect to Subordinated Obligations) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured.

Any such Lien thereby created in favor of the Proceeds Loans will be automatically and unconditionally released and discharged upon (a) the release and discharge of the Initial Lien to which it relates or (b) in accordance with the provision described under “—*Ranking of the Note and Note Collateral—Proceeds Loan Collateral—Release of the Proceeds Loan Collateral*”.

Notwithstanding the foregoing, the Company, UPC NL Holdco and any 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 on any Proceeds Loan Collateral other than Permitted Collateral Liens.

For purposes of determining compliance with this covenant, (x) a Lien need not be Incurred solely by reference to one category of Permitted Liens or Permitted Collateral Liens, as applicable, but may be Incurred under any combination of such categories (including in part under one such category and in part under any other such category) and (y) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens or Permitted Collateral Liens, as applicable, the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor shall, in its sole discretion, divide, classify or may subsequently reclassify at any time such Lien (or any portion thereof) in any manner that complies with this covenant and the definition of “Permitted Liens” or “Permitted Collateral Liens”, as applicable.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The “Increased Amount” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms or in the form of common stock, the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock of the same class, accretion of original issue discount or liquidation preference, any fees, underwriting discounts, accrued and unpaid interest, premiums and other costs and expenses incurred in connection therewith and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

### ***Limitation on Restrictions on Distributions from Restricted Subsidiaries***

The Company, UPC NL Holdco and any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (2) make any loans or advances to the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary; or
- (3) transfer any of its property or assets to the Company, UPC NL Holdco, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary to other Indebtedness Incurred by the Company, UPC NL Holdco, any 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 2014 Senior Facility Agreement, the 2015 SPV Senior Facility Agreement, the Priority Agreement, the Senior Secured Priority Agreement, the Existing 2025 Senior Notes, the Existing Covenant Agreement, the Existing Senior Secured Covenant Agreements, the Existing Proceeds Loans, the Existing Senior Secured Proceeds Loans, the Existing 2024 Senior Notes, the Existing 2025 Senior Secured Notes, the Existing 2020 Senior Secured Notes, 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Company, UPC NL Holdco, any 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 or any Affiliate Proceeds Loan Obligor or was merged or consolidated with or into the Company, UPC NL Holdco, any 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, any 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, any 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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor);
- (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, any 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, any 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 encumbrance or restriction arising in connection with any Purchase Money Note, other Indebtedness or 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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor 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, any 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 2014 Senior Facility Agreement, the 2015 SPV Senior Facility Agreement, the Priority Agreement, the Senior Secured Priority Agreement, the Existing 2025 Senior Notes, the Existing Covenant Agreement, the Existing Senior Secured Covenant Agreements, the Existing Proceeds Loans, the Existing Senior Secured Proceeds Loans, the Existing 2024 Senior Notes, the Existing 2025 Senior Notes, the Existing 2025 Senior Secured Notes, the Existing 2020 Senior Secured Notes, 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 or any 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 or any Affiliate Proceeds Loan Obligor) and, in each case, either (i) the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor reasonably believes that such encumbrances and restrictions will not materially affect the Company’s, UPC NL Holdco’s or any Affiliate Proceeds Loan Obligor’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 will not, directly or indirectly, consummate any Issuer Asset Sale.

The Company, UPC NL Holdco and any 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, any 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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor (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, any 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, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as the case may be:
- (a) to the extent the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor 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, any 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, any Affiliate Proceeds Loan Obligor or an Affiliate of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor) 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, any Affiliate Proceeds Loan Obligor, such Proceeds Loan Obligor or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of any revolving Indebtedness) 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, any 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, UPC Holdco or any Affiliate Proceeds Loan Obligor 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, any 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 or any 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, UPC Holdco or any Affiliate Proceeds Loan Obligor, the Issuer will make an offer (the “Asset Disposition Offer”) to all holders of Notes and to the extent notified by the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor in such Notice, to all holders of other Indebtedness of the Company, UPC NL Holdco or any Affiliate 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 \$200,000 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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor 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, any Affiliate Proceeds Loan Obligor or the Issuer that is prior to the Asset Disposition Purchase Date (as defined below). Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.



No later than five Business Days after the termination of the Asset Disposition Offer (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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor 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 \$200,000 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 on or prior to the Asset Disposition Purchase Date 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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, 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 \$200,000 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 or any Affiliate Proceeds Loan Obligor or Indebtedness of a Restricted Subsidiary and the release of the Company, UPC NL Holdco, any 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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary from the transferee that are convertible by the Company, UPC NL Holdco, any 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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;

- (5) any Designated Non-Cash Consideration received by the Company, UPC NL Holdco, any 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, any 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 and any 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 or any Affiliate Proceeds Loan Obligor (an “Affiliate Transaction”) involving aggregate consideration in excess of €50.0 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, any 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; or (in the event that there are no comparable transactions involving Persons who are not Affiliates of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary to apply for comparative purposes) is otherwise on terms that, taken as a whole, the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary has conclusively determined in good faith to be fair to the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary); 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 either (i) a majority of the members of the Board of Directors or (ii) the senior management of the Company, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary, as applicable.

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, any Affiliate Proceeds Loan Obligor, any Restricted Subsidiary 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, 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, any 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, any 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, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary for the benefit of the Company, UPC NL Holdco, any 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, any Affiliate Proceeds Loan Obligor or the relevant Restricted Subsidiary in the reasonable determination of either the Board of Directors or the senior management of the Company, UPC NL Holdco, any 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 or any Affiliate Proceeds Loan Obligor by the Company, UPC NL Holdco, any 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, any Affiliate Proceeds Loan Obligor or the relevant Restricted Subsidiary, as the case may be, 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, executives or officers of any Parent, of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (8) the performance of obligations of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries under (a) the terms of any agreement to which the Company, UPC NL Holdco, any 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) any transaction (i) with a Receivables Entity effected as part of a Qualified Receivables Transaction, acquisitions of Permitted Investments in connection with a Qualified Receivables Transaction and other Investments in Receivables Entities consisting of cash or Securitization Obligations or (ii) with an Affiliate in respect of Non-Recourse Indebtedness;
- (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 or any 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, any Affiliate Proceeds Loan Obligor and their Subsidiaries and unpaid amounts accrued for prior periods;
- (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 loans, capital market transactions, hedging and other derivative transactions, acquisitions or divestitures or (3) of Parent Expenses;
- (13) guarantees of Indebtedness, hedging and other derivative transactions 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries would not exceed 5.00 to 1.00) of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor to any direct Parent of the Company, UPC NL Holdco or any 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries, taken as a whole are fair to the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries and are on terms not materially less favorable to the Company, UPC NL Holdco, any 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;
- (16) (a) transactions with Affiliates in their capacity as holders of Indebtedness or Capital Stock of the Company, UPC NL Holdco, any 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, any 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 the Ultimate Parent, the Company, UPC NL Holdco, any 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 or any Affiliate Proceeds Loan Obligor and any other Person or a Restricted Subsidiary and any other Person with which the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries files a consolidated tax return or with which the Company, UPC NL Holdco or any 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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary and any Affiliate of the Company, UPC NL Holdco or any 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, any 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, any 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, any Affiliate Proceeds Loan Obligor or Restricted Subsidiary reasonably believes allocates costs fairly;
- (21) any transactions between the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary and Ziggo Group Holding or any of its Subsidiaries; and
- (22) any Related Transaction or Permitted Financing Action.

### ***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 and any Affiliate Proceeds Loan Obligor shall not permit any Restricted Subsidiary (other than a Proceeds Loan Obligor) to, directly or indirectly, guarantee or otherwise become obligated under any Indebtedness of the Company, UPC NL Holdco, any 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 Restricted Subsidiary shall only be obligated to guarantee the payment of the Proceeds Loans if such Indebtedness is Indebtedness of the Company, UPC NL Holdco or any 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, any 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, any 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, any 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 or any 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 the Ultimate Parent'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 two 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 the Ultimate Parent), (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 or any 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries (excluding, for the avoidance of doubt, the effect of any intercompany balances between the Reporting Entity and the Company, UPC NL Holdco, any 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, any 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.

From the Issue Date until the Escrow Release Date, the Issuer and/or Vodafone Libertel will provide to the Trustee (provided, however, that to the extent any reports are filed on Vodafone Libertel's or its Parent's website, such reports shall be deemed to be provided to the Trustee), within 120 days after the end of each fiscal year and each semi-annual period ending subsequent to the Issue Date, certain summary consolidated financing and operating data of Vodafone Libertel, containing the following information (substantially in form provided under the section "*Selected Consolidated Financial and Operating Data of Vodafone Netherlands—Summary Statistical and Operating Data and — Summary Operating Data*" contained elsewhere in this Offering Memorandum): (i) Revenue, (ii) Adjusted EBITDA, (iii) property, plant, equipment and intangibles, (iv) selected subscriber statistics and (v) selected ARPU.

The Issuer, the Company, UPC NL Holdco or any 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 the Ultimate Parent'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 Issuer as of the end of the two most recent fiscal years (or such shorter period as the Issuer has been in existence) and audited consolidated income statements and statements of cash flow of the Issuer for the three most recent fiscal years (or such shorter period as the 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 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 and any Affiliate Proceeds Loan Obligor, or such Successor Company, would be able to Incur at least an additional €1.00 of Pari Passu 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 and any Affiliate Proceeds Loan Obligor, or such Successor Company, would be no greater than that of the Company, UPC NL Holdco and any Affiliate Proceeds Loan Obligor immediately prior to giving effect to such transaction; and

- (4) the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor 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 or one or more Subsidiaries of any Affiliate Proceeds Loan Obligor (as applicable), which properties and assets, if held by the Company, UPC NL Holdco or any 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 or any 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 or any 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 or any 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), clause (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, any Affiliate Proceeds Loan Obligor or any other Restricted Subsidiary and (iii) the Company, UPC NL Holdco or any 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 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 Issuer 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 Issuer 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 Existing Proceeds Loans, the Proceeds Loan Agreement, the Covenant Agreement, the Existing 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 Issuer Debt permitted to be incurred under the Indenture;
- (3) directly related to or reasonably incidental to the establishment and maintenance of the Issuer's corporate existence;
- (4) directly related to investing amounts received by the Issuer (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 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 on the Issue Date;
- (8) directly related to the making of Permitted Issuer Investments and Permitted Issuer Maintenance Payments and the granting of Permitted Issuer Liens; or
- (9) directly related to or reasonably incidental to the Ziggo Group Combination; or
- (10) in connection with any Permitted Financing Action.

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 SPV Parent);
- (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 or in connection with a Permitted Financing Action.

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 SPV Parent, 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 Senior 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 Issuer 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 Issuer 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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor) 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 Issuer 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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor 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 and any 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 and any Affiliate Proceeds Loan Obligor shall not, and the Company, UPC NL Holdco and any 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, any 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, any 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, any 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, UPC NL Holdco and any Affiliate Proceeds Loan Obligor 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, UPC NL Holdco

or any Affiliate Proceeds Loan Obligor 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, any 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 of any Indebtedness that is permitted to share the Note Collateral pursuant to the definition of Permitted Issuer Lien, 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 Issuer 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 is party to the Priority Agreement.

At the request of the Company, UPC NL Holdco or any 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 or any 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 or any 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 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, any 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, any 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, any 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.

#### ***Limited Condition Transaction***

In connection with any action being taken in connection with a Limited Condition Transaction, for purposes of determining compliance with any provision of the Indenture which requires that no Default or Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, as applicable, be deemed satisfied, so long as no Default or Event of Default, as applicable, exists on the date the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into. For the avoidance of doubt, if the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, as applicable, has exercised its option under the first sentence of this paragraph, and any Default or Event of Default occurs following the date such definitive agreement for a Limited Condition Transaction is entered into and prior to the consummation of such Limited Condition Transaction, any such Default or Event of Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Transaction is permitted hereunder.



In connection with any action being taken in connection with a Limited Condition Transaction for purposes of:

- (1) determining compliance with any provision of the Indenture which requires the calculation of any financial ratio or test, including the Consolidated Net Leverage Ratio; or
- (2) testing baskets set forth in the Indenture (including baskets measured as a percentage or multiple, as applicable, of Total Assets or Pro forma EBITDA);

in each case, at the option of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, as applicable, (the Company's, UPC NL Holdco's or any Affiliate Proceeds Loan Obligor's election to exercise such option in connection with any Limited Condition Transaction, an "LCT Election"), the date of determination of whether any such action is permitted hereunder, shall be deemed to be the date the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into (the "LCT Test Date"); provided, however, that the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, as applicable, shall be entitled to subsequently elect, in its sole discretion, the date of consummation of such Limited Condition Transaction instead of the LCT Test Date as the applicable date of determination, and if, after giving pro forma effect to the Limited Condition Transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof), as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Pro forma EBITDA" and "Consolidated Net Leverage Ratio", the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary could have taken such action on the relevant LCT Test Date in compliance with such ratio, test or basket, such ratio, test or basket shall be deemed to have been complied with.

If the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, as applicable, has made an LCT Election and any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date are exceeded as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in Pro forma EBITDA or Total Assets, of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries or the Person or assets subject to the Limited Condition Transaction (as at each reference to the "the Company", "UPC NL Holdco" or the "Affiliate Proceeds Loan Obligor", as applicable, in such definition was to such Person or assets) at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations. If the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, as applicable, has made an LCT Election for any Limited Condition Transaction, then in connection with any subsequent calculation of any ratio, test or basket availability under the Indenture (including with respect to the Incurrence of Indebtedness or Liens, or the making of Asset Dispositions, acquisitions, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary or the designation of an Unrestricted Subsidiary) on or following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the definitive agreement for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such ratio, test or basket shall be calculated on a pro forma basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) have been consummated.

### ***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; Special Optional Redemption*" or otherwise;
- (3) failure by the Issuer, the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor 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, the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, 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, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries (or the payment of which is guaranteed by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries), other than Indebtedness owed to the Company, UPC NL Holdco, any 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, any 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, any 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, any 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, any 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 or UPC NL Holdco of the default and the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor 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, any 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, UPC NL Holdco II, any Affiliate Proceeds Loan Obligor 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, UPC NL Holdco, any Affiliate Proceeds Loan Obligor 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, UPC NL Holdco, any Affiliate Proceeds Loan Obligor 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, and 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; Special Optional 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; or
- (2) 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, any 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 Issuer Liens and Permitted Collateral Liens;

- (11) release any 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 Senior Notes to the extent that such provision in this Description of the Senior Notes was intended to be a verbatim recitation thereof;
- (17) comply with the covenant relating to mergers, consolidations and sales of assets described under “—*Certain Covenants—Merger and Consolidation*”;
- (18) provide for a reduction in the minimum denominations of the relevant series of Notes; provided that such reduction would not result in a breach of applicable securities laws or in a requirement to produce a prospectus or otherwise register the Notes with any regulatory authority in connection with any investment therein or resale thereof; or
- (19) comply with the rules of any applicable securities depository.

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, the Company, UPC NL Holdco, or any Affiliate Proceeds Loan Obligor, 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, UPC NL Holdco, any Affiliate Proceeds Loan Obligor 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, UPC NL Holdco or any Affiliate Proceeds Loan Obligor 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) dollars, dollar-denominated U.S. 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 cash, Cash Equivalents, U.S. Government Obligations or a combination thereof, in each case, denominated in U.S. dollars, 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 U.S. dollars. Any amount received or recovered in a currency other than U.S. dollars (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 U.S. dollar 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 U.S. dollar amount is less than the U.S. dollar amount, as the case may be, 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 U.S. dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of U.S. dollars 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. Notwithstanding the foregoing, the Issuer may at its sole option at any time, without the consent of the holders of the Notes or the Trustee, de-list the Notes from any stock exchange for the purposes of moving the listing of the Notes to the Official List of The Channel Islands Securities Exchange Authority Limited.

## **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, any 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 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 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 Trust Company Americas will initially act as Paying Agent for the Notes in the Borough of Manhattan, City of New York. The initial Registrar for the Notes will be Deutsche Bank Trust Company Americas. The initial transfer agent for the Notes will be Deutsche Bank Trust Company Americas. 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

"2014 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*".

"2015 SPV Senior Secured Credit Facility" means the senior secured credit facility dated as of March 5, 2015 (as amended, restated or supplemented from time to time), between, among others, the Issuer and US SPV Partnership, as borrowers, The Bank of Nova Scotia, as the facility agent, and the Trustee, as the security trustee as described above under "*Description of Other Indebtedness—Existing Senior Secured Credit Facilities*".

"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, any 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, any 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 Issuer Debt" means (i) Public Debt and (ii) other Indebtedness Incurred under Credit Facilities, in each case Incurred by the Issuer.

“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 an Ultimate Parent (other than a Subsidiary of the Company, UPC NL or any 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, 2022, the excess of (1) the present value at such redemption date of (a) the redemption price of such Note on January 15, 2022 (such redemption price being described under “—*Optional Redemption—Optional Redemption on or after January 15, 2022*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Note through January 15, 2022 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Treasury 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, Security Trustee 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, any 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 or any Affiliate Proceeds Loan Obligor or by the Company, UPC NL Holdco, any 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, any 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 or any 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 or related assets 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 assignment, licensing or sublicensing of intellectual property or other general intangibles and assignments, licenses, sublicenses, leases or subleases of spectrum or 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 receivables 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, and Investments in a Receivables Entity consisting of cash or Securitization Obligations;
- (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, any 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, any 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 or expropriation of assets or Capital Stock which the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary is required by, or made in response to concerns raised by, a regulatory authority or court of competent jurisdiction;
- (20) any disposition 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 3.0% 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 €50.0 million and 3.0% of Total Assets of carried over amounts for any calendar year);
- (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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary to such Person;
- (23) any disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such disposition is applied in accordance with the “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” covenant;
- (24) any sale or disposition with respect to property built, repaired, improved, owned or otherwise acquired by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;
- (26) the sale or disposition of the Towers Assets; and
- (27) 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 (27) 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 (27) 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.

“Bank Products” means (i) any facilities or services related to cash management, cash pooling, treasury depository, overdraft, commodity trading or brokerage accounts, credit or debit card, p-cards (including purchasing cards or commercial cards), electronic funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade financial services or other cash management and cash pooling arrangements and (ii) daylight exposures of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in respect of banking and treasury arrangements entered into in the ordinary course of business.

“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 or any Affiliate Proceeds Loan Obligor is a Subsidiary of the Ultimate Parent, any action required to be taken under the Indenture by the Board of Directors of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor can, in the alternative, at the option of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, be taken by the Board of Directors of the Ultimate Parent 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 or any Affiliate Proceeds Loan Obligor can, in the alternative, at the option of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, be taken by the Board of Directors of the Spin Parent.

“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 or obligations, insured or unconditionally guaranteed by the United States government, the government of the United Kingdom, the relevant member state of the European Union as of January 1, 2004 (each, a “Qualified Country”) or any agency or instrumentality thereof, in each case having maturities of not more than 24 months from the date of acquisition thereof;
- (2) securities or obligations issued by any Qualified Country or any political subdivision of any such Qualified Country, or any public instrumentality thereof, having maturities of not more than 24 months from the date of acquisition thereof and, at the time of acquisition, having a an investment grade rating generally obtainable from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, then from another nationally recognized rating service in any Qualified Country);
- (3) commercial paper issued by any lender party to a Credit Facility or any bank holding company owning any lender party to a Credit Facility;
- (4) commercial paper maturing no more than 12 months after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (5) time deposits, eurodollar time deposits, bank deposits, certificates of deposit or bankers’ acceptances maturing no more than two years after the date of acquisition thereof issued by any lender party to a

Credit Facility or any other bank or trust company (x) having combined capital and surplus of not less than \$250.0 million in the case of U.S. banks and \$100.0 million (or the U.S. Dollar equivalent thereof) in the case of non-U.S. banks or (y) 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 in any Qualified Country);

- (6) auction rate securities rated at least Aa3 by Moody’s and AA- by S&P (or, if at any time either S&P or Moody’s shall not be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (7) repurchase agreements or obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1), (2) and (5) above entered into with any bank meeting the qualifications specified in clause (5) above or securities dealers or recognized national standing;
- (8) marketable short-term money market and similar funds (x) either having assets in excess of \$250.0 million (or U.S. Dollar equivalent thereof) or (y) having a rating of at least A-2 or P-2 from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (9) interests in investment companies or money market funds, 95% the investments of which are one or more of the types of assets or instruments described in clauses (1) through (8) above; and
- (10) in the case of investments by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Subsidiary organized or located in a jurisdiction other than the United States or a member state of the European Union (or any political subdivision or territory thereof), or in the case of investments made in a country outside the United States, other customarily utilized high-quality investments in the country where such Subsidiary is organized or located or in which such Investment is made, all as conclusively determined in good faith by the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor; provided that bank deposits and short term investments in local currency of any Restricted Subsidiary shall qualify as Cash Equivalents as long as the aggregate amount thereof does not exceed the amount reasonably estimated by such Restricted Subsidiary as being necessary to finance the operations, including capital expenditures, of such Restricted Subsidiary for the succeeding 90 days.

“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 and any 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 and any Affiliate Proceeds Loan Obligor to, directly or indirectly, direct or cause the direction of management and policies of the Company, UPC NL Holdco and any 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, any 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 or any Affiliate Proceeds Loan Obligor of a plan or proposal for the liquidation or dissolution of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, other than a transaction complying with the covenant described under “—*Certain Covenants—Merger and Consolidation*”;
- (4) the Issuer ceases to directly or indirectly hold 100% of the Capital Stock of the Senior Secured Notes Issuer; or
- (5) the SPV Parent ceases to directly or indirectly hold 100% of the Capital Stock of the 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 as of March 5, 2015 between, among others, the Issuer, the SPV Parent, 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries on Consolidated basis, plus, at the option of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor (except with respect to clauses (1) to (2) below) the following (to the extent deducted from operating income (loss)):

- (1) Consolidated depreciation expense;
- (2) Consolidated amortization expense;
- (3) stock based compensation expense;
- (4) 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) 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, any 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 (including Intra-Group Services) 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 or any Affiliate Proceeds Loan Obligor;

- (10) 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 the sale or transfer of any assets in connection with an asset securitization programme, receivables factoring transaction or other receivables transaction (including without limitation a Qualified Receivables Transaction);
- (12) Specified Legal Expenses;
- (13) any net earnings or losses attributable to non-controlling interests;
- (14) share of income or loss on equity Investments;
- (15) any realized and unrealized gains or losses due to changes in fair value of equity Investments;
- (16) 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;
- (17) any fees or other amounts charged or credited to the Company, UPC NL Holdco, any 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;
- (18) any charges or costs in relation to any long-term incentive plan and any interest component of pension or post-retirement benefits schemes; and
- (19) Receivables Fees.

“Consolidated Net Income” means, for any period, the net income (loss) determined on the basis of GAAP of the Company, UPC NL Holdco, any 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 or any Affiliate Proceeds Loan Obligor) if such Person is not a Restricted Subsidiary, except that (a) the Company’s, UPC NL Holdco’s or any 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, any 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’s or any 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, any 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 or any 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 2014 Senior Facility Agreement, the 2015 SPV Senior Facility Agreement, the Priority Agreement, the Senior Secured Priority Agreement, the Existing 2025 Senior Notes, the Existing Covenant Agreement, the Existing Senior Secured Covenant Agreements, the Existing Proceeds Loans, the Existing Senior Secured Proceeds Loans, the Existing 2024 Senior Notes, the Existing 2025 Senior Secured Notes, the Existing 2024 Senior Secured Notes, the Proceeds Loan Collateral Documents) 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, any 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, any 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) at the option of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, any adjustments to reduce or eliminate 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;
- (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 or any 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 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, any 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 Credit Facility Excluded Amount (or its equivalent in other currencies) at the relevant time incurred under any Permitted Credit Facility, (iii) any Indebtedness which is a contingent obligation of the Company, UPC NL Holdco, any 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*” and clause (20) of the third paragraph of the covenant described under “—*Certain Covenants—Limited on Restricted Payments*”, any guarantee by the Company, UPC NL Holdco, any 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries and (iv) any Indebtedness incurred pursuant to clause (18) of the third paragraph of the covenant under the caption “—*Certain Covenants—Limitation on Indebtedness*” of the Company, UPC NL Holdco, any 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, any 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 and any Affiliate Proceeds Loan Obligor in accordance with GAAP consistently applied; *provided*, however, that “Consolidation” will not include (i) consolidation or combination of the accounts of any Unrestricted Subsidiary, but the interest of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment and (ii) at the Company’s, UPC NL Holdco’s or any Affiliate Proceeds Loan Obligor’s election, any Receivables Entity. 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).

“Contribution Agreement” refers to the contribution agreement dated July 21, 2016 between, among others, Liberty Global Europe B.V., Liberty Global plc, Vodafone International and Vodafone Group Plc governing the Ziggo Group Contribution and the Vodafone NL Contribution, as may be amended or restated from time to time.

“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, arrangements, instruments, trust deeds, note purchase agreements, indentures or commercial paper facilities and overdraft facilities (including, without limitation, the facilities made available under the 2014 Senior Facility Agreement) 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, notes, bonds, debentures 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 2014 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 Restricted Subsidiary of any obligations under Credit Facilities incurred by the Senior Secured Notes Issuer and its Subsidiaries (including, without limitation, the 2015 SPV Senior Secured Credit Facility) and/or (ii) the acquisition or other transfer of the Senior Secured Notes Issuer and its Subsidiaries, together with any outstanding obligations under Credit Facilities incurred by the Senior Secured Notes Issuer and its Subsidiaries, by any Restricted Subsidiary, in each case, pursuant to the Ziggo Group Combination.

“Credit 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, any 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.

“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 or any Affiliate Proceeds Loan Obligor) of non-cash consideration received by the Company, UPC NL Holdco, any 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, any 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 or any 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 and any 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 or any 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, any 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 or any 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 or any 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.

“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 or any Affiliate Proceeds Loan Obligor as capital contributions or Subordinated Shareholder Loans to the

Company, UPC NL Holdco or any 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 or any Affiliate Proceeds Loan Obligor, in each case to the extent designated as an Excluded Contribution pursuant to an Officers' Certificate of the Company.

"Existing 2020 Senior Secured Notes" means the €750 million 3 $\frac{5}{8}$ % Senior Secured Notes due 2020 issued by Ziggo B.V. outstanding on the Issue Date.

"Existing 2024 Senior Notes" means Ziggo Bond Company B.V.'s €743,128,000 aggregate principal amount of 7.125% Senior Notes due 2024.

"Existing 2025 Senior Notes" means the (i) \$400 million aggregate principal amount of 5 $\frac{7}{8}$ % Senior Notes due 2025 and (ii) €400 million aggregate principal amount of 4 $\frac{3}{8}$ % Senior Notes due 2025 issued by the Senior Notes Issuer.

"Existing 2025 Senior Secured Notes" means the €800 million aggregate principal amount of 3 $\frac{3}{4}$ % Senior Secured Notes due 2025 issued by the Senior Secured Notes Issuer.

"Existing Covenant Agreement" means the covenant agreement dated as of January 29, 2015, between, among others, the Issuer, the Proceeds Loan Borrowers and the Trustee, pursuant to which the Proceeds Loan Borrowers agreed to be bound by the covenants of the indenture governing the Existing 2025 Senior Notes.

"Existing Proceeds Loans" means the proceeds loans funded and subject to the provisions of the Proceeds Loan Agreement outstanding on the Issue Date.

"Existing Senior Secured Covenant Agreements" means the covenant agreements each dated as of February 4, 2015, (i) between, among others, the Senior Secured Notes Issuer, the Senior Secured Proceeds Loan Obligors and the Trustee, pursuant to which the Senior Secured Proceeds Loan Obligors agreed to be bound by the covenants of the indenture governing the Existing 2025 Senior Secured Notes and (ii) between, amongst others, ABC and UPC NL Holdco II, as the parent companies and the original obligors, the Senior Secured Notes Issuer and US SPV Partnership, as borrowers, The Bank of Nova Scotia, as facility agent, and the Trustee, as security trustee, pursuant to which the obligors thereunder agreed to be bound by the covenants of the 2015 SPV Senior Secured Credit Facility, in each case, as applicable to them.

"Existing Senior Secured Proceeds Loan Guarantees" means the guarantees provided by the Senior Secured Proceeds Loan Guarantors under the Existing Senior Secured Proceeds Loans.

"Existing Senior Secured Proceeds Loans" means the proceeds loans funded and subject to the provisions of the Senior Secured Proceeds Loan Agreement.

"Expenses Agreement" means the expenses agreement dated as of January 12, 2015 between, among others, the Issuer, the Company and UPC NL Holdco pursuant to which the Company and UPC NL Holdco have agreed, and Vodafone NL Holdco, will accede to on or prior to the Escrow Release Date and 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 Senior 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 or any 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, any 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, any 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, any 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, any 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.

“Holdco Restructuring” means the transactions whereby Ziggo Group Holding transfers all of the Capital Stock it holds in each of its Subsidiaries, at the time of such transfer, to a direct or indirect Wholly Owned Subsidiary.

“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; and
- (4) 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, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary from a customer or subscriber for its service and any other deferred or prepaid revenue, (b) any obligations to make payments in relation to earn-outs, (c) Indebtedness which is in the nature of equity (other than redeemable shares) or equity derivatives, (d) Capitalized Lease Obligations, (e) receivables sold or discounted, whether recourse or non-recourse, including for the avoidance of doubt any indebtedness in respect of Qualified Receivables Transactions, including without limitation guarantees by a Receivables Entity of the obligations of another Receivables Entity and any indebtedness in respect of Limited Recourse, (f) pension obligations or any obligation under employee plans or employment agreements, (g) any “parallel debt” obligations to the extent such obligations mirror other Indebtedness, (h) any payments or liability 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 (including, without limitation, any liability under an IRU Contract), (i) 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 (3) above, (j) 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 (including, in each case, any accrued dividends), (k) Hedging Obligations and (l) any Non-Recourse Indebtedness. 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 or any 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, any Affiliate Proceeds Loan Obligor, the Spin Parent or any direct or indirect parent company of the Company, UPC NL Holdco or any 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 (including, for the avoidance of doubt, any such Equity Offering of common stock or other common equity interest of the Spin Parent in connection with any Spin-off).

“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, any 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) (or, in the event that there are no comparable transactions to apply for comparative purposes, is otherwise on terms that, taken as a whole, the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, has conclusively determined in good faith to be fair to the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary):

- (1) the sale of programming or other content by the Ultimate Parent, the Spin Parent or any of their respective Subsidiaries to the Company, UPC NL Holdco, any 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, any Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries to the Ultimate Parent, the Spin

Parent or any of their Subsidiaries or by the Ultimate Parent, the Spin Parent or any of their Subsidiaries to the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor 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 Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries to or from the Ultimate Parent, the Spin Parent or any of their Subsidiaries, including, without limitation, (a) the employment of personnel, (b) provision of employee healthcare or other benefits, including stock and other incentive plans (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, any Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries to or by the Ultimate Parent 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, any Affiliate Proceeds Loan Obligor or a Subsidiary for consideration to the extent such consideration consists of Common Stock of the Company, UPC NL Holdco or any 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's or any 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 and any 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 or any 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's or any 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's or any 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 or any 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 or any Affiliate Proceeds Loan Obligor.

If the Company, UPC NL Holdco, any 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 or any 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 or any 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, any 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 any two 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;
- (2) a rating of “BBB—” (or the equivalent) or higher from Standard & Poor’s Ratings Services, or any of its successors or assigns; and
- (3) a rating of “BBB—” (or the equivalent) or higher from Fitch Ratings Inc. 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.

“IRU Contract” means a contract entered into by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries in the ordinary course of business in relation to the right to use capacity on a telecommunications cable system (including the right to lease such capacity to another person).

“Issue Date” means the date of first issuance of the Notes.

“Issuer Asset Sale” means the sale, lease, conveyance or other disposition of any rights, property or assets by the Issuer, other than the granting of a Permitted Issuer Lien or any Permitted Issuer Investment.

“Joint Venture Parent” means the joint venture entity formed in a Parent Joint Venture Transaction.

“JV Agreement” means the joint venture agreement dated February 15, 2016, entered into by and between Liberty Global Europe and Vodafone International with the intention of forming or organizing the JV Entity.

“JV Contribution” means the contribution by Vodafone International of the Vodafone NL Group to Ziggo Group Holding.

“JV Entity” means the joint venture entity Liberty Global Europe and Vodafone International intend to form as part of to the JV Transactions.

“JV Transactions” means certain transactions to be entered into, in connection with the JV Contribution, including transactions whereby (i) Liberty Global Europe will contribute or otherwise transfer Ziggo Group Holding and its subsidiaries to the JV Entity (ii) Vodafone International will contribute or otherwise transfer the Vodafone NL Group to the JV Entity and (iii) each of Liberty Global Europe and Vodafone International will own a 50% interest in the JV Entity, or, in each case, pursuant to the Contribution Agreement or as otherwise agreed by Liberty Global Europe and Vodafone International.

“Liberty Global Europe” mean Liberty Global Europe B.V., an indirect wholly owned subsidiary of Liberty Global plc.

“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).

“Limited Condition Transaction” means (i) any Investments or acquisition, in each case, by one or more of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries of any assets, business or Person whose consummation is not conditioned on the availability of, or on obtaining, third party financing, and (ii) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment.

“Limited Recourse” means a letter of credit, revolving loan commitment, cash collateral account, guarantee or other credit enhancement issued by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary (other than a Receivables Entity) in connection with the incurrence of Indebtedness by a Receivables Entity under a Qualified Receivables Transaction; *provided* that, the aggregate amount of such letter of credit reimbursement obligations and the aggregate available amount of such revolving loan commitments, cash collateral accounts, guarantees or other such credit enhancements of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries (other than a Receivables Entity) shall not exceed 25% of the principal amount of such Indebtedness at any time.

“Local GAAP” means generally accepted accounting principles of the jurisdiction of the Issuer as in effect from time to time.

“Management Fees” means any management, consultancy stewardship, or other similar fees payable by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary, including any fees, charges and related expenses incurred by any Parent on behalf of and/or charged to the Company, UPC NL Holdco, any 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, any 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 the Ultimate Parent 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 the Ultimate Parent, such second-tier Subsidiary.

“Non-Recourse Indebtedness” means any indebtedness of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary (and not of any other Person), in respect of which the Person or Persons to whom such indebtedness is or may be owed has or have no recourse whatsoever to the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary for any payment or repayment in respect thereof:

- (1) other than recourse to the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary which is limited solely to the amount of any recoveries made on the enforcement of any collateral securing such indebtedness or in respect of any other disposition or realization of the assets underlying such indebtedness;
- (2) provided that such Person or Persons are not entitled, pursuant to the terms of any agreement evidencing any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up, dissolution or administration of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary (or proceedings having an equivalent effect) or to appoint or cause the appointment of any receiver, trustee or similar person or officer in respect of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary or any of its assets until after the Notes have been repaid in full; and
- (3) provided further that the principal amount of all indebtedness Incurred and then outstanding pursuant to this definition does not exceed the greater of (i) €250.0 million and (ii) 5.0% of Total Assets.

“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.

“Original Proceeds Loan Borrower” means in respect of a Proceeds Loan, UPC NL Holdco and/or the Company.

“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, any Affiliate Proceeds Loan Obligor or the Trustee.

“Parent” means (i) the Ultimate Parent, (ii) any Subsidiary of the Ultimate Parent of which the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor is a Subsidiary on the Issue Date, (iii) any other Person of which the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor at any time is or becomes a Subsidiary after the Issue Date (including, for the avoidance of doubt, the Spin Parent and any Subsidiary of the Spin Parent following any Spin-Off ) and (iv) any Joint Venture Parent, any Subsidiary of the Joint Venture Parent and any Parent Joint Venture Holders following any Parent Joint Venture Transaction.

“Parent Company” means the Reporting Entity; *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 or any Subsidiary of a 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary;
- (2) indemnification obligations of any Parent or any Subsidiary of a 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 or any Affiliate Proceeds Loan Obligor or the conduct of the business of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries;
- (3) obligations of any Parent or any Subsidiary of a Parent in respect of director and officer insurance (including premiums therefor) with respect to its ownership of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor or the conduct of the business of the Company, UPC NL Holdco, any 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, stewardship or operation of the business (including, but not limited to, Intra-Group Services) of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries, including acquisitions, dispositions or treasury transactions by the Company, UPC NL Holdco, any 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.

“Parent Joint Venture Holders” means the holders of the share capital of the Joint Venture Parent.

“Parent Joint Venture Transaction” means a transaction pursuant to which a joint venture is formed by the contribution of some or all of the assets of a Parent or issuance or sale of shares of a Parent to one or more entities which are not Affiliates of the Ultimate Parent, including the JV Transactions.

“Pari Passu Indebtedness” means Indebtedness of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor that ranks equally or junior in right of payment with the Proceeds Loans (after giving effect to any Proceeds Loan Guarantee and the Priority Agreement or any Additional Priority Agreement).

“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, any 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, any 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, any 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;
- (2) Liens on the Proceeds Loan Collateral to secure any Additional Proceeds Loan and Pari Passu Indebtedness, and
- (3) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (1) and (2),

*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 and any Affiliate Proceeds Loan Obligor, and (ii) holders of Indebtedness referred to in 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 Credit Facility” means, one or more debt facilities or arrangements that may be entered into by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or the Restricted Subsidiaries providing for credit loans, letters of credit or other Indebtedness or other advances, in each case, Incurred in compliance with the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”.

“Permitted Financing Action” means, to the extent that any incurrence of Indebtedness or Refinancing Indebtedness is permitted pursuant to the covenants described under “—*Certain Covenants—Limitation on Indebtedness*”, any transaction to facilitate or otherwise in connection with a cashless rollover of one or more lenders’ or investors’ commitments or funded Indebtedness in relation to the incurrence of that Indebtedness or Refinancing Indebtedness.

“Permitted Holders” means, collectively, (1) the Ultimate Parent, (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 or any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in:

- (1) the Company, UPC NL Holdco, any 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, any 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, any 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, any 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, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary;
- (7) Capital Stock, obligations, accounts receivables or securities received in settlement of debts created in the ordinary course of business and owing to the Company, UPC NL Holdco, any 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, workout recapitalization 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 herewith;
- (11) Investments by the Company, UPC NL Holdco, any 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, any 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, any 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, the Existing 2025 Senior Notes, the Existing 2024 Senior Notes and the Existing 2020 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 5.00 to 1.00;
- (17) any Investment to the extent made using as consideration Capital Stock of the Company, UPC NL Holdco or any 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, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary, including by way of merger,

amalgamation or consolidation with or into the Company, UPC NL Holdco, any 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 in Securitization Obligations;
- (20) Investments resulting from the disposition of assets in transactions excluded from the definition of “Asset Disposition” pursuant to the exclusions from such definition;
- (21) any Person where such Investment was acquired by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary (a) in exchange for any other Investment or accounts receivable held by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor 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 Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor 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
- (22) 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).
- (23) Investments consisting of purchases and acquisitions of inventory, supplies, material, services or equipment or purchases of contract rights or licenses or leases of intellectual property;
- (24) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements;
- (25) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or its Restricted Subsidiaries; and
- (26) Investments by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary in any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business.

“Permitted Issuer Investment” means Investments in:

- (1) cash and Cash Equivalents;
- (2) the Notes;
- (3) any Additional Issuer Debt;
- (4) the Proceeds Loans; and
- (5) any Additional Proceeds Loan.

“Permitted Issuer 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 Issuer Debt and guarantees of Additional Issuer 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;
- (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; and
- (5) Liens over Capital Stock of any Subsidiary of the Issuer.

“Permitted Issuer 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 Parent’s, the Issuer’s and its Subsidiaries’ corporate existence and to pay reasonable accounting, legal, management and administrative fees and other bona fide operating expenses.

“Permitted Liens” means:

(A) with respect to any Restricted Subsidiary:

- (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, any Liens on Investments in Receivables Entities;
- (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;
- (5) Liens in favor of issuers of surety, bid or performance bonds or with respect to other regulatory requirements or trade or government contracts or to secure leases or permits, licenses, statutory or regulatory obligations, 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) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto, (including, without limitation, the right reserved to or vested in any governmental authority by the terms of any lease, license, franchise, grant or permit acquired by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any of its Restricted Subsidiaries or by any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof), (b) minor survey exceptions, encumbrances, trackage rights, special assessments 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, any 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries and (c) any condemnation or eminent domain proceedings affecting any real property;
- (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, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries;
- (9) Liens arising out of judgments, decrees, orders or awards 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 (including Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business) provided that such Liens do not encumber any other assets or property of the Company, UPC NL Holdco, any 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;
- (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, any 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 (including Liens created, incurred or assumed in connection with or in contemplation of such acquisition or transaction); provided, however, that any such Lien may not extend to any other property owned by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);
- (15) Liens on property at the time the Company, UPC NL Holdco, any 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 (including Liens created, incurred or assumed in connection with or in contemplation of such acquisition or transaction); provided, however, that such Liens may not extend to any other property owned by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or such Restricted Subsidiary (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);
- (16) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company, UPC NL Holdco, any 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) [Reserved];
- (22) 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;
- (23) 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;

- (24) Liens securing Indebtedness that is permitted to be Incurred by the Restricted Subsidiaries under clause (1) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or clauses (1), (3), (7), or (12) (in the case of (12), to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Liens), (15) and (18) of the third paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”;
- (25) 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*”;
- (26) 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;
- (27) Liens consisting of any right of set-off granted to any financial institution acting as a lockbox bank in connection with a Qualified Receivables Transaction;
- (28) Liens for the purpose of perfecting the ownership interests of a purchaser of Receivables and related assets pursuant to any Qualified Receivables Transaction;
- (29) Liens arising in connection with other sales of Receivables permitted hereunder without recourse to the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries;
- (30) Liens in respect of Bank Products or to implement cash pooling arrangements or arising under the general terms and conditions of banks with whom the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary maintains a banking relationship or to secure cash management and other banking services, netting and set-off arrangements, and encumbrances over credit balances on bank accounts to facilitate operation of such bank accounts on a cash-pooled and net balances basis (including any ancillary facility under any Credit Facility or other accommodation comprising of more than one account) and Liens of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary under the general terms and conditions of banks and financial institutions entered into in the ordinary course of banking or other trading activities;
- (31) any Liens in respect of the ownership interests in, or assets owned by, any joint ventures securing obligations of such joint ventures;
- (32) any encumbrance or restriction (including, but not limited to, put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (33) deposits or other Liens for the purpose securing Limited Recourse;
- (34) Liens on equipment of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary granted in the ordinary course of business to a client of Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or a Restricted Subsidiary at which such equipment is located;
- (35) subdivision agreements, site plan control agreements, development agreements, servicing agreements, cost sharing, reciprocal and other similar agreements with municipal and other governmental authorities affecting the development, servicing or use of a property; provided the same are complied with in all material respects except as such non-compliance does not interfere in any material respect as determined in good faith by the Issuer with the business of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor and its Subsidiaries taken as a whole;
- (36) facility cost sharing, servicing, reciprocal or other similar agreements related to the use and/or operation a property in the ordinary course of business; provided the same are complied with in all material respects;
- (37) deemed trusts created by operation of law in respect of amounts which are (i) not yet due and payable, (ii) immaterial, (iii) being contested in good faith and by appropriate proceedings and for which appropriate reserves have been established in accordance with GAAP or (iv) unpaid due to inadvertence after exercising due diligence; and

- (38) 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.
- (B) with respect to the Company, UPC NL Holdco and any Affiliate Proceeds Loan Obligor:
- (1) Liens securing the Proceeds Loans;
  - (2) Permitted Collateral Liens;
  - (3) Liens securing guarantees of Indebtedness Incurred under Credit Facilities, to the extent the underlying Indebtedness was Incurred in compliance with the second paragraph or clause (1) under the third paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”;
  - (4) Liens on property at the time the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor acquired the property, including any acquisition by means of a merger or consolidation with or into the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor; provided, that such Liens may not extend to any other property owned by the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor;
  - (5) Liens over (i) Capital Stock of any Restricted Subsidiary and (ii) rights under loan agreements, notes or similar instruments representing Indebtedness of any Restricted Subsidiary owing to and held by the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, securing Indebtedness Incurred by a Restricted Subsidiary in compliance with (a) clause (1) of the second paragraph or clauses (1), (7), (15) and (18) under 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 clause (a); and
  - (6) Liens of the type described in clauses (3), (4), (5), (6), (7), (9), (10), (11), (12), (17), (19), (20), (22) and (24) of clause (A) of this definition of “Permitted Liens”.

“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 17, 2014 (as amended on February, 20 2014 and as amended and restated on July 4, 2014 and as amended on January 4, 2015) between, among others, the Company, UPC NL and Deutsche Trustee Company Limited, as security agent, as previously amended and as may be further amended and in effect from time to time.

“Proceeds Loan Agreement” means the proceeds loan agreement dated as of March 5, 2015 (as amended, supplemented and/or restated from time to time) between the Issuer, as lender, the Company and UPC NL Holdco as original borrowers, and Deutsche Trustee Company Limited, as security agent.

“Proceeds Loan Borrowers” means, in respect of each Proceeds Loan, either an Original Proceeds Loan Borrower or, if the JV Escrow Release occurs, Vodafone Holdco I, and 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 Additional Proceeds Loan Guarantor and any and all successors thereto, and any permitted assignees thereof under the Proceeds Loans.

“Proceeds Loan Obligors” means the Proceeds Loan Borrowers and the Proceeds Loan Guarantors (including any Additional Proceeds Loan Guarantor).

“Pro forma EBITDA” means, for any period, the Consolidated EBITDA of the Company, UPC NL Holdco, any 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, any 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, any 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, any 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, any 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, any 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).

“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 2015 SPV Senior Secured Credit Facility, 2014 Senior Facility Agreement, a Permitted 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, any 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, any 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, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary in connection with a Qualified Receivables Transaction with a Receivables Entity, which note is intended to finance that portion of the purchase price that is not paid in cash or a contribution of equity and which (a) is repayable from cash available to the Receivables Entity, other than (i) amounts required to be established as reserves pursuant to agreements, (ii) amounts paid to investors in respect of interest, (iii) principal and other amounts owing to such investors and (iv) amounts owing to such investors and amounts paid in connection with the purchase of newly generated Receivables and (b) may be subordinated to the payments described in clause (a).

“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, any Affiliate Proceeds Loan Obligor or any of the Restricted Subsidiaries pursuant to which the Company, UPC NL Holdco, any 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, any 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, any 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 and any Hedging Obligations entered into by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any such Restricted Subsidiary in connection with such 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 or any Affiliate Proceeds Loan Obligor (or another Person in which the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary makes an Investment and to which the Company, UPC NL Holdco, any 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, any 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, any 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, any 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; or
  - (d) except, in each such case, Limited Recourse and Permitted Liens as defined in clauses (1), (27) through (29) and (33) of the definition thereof.
- (2) with which neither the Company, UPC NL Holdco, any 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, any 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 or any 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, any 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 (other than those related to or incidental to the relevant Qualified Receivables Transaction), except for Limited Recourse.

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 or any Affiliate Proceeds Loan Obligor giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions.

"Receivables Fees" means reasonable distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Receivables Entity in connection with, any Qualified Receivables Transaction.

"Receivables Repurchase Obligation" means any obligation of a seller of Receivables in a Qualified Receivables Transaction to repurchase Receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"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 or any 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, any 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, any Affiliate Proceeds Loan Obligor or any of the Company’s, UPC NL Holdco’s or any Affiliate Proceeds Loan Obligor’s Subsidiaries), or
  - (b) being a holding company parent of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any of the Company’s, UPC NL Holdco’s or any 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 or any Affiliate Proceeds Loan Obligor, or any of the Company’s, UPC NL Holdco’s or any Affiliate Proceeds Loan Obligor’s Subsidiaries, or
  - (d) having guaranteed any obligations of the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Subsidiary of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, or
  - (e) having made any payment in respect to any of the items for which the Company, UPC NL Holdco or any 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, any 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, any 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, any 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, any Affiliate Proceeds Loan Obligor and their Subsidiaries (reduced by any taxes measured by income actually paid by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor and their Subsidiaries).

“Related Transaction” means (1) any transactions to effect or consummate the JV 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 UPC NL Holdco, (2) any transactions to effect or consummate the Credit Facility Assumption, (3) intercompany indebtedness (A) by the Company, UPC NL Holdco, any 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, any 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 JV Transactions, 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, (ii) following the accession of any Affiliate Subsidiary, Ziggo Group Holding or a common Parent of the Company, UPC NL Holdco and the Affiliate Subsidiary, or (iii) following an Affiliate Proceeds Loan Obligor Accession, a common Parent of the Company, UPC NL Holdco and any 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 or any Affiliate Proceeds Loan Obligor together with any Affiliate Subsidiaries other than an Unrestricted Subsidiary.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the United States Securities Act of 1933, as amended.

“Securitization Obligation” means any Indebtedness or other obligation of any Receivables Entity.

“Security Agent” means Deutsche Trustee Company Limited and any successor or replacement Security Agent, acting in such capacity.

“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, any 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, any 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 or any Affiliate Proceeds Loan Obligor to any Restricted Subsidiary;
- (3) any liability for taxes owed or owing by the Company, UPC NL Holdco, any 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 or any 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 or any Affiliate Proceeds Loan Obligor, including, without limitation, any Subordinated Obligation; or
- (6) any Capital Stock.

“Senior Secured Notes Issuer” means Ziggo Secured Finance B.V., a direct subsidiary of the Issuer.

“Senior Secured Proceeds Loan Agreement” means the proceeds loan agreement dated as of March 5, 2015 (as amended, supplemented and/or restated from time to time) between the Senior Secured Notes Issuer and Ziggo Secured Finance Partnership, as lenders, UPC Nederland B.V. as original borrower, and ING Bank N.V., as security agent.

“Senior Secured Priority Agreement” means the priority agreement dated January 12, 2006 (as amended and restated on October 6, 2006, November 17, 2006, March 28, 2013, November 14, 2014 and January 4, 2015) between, among others, Amsterdamse Beheer- en Consultingmaatschappij B.V., certain guarantors party thereto and ING Bank N.V., as security agent, as previously amended and as may be further amended and in effect from time to time.

“Senior Secured Proceeds Loan Borrowers” means the borrowers under the Existing Senior Secured Proceeds Loans.

“Senior Secured Proceeds Loan Guarantors” means the guarantors under the Existing Senior Secured Proceeds Loans.

“Senior Secured Proceeds Loan Obligors” mean the collectively, the Senior Secured Proceeds Loan Borrowers and the Senior Secured Proceeds Loan Guarantors.

“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 Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor or a Parent of the Company, UPC NL Holdco or any Affiliate Proceeds Loan Obligor, directly or indirectly owned by Ultimate Parent are distributed to (x) all of the Ultimate Parent’s shareholders, or (y) all of the shareholders comprising one or more group of the Ultimate Parent’s shareholders as provided by the Ultimate Parent’s articles of association, in each case, either directly or indirectly through the distribution of shares in a company holding the Company’s, UPC NL Holdco’s or any Affiliate Proceeds Loan Obligor’s shares or a Parent’s shares.

“Spin Parent” means the Person the shares of which are distributed to the shareholders of the Ultimate Parent pursuant to the Spin-Off.

“Standard Securitization Undertakings” means representations, warranties, covenants and indemnities entered into by the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary which are reasonably customary in securitization of Receivables transactions, including without limitation, those relating to the servicing of the assets of a Receivables Entity and Limited Recourse, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking;

“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 Shareholder Loans” means Indebtedness of the Company, UPC NL Holdco or any 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 or any 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, any 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 or any 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 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 or any Affiliate Proceeds Loan Obligor, as applicable;
- (6) under which the Company, UPC NL Holdco or any 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 or any Affiliate Proceeds Loan Obligor.

“Total Assets” means the Consolidated total assets of the Company, UPC NL Holdco, any 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).

“Towers Assets” means:

- (1) all present and future wireless and broadcast towers and tower sites that host or assist in the operation of plant and equipment used for transmitting telecommunications signals, beings tower and tower sites that are owned by or vested in the Company, UPC NL Holdco, any Affiliate Proceeds Loan Obligor or any Restricted Subsidiary and include, without limitation, any and all towers under constructions;
- (2) all rights, title, deposits (including, without limitation, deposits placed with landlords, electricity boards and transmission companies) and interest in, or over, the land property on which such towers and tower sites have been constructed or erected or installed;



- (3) all current assets relating to towers or tower sites whether movable, immovable or incorporeal;
- (4) all plant and equipment customarily treated by telecommunications operators as forming part of the Tower Assets, including, in particular, but without limitation, the electricity power connections, utilities, diesel generator sets, batteries, power management systems, air conditioners, shelters and all associated civil and electrical works; and
- (5) all permits, licences, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, trademarks, designs, copyrights, patents and other intellectual property and powers of every kind, nature and description whatsoever, whether form government bodies or otherwise, pertaining to or relating to the aforesaid.

“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.

“Treasury Rate” means the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available on a day no earlier than two Business Days prior to the date of the delivery of the redemption notice in respect of such redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to January 15, 2022; provided, however, that if the period from the redemption date to January 15, 2022 is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from the redemption date to January 15, 2022 is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

“Ultimate Parent” means (1) Liberty Global plc and any all successors thereto or (2) upon consummation of a Spin-Off, “Ultimate Parent” will mean the Spin Parent and its successors, and (3) upon consummation of a Parent Joint Venture Transaction, “Ultimate Parent” will mean each of the top tier Parent entities of the Joint Venture Holders and their successors.

“Unrestricted Subsidiary” means:

- (1) any Subsidiary of the Company, UPC NL Holdco or any 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 or any Affiliate Proceeds Loan Obligor may designate any Subsidiary of the Company, UPC NL Holdco or any 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 or any 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 or any 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 or any 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 or any 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 or any 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, any Affiliate Proceeds Loan Obligor and the Restricted Subsidiaries could Incur at least €1.00 of additional Pari Passu 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.

“Vodafone Holdco I” means a private limited company to be incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone International” mean Vodafone International Holding B.V., a private limited company incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone Libertel” means Vodafone Libertel B.V., a private limited company incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone NL Group” refers to Vodafone Libertel together with any holding companies and its Subsidiaries.

“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 (a) directors’ qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law, regulation or to ensure limited liability) and (b) in the case of a Receivables Entity, shares held by a Person that is not an Affiliate of the Company, UPC NL Holdco or an Affiliate Proceeds Loan Obligor solely for the purpose of permitting such Person (or such Person’s designee) to vote with respect to customary major events with respect to such Receivables Entity, including without limitation the institution of bankruptcy, insolvency or other similar proceedings, any merger or dissolution, and any change in charter documents or other customary events 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 and its Subsidiaries and any Affiliate Proceeds Loan Obligor 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.

“Ziggo Group Holding” means Ziggo Group Holding B.V. and any all successors thereto.

## DESCRIPTION OF THE SENIOR SECURED 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 \$ aggregate principal amount of senior secured notes due 2027 (the “Dollar Notes”) and € aggregate principal amount of senior secured notes due 2027 (the “Euro Notes” and, together with the Dollar Notes, the “Notes”) issued under the Indenture, in each case, in accordance with the provisions 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 Senior Secured Notes*” set out elsewhere in this Offering Memorandum.

You will find the definitions of capitalized terms used in this Description of the Senior Secured 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 Senior Secured 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 \$ aggregate principal amount of Dollar Notes and € aggregate principal amount of Euro Notes. Thereafter, the Old Issuer or the Fold-In Issuer, as applicable, may issue an unlimited amount of additional notes having identical terms and conditions to the Notes (the “Additional Notes”). Additional Notes may only be issued if the covenants in the Indenture are complied with. 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 Senior Secured 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 Note Collateral Documents (as defined under “—*Ranking of the Notes, Note Guarantees and Note Collateral—Note Collateral*”) 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 Note 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 Note 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 Senior Secured 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 Dollar Notes will mature on January 15, 2027 and the Euro Notes will mature on January 15, 2027. The Notes 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 Note Collateral*”.

The Dollar Notes will be issued in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof and the Euro Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

### ***Interest***

Interest on the Euro Notes will accrue at the rate of       % per annum and the interest on the Dollar Notes will accrue at the rate of       % per annum and, in each case, will be payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2017. 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 respective Euro Notes Paying Agent or Dollar Notes Paying Agent, as the case may be, 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 Euro 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 Euro Global Notes and payments on the Dollar Global Notes (as defined under “—*Transfer and Exchange*”) will be made to Cede & Co. as the registered holder of the Dollar Global Notes. The rights of holders to receive any payment in respect of any Global Notes are subject to applicable procedures of DTC, 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 respective Euro Notes Paying Agent or Dollar Notes Paying Agent, as the case may be, 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 Euro Notes and Deutsche Bank Trust Company Americas will initially act as Paying Agent for the Dollar 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 Euro Notes will be Deutsche Bank Luxembourg S.A. in Luxembourg and the initial Registrar for the Dollar Notes will be Deutsche Bank Trust Company Americas. The initial transfer agent for the Euro Notes will be Deutsche Bank Luxembourg S.A. and the initial transfer agent for the Dollar Notes will be Deutsche Bank Trust Company Americas. The Registrars 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 Agents 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.*”

### ***Transfer and Exchange***

The Notes will be issued in the form of several registered notes in global form, without interest coupons, as follows:

- Each series of 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”):
  - The 144A Global Notes representing the Dollar Notes (the “Dollar 144A Global Note”) will, on the Issue Date, be deposited with a custodian for The Depository Trust Company (“DTC”) and registered in the name of Cede & Co., as nominee of DTC.
  - The 144A Global Notes representing the Euro Notes (the “Euro 144A Global Note”), will, on the Issue Date, be deposited with and registered in the name of the nominee for the common depository for the accounts of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream”).
- Each series of 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 Regulation S Global Notes representing the Dollar Notes (the “Dollar Regulation S Global Note,” and together with the Dollar 144A Global Note, the “Dollar Global Notes”) will initially be credited within DTC for the accounts of Euroclear and Clearstream.
  - The Regulation S Global Notes representing the Euro Notes (the “Euro Regulation S Global Notes”, and together with the Euro 144A Global Note, the “Euro Global Notes”) will, on the Issue Date, be deposited with and registered in the name of the nominee for the common depository for the accounts of Euroclear and 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 DTC, 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 DTC, participants in Euroclear or participants in Clearstream will be effected by DTC, Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, 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 or \$200,000 principal amount as the case may be and integral multiples of €1,000 in excess thereof or \$1,000 in excess thereof, as the case may be, upon receipt by the applicable 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 DTC, 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, Euro 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 and Dollar Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of \$200,000 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 DTC, 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 Note 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 2014 Senior Facility Agreement and the Existing 2020 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 Note Collateral as described under “—*Note 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, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the Senior Proceeds Loan Guarantees may adversely affect the validity and enforceability of the Notes, the Senior Secured Proceeds Loans, the Senior Proceeds Loans, the Senior Secured Proceeds Loan Guarantees and the Senior 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 Note Collateral as described under “—*Note 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 2014 Senior Facility Agreement, and the Existing 2020 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 Senior Secured 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 2014 Senior Facility Agreement, the Existing 2020 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.

## Note Collateral

### General

The Notes and the Note Guarantees will initially be secured by the Note Collateral. In addition, on the Ziggo Group Assumption Date the Note 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 2020 Senior Secured Notes as permitted under the 2014 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 Note Collateral.

The Note Collateral also secures the obligations of the Fold-In Issuer and the Note Guarantors under the 2014 Senior Facility Agreement, the Existing 2020 Senior Secured Notes and certain Hedging Obligations. Subject to the terms of the Priority Agreement, the holders of the Notes, the lenders under the 2014 Senior Facility Agreement, the holders of the Existing 2020 Senior Secured Notes, certain hedging counterparties and other senior secured creditors will share equally in respect of any recoveries from the Note 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 Note Collateral are granted to secure the Notes and the Note Guarantees from time to time are referred to as the “Note 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 Note Collateral, including additional Permitted Collateral Liens securing Indebtedness on a *pari passu* basis with the Notes, including Indebtedness under the 2014 Senior Facility Agreement, the Existing 2020 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—Limitation on 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 Note Collateral may not be sufficient to satisfy the obligations of the Fold-In Issuer and the Note Guarantors under the Notes, under the 2014 Senior Facility Agreement, under the Existing 2020 Senior Secured Notes, or to the creditors of other Indebtedness secured thereby. No appraisals of the Note 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 Note Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Note 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 Note Collateral

The Note 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 Note 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 Note 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 Note Collateral Documents to the extent otherwise permitted by the terms of the Indenture, the Note Collateral Documents or the Priority Agreement;
- (4) if the Note 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 Note 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 2014 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 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 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);
- (10) if the Notes Collateral is assets at such time as those assets are transferred to a Receivables Entity pursuant to a Qualified Receivables Transaction, and with respect to any Securitization Obligation that is transferred, in one or more transactions, to a Receivables Entity; and
- (11) 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 Note Collateral Documents will be released in accordance with the Note 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 Note Collateral Documents that is in accordance with the Indenture, the Note 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 2014 Senior Facility Agreement, certain Hedging Obligations and the Existing 2020 Senior Secured Notes, in respect of enforcement of the Note 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 Note Collateral Documents, together with any other incidental rights, power and discretions; and (B) execute each Note 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 Note Collateral taking into account the Priority Agreement) as security for the Affiliate Issuer Guarantee. In this Description of the Senior Secured 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 Senior Secured Notes*” set out elsewhere in this Offering Memorandum.

### *Dollar Notes*

#### *Optional Redemption on or after January 15, 2022*

Except as described below and under “—*Redemption for Taxation Reasons*”, the Notes are not redeemable until January 15, 2022. On or after January 15, 2022, the Fold-In Issuer may redeem all, or from time to time a part, of the Dollar 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>
2022 .....	%
2023 .....	%
2024 .....	%
2025; 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 Dollar Notes on or before the relevant redemption date. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Fold-In Issuer’s discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; provided that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the Fold-In Issuer may provide in such notice that payment of the redemption price and performance of the Fold-In Issuer’s obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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 Dollar Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Dollar Notes will be subject to redemption by the Fold-In Issuer.

#### *Optional Redemption prior to January 15, 2022*

Prior to January 15, 2022, 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 Dollar 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 Dollar 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, 2022, the Fold-In Issuer may redeem all, or from time to time a part, of the Dollar 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 Dollar Notes on or before the relevant redemption date. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Fold-In Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, Fold-In Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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 Dollar Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Dollar Notes will be subject to redemption by the Fold-In Issuer.

## ***Euro Notes***

### ***Optional Redemption on or after January 15, 2022***

Except as described below and under "*—Redemption for Taxation Reasons*", the Notes are not redeemable until January 15, 2022. On or after January 15, 2022, the Fold-In Issuer may redeem all, or from time to time a part, of the Euro 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>
2022 .....	%
2023 .....	%
2024 .....	%
2025; 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 such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Fold-In Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; provided that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the Fold-In Issuer may provide in such notice that payment of the redemption price and performance of the Fold-In Issuer's obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such

redemption date if it were a Business Day for the intervening period. 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 Euro Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Euro Notes will be subject to redemption by the Fold-In Issuer.

#### *Optional Redemption prior to January 15, 2022*

Prior to January 15, 2022 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 Euro 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, 2022, the Fold-In Issuer may redeem all, or from time to time a part, of the Euro 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 Euro Notes on or before the relevant redemption date. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Fold-In Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, the Fold-In Issuer may provide in such notice that payment of the redemption price and performance of the Fold-In Issuer's obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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 Euro Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Euro 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, 2020, 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 % of the principal amount of the Euro Notes and/or % of the principal amount of the Dollar 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 each of the Euro Notes and the Dollar Notes, as applicable, (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 such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Fold-In Issuer's discretion, the redemption date

may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, the Fold-In Issuer may provide in such notice that payment of the redemption price and performance of the Fold-In Issuer's obligations with respect to such redemption may be performed by another Person. For the avoidance of doubt, in each case above, the Fold-In Issuer may choose to redeem each series of Notes, either together or separately.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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.

### ***Optional Redemption upon Certain Tender Offers***

In connection with any tender offer or other offer to purchase for all of the Notes, if holders of not less than 90% of the aggregate principal amount of the then outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer and the Fold-In Issuer, or any third party making such tender offer in lieu of the Fold-In Issuer, purchases all of the Notes validly tendered and not validly 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' notice following such purchase date, to redeem all Notes that remain outstanding following such purchase at a price equal to the price paid to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the date of such redemption.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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 and Registrar 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 Euro Notes of €100,000 or less or Dollar Notes of \$200,000 or less can be redeemed in part. The Trustee and Registrar 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 DTC, Euroclear or Clearstream, notices may be given by delivery of the relevant notices to DTC, 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**

The Fold-In Issuer will redeem the Dollar Notes on January 15, 2027 and the Euro Notes on January 15, 2027 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 any Note Guarantee or 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) all United States backup withholding taxes;
- (g) 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
- (h) any combination of items (a) through (g) 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 (h) 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 or \$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 Senior Secured 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 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, the Ultimate Parent 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 or the Reporting Entity and their Subsidiaries to the Ultimate Parent or a first-tier or second-tier Subsidiary of the Ultimate Parent through one or more mergers, transfers, consolidations or other similar transactions, and/or (ii) the issuance by Ziggo Group Holding or the Reporting Entity of Capital Stock to the Ultimate Parent or a first-tier or second-tier Subsidiary of the Ultimate Parent and, as consideration therefor, the assignment or transfer by the Ultimate Parent or such first-tier or second-tier Subsidiary of the Ultimate Parent of assets to Ziggo Group Holding 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 Senior Secured 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, in the case of the Euro Notes and in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes 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, in the case of the Euro Notes, and \$200,000, in the case of the Dollar Notes.

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 or the Senior Obligors may not be able to obtain enough funds necessary to finance prepayment of the Senior Secured Proceeds Loans or the Senior Proceeds Loans, as applicable, and the relevant Issuer therefore may not have funds to repurchase the relevant series of Notes, upon the occurrence of certain events constituting a change of control (as defined in the relevant Indenture) as required by the relevant 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 or \$200,000 and in integral multiples of €1,000 or \$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 its 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, and any Refinancing Indebtedness in respect thereof, 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 represented by the Existing 2025 Senior Secured Notes following the Ziggo Group Existing 2025 Senior Secured Notes Assumption, (d) Indebtedness under the Existing 2020 Senior Secured Notes and (e) Indebtedness represented by the Note Collateral Documents, including, with respect to each such Indebtedness "parallel debt" obligations created under the Priority Agreement and the Note 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 (18) 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, asset backed 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 (including, without limitation, in respect of tenant improvement) of property (real or personal), plant, equipment or other assets (including, without limitation, network 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 (including, without limitation, in respect of tenant 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 (including, without limitation, network 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, casualty or liability insurance, self-insurance obligations, performance, bid, indemnity, surety, judgment, appeal, completion, 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 consistent with past practice or industry practice or in respect of any government requirement, including but not limited to, those Incurred to secure health, safety and environmental obligations or rental obligations, (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 (or consistent with past practice or industry practice) or in respect of any



government requirement, including, but not limited to letters of credit or similar instruments in respect of casualty or liability insurance, self-insurance, unemployment insurance, worker's compensation obligations, health disability or other benefits, pensions-related obligations and other social security laws, (c) the financing of insurance premiums or take-or-pay obligations contained in supply agreements in each case, 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, guarantees or obligations in respect of earn-outs or adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the acquisition or 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 (in the case of dispositions) or paid (in the case of acquisitions) by the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries in connection with such acquisition or disposition, as applicable;
- (11) Indebtedness arising from (i) Bank Products and (ii) 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 in the case of this clause (ii) 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) (i) Indebtedness with Affiliates reasonably required to effect or consummate the Related Transactions and (ii) Indebtedness pursuant to any Permitted Financing Action;
- (17) [Reserved]; and
- (18) in addition to the items referred to in clauses (1) through (17) 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 (18) and then outstanding, will not exceed the greater of (i) €250.0 million and (ii) 5.0% of Total Assets at any time outstanding;

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), (15) or (18) 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) in the case of a Restricted Payment other than a Restricted Investment, an Event of Default shall have occurred and be continuing (or would result therefrom); or
- (b) except in the case of a Restricted Investment, if such Restricted Payment is made in reliance on clause (c)(i) below, 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, (x) Excluded Contributions, (y) any property received in connection with clause (24) of the second paragraph of this covenant or (z) Net Cash Proceeds and the fair market value of such assets received in connection with the Acquisition or the JV Contribution);

- (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);
- (v) without duplication of amounts included in clauses (iii) or (iv), the amount by which Indebtedness of the Fold-In Issuer or the Affiliate Issuer is reduced on the Consolidated balance sheet of the Fold-In Issuer or the Affiliate Issuer upon the conversion or exchange of any Indebtedness of the Fold-In Issuer or the Affiliate Issuer issued after May 7, 2010, which is convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Fold-In Issuer or the Affiliate Issuer held by Persons not including the Fold-In Issuer or the Affiliate Issuer or any of their Restricted Subsidiaries, as applicable (less the amount of any cash or the fair market value of other property or assets distributed by the Fold-In Issuer or the Affiliate Issuer upon such conversion or exchange); and
- (vi) 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 (vi).

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, Subordinated Shareholder Loans or 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 €10.0 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 (or caused to be 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 designated an Affiliate Issuer or an Affiliate 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), (12) and (20) 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) 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, loans 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 or Permitted Financing Action; *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 Credit Facility in an amount not to exceed the Credit 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 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;
- (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;

- (22) distributions or payments of Receivables Fees and purchases of Receivables pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Transaction;
- (23) [Reserved]; and
- (24) Restricted Payments to finance Investments or other acquisitions by a Parent or any Affiliate (other than the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary) which would otherwise be permitted to be made pursuant to this covenant “—*Limitation on Restricted Payments*” if made by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary; *provided*, that (i) such Restricted Payment shall be made within 120 days of the closing of such Investment or other acquisition, (ii) such Parent or Affiliate shall, prior to or promptly following the date such Restricted Payment is made, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the Issuer or a Restricted Subsidiary or (2) the merger, amalgamation, consolidation, or sale of the Person formed or acquired into the Issuer or a Restricted Subsidiary (in a manner not prohibited by the covenant described under “—*Merger and Consolidation*”) in order to consummate such Investment or other acquisition, (iii) such Parent or Affiliate receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with this covenant “—*Limitation on Restricted Payments*” and (iv) any property received in connection with such transaction shall not constitute an Excluded Contribution up to the amount of such Restricted Payment made under this clause (24).

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 (24) 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 Note Collateral, Permitted Liens, provided that the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary may create, incur, or suffer to exist, a Lien upon any property or asset that does not constitute Note Collateral (such Lien, the “Initial Lien”) if, contemporaneously with the Incurrence of such Initial Lien, effective provision is made to secure the Indebtedness due under the Indenture and the Notes or, in respect of Liens on any Fold-In Issuer’s, Affiliate Issuer’s or Restricted Subsidiary’s property or asset that does not constitute Note Collateral, the Fold-In Issuer’s, the Affiliate Issuer’s or such Restricted Subsidiary’s Guarantee, equally and ratably with (or prior to, in the case of Liens with respect to Subordinated Obligations of the Fold-In Issuer, Affiliate Issuer or a Restricted Subsidiary, as the case may be) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured; and
- (2) in the case of any property or asset that constitutes Note Collateral, Permitted Collateral Liens.

Any Lien created pursuant to the proviso described in clause (1) of the preceding paragraph in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates or (ii) in accordance with the provision described under “—*Ranking of the Notes, Note Guarantees and Note Collateral—Release of the Note Collateral*”.

Notwithstanding the foregoing, the Company, UPC NL Holdco II and any 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 on any Proceeds Loan Collateral other than Permitted Collateral Liens.

For purposes of determining compliance with this covenant, (x) a Lien need not be Incurred solely by reference to one category of Permitted Liens or Permitted Collateral Liens, as applicable, but may be Incurred under any combination of such categories (including in part under one such category and in part under any other such category) and (y) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens or Permitted Collateral Liens, as applicable, the Fold-In Issuer shall, in its sole discretion, divide, classify or may subsequently reclassify at any time such Lien (or any portion thereof) in any manner that complies with this covenant and the definition of “Permitted Liens” or “Permitted Collateral Liens”, as applicable.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The “Increased Amount” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms or in the form of common stock, the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock of the same class, accretion of original issue discount or liquidation preference, any fees, underwriting discounts, accrued and unpaid interest, premiums and other costs and expenses incurred in connection therewith and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

#### ***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 2014 Senior Facility Agreement, the Existing 2020 Senior Secured Notes, the Priority Agreement, the Note 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 encumbrance or restriction arising in connection with any Purchase Money Note, other Indebtedness or 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 2014 Senior Facility Agreement, the Existing 2020 Senior Secured Notes, the Priority Agreement, the Note 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) (except in the case of any revolving Indebtedness) 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, in the case of the Euro Notes, and in \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes.

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 prior to the Asset Disposition Purchase Date (as defined below). Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

No later than five Business Days after the termination of the Asset Disposition Offer (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.

Any Net Available Cash payable in respect of the Notes pursuant to this covenant will be apportioned between the Euro Notes and the Dollar Notes in proportion to the respective aggregate principal amounts of Euro Notes and Dollar Notes validly tendered and not withdrawn, based upon the Euro Equivalent of such principal amount of Dollar Notes determined as of a date selected by the Fold-In Issuer. 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, in the case of the Euro Notes, and in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes. 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 on or prior to the Asset Disposition Purchase Date 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 the case of the Euro Notes, and in denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof, in the case of the Dollar Notes. 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 €50.0 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, or (in the event that there are no comparable transactions involving Persons who are not Affiliates the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary to apply for comparative purposes) is otherwise on terms that, taken as a whole, the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary has conclusively determined in good faith to be fair to the Fold-In Issuer or the Affiliate Issuer or such Restricted Subsidiary; 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 either (i) a majority of the members of the Board of Directors or (ii) the senior management of the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary, as applicable.

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, any Restricted Subsidiary 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, 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 either the Board of Directors 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, 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, executives or officers of any Parent 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) any transaction with (i) a Receivables Entity effected as part of a Qualified Receivables Transaction, acquisitions of Permitted Investments in connection with a Qualified Receivables Transaction, and



- other Investments in Receivables Entities consisting of cash or Securitization Obligations or (ii) with an Affiliate in respect of Non-Recourse Indebtedness;
- (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;
  - (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 loans, capital market transactions, hedging and other derivative transactions, acquisitions or divestitures or (3) of Parent Expenses;
  - (13) guarantees of Indebtedness, hedging and other derivative transactions 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;
  - (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 the Ultimate Parent, 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, the Affiliate Issuer or Restricted Subsidiary reasonably believes allocates costs fairly;

- (21) any transactions between the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary and Ziggo Group Holding or any of its Subsidiaries; and
- (22) any Related Transaction or Permitted Financing Action.

### ***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 (other than a Note Guarantor) 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 Restricted 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 the Ultimate Parent’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 two 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 the Ultimate Parent), (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 (excluding, for the avoidance of doubt, the effect of any intercompany balances between the Reporting Entity and 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 Note Collateral granted under the Note 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 Note Collateral granted under the Note 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 Note Collateral Documents and the Priority Agreement, any interest in any of the Note Collateral, except that (1) the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries may Incur Permitted Collateral Liens, (2) the Note Collateral may be discharged and released in accordance with the Notes, the Indenture, the Note 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 Note Collateral in accordance with the Notes, the Indenture, the Note 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 Note Collateral in compliance with the terms of the Indenture as described under “*Note Collateral*”, no Note 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 Note 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 Note Collateral from the Lien of the Note 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 Note 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 Note 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 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 Note 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 Note 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 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 Note 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.

### ***Limited Condition Transaction***

In connection with any action being taken in connection with a Limited Condition Transaction, for purposes of determining compliance with any provision of the Indenture which requires that no Default or Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Fold-In Issuer, be deemed satisfied, so long as no Default or Event of Default, as applicable, exists on the date the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into. For the avoidance of doubt, if the Fold-In Issuer has exercised its option under the first sentence of this paragraph, and any Default or Event of Default occurs following the date such definitive agreement for a Limited Condition Transaction is entered into and prior to the consummation of such Limited Condition Transaction, any such Default or Event of Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Transaction is permitted hereunder.

In connection with any action being taken in connection with a Limited Condition Transaction for purposes of:

- (1) determining compliance with any provision of the Indenture which requires the calculation of any financial ratio or test, including the Consolidated Net Leverage Ratio; or
- (2) testing baskets set forth in the Indenture (including baskets measured as a percentage or multiple, as applicable, of Total Assets or Pro forma EBITDA);

in each case, at the option of the Fold-In Issuer (the Fold-In Issuer's election to exercise such option in connection with any Limited Condition Transaction, an "LCT Election"), the date of determination of whether any such action is permitted hereunder, shall be deemed to be the date the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into (the "LCT Test Date"); provided, however, that the Fold-In Issuer shall be entitled to subsequently elect, in its sole discretion, the date of consummation of such Limited Condition Transaction instead of the LCT Test Date as the applicable date of determination, and if, after giving *pro forma* effect to the Limited Condition Transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof), as are appropriate and consistent with the *pro forma* adjustment provisions set forth in the definition of "Pro forma EBITDA" and "Consolidated Net Leverage Ratio", the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary could have taken such action on the relevant LCT Test Date in compliance with such ratio, test or basket, such ratio, test or basket shall be deemed to have been complied with.

If the Fold-In Issuer has made an LCT Election and any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date are exceeded as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in Pro forma EBITDA or Total Assets, of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries or the Person or assets subject to the Limited Condition Transaction (as at each reference to the "Fold-In Issuer" in such definition was to such Person or assets) at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations. If the Fold-In Issuer has made an LCT Election for any Limited Condition Transaction, then in connection with any subsequent calculation of any ratio, test or basket availability under the Indenture (including with respect to the Incurrence of Indebtedness or Liens, or the making of Asset Dispositions, acquisitions, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary or the designation of an Unrestricted Subsidiary) on or following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the definitive agreement for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such ratio, test or basket shall be calculated on a *pro forma* basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) have been consummated.

### ***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 Note Collateral created under Note Collateral Documents having a fair market value of in excess of €100.0 million (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 Collateral Documents or the Note 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 Note 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 Note 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); *provided, however*, that if any amendment, waiver or other modification will only affect the Euro Notes or the Dollar Notes only the consent of the holders of at least a majority in principal amount of the then outstanding Euro Notes or Dollar Notes (and not the consent of at least a majority of all Notes then outstanding), as the case may be, shall be required. However, unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (*provided, however* that if any amendment, waiver or other modification will only affect the Euro Notes or the Dollar Notes only the consent of the holders of at least 90% of the aggregate principal amount of the then outstanding Euro Notes or Dollar Notes (and not the consent of at least 90% of the aggregate principal amount of all Notes then outstanding), as the case may be, shall be required), 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 (*provided, however* that if any amendment, waiver or other modification will only affect the Euro Notes or the Dollar Notes only the consent of the holders of at least 75% of the aggregate principal amount of the then outstanding Euro Notes or Dollar Notes (and not the consent of at least 75% of the aggregate principal amount of all Notes then outstanding), as the case may be, shall be required), 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 Note Collateral Document or the provisions in the Indenture dealing with the Note 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 other than pursuant to the terms of the Note 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 Note 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 Note 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 Note 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 Note 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 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 for 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 Note 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 Note Collateral Documents, the Note Guarantees, the Priority Agreement and any Additional Priority Agreement to any provision of this “Description of the Senior Secured Fold-In Notes” to the extent that such provision in this “Description of the Senior Secured Fold-In Notes” was intended to be a verbatim recitation thereof;
- (17) give effect to any amendment to the Priority Agreement that is permitted under the 2014 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 2014 Senior Facility Agreement (as in effect on the Issue Date);
- (18) comply with the covenant relating to mergers, consolidations and sales of assets described under “*Certain Covenants—Merger and Consolidation*”;
- (19) provide for a reduction in the minimum denominations of the relevant series of Notes; provided that such reduction would not result in a breach of applicable securities laws or in a requirement to produce a prospectus or otherwise register the Notes with any regulatory authority in connection with any investment therein or resale thereof; or
- (20) comply with the rules of any applicable securities depository.

For purposes of determining whether the holders of the requisite principal amount of Notes have taken any action under the Indenture (other than with respect to a determination that only effects the Dollar Notes), the principal amount of Dollar Notes shall be deemed to be the Euro Equivalent of such principal amount of such Dollar Notes as of (a) if a record date has been set with respect to the taking of such action, such date or (b) if no such record date has been set, the date the taking of such action by the holders of such requisite principal amount is certified to the Trustee by the Fold-In Issuer or any Affiliate Issuer.

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 (in the case of the Euro Notes) and dollars, dollar-denominated U.S. Government Obligations or a combination thereof (in the case of the Dollar Notes) 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 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, or as to the Euro Notes or Dollar Notes, as applicable, when:

- (1) either:
  - (a) all Notes (or all Euro Notes or Dollar Notes, as applicable) 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 (or all Euro Notes or Dollar Notes, as applicable) 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 Euro Notes, cash, Cash Equivalents, European Government Obligations or a combination thereof, in each case, denominated in euro and with respect to the Dollar Notes, cash, Cash Equivalents, U.S. Government Obligations or a combination thereof, in each case, denominated in U.S. dollars, 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 (or the Euro Notes or Dollar Notes, as applicable) 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 Euro Notes is euro and with respect to the Dollar Notes is U.S. dollars. Any amount received or recovered in a currency other than euros in respect of the Euro Notes or U.S. dollars in respect of the Dollar 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 or U.S. dollar amount, as the case may be, 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 or U.S. dollar amount, as the case may be, is less than the euro amount or the U.S. dollar amount, as the case may be, 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 or U.S. dollars, as the case may be, been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euro or U.S. dollars, as the case may be, 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. Notwithstanding the foregoing, the Issuer may at its sole option at any time, without the consent of the holders of the Notes or the Trustee, de-list the Notes from any stock exchange for the purposes of moving the listing of the Notes to the Official List of The Channel Islands Securities Exchange Authority Limited.

### **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 Euro Notes and Deutsche Bank Trust Company Americas will initially act as Paying Agent for the Dollar Notes. The initial Registrar for the Euro Notes will be Deutsche Bank Luxembourg S.A. in Luxembourg and the initial Registrar for the Dollar Notes will be Deutsche Bank Trust Company Americas. The initial transfer agent for the Euro Notes will be Deutsche Bank Luxembourg S.A. and the initial transfer agent for the Dollar Notes will be Deutsche Bank Trust Company Americas. 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**

"2014 Senior Facility Agreement" means the senior facility agreement dated January 27, 2014 between, among others, ABC, certain subsidiaries of ABC 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*".

"2015 SPV Senior Secured Credit Facility" means the senior secured credit facility dated as of March 5, 2015 (as amended, restated or supplemented from time to time), between, among others, the Old Issuer and Ziggo Secured Finance Partnership, as the initial borrowers, The Bank of Nova Scotia, as the facility agent, and the Trustee, as the security trustee, as described above under "*Description of Other Indebtedness—Existing Senior Secured Credit Facilities*".

"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.

"ABC" means Amsterdamse Beheer- en Consultingmaatschappij B.V.

"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 an Ultimate Parent (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 in the case of the Euro Notes, the Euro Applicable Premium and, in the case of the Dollar Notes, the Dollar Applicable Premium. 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 or related assets 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 assignment, licensing or sublicensing of intellectual property or other general intangibles and assignments, licenses, sublicenses, leases or subleases of spectrum or 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 receivables 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, and Investments in a Receivables Entity consisting of cash or Securitization Obligations;
- (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 or expropriation of assets or Capital Stock which the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary is required by, or made in response to concerns raised by, a regulatory authority or court of competent jurisdiction;
- (20) any disposition 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 3.0% 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 €50.0 million and 3.0 % of Total Assets of carried over amounts for any calendar year);
- (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;
- (23) any disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such disposition is applied in accordance with the “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” covenant;
- (24) any sale or disposition with respect to property built, owned or otherwise acquired by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;

(25) the sale or disposition of the Towers Assets; and

(26) 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 (27) 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 (26) 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.

“Bank Products” means (i) any facilities or services related to cash management, cash pooling, treasury depository, overdraft, commodity trading or brokerage accounts, credit or debit card, p-cards (including purchasing cards or commercial cards), electronic funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade financial services or other cash management and cash pooling arrangements and (ii) daylight exposures of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in respect of banking and treasury arrangements entered into in the ordinary course of business.

“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 the Ultimate Parent, 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 Ultimate Parent 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, 2022 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, 2022; provided, however, that, if the period from such redemption date to January 15, 2022 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, 2022, 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 or obligations, insured or unconditionally guaranteed by the United States government, the government of the United Kingdom, the relevant member state of the European Union as of January 1, 2004 (each, a “Qualified Country”) or any agency or instrumentality thereof, in each case having maturities of not more than 24 months from the date of acquisition thereof;
- (2) securities or obligations issued by any Qualified Country or any political subdivision of any such Qualified Country, or any public instrumentality thereof, having maturities of not more than 24 months from the date of acquisition thereof and, at the time of acquisition, having a an investment grade rating generally obtainable from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, then from another nationally recognized rating service in any Qualified Country);
- (3) commercial paper issued by any lender party to a Credit Facility or any bank holding company owning any lender party to a Credit Facility;
- (4) commercial paper maturing no more than 12 months after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (5) time deposits, eurodollar time deposits, bank deposits, certificates of deposit or bankers’ acceptances maturing no more than two years after the date of acquisition thereof issued by any lender party to a Credit Facility or any other bank or trust company (x) having combined capital and surplus of not less than \$250.0 million in the case of U.S. banks and \$100.0 million (or the U.S. Dollar equivalent thereof) in the case of non-U.S. banks or (y) 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 in any Qualified Country);
- (6) auction rate securities rated at least Aa3 by Moody’s and AA- by S&P (or, if at any time either S&P or Moody’s shall not be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (7) repurchase agreements or obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1), (2) and (5) above entered into with any bank meeting the qualifications specified in clause (5) above or securities dealers or recognized national standing;
- (8) marketable short-term money market and similar funds (x) either having assets in excess of \$250.0 million (or U.S. Dollar equivalent thereof) or (y) having a rating of at least A-2 or P-2 from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (9) interests in investment companies or money market funds, 95% the investments of which are one or more of the types of assets or instruments described in clauses (1) through (8) above; and
- (10) in the case of investments by the Fold-In Issuer, the Affiliate Issuer or any Subsidiary organized or located in a jurisdiction other than the United States or a member state of the European Union (or any political subdivision or territory thereof), or in the case of investments made in a country outside the

United States, other customarily utilized high-quality investments in the country where such Subsidiary is organized or located or in which such Investment is made, all as conclusively determined in good faith by the Fold-In Issuer, or the Affiliate Issuer; provided that bank deposits and short term investments in local currency of any Restricted Subsidiary shall qualify as Cash Equivalents as long as the aggregate amount thereof does not exceed the amount reasonably estimated by such Restricted Subsidiary as being necessary to finance the operations, including capital expenditures, of such Restricted Subsidiary for the succeeding 90 days.

“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 at the option of the Fold-In Issuer or the Affiliate Issuer (except with respect to clauses (1) to (2) below) the following (to the extent deducted from operating income (loss)):

- (1) Consolidated depreciation expense;
- (2) Consolidated amortization expense;
- (3) stock based compensation expense;
- (4) 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) 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 (including Intra-Group Services) 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) 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 the sale or transfer of any assets in connection with an asset securitization programme, receivables factoring transaction or other receivables transaction (including without limitation a Qualified Receivables Transaction);
- (12) Specified Legal Expenses;
- (13) any net earnings or losses attributable to non-controlling interests;
- (14) share of income or loss on equity Investments;
- (15) any realized and unrealized gains or losses due to changes in fair value of equity Investments;
- (16) 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;
- (17) 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;
- (18) any charges or costs in relation to any long-term incentive plan and any interest component of pension or post-retirement benefits schemes; and
- (19) Receivables Fees.

"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 2014 Senior Facility Agreement 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) at the option of the Fold-In Issuer or the Affiliate Issuer, any adjustments to reduce or eliminate 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;
- (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 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 Credit Facility Excluded Amount (or its equivalent in other currencies) at the relevant time incurred under any Permitted 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 (18) 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 (i) 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 and (ii) at the Fold-In Issuer’s or Affiliate Issuer’s election, any Receivables Entity. 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).

“Contribution Agreement” refers to the contribution agreement dated July 21, 2016 between, among others, Liberty Global Europe B.V., Liberty Global plc, Vodafone International and Vodafone Group Plc governing the Ziggo Group Contribution and the Vodafone NL Contribution, as may be amended or restated from time to time.

“Credit Facility” means, one or more debt facilities, arrangements, instruments, trust deeds, note purchase agreements, indentures or commercial paper facilities and overdraft facilities (including, without limitation, the facilities made available under the 2014 Senior Facility Agreement) 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, notes, bonds, debentures 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 2014 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 (including, without limitation, the 2015 SPV Senior Secured Credit Facility) 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.

“Credit 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.

“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.

“Dollar Applicable Premium” means with respect to a Dollar Note at any redemption date prior to January 15, 2022, the excess of (1) the present value at such redemption date of (a) the redemption price of such Dollar Note on January 15, 2022 (such redemption price being described under “—*Optional Redemption—Dollar Notes—Optional Redemption on or after January 15, 2022*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Dollar Note through January 15, 2022 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate plus 50 basis points over (2) the principal amount of such Dollar Note on such redemption date.

“Enforcement Sale” means (1) any sale or disposition (including by way of public auction) of the Note 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 Note 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.

“Euro Applicable Premium” means with respect to a Euro Note at any redemption date prior to January 15, 2022, the excess of (1) the present value at such redemption date of (a) the redemption price of such Euro Note on January 15, 2022 (such redemption price being described under “—*Optional Redemption—Euro Notes—Optional Redemption on or after January 15, 2022*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Euro Note through January 15, 2022 (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 Euro Note on such redemption date.

“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 2020 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.

“Existing 2025 Senior Secured Notes” means the €800 million aggregate principal amount of 3<sup>3</sup>/<sub>4</sub>% Senior Secured Notes due 2025 issued by the Old Issuer.

“Existing 2025 Senior Secured Notes Indenture” means the indenture dated as of February 4, 2015, as amended, supplemented or otherwise modified from time to time, among, inter alios, the Issuer, as issuer, the Guarantors, as guarantors, the Trustee and the Security Trustee, governing the Existing 2025 Senior Secured Notes.

“Existing Proceeds Loans” means the proceeds loans funded and subject to the provisions of the Proceeds Loan Agreement 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 Senior Secured 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; and
- (4) 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 and any other deferred or prepaid revenue, (b) any obligations to make payments in relation to earn-outs, (c) Indebtedness which is in the nature of equity (other than redeemable shares) or equity derivatives, (d) Capitalized Lease Obligations, (e) receivables sold or discounted, whether recourse or non-recourse, including for the avoidance of doubt any indebtedness in respect of Qualified Receivables Transactions, including without limitation guarantees by a Receivables Entity of the obligations of another Receivables Entity and any indebtedness in respect of Limited Recourse, (f) pension obligations or any obligation under employee plans or employment agreements, (g) any “parallel debt” obligations to the extent such obligations mirror other Indebtedness, (h) any payments or liability 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 (including, without limitation, any liability under an IRU Contract), (i) 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 (3) above, (j) 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 (including, in each case, any accrued dividends), (k) Hedging Obligations and (l) any Non-Recourse Indebtedness. 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 (including, for the avoidance of doubt, any such Equity Offering of common stock or other common equity interest of the Spin Parent in connection with any Spin-off).

“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) (or, in the event that there are no comparable transactions to apply for comparative purposes, is otherwise on terms that, taken as a whole, the Fold-In Issuer or the Affiliate Issuer has conclusively determined in good faith to be fair to the Fold-In Issuer or the Affiliate Issuer or such Restricted Subsidiary):

- (1) the sale of programming or other content by the Ultimate Parent, 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 the Ultimate Parent, the Spin Parent or any of their Subsidiaries or by the Ultimate Parent, 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 the Ultimate Parent, the Spin Parent or any of their Subsidiaries, including, without limitation, (a) the employment of personnel, (b) provision of employee healthcare or other benefits, including stock and other incentive plans (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 the Ultimate Parent 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 any two 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;
- (2) a rating of "BBB—" (or the equivalent) or higher from Standard & Poor's Ratings Services, or any of its successors or assigns; and
- (3) a rating of "BBB—" (or the equivalent) or higher from Fitch Ratings Inc. 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.

"IRU Contract" means a contract entered into by the Fold-In Issuer or the Affiliate Issuer or the Restricted Subsidiaries in the ordinary course of business in relation to the right to use capacity on a telecommunications cable system (including the right to lease such capacity to another person).

"Issue Date" means the date of first issuance of the Notes.

"Joint Venture Parent" means the joint venture entity formed in a Parent Joint Venture Transaction.

"JV Contribution" means the contribution by Vodafone International of the Vodafone NL Group to Ziggo Group Holding.

"JV Entity" means the joint venture entity Liberty Global Europe and Vodafone International intend to form as part of the JV Transactions.

"JV Transactions" means certain transactions to be entered into, in connection with the JV Contribution, including transactions whereby (i) Liberty Global Europe will contribute or otherwise transfer Ziggo Group Holding and its subsidiaries to the JV Entity (ii) Vodafone International will contribute or otherwise transfer the Vodafone NL Group to the JV Entity and (iii) each of Liberty Global Europe and Vodafone International will own a 50% interest in the JV Entity, or, in each case, pursuant to the Contribution Agreement or as otherwise agreed by Liberty Global Europe and Vodafone International.

"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).

"Limited Condition Transaction" means (i) any Investment or acquisition, in each case, by one or more of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries of any assets, business or Person whose consummation is not conditioned on the availability of, or on obtaining, third party financing and (ii) any

redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment.

“Limited Recourse” means a letter of credit, revolving loan commitment, cash collateral account, guarantee or other credit enhancement issued by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary (other than a Receivables Entity) in connection with the incurrence of Indebtedness by a Receivables Entity under a Qualified Receivables Transaction; *provided that*, the aggregate amount of such letter of credit reimbursement obligations and the aggregate available amount of such revolving loan commitments, cash collateral accounts, guarantees or other such credit enhancements of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries (other than a Receivables Entity) shall not exceed 25% of the principal amount of such Indebtedness at any time.

“Management Fees” means any management, consultancy, stewardship or other similar fees payable by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary, including any fees, charges and related expenses incurred by any Parent on behalf of and/or charged to 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 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 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 the Ultimate Parent 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 the Ultimate Parent, such second-tier Subsidiary.

“Non-Recourse Indebtedness” means any indebtedness of Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary (and not of any other Person), in respect of which the Person or Persons to whom such indebtedness is



or may be owed has or have no recourse whatsoever to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary for any payment or repayment in respect thereof:

- (1) other than recourse to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary which is limited solely to the amount of any recoveries made on the enforcement of any collateral securing such indebtedness or in respect of any other disposition or realization of the assets underlying such indebtedness;
- (2) provided that such Person or Persons are not entitled, pursuant to the terms of any agreement evidencing any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up, dissolution or administration of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary (or proceedings having an equivalent effect) or to appoint or cause the appointment of any receiver, trustee or similar person or officer in respect of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary or any of its assets until after the Notes have been repaid in full; and
- (3) provided further that the principal amount of all indebtedness Incurred and then outstanding pursuant to this definition does not exceed the greater of (i) €250.0 million and (ii) 5.0% of Total Assets.

“Note 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 Senior Secured 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 Senior Secured 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 (i) the Ultimate Parent, (ii) any Subsidiary of the Ultimate Parent of which the Fold-In Issuer or the Affiliate Issuer is a Subsidiary on the Issue Date, (iii) 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 (including, for the avoidance of doubt, the Spin Parent and any Subsidiary of the Spin Parent following any Spin-Off ) and (iv) any Joint Venture Parent, any Subsidiary of the Joint Venture Parent and any Parent Joint Venture Holders following any Parent Joint Venture Transaction.

“Parent Company” means the Reporting Entity; *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 or any Subsidiary of a 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 or any Subsidiary of a 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, 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 or any Subsidiary of a 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, stewardship 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, dispositions or treasury transactions 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.

“Parent Joint Venture Holders” means the holders of the share capital of the Joint Venture Parent.

“Parent Joint Venture Transaction” means a transaction pursuant to which a joint venture is formed by the contribution of some or all of the assets of a Parent or issuance or sale of shares of a Parent to one or more entities which are not Affiliates of the Ultimate Parent, including the JV Transactions.

“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 Note 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 Note Collateral granted under the Note Collateral Documents; and
- (2) Liens on the Note 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 (18) 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 Note 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 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 credit loans, letters of credit or other Indebtedness or other advances, in each case, Incurred in compliance with the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”.

“Permitted Financing Action” means, to the extent that any incurrence of Indebtedness or Refinancing Indebtedness is permitted pursuant to the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”, any transaction to facilitate or otherwise in connection with a cashless rollover of one or more lenders’ or investors’ commitments or funded Indebtedness in relation to the incurrence of that Indebtedness or Refinancing Indebtedness.

“Permitted Holders” means, collectively, (1) the Ultimate Parent, (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, accounts receivables 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, workout, recapitalization 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 herewith;
- (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 2020 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 in Securitization Obligations;
- (20) Investments resulting from the disposition of assets in transactions excluded from the definition of “Asset Disposition” pursuant to the exclusions from such definition;
- (21) 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 issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Fold-In Issuer, any Affiliate 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;
- (22) 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);
- (23) Investments consisting of purchases and acquisitions of inventory, supplies, material, services or equipment or purchases of contract rights or licenses or leases of intellectual property;
- (24) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements;
- (25) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the Fold-In Issuer, the Affiliate Issuer or its Restricted Subsidiaries; and
- (26) Investments by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary in any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business.

“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, and Liens on Investments in Receivables Entities;
- (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;
- (5) Liens in favor of issuers of surety, bid or performance bonds or with respect to other regulatory requirements or trade or government contracts or to secure leases or permits, licenses, statutory or regulatory obligations, 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) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary



has easement rights or on any leased property and subordination or similar arrangements relating thereto, (including, without limitation, the right reserved to or vested in any governmental authority by the terms of any lease, license, franchise, grant or permit acquired by the Fold-In Issuer, the Affiliate Issuer or any of its Restricted Subsidiaries or by any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof), (b) minor survey exceptions, encumbrances, trackage rights, special assessments, 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 and (c) any condemnation or eminent domain proceedings affecting any real property;

- (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 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 (including Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into 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;
- (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 (including Liens created, incurred or assumed in connection with or in contemplation of such acquisition or transaction); 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 (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);
- (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 (including Liens created, incurred or assumed in connection with or in contemplation of such acquisition or transaction); *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 (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);
- (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;
- (26) Liens consisting of any right of set-off granted to any financial institution acting as a lockbox bank in connection with a Qualified Receivables Transaction;
- (27) Liens for the purpose of perfecting the ownership interests of a purchaser of Receivables and related assets pursuant to any Qualified Receivables Transaction;
- (28) Liens arising in connection with other sales of Receivables permitted hereunder without recourse to the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries;
- (29) Liens in respect of Bank Products or to implement cash pooling arrangements or arising under the general terms and conditions of banks with whom the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary maintains a banking relationship or to secure cash management and other banking services, netting and set-off arrangements, and encumbrances over credit balances on bank accounts to facilitate operation of such bank accounts on a cash-pooled and net balance basis (including any ancillary facility under any Credit Facility or other accommodation comprising of more than one account) and Liens of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary under the general terms and conditions of banks and financial institutions entered into in the ordinary course of banking or other trading activities;
- (30) any Liens in respect of the ownership interests in, or assets owned by, any joint ventures securing obligations of such joint ventures;
- (31) any encumbrance or restriction (including, but not limited to, put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (32) cash deposits or other Liens for the purpose of securing Limited Recourse;
- (33) Liens on equipment of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary granted in the ordinary course of business to a client of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary at which such equipment is located;
- (34) subdivision agreements, site plan control agreements, development agreements, servicing agreements, cost sharing, reciprocal and other similar agreements with municipal and other governmental authorities affecting the development, servicing or use of a property; provided the same are complied with in all material respects except as such non-compliance does not interfere in any material respect as determined in good faith by the Issuer with the business of the Fold-In Issuer, the Affiliate Issuer and its Subsidiaries taken as a whole;

- (35) facility cost sharing, servicing, reciprocal or other similar agreements related to the use and/or operation a property in the ordinary course of business; provided the same are complied with in all material respects;
- (36) deemed trusts created by operation of law in respect of amounts which are (i) not yet due and payable, (ii) immaterial, (iii) being contested in good faith and by appropriate proceedings and for which appropriate reserves have been established in accordance with GAAP or (iv) unpaid due to inadvertence after exercising due diligence; and
- (37) 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.

“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, November 14, 2014 and March 5, 2015) 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.

“Proceeds Loan Agreement” means the proceeds loan agreement dated as of March 5, 2015 (as amended, supplemented and/or restated from time to time) between the Old Issuer and Ziggo Secured Finance Partnership, as lenders, UPC Nederland B.V. as original borrower, and ING Bank N.V., as security agent.

“Proceeds Loan Obligors” has the meaning ascribed thereto in the section “*Description of the Senior Secured Notes*” set out elsewhere in this Offering Memorandum.

“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).

“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 note is intended to finance that portion of the purchase price that is not paid in cash or a contribution of equity and which (a) is repayable from cash available to the Receivables Entity, other than (i) amounts required to be established as reserves pursuant to agreements, (ii) amounts paid to investors in respect of interest, (iii) principal and other amounts owing to such investors and (iv) amounts owing to such investors and amounts paid in connection with the purchase of newly generated Receivables and (b) may be subordinated to the payments described in clause (a).

“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 and any Hedging Obligations entered into by the Fold-In Issuer or the Affiliate Issuer or any such Restricted Subsidiary in connection with such 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;
  - (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; or
  - (d) except, in each such case, Limited Recourse and Permitted Liens as defined in clauses (1), (27) through (29) and (33) of the definition thereof.
- (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 (other than those related to or incidental to the relevant Qualified Receivables Transaction), except for Limited Recourse.

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.

“Receivables Fees” means reasonable distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Receivables Entity in connection with, any Qualified Receivables Transaction.

“Receivables Repurchase Obligation” means any obligation of a seller of Receivables in a Qualified Receivables Transaction to repurchase Receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

“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 JV 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 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 JV Transactions, 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, (ii) following the accession of any Affiliate Subsidiary, Ziggo Group Holding 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.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the United States Securities Act of 1933, as amended.

“Securitization Obligation” means any Indebtedness or other obligation of any Receivables Entity.

“Security Agent” means ING Bank N.V. and any successor or replacement Security Agent, acting in such capacity.

“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 Fold-In Issuer or the Affiliate Issuer or a Parent of the Fold-In Issuer or the Affiliate Issuer, directly or indirectly owned by Ultimate Parent are distributed to (x) all of the Ultimate Parent’s shareholders, or (y) all of the shareholders comprising one or more group of the Ultimate Parent’s shareholders as provided by the Ultimate Parent’s articles of association, in each case, either directly or indirectly through the distribution of shares in a company holding the Fold-In Issuer’s or the Affiliate Issuer’s shares or a Parent’s shares.

“Spin Parent” means the Person the shares of which are distributed to the shareholders of the Ultimate Parent 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, including, without limitation, those relating to the servicing of the assets of a Receivables Entity and Limited Recourse, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

“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 any 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 any 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).

“Towers Assets” means:

- (1) all present and future wireless and broadcast towers and tower sites that host or assist in the operation of plant and equipment used for transmitting telecommunications signals, beings tower and tower sites that are owned by or vested in the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary and include, without limitation, any and all towers under constructions;
- (2) all rights, title, deposits (including, without limitation, deposits placed with landlords, electricity boards and transmission companies) and interest in, or over, the land property on which such towers and tower sites have been constructed or erected or installed;
- (3) all current assets relating to towers or tower sites whether movable, immovable or incorporeal;
- (4) all plant and equipment customarily treated by telecommunications operators as forming part of the Tower Assets, including, in particular, but without limitation, the electricity power connections, utilities, diesel generator sets, batteries, power management systems, air conditioners, shelters and all associated civil and electrical works; and
- (5) all permits, licences, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, trademarks, designs, copyrights, patents and other intellectual property and powers of every kind, nature and description whatsoever, whether form government bodies or otherwise, pertaining to or relating to the aforesaid.

“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.

“Treasury Rate” means the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available on a day no earlier than two Business Days prior to the date of the delivery of the redemption notice in respect of such redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Fold-In Issuer in good faith)) most nearly equal to the period from the redemption date to January 15, 2022; provided, however, that if the period from the redemption date to January 15, 2022 is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from the redemption date to January 15, 2022 is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

“Ultimate Parent” means (1) Liberty Global plc and any all successors thereto or (2) upon consummation of a Spin-Off, “Ultimate Parent” will mean the Spin Parent and its successors, and (3) upon consummation of a Parent Joint Venture Transaction, “Ultimate Parent” will mean each of the top tier Parent entities of the Joint Venture Holders and their successors.

“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.



“Vodafone Holdco” means a private limited company to be incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone International” means Vodafone International Holding B.V., a private limited company incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone Libertel” means Vodafone Libertel B.V., a private limited company incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone NL Group” refers to Vodafone Libertel together with any holding companies and its Subsidiaries.

“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 (a) directors’ qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law, regulation or to ensure limited liability and (b) in the case of a Receivables Entity, shares held by a Person that is not an Affiliate of the Fold-In Issuer or an Affiliate Issuer solely for the purpose of permitting such Person (or such Person’s designee) to vote with respect to customary major events with respect to such Receivables Entity, including without limitation the institution of bankruptcy, insolvency or other similar proceedings, any merger or dissolution, and any change in charter documents or other customary events) 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 and any Affiliate Issuer 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.

“Ziggo Group Existing 2025 Senior Secured Notes Assumption” means the assumption by a Proceeds Loan Obligor of the obligations of the Old Issuer under the Existing 2025 Senior Secured Notes and the Existing 2025 Senior Secured Notes Indenture and the deemed repayment in full and cancellation of the Existing Proceeds Loans funded with the proceeds of the Existing 2025 Senior Secured Notes.

“Ziggo Group Holding” means Ziggo Group Holding B.V. and any all successors thereto.

## DESCRIPTION OF THE SENIOR 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 Bond 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 \$ aggregate principal amount of senior notes due 2027 (the “Notes”) issued under the Indenture, in each case, in accordance with the provisions 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 Senior Notes*” set out elsewhere in this Offering Memorandum.

You will find the definitions of capitalized terms used in this Description of the Senior 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 Senior 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 \$ aggregate principal amount of Notes. Thereafter, the Old Issuer or the Fold-In Issuer, as applicable, may issue an unlimited amount of additional notes having identical terms and conditions to the Notes (the “Additional Notes”). Additional Notes may only be issued if the covenants in the Indenture are complied with. 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 Senior 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 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 Senior 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, 2027 and will be secured as described below under “—*Ranking of the Notes and Notes Collateral*”.

The Notes will be issued in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

### ***Interest***

Interest on the Notes will accrue at the rate of % per annum and will be payable semi-annually in arrears on January 15, and July 15, commencing on July 15, 2017. 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 Cede & Co 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 DTC, 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 in New York 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 Trust Company Americas will initially act as Paying Agent in New York.

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 Trust Company Americas. The initial transfer agent for the Notes will be Deutsche Bank Trust Company Americas. 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 agent 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*.”

### ***Transfer and Exchange***

The Notes will be issued in the form of several registered notes in global form, without interest coupons, as follows:

- The 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”):
- The 144A Global Notes will, on the Issue Date, be deposited with a custodian for The Depository Trust Company (“DTC”) and registered in the name of Cede & Co., as nominee of DTC.
- The 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 Regulation S Global Notes will initially be credited within DTC for the accounts of Euroclear and 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 DTC, 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 DTC, participants in Euroclear or participants in Clearstream will be effected by DTC, Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, 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 \$200,000 principal amount and integral multiples \$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 DTC, 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 \$200,000 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 DTC, 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 Agent will be entitled to treat the registered holder of a Note as the owner of it for all purposes.

## **Ranking of the Notes 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 Existing 2024 Senior Notes);
- rank senior in right of payment to any existing and future subordinated obligations of the Fold-In Issuer;
- be secured directly by the Notes Collateral as described under “—*Notes Collateral*”;
- be effectively subordinated to any existing and future Indebtedness of the Fold-In 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 effectively subordinated to any existing and future Indebtedness of the Fold-In Issuer’s Subsidiaries.

### ***Notes Collateral***

#### ***General***

The Notes will initially be secured by the Notes Collateral. 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 under the Existing 2024 Senior Notes. Subject to the terms of the Priority Agreement, the holders of the Notes, the holders of the Existing 2024 Senior



Notes and other 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 Security Agent pursuant to which security interests in the Notes Collateral are granted to secure the Notes from time to time are referred to as the “Notes Collateral Documents”.

Under the Indenture, the Fold-In Issuer and the Affiliate Issuer 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. The amount of such additional Indebtedness will be limited by the covenants described under the captions “—*Certain Covenants—Limitation on 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 Notes Collateral may not be sufficient to satisfy the obligations of the Fold-In Issuer under the Notes, under the Existing 2024 Senior 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.

#### *Release of the Notes Collateral*

The Notes Collateral will be automatically and unconditionally released and discharged:

- (1) upon the sale or other disposition of any Notes Collateral pursuant to an Enforcement Sale;
- (2) if the Notes Collateral is the Capital Stock of, or an asset of, the Fold-In Issuer or any Affiliate Issuer or any of their Subsidiaries, in connection with any sale or disposition of Capital Stock of the Fold-In Issuer, the Affiliate Issuer 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 (as defined below) that is released from its Note Guarantee (as defined below) in accordance with the terms of the Indenture;
- (5) as described under “—*Amendments and Waivers*”;
- (6) 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 of the Fold-In Issuer or the Affiliate Issuer is simultaneously released;
- (8) in connection with (i) any transfer of the Capital Stock of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary, or (ii) issuance of new Capital Stock of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary, in each of (i) and (ii) pursuant to the Holdco Restructuring; provided that the transferee of the Capital Stock of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary, grants a pledge over the Capital Stock of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary, (having the same ranking as prior to such transfer taking the Priority Agreement into account) held by such transferee for the benefit of the holders of the Notes substantially concurrently with the consummation of such transfer;
- (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);
- (10) if the Notes Collateral is assets at such time as those assets are transferred to a Receivables Entity pursuant to a Qualified Receivables Transaction, and with respect to any Securitization Obligation that is transferred, in one or more transactions, to a Receivables Entity; 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 Priority 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 Existing 2024 Senior Notes in respect of enforcement of the Notes Collateral. See “*Description of Other Indebtedness—Holdco 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 (as defined below) (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 Senior 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.

### ***Future Guarantees***

The Fold-In Issuer or the Affiliate Issuer may from time to time designate a Restricted Subsidiary or an Affiliate as a guarantor of the Notes (the “Note Guarantors”) by causing it to execute and deliver to the Trustee a supplemental indenture to the Indenture, subject to the Trustee’s completion of customary client identification processes for any such Note Guarantor in compliance with applicable money laundering regulations and internal policies. Each Note Guarantor will, jointly and severally, with the other Note Guarantors, if applicable, irrevocably guarantee (each guarantee, an “Note Guarantee” and collectively, the “Note Guarantees”), as primary obligor and not merely as surety, on a senior or senior subordinated basis the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of 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 any Guarantor will be contractually limited under its Note Guarantee to prevent the relevant Note Guarantee from constituting a fraudulent conveyance under applicable law, or otherwise to reflect limitations under applicable law.

The obligations of any Note Guarantor will be contractually limited under its 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 Proceeds Loans and the Senior Proceeds Loan Guarantors may adversely affect the validity and enforceability of the Notes, the Senior Proceeds Loans and the Senior Proceeds Loan Guarantees*”.

#### *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) as a result of a transaction permitted by, and in compliance with, the covenant entitled “—*Certain Covenants—Merger and Consolidation*”;
- (8) 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;
- (9) as described under “—*Amendments and Waivers*”; and
- (10) upon the full and final payment and performance of all obligations of the Fold-In Issuer under the Indenture and the Notes.

#### **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 Senior Notes*” set out elsewhere in this Offering Memorandum.

#### ***Optional Redemption on or after January 15, 2022***

Except as described below and under “—*Redemption for Taxation Reasons*”, the Notes are not redeemable until January 15, 2022. On or after January 15, 2022, 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:

<u>Year</u>	<u>Redemption Price</u>
2022 .....	%
2023 .....	%
2024 .....	%
2025 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 such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Fold-In Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; provided that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the Fold-In Issuer may provide in such notice that payment of the redemption price and performance of the Fold-In Issuer's obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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, 2022***

At any time prior to January 15, 2022, 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 such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Fold-In Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, the Fold-In Issuer may provide in such notice that payment of the redemption price and performance of the Fold-In Issuer's obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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, 2020, 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 % 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 such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Fold-In Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, the Fold-In Issuer may provide in such notice that payment of the redemption price and performance of the Fold-In Issuer's obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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.

#### ***Optional Redemption upon Certain Tender Offers***

In connection with any tender offer or other offer to purchase for all of the Notes, if holders of not less than 90% of the aggregate principal amount of the then outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer and the Fold-In Issuer, or any third party making such tender offer in lieu of the Fold-In Issuer, purchases all of the Notes validly tendered and not validly 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' notice following such purchase date, to redeem all Notes that remain outstanding following such purchase at a price equal to the price paid to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the date of such redemption.

If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. 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 or the Registrar 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 \$200,000 or less can be redeemed in part. The Trustee or Registrar 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 DTC, Euroclear or Clearstream, notices may be given by delivery of the relevant notices to DTC, 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, 2027, 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 or any successor thereto or any Note Guarantor (a "Payor") on or with respect to the Notes (including, for the purposes of this section "*Withholding Taxes*", Note Guarantees) 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) all United States backup withholding taxes;
- (g) 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
- (h) any combination of items (a) through (g) 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 (h) 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 Senior 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, the Ultimate Parent 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 or the Reporting Entity and their Subsidiaries to the Ultimate Parent or a first-tier or second-tier Subsidiary of the Ultimate Parent through one or more mergers, transfers, consolidations or other similar transactions, and/or (ii) the issuance by Ziggo Group Holding or the Reporting Entity of Capital Stock to the Ultimate Parent or a first-tier or second-tier Subsidiary of the Ultimate Parent and, as consideration therefor, the assignment or transfer by the Ultimate Parent or such first-tier or second-tier Subsidiary of the Ultimate Parent of assets to Ziggo Group Holding 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 Senior 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 \$200,000 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 \$200,000.

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 or the Senior Obligors may not be able to obtain enough funds necessary to finance prepayment of the Senior Secured Proceeds Loans or the Senior Proceeds Loans, as applicable, and the relevant Issuer therefore may not have funds to repurchase the relevant series of Notes, upon the occurrence of certain events constituting a change of control (as defined in the relevant Indenture) as required by the relevant 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 \$200,000 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 its 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:

- (1) 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 (a) the Consolidated Net Leverage Ratio (excluding for the purposes of this clause (1)(a), outstanding Indebtedness of the Fold-In Issuer as set forth in the definition of Consolidated Net Leverage Ratio) would not exceed 4.00 to 1.00 and (b) the Consolidated Net Leverage Ratio would not exceed 5.00 to 1.00; and
- (2) the Fold-In Issuer and/or the Affiliate Issuer may Incur Pari Passu 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 5.00 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, and any Refinancing Indebtedness in respect thereof, 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 under the Existing 2024 Senior Notes (c) Indebtedness under the Existing 2025 Senior Notes, following the Ziggo Group Existing 2025 Senior Notes Assumption, (d) Indebtedness under the Existing 2020 Senior Secured Notes and under the Existing 2025 Senior Secured Notes, following the Ziggo Group Existing 2025 Senior Secured Notes Assumption and (e) 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 (18) 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 Pari Passu 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 the Fold-In Issuer, the Affiliate Issuer or the Restricted Subsidiaries, 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, asset backed 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 (including, without limitation, in respect of tenant improvement) of property (real or personal), plant, equipment or other assets (including, without limitation, network 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 (including, without limitation, in respect of tenant 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 (including, without limitation, network 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, casualty or liability insurance, self-insurance obligations, performance, bid, indemnity, surety, judgment, appeal, completion, 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 consistent with past practice or industry practice or in respect of any government requirement, including but not limited to, those Incurred to secure health, safety and environmental obligations or rental obligations, (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 (or consistent with past practice or industry practice) or in respect of any government requirement, including, but not limited to letters of credit or similar instruments in respect of casualty or liability insurance, self-insurance, unemployment insurance, worker's compensation obligations, health disability or other benefits, pensions-related obligations and other social security laws, (c) the financing of insurance premiums or take-or-pay obligations contained in supply agreements in each case, 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, guarantees or obligations in respect of earn-outs or adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the acquisition or 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 (in the case of dispositions) or paid (in the case of acquisitions) by the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries in connection with such acquisition or disposition, as applicable;
- (11) Indebtedness arising from (i) Bank Products and (ii) 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 in the case of this clause (ii) 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) (i) Indebtedness with Affiliates reasonably required to effect or consummate the Related Transactions and (ii) Indebtedness pursuant to any Permitted Financing Action;
- (17) [Reserved]; and
- (18) in addition to the items referred to in clauses (1) through (17) 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 (18) and then outstanding, will not exceed the greater of (i) €250.0 million and (ii) 5.0% of Total Assets at any time outstanding.

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), (15) or (18) 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) in the case of a Restricted Payment other than a Restricted Investment, an Event of Default shall have occurred and be continuing (or would result therefrom); or
- (b) except in the case of a Restricted Investment, if such Restricted Payment is made in reliance on clause (c)(i) below, the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries are not able to Incur an additional €1.00 of Pari Passu 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, (x) Excluded Contributions, (y) any property received in connection with clause (24) of the second paragraph of this covenant or (z) Net Cash Proceeds and the fair market value of such assets received in connection with the Acquisition or the JV Contribution);
  - (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);
  - (v) without duplication of amounts included in clauses (iii) or (iv), the amount by which Indebtedness of the Fold-In Issuer or the Affiliate Issuer is reduced on the Consolidated balance sheet of the Fold-In Issuer or the Affiliate Issuer upon the conversion or exchange of any Indebtedness of the Fold-In Issuer or the Affiliate Issuer issued after May 7, 2010, which is convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Fold-In Issuer or the Affiliate Issuer held by Persons not including the Fold-In Issuer or the Affiliate Issuer or any of their Restricted Subsidiaries, as applicable (less the amount of any cash or the fair market value of other property or assets distributed by the Fold-In Issuer or the Affiliate Issuer upon such conversion or exchange); and
  - (vi) 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 (vi).

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, Subordinated Shareholder Loans or 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 €10.0 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 (or caused to be 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 designated an Affiliate Issuer or an Affiliate 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), (12) and (20) 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) 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 5.00 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, loans, 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 5.00 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 or Permitted Financing Action; *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 Credit Facility in an amount not to exceed the Credit 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 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;
- (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;
- (22) distributions or payments of Receivables Fees and purchases of Receivables pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Transaction;
- (23) [Reserved]; and
- (24) Restricted Payments to finance Investments or other acquisitions by a Parent or any Affiliate (other than the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary) which would otherwise be permitted to be made pursuant to this covenant “—*Limitation on Restricted Payments*” if made by the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary; *provided*, that (i) such Restricted Payment shall be made within 120 days of the closing of such Investment or other acquisition, (ii) such Parent or Affiliate shall, prior to or promptly following the date such Restricted Payment is made, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the Issuer or a Restricted Subsidiary or (2) the merger, amalgamation, consolidation, or sale of the Person formed or acquired into the Issuer or a Restricted Subsidiary (in a manner not prohibited by the covenant described under “—*Merger and Consolidation*”) in order to consummate such Investment or other acquisition, (iii) such Parent or Affiliate receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with this covenant “—*Limitation on Restricted Payments*” and (iv) any property received in connection with such transaction shall not constitute an Excluded Contribution up to the amount of such Restricted Payment made under this clause (24).

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 (24) 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 (other than Permitted Liens) 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, (such Lien, the “Initial Lien”), unless contemporaneously with the Incurrence of such Initial Lien effective provision is made to secure the Indebtedness due under the Notes equally and ratably with (or prior to, in the case of Liens with respect to Subordinated Obligations) the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured.

For purposes of determining compliance with this covenant, (x) a Lien need not be Incurred solely by reference to one category of Permitted Liens or Permitted Collateral Liens, as applicable, but may be Incurred



under any combination of such categories (including in part under one such category and in part under any other such category) and (y) in the event that a Lien (or any portion thereof) meets the criteria of one or more of such categories of Permitted Liens or Permitted Collateral Liens, as applicable, the Fold-In Issuer shall, in its sole discretion, divide, classify or may subsequently reclassify at any time such Lien (or any portion thereof) in any manner that complies with this covenant and the definition of “Permitted Liens” or “Permitted Collateral Liens”, as applicable.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The “Increased Amount” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms or in the form of common stock, the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock of the same class, accretion of original issue discount or liquidation preference, any fees, underwriting discounts, accrued and unpaid interest, premiums and other costs and expenses incurred in connection therewith and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

Any such Lien thereby created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates or (ii) in accordance with the provision described under “—*Ranking of the Notes and Notes Collateral—Notes Collateral—Release of the Notes Collateral*”.

Notwithstanding the foregoing, 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 on any Notes Collateral (other than 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 2014 Senior Facility Agreement, the Priority Agreement, the Senior Secured Priority Agreement, the Existing 2024 Senior Notes, the Existing 2020 Senior Secured Notes, 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 encumbrance or restriction arising in connection with any Purchase Money Note, other Indebtedness or 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 2014 Senior Facility Agreement, the Existing 2020 Senior Secured Notes, the Existing 2024 Senior Notes, the Priority Agreement, the Senior Secured 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) (except in the case of any revolving Indebtedness) 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 \$200,000 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 prior to the Asset Disposition Purchase Date (as defined below). Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

No later than five Business Days after the termination of the Asset Disposition Offer (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 a principal amount of \$200,000 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 on or prior to the Asset Disposition Purchase Date 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 of \$200,000 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 €50.0 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, or (in the event that there are no comparable transactions involving Persons who are not Affiliates the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary to apply for comparative purposes) is otherwise on terms that, taken as a whole, the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary has conclusively determined in good faith to be fair to the Fold-In Issuer or the Affiliate Issuer or such Restricted Subsidiary); 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 either (i) a majority of the members of the Board of Directors or (ii) the senior management of the Fold-In Issuer, the Affiliate Issuer or such Restricted Subsidiary, as applicable.

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, any Restricted Subsidiary 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, 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 either the Board of Directors or the senior management of the Fold-In Issuer, any 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 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, executives or officers of any Parent 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) any transaction with (i) a Receivables Entity effected as part of a Qualified Receivables Transaction, acquisitions of Permitted Investments in connection with a Qualified Receivables Transaction, and other Investments in Receivables Entities consisting of cash or Securitization Obligations or (ii) with an Affiliate in respect of Non-Recourse Indebtedness;
- (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;
- (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 loans, capital market transactions, hedging and other derivative transactions, acquisitions or divestitures or (3) of Parent Expenses;
- (13) guarantees of Indebtedness, hedging and other derivative transactions 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 5.00 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;
- (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 the Ultimate Parent, 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, the Affiliate Issuer or Restricted Subsidiary reasonably believes allocates costs fairly;
- (21) any transactions between the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary and Ziggo Group Holding or any of its Subsidiaries;
- (22) any Related Transaction or Permitted Financing Action;

### ***Limitation on Layering***

The Fold-In Issuer and the Affiliate Issuer 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 and the Affiliate Issuer 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 and the Affiliate Issuer; 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 and the Affiliate Issuer 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 in an amount in excess of €50 million unless such Restricted Subsidiary simultaneously executes and delivers to the Trustee a supplemental indenture providing for the guarantee of payment of the Notes by such Restricted Subsidiary; *provided that*:

- (1) if such Restricted Subsidiary is not a Significant Subsidiary, such Restricted 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 “—*Future 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 the Ultimate Parent'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 two 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 the Ultimate Parent), (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 (excluding, for the avoidance of doubt, the effect of any intercompany balances between the Reporting Entity and 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 and the Affiliate Issuer, or such Successor Company, would be able to Incur at least an additional €1.00 of Pari Passu 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.

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 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.

### ***Limited Condition Transaction***

In connection with any action being taken in connection with a Limited Condition Transaction, for purposes of determining compliance with any provision of the Indenture which requires that no Default or Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Fold-In Issuer, be deemed satisfied, so long as no Default or Event of Default, as applicable, exists on the date the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into. For the avoidance of doubt, if the Fold-In Issuer has exercised its option under the first sentence of this paragraph, and any Default or Event of Default occurs following the date such definitive agreement for a Limited Condition Transaction is entered into and prior to the consummation of such Limited Condition Transaction, any such Default or Event of Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Transaction is permitted hereunder.

In connection with any action being taken in connection with a Limited Condition Transaction for purposes of:

- (1) determining compliance with any provision of the Indenture which requires the calculation of any financial ratio or test, including the Consolidated Net Leverage Ratio; or
- (2) testing baskets set forth in the Indenture (including baskets measured as a percentage or multiple, as applicable, of Total Assets or Pro forma EBITDA);

in each case, at the option of the Fold-In Issuer (the Fold-In Issuer’s election to exercise such option in connection with any Limited Condition Transaction, an “LCT Election”), the date of determination of whether any such action is permitted hereunder, shall be deemed to be the date the definitive agreement (or other relevant definitive documentation) for such Limited Condition Transaction is entered into (the “LCT Test Date”); provided, however, that the Fold-In Issuer shall be entitled to subsequently elect, in its sole discretion, the date of consummation of such Limited Condition Transaction instead of the LCT Test Date as the applicable date of determination, and if, after giving pro forma effect to the Limited Condition Transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof), as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of “Pro forma EBITDA” and “Consolidated Net Leverage Ratio”, the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary could have taken such action on the relevant LCT Test Date in compliance with such ratio, test or basket, such ratio, test or basket shall be deemed to have been complied with.

If the Fold-In Issuer has made an LCT Election and any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date are exceeded as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in Pro forma EBITDA or Total Assets, of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries or the Person or assets subject to the Limited Condition Transaction (as at each reference to the “Fold-In Issuer” in such definition was to such Person or assets) at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations. If the Fold-In Issuer has made an LCT Election for any Limited Condition Transaction, then in connection with any subsequent calculation of any ratio, test or basket availability

under the Indenture (including with respect to the Incurrence of Indebtedness or Liens, or the making of Asset Dispositions, acquisitions, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary or the designation of an Unrestricted Subsidiary) on or following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the definitive agreement for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such ratio, test or basket shall be calculated on a pro forma basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) have been consummated.

### ***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 the Affiliate Issuer 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 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) or (7) 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) or (7) 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 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 Senior Fold-In Notes to the extent that such provision in this Description of the Senior Fold-In Notes was intended to be a verbatim recitation thereof;
- (17) comply with the covenant relating to mergers, consolidations and sales of assets described under “—Certain Covenants—Merger and Consolidation”;
- (18) provide for a reduction in the minimum denominations of the Notes; provided that such reduction would not result in a breach of applicable securities laws or in a requirement to produce a prospectus or otherwise register the Notes with any regulatory authority in connection with any investment therein or resale thereof; or
- (19) comply with the rules of any applicable securities depository.

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) dollars, dollar-denominated U.S. 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 Issuer has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders cash, Cash Equivalents, U.S. Government Obligations or a combination thereof, in each case, denominated in U.S. dollars, 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 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 U.S. dollars. Any amount received or recovered in a currency other than U.S. dollars (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 U.S. dollar 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 U.S. dollar amount is less the U.S. dollar amount, as the case may be, 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 U.S. dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of U.S. dollars 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. Notwithstanding the foregoing, the Issuer may at its sole option at any time, without the consent of the holders of the Notes or the Trustee, de-list the Notes from any stock exchange for the purposes of moving the listing of the Notes to the Official List of The Channel Islands Securities Exchange Authority Limited.

### **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 the Security Agent with regard to the Notes. Deutsche Bank Trust Company Americas will initially act as Paying Agent for the Notes in the Borough of Manhattan, City of New York. The initial Registrar for the Notes will be Deutsche Bank Trust Company Americas. The initial transfer agent for the Notes will be Deutsche Bank Trust Company Americas. 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

"2014 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*".

"2015 SPV Senior Secured Credit Facility" means the senior secured credit facility dated as of March 5, 2015 (as amended, restated or supplemented from time to time), between, among others, the Old Senior Secured Notes Issuer and Ziggo Secured Finance Partnership, as the initial borrowers, The Bank of Nova Scotia, as the facility agent, and the Trustee, as the security trustee, as described above under "*Description of Other Indebtedness—Existing Senior Secured Credit Facilities*".

"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 an Ultimate Parent (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, 2022, the excess of (1) the present value at such redemption date of (a) the redemption price of such Note on January 15, 2022 (such redemption price being described under “—*Optional Redemption—Optional Redemption on or after January 15, 2022*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Note through January 15, 2022 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Treasury 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 of the Trustee, Security Trustee 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 or related assets 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 assignment, licensing or sublicensing of intellectual property or other general intangibles and assignments, licenses, sublicenses, leases or subleases of spectrum or 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 receivables 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, and Investments in a Receivables Entity consisting of cash or Securitization Obligations;
- (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 or expropriation of assets or Capital Stock which the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary is required by, or made in response to concerns raised by, a regulatory authority or court of competent jurisdiction;
- (20) any disposition 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 3.0% 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 €50.0 million and 3.0% of Total Assets of carried over amounts for any calendar year);
- (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;
- (23) any disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; provided that any cash or Cash Equivalents received in such disposition is applied in accordance with the “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*” covenant;

- (24) any sale or disposition with respect to property built, owned or otherwise acquired by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;
- (25) the sale or disposition of the Towers Assets; and
- (26) 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 (26) 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 (26) 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.

“Bank Products” means (i) any facilities or services related to cash management, cash pooling, treasury depository, overdraft, commodity trading or brokerage accounts, credit or debit card, p-cards (including purchasing cards or commercial cards), electronic funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade financial services or other cash management and cash pooling arrangements and (ii) daylight exposures of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary in respect of banking and treasury arrangements entered into in the ordinary course of business.

“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 the Ultimate Parent, 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 Ultimate Parent 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.

“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 or obligations, insured or unconditionally guaranteed by the United States government, the government of the United Kingdom, the relevant member state of the European Union as of January 1, 2004 (each, a “Qualified Country”) or any agency or instrumentality thereof, in each case having maturities of not more than 24 months from the date of acquisition thereof;
- (2) securities or obligations issued by any Qualified Country or any political subdivision of any such Qualified Country, or any public instrumentality thereof, having maturities of not more than 24 months from the date of acquisition thereof and, at the time of acquisition, having an investment grade rating generally obtainable from either S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, then from another nationally recognized rating service in any Qualified Country);

- (3) commercial paper issued by any lender party to a Credit Facility or any bank holding company owning any lender party to a Credit Facility;
- (4) commercial paper maturing no more than 12 months after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (5) time deposits, eurodollar time deposits, bank deposits, certificates of deposit or bankers' acceptances maturing no more than two years after the date of acquisition thereof issued by any lender party to a Credit Facility or any other bank or trust company (x) having combined capital and surplus of not less than \$250.0 million in the case of U.S. banks and \$100.0 million (or the U.S. Dollar equivalent thereof) in the case of non-U.S. banks or (y) 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 in any Qualified Country);
- (6) auction rate securities rated at least Aa3 by Moody's and AA- by S&P (or, if at any time either S&P or Moody's shall not be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (7) repurchase agreements or obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1), (2) and (5) above entered into with any bank meeting the qualifications specified in clause (5) above or securities dealers or recognized national standing;
- (8) marketable short-term money market and similar funds (x) either having assets in excess of \$250.0 million (or U.S. Dollar equivalent thereof) or (y) having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service in any Qualified Country);
- (9) interests in investment companies or money market funds, 95% the investments of which are one or more of the types of assets or instruments described in clauses (1) through (8) above; and
- (10) in the case of investments by the Fold-In Issuer, the Affiliate Issuer or any Subsidiary organized or located in a jurisdiction other than the United States or a member state of the European Union (or any political subdivision or territory thereof), or in the case of investments made in a country outside the United States, other customarily utilized high-quality investments in the country where such Subsidiary is organized or located or in which such Investment is made, all as conclusively determined in good faith by the Fold-In Issuer, or the Affiliate Issuer; provided that bank deposits and short term investments in local currency of any Restricted Subsidiary shall qualify as Cash Equivalents as long as the aggregate amount thereof does not exceed the amount reasonably estimated by such Restricted Subsidiary as being necessary to finance the operations, including capital expenditures, of such Restricted Subsidiary for the succeeding 90 days.

"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 at the option of the Fold-In Issuer or the Affiliate Issuer (except with respect to clauses (1) to (2) below) the following (to the extent deducted from operating income (loss)):

- (1) Consolidated depreciation expense;
- (2) Consolidated amortization expense;
- (3) stock based compensation expense;
- (4) 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) 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 (including Intra-Group Services) 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) 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 the sale or transfer of any assets in connection with an asset securitization programme, receivables factoring transaction or other receivables transaction (including without limitation a Qualified Receivables Transaction);

- (12) Specified Legal Expenses;
- (13) any net earnings or losses attributable to non-controlling interests;
- (14) share of income or loss on equity Investments;
- (15) any realized and unrealized gains or losses due to changes in fair value of equity Investments;
- (16) 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;
- (17) 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;
- (18) any charges or costs in relation to any long-term incentive plan and any interest component of pension or post-retirement benefits schemes; and
- (19) Receivables Fees.

“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 2014 Senior Facility Agreement, the Existing 2025 Senior Notes, the Existing 2025 Senior Secured Notes, the Existing 2024 Senior Secured Notes, 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) at the option of the Fold-In Issuer or the Affiliate Issuer, any adjustments to reduce or eliminate 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;
- (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 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 Credit Facility Excluded Amount (or its equivalent in other currencies) at the relevant time incurred under any Permitted 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*”, and clause (20) of the third paragraph of the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*” 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,

(iv) any Indebtedness incurred pursuant to clause (18) of the second paragraph of the covenant under the caption “—*Certain Covenants—Limitation on Indebtedness*” and (v) for the purpose of calculating the Consolidated Net Leverage Ratio for purposes of clause (1)(a) of the first paragraph of the covenant under the caption “—*Certain Covenants—Limitation on Indebtedness*”, outstanding Indebtedness of the Fold-In Issuer and the Affiliate Issuer) 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 (i) 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 and (ii) at the Fold-In Issuer’s or Affiliate Issuer’s election, any Receivables Entity. 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).

“Contribution Agreement” refers to the contribution agreement dated July 21, 2016 between, among others, Liberty Global Europe B.V., Liberty Global plc, Vodafone International and Vodafone Group Plc governing the Ziggo Group Contribution and the Vodafone NL Contribution, as may be amended or restated from time to time.

“Credit Facility” means, one or more debt facilities, arrangements, instruments, trust deeds, note purchase agreements, indentures or commercial paper facilities and overdraft facilities (including, without limitation, the facilities made available under the 2014 Senior Facility Agreement) 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, notes, bonds, debentures 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 2014 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 Senior Secured Notes Issuer and its Subsidiaries (including, without limitation the 2015 SPV Senior Secured Credit Facility) and/or (ii) the acquisition or other transfer of the Old Senior Secured Notes Issuer and its Subsidiaries, together with any outstanding obligations under Credit Facilities incurred by the Old Senior Secured Notes Issuer and its Subsidiaries, by any Proceeds Loan Obligor, in each case, pursuant to the Ziggo Group Combination.

“Credit 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.

“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.

“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 2024 Senior Notes” means Ziggo Bond Company B.V.’s €743,128,000 aggregate principal amount of 7.125% Senior Notes due 2024.

“Existing 2020 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.

“Existing 2025 Senior Notes” means the (i) \$400 million aggregate principal amount of 5<sup>7</sup>/<sub>8</sub>% Senior Notes due 2025 and (ii) €400 million aggregate principal amount of 4<sup>5</sup>/<sub>8</sub>% Senior Notes due 2025 issued by the Old Issuer.

“Existing 2025 Senior Notes Indenture” means the indenture dated as of January 29, 2015, as amended, supplemented or otherwise modified from time to time, among, inter alios, the Old Issuer, as issuer, the Trustee and the Security Agent, governing the Existing 2025 Senior Notes.

“Senior Secured Proceeds Loan Agreement” has the meaning ascribed thereto in the section “Description of the Senior Notes” set out elsewhere in this Offering Memorandum.

“Existing 2025 Senior Secured Notes” means the €800 million aggregate principal amount of 3¾% Senior Secured Notes due 2025 issued by the Old Senior Secured Notes Issuer.

“Existing 2025 Senior Secured Notes Indenture” means the indenture dated as of February 4, 2015, as amended, supplemented or otherwise modified from time to time, among, inter alios, the Old Senior Secured Notes Issuer, as issuer, the Trustee and the Security Agent, governing the Existing 2025 Senior Secured Notes.

“Existing Senior Secured Proceeds Loans” has the meaning ascribed thereto in the section “Description of the Senior Notes” set out elsewhere in this Offering Memorandum.

“fair market value” unless otherwise specified, wherever such term is used in the Indenture (except as otherwise specifically provided in this “*Description of the Senior 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.



“Holdco Restructuring” means the transactions whereby Ziggo Group Holding transfers all of the Capital Stock it holds in each of its Subsidiaries, at the time of such transfer, to a direct or indirect Wholly Owned Subsidiary.

“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; and
- (4) 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 and any other deferred or prepaid revenue, (b) any obligations to make payments in relation to earn-outs, (c) Indebtedness which is in the nature of equity (other than redeemable shares) or equity derivatives, (d) Capitalized Lease Obligations, (e) receivables sold or discounted, whether recourse or non-recourse, including for the avoidance of doubt any indebtedness in respect of Qualified Receivables Transactions, including without limitation guarantees by a Receivables Entity of the obligations of another Receivables Entity and any indebtedness in respect of Limited Recourse, (f) pension obligations or any obligation under employee plans or employment agreements, (g) any “parallel debt” obligations to the extent such obligations mirror other Indebtedness, (h) any payments or liability 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 (including, without limitation, any liability under an IRU Contract), (i) 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 (3) above, (j) 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 (including, in each case, any accrued dividends), (k) Hedging Obligations and (l) any Non-Recourse Indebtedness. 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 (including, for the avoidance of doubt, any such Equity Offering of common stock or other common equity interest of the Spin Parent in connection with any Spin-off).

“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) (or, in the event that there are no comparable transactions to apply for comparative purposes, is otherwise on terms that, taken as a whole, the Fold-In Issuer or the Affiliate Issuer has conclusively determined in good faith to be fair to the Fold-In Issuer or the Affiliate Issuer or such Restricted Subsidiary):

- (1) the sale of programming or other content by the Ultimate Parent, 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 the Ultimate Parent, the Spin Parent or any of their Subsidiaries or by the Ultimate Parent, 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 the Ultimate Parent, the Spin Parent or any of their Subsidiaries, including, without limitation, (a) the employment of personnel, (b) provision of employee healthcare or other benefits, including stock and other incentive plans, (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 the Ultimate Parent 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 any two 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;
- (2) a rating of "BBB—" (or the equivalent) or higher from Standard & Poor's Ratings Services, or any of its successors or assigns; and
- (3) a rating of "BBB—" (or the equivalent) or higher from Fitch Ratings Inc. 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.

"TRU Contract" means a contract entered into by the Fold-In Issuer or the Affiliate Issuer or the Restricted Subsidiaries in the ordinary course of business in relation to the right to use capacity on a telecommunications cable system (including the right to lease such capacity to another person).

“Issue Date” means the date of first issuance of the Notes.

“Joint Venture Parent” means the joint venture entity formed in a Parent Joint Venture Transaction.

“JV Contribution” means the contribution by Vodafone International of the Vodafone NL Group to Ziggo Group Holding.

“JV Entity” means the joint venture entity Liberty Global Europe and Vodafone International intend to form as part of the JV Transactions.

“JV Transactions” means certain transactions to be entered into, in connection with the JV Contribution, including transactions whereby (i) Liberty Global Europe will contribute or otherwise transfer Ziggo Group Holding and its subsidiaries to the JV Entity (ii) Vodafone International will contribute or otherwise transfer the Vodafone NL Group to the JV Entity and (iii) each of Liberty Global Europe and Vodafone International will own a 50% interest in the JV Entity, or, in each case, pursuant to the Contribution Agreement or as otherwise agreed by Liberty Global Europe and Vodafone International.

“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).

“Limited Condition Transaction” means (i) any Investment or acquisition, in each case, by one or more of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries of any assets, business or Person whose consummation is not conditioned on the availability of, or on obtaining, third party financing and (ii) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment.

“Limited Recourse” means a letter of credit, revolving loan commitment, cash collateral account, guarantee or other credit enhancement issued by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary (other than a Receivables Entity) in connection with the incurrence of Indebtedness by a Receivables Entity under a Qualified Receivables Transaction; provided that, the aggregate amount of such letter of credit reimbursement obligations and the aggregate available amount of such revolving loan commitments, cash collateral accounts, guarantees or other such credit enhancements of the Fold-In Issuer, the Affiliate Issuer and the Restricted Subsidiaries (other than a Receivables Entity) shall not exceed 25% of the principal amount of such Indebtedness at any time.

“Management Fees” means any management, consultancy, stewardship or other similar fees payable by the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary, including any fees, charges and related expenses incurred by any Parent on behalf of and/or charged to 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 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 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 the Ultimate Parent 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 the Ultimate Parent, such second-tier Subsidiary.

“Non-Recourse Indebtedness” means any indebtedness of Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary (and not of any other Person), in respect of which the Person or Persons to whom such indebtedness is or may be owed has or have no recourse whatsoever to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary for any payment or repayment in respect thereof:

- (1) other than recourse to the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary which is limited solely to the amount of any recoveries made on the enforcement of any collateral securing such indebtedness or in respect of any other disposition or realization of the assets underlying such indebtedness;
- (2) provided that such Person or Persons are not entitled, pursuant to the terms of any agreement evidencing any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up, dissolution or administration of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary (or proceedings having an equivalent effect) or to appoint or cause the appointment of any receiver, trustee or similar person or officer in respect of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary or any of its assets until after the Notes have been repaid in full; and
- (3) provided further that the principal amount of all indebtedness Incurred and then outstanding pursuant to this definition does not exceed the greater of (i) €250.0 million and (ii) 5.0% of Total Assets.

“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 Senior Notes” set out elsewhere in this Offering Memorandum.

“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.

“Old Senior Secured Notes Issuer” means Ziggo Secured Finance B.V., a direct subsidiary of the Old Issuer.

“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 (i) the Ultimate Parent, (ii) any Subsidiary of the Ultimate Parent of which the Fold-In Issuer or the Affiliate Issuer is a Subsidiary on the Issue Date, (iii) 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. (including, for the avoidance of doubt, the Spin Parent and any Subsidiary of the Spin Parent following any Spin-Off ) and (iv) any Joint Venture Parent, any Subsidiary of the Joint Venture Parent and any Parent Joint Venture Holders following any Parent Joint Venture Transaction.



“Parent Company” means the Reporting Entity; 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 or any Subsidiary of a 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 or any Subsidiary of a 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 or any Subsidiary of a 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, stewardship 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, dispositions or treasury transactions 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.

“Parent Joint Venture Holders” means the holders of the share capital of the Joint Venture Parent.

“Parent Joint Venture Transaction” means a transaction pursuant to which a joint venture is formed by the contribution of some or all of the assets of a Parent or issuance or sale of shares of a Parent to one or more entities which are not Affiliates of the Ultimate Parent, including the JV Transactions.

“Pari Passu Indebtedness” means Indebtedness of the Fold-In Issuer or the Affiliate Issuer that ranks equally or junior in right of payment with the Notes (after giving effect to any Note Guarantee and the Priority Agreement or any Additional Priority Agreement).

“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;
- (2) Liens on the Notes Collateral to secure any Additional Notes or Pari Passu Indebtedness, and
- (3) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (1) and (2),

*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 and the Affiliate Issuer, and (ii) holders of Indebtedness referred to in 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 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 credit loans, letters of credit or other Indebtedness or other advances, in each case, Incurred in compliance with the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”.

“Permitted Financing Action” means, to the extent that any incurrence of Indebtedness or Refinancing Indebtedness is permitted pursuant to the covenants described under “—*Certain Covenants—Limitation on Indebtedness*”, any transaction to facilitate or otherwise in connection with a cashless rollover of one or more lenders’ or investors’ commitments or funded Indebtedness in relation to the incurrence of that Indebtedness or Refinancing Indebtedness.

“Permitted Holders” means, collectively, (1) the Ultimate Parent, (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, accounts receivables 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, workout recapitalization 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 herewith;
- (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 2024 Senior 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 5.00 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 in Securitization Obligations;
- (20) Investments resulting from the disposition of assets in transactions excluded from the definition of “Asset Disposition” pursuant to the exclusions from such definition;
- (21) 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 of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Fold-In Issuer, any Affiliate 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;
- (22) 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);
- (23) Investments consisting of purchases and acquisitions of inventory, supplies, material, services or equipment or purchases of contract rights or licenses or leases of intellectual property;
- (24) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements;
- (25) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the Fold-In Issuer, the Affiliate Issuer or its Restricted Subsidiaries and
- (26) any non-cash Investments made in connection with Permitted Reorganizations..

“Permitted Liens” means:

(A) with respect to any Restricted Subsidiary:

- (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, and Liens on Investments in Receivables Entities;
- (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;
- (5) Liens in favor of issuers of surety, bid or performance bonds or with respect to other regulatory requirements or trade or government contracts or to secure leases or permits, licenses, statutory or regulatory obligations, 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) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar

arrangements relating thereto, (including, without limitation, the right reserved to or vested in any governmental authority by the terms of any lease, license, franchise, grant or permit acquired by the Fold-In Issuer, the Affiliate Issuer or any of its Restricted Subsidiaries or by any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof), (b) minor survey exceptions, encumbrances, trackage rights, special assessments, 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 and (c) any condemnation or eminent domain proceedings affecting any real property;

- (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 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 (including Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into 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;
- (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 (including Liens created, incurred or assumed in connection with or in contemplation of such acquisition or transaction); 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 (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);
- (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 (including Liens created, incurred or assumed in connection with or in contemplation of such acquisition or transaction); 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 (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);



- (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 securing Indebtedness that is permitted to be Incurred by the Restricted Subsidiaries under clause (1) of the first paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or clauses (1), (3), (7), or (12) (in the case of (12), to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Liens), (15) and (17) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”;
- (24) 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*”;
- (25) 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;
- (26) Liens consisting of any right of set-off granted to any financial institution acting as a lockbox bank in connection with a Qualified Receivables Transaction;
- (27) Liens for the purpose of perfecting the ownership interests of a purchaser of Receivables and related assets pursuant to any Qualified Receivables Transaction;
- (28) Liens arising in connection with other sales of Receivables permitted hereunder without recourse to the Fold-In Issuer, the Affiliate Issuer or any of the Restricted Subsidiaries;
- (29) Liens in respect of Bank Products or to implement cash pooling arrangements or arising under the general terms and conditions of banks with whom the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary maintains a banking relationship or to secure cash management and other banking services, netting and set-off arrangements, and encumbrances over credit balances on bank accounts to facilitate operation of such bank accounts on a cash-pooled and net balance basis (including any ancillary facility under any Credit Facility or other accommodation comprising of more than one account) and Liens of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary under the general terms and conditions of banks and financial institutions entered into in the ordinary course of banking or other trading activities;
- (30) any Liens in respect of the ownership interests in, or assets owned by, any joint ventures securing obligations of such joint ventures;

- (31) any encumbrance or restriction (including, but not limited to, put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
  - (32) cash deposits or other Liens for the purpose of securing Limited Recourse;
  - (33) Liens on equipment of the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary granted in the ordinary course of business to a client of the Fold-In Issuer, the Affiliate Issuer or a Restricted Subsidiary at which such equipment is located;
  - (34) subdivision agreements, site plan control agreements, development agreements, servicing agreements, cost sharing, reciprocal and other similar agreements with municipal and other governmental authorities affecting the development, servicing or use of a property; provided the same are complied with in all material respects except as such non-compliance does not interfere in any material respect as determined in good faith by the Issuer with the business of the Fold-In Issuer, the Affiliate Issuer and its Subsidiaries taken as a whole;
  - (35) facility cost sharing, servicing, reciprocal or other similar agreements related to the use and/or operation a property in the ordinary course of business; provided the same are complied with in all material respects;
  - (36) deemed trusts created by operation of law in respect of amounts which are (i) not yet due and payable, (ii) immaterial, (iii) being contested in good faith and by appropriate proceedings and for which appropriate reserves have been established in accordance with GAAP or (iv) unpaid due to inadvertence after exercising due diligence; and
  - (37) 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.
- (B) with respect to the Fold-In Issuer and the Affiliate Issuer:
- (1) Liens securing the Notes;
  - (2) Permitted Collateral Liens;
  - (3) Liens securing guarantees of Indebtedness Incurred under Credit Facilities, to the extent the underlying Indebtedness was Incurred in compliance with the first paragraph or clause (1) under the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”;
  - (4) Liens on property at the time the Company or the Affiliate Issuer acquired the property, including any acquisition by means of a merger or consolidation with or into the Company or the Affiliate Issuer; provided, that such Liens may not extend to any other property owned by the Company or the Affiliate Issuer;
  - (5) Liens over (i) Capital Stock of any Restricted Subsidiary and (ii) rights under loan agreements, notes or similar instruments representing Indebtedness of any Restricted Subsidiary owing to and held by the Company or the Affiliate Issuer, securing Indebtedness Incurred by a Restricted Subsidiary in compliance with (a) clause (1) of the first paragraph or clauses (1), (7), (15) and (18) under 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 clause (a); and
  - (6) Liens of the type described in clauses (3), (4), (5), (6), (7), (9), (10), (11), (12), (17), (19), (20), (22) and (24) of clause (A) of this definition of “Permitted Liens”.

“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 17, 2014 (as amended on February 20, 2014 and as amended and restated on July 4, 2014 and as amended on March 5, 2015) between, among others, the LGE Holdco VI B.V. and Deutsche Trustee Company Limited, as security agent, as previously amended and as may be further amended and in effect from time to time.

“Proceeds Loan Agreement” has the meaning ascribed thereto in the section “*Description of the Senior Notes*” set out elsewhere in this Offering Memorandum.

“Proceeds Loan Borrower” has the meaning ascribed thereto in the section “*Description of the Senior Notes*” set out elsewhere in this Offering Memorandum.

“Proceeds Loan Obligors” has the meaning ascribed thereto in the section “*Description of the Senior Notes*” set out elsewhere in this Offering Memorandum.

“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).

“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 note is intended to finance that portion of the purchase price that is not paid in cash or a contribution of equity and which (a) is repayable from cash available to the Receivables Entity, other than (i) amounts required to be established as reserves pursuant to agreements, (ii) amounts paid to investors in respect of interest, (iii) principal and other amounts owing to such investors and (iv) amounts owing to such investors and amounts paid in connection with the purchase of newly generated Receivables and (b) may be subordinated to the payments described in clause (a).

“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 and any Hedging Obligations entered into by the Fold-In Issuer or the Affiliate Issuer or any such Restricted Subsidiary in connection with such 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;
  - (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; or
  - (d) except, in each such case, Limited Recourse and Permitted Liens as defined in clauses (1), (27) through (29) and (33) of the definition thereof.
- (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 (other than those related to or incidental to the relevant Qualified Receivables Transaction), except for Limited Recourse.

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.

"Receivables Fees" means reasonable distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Receivables Entity in connection with, any Qualified Receivables Transaction.

"Receivables Repurchase Obligation" means any obligation of a seller of Receivables in a Qualified Receivables Transaction to repurchase Receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"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 JV 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 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 JV Transactions, 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, (ii) following the accession of any Affiliate Subsidiary, Ziggo Group Holding 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.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the United States Securities Act of 1933, as amended.

“Securitization Obligation” means any Indebtedness or other obligation of any Receivables Entity.

“Security Agent” means Deutsche Trustee Company Limited and any successor or replacement Security Agent, acting in such capacity.

“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.

“Senior Secured Priority Agreement” means the priority agreement dated January 12, 2006 (as amended and restated on October 6, 2006, November 17, 2006, March 28, 2013, November 14, 2014 and January 4, 2015) between, among others, Amsterdamse Beheer- en Consultingmaatschappij B.V., certain guarantors party thereto and ING Bank N.V., as security agent, as previously amended and as may be further amended and in effect from time to time.

“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 Fold-In Issuer or the Affiliate Issuer or a Parent of the Fold-In Issuer or the Affiliate Issuer, directly or indirectly owned by Ultimate Parent are distributed to (x) all of the Ultimate Parent’s shareholders, or (y) all of the shareholders comprising one or more group of the Ultimate Parent’s shareholders as provided by the Ultimate Parent’s articles of association, in each case, either directly or indirectly through the distribution of shares in a company holding the Fold-In Issuer’s or the Affiliate Issuer’s shares or a Parent’s shares.

“Spin Parent” means the Person the shares of which are distributed to the shareholders of the Ultimate Parent 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, including, without limitation, those relating to the servicing of the assets of a Receivables Entity and Limited Recourse, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

“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 the Fold-In Issuer or any 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).

“Towers Assets” means:

- (1) all present and future wireless and broadcast towers and tower sites that host or assist in the operation of plant and equipment used for transmitting telecommunications signals, beings tower and tower sites that are owned by or vested in the Fold-In Issuer, the Affiliate Issuer or any Restricted Subsidiary and include, without limitation, any and all towers under constructions;
- (2) all rights, title, deposits (including, without limitation, deposits placed with landlords, electricity boards and transmission companies) and interest in, or over, the land property on which such towers and tower sites have been constructed or erected or installed;
- (3) all current assets relating to towers or tower sites whether movable, immovable or incorporeal;
- (4) all plant and equipment customarily treated by telecommunications operators as forming part of the Tower Assets, including, in particular, but without limitation, the electricity power connections, utilities, diesel generator sets, batteries, power management systems, air conditioners, shelters and all associated civil and electrical works; and
- (5) all permits, licences, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, trademarks, designs, copyrights, patents and other intellectual property and powers of every kind, nature and description whatsoever, whether form government bodies or otherwise, pertaining to or relating to the aforesaid.

“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.

“Treasury Rate” means the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available on a day no earlier than two Business Days prior to the date of the delivery of the redemption notice in respect of such redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market date selected by the Fold-In Issuer in good faith)) most nearly equal to the period from the redemption date to January 15, 2022; provided, however, that if the period from the redemption date to January 15, 2022 is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from the redemption date to January 15, 2022 is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

“Ultimate Parent” means (1) Liberty Global plc and any all successors thereto or (2) upon consummation of a Spin-Off, “Ultimate Parent” will mean the Spin Parent and its successors, and (3) upon consummation of a Parent Joint Venture Transaction, “Ultimate Parent” will mean each of the top tier Parent entities of the Joint Venture Holders and their successors.

“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 Pari Passu 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.

“Vodafone International” means Vodafone International Holding B.V., a private limited company incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone Libertel” means Vodafone Libertel B.V., a private limited company incorporated under the laws of the Netherlands and any all successors thereto.

“Vodafone NL Group” refers to Vodafone Libertel together with any holding companies and its Subsidiaries.

“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 (a) directors’ qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law, regulation or to ensure limited liability and (b) in the case of a Receivables Entity, shares held by a Person that is not an Affiliate of the Fold-In Issuer or an Affiliate Issuer solely for the purpose of permitting such Person (or such Person’s designee) to vote with respect to customary major events with respect to such Receivables Entity, including without limitation the institution of bankruptcy, insolvency or other similar proceedings, any merger or dissolution, and any change in charter documents or other customary events) 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) Ziggo Bond Company B.V., its Subsidiaries are combined with UPC Nederland Holding I B.V. and its Subsidiaries and any Affiliate Issuer 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.

“Ziggo Group Existing 2025 Senior Notes Assumption” means the assumption by a Proceeds Loan Obligor of the obligations of the Old Issuer under the Existing 2025 Senior Notes and the Existing 2025 Senior Indenture and the deemed repayment in full and cancellation of the Proceeds Loans funded with the proceeds of the Existing 2025 Senior Notes.

“Ziggo Group Existing 2025 Senior Secured Notes Assumption” means the assumption by a Senior Secured Proceeds Loan Obligor of the obligations of the Old Senior Secured Notes Issuer under the Existing 2025 Senior Secured Notes and the Existing 2025 Senior Secured Notes Indenture and the deemed repayment in full and cancellation of the Senior Secured Proceeds Loans funded with the proceeds of the Existing 2025 Senior Secured Notes.

“Ziggo Group Holding” means Ziggo Group Holding B.V. and any all successors thereto.

## BOOK-ENTRY, DELIVERY AND FORM OF NOTES

### General

Each series of 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 representing the Dollar Senior Secured Notes (the “**Dollar Regulation S Global Notes**”) will be deposited upon issuance with Deutsche Bank Trust Company Americas as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. The Regulation S Global Notes representing the Euro Senior Secured Notes (the “**Euro 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.

Each series of 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 representing the Dollar Senior Secured Notes (the “**Dollar 144A Global Notes**”) will be deposited upon issuance with Deutsche Bank Trust Company Americas as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. The 144A Global Notes representing the Euro Senior Secured Notes (the “**Euro 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.

The Dollar 144A Global Notes and the Dollar Regulation S Global Notes are collectively referred to herein as the “**Dollar Global Notes**”. The Euro 144A Global Notes and the Euro Regulation S Global Notes are collectively referred to herein as the “**Euro Global Notes**”.

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 DTC, 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 DTC, Euroclear and Clearstream and their participants. The Book-Entry Interests in the Euro Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof and the Book-Entry Interests in the Dollar Global Notes will be issued only in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, DTC, 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, DTC, 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 DTC, Euroclear and/or Clearstream and indirect participants must rely on the procedures of DTC, 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 the Issuer’s respective 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 relevant Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the “**Definitive Registered Notes**”):

- (1) if DTC (with respect to the Dollar Global Notes), or Euroclear and/or Clearstream (with respect to the Euro Global Notes) 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 it elects to exchange in whole, but not in part, the Global Notes for Definitive Registered Notes;
- (3) in whole, but not in part, if the Issuer or DTC (with respect to the Dollar Global Notes), or Euroclear and/or Clearstream (with respect to the Euro Global Notes) 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 DTC, Euroclear and/or Clearstream or to the Issuer following an Event of Default under the Indenture.

Euroclear has advised the Issuer 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 relevant 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 DTC, 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 Paying Agents and the Registrars 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 from time to time at the registered office of the Issuer or the Registrar on its behalf, 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 DTC, Euroclear and/or Clearstream, as applicable.

## Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, DTC, 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 DTC, 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 DTC, Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, 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 the case of the Euro Global Notes, or \$200,000, in the case of the Dollar Global Notes, 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 (in the case of the Euro Global Notes) and to DTC or its nominee (in the case of the Dollar Global Notes), 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., DTC, 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 their respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC, 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 DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- DTC, 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 Euro Global Notes will be paid to holders of interest in such Notes (the “**Euroclear/Clearstream Holders**”) through Euroclear and/or Clearstream in euro. The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar Global Notes will be paid to holders of interest in such Notes (the “**DTC Holders**”) through DTC in dollars.

### **Action by Owners of Book-Entry Interests**

DTC, 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. DTC, 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 DTC, 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**

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC and in accordance with the provisions of the relevant Indenture and will not be entitled to Definitive Registered Notes except for as provided in “*Book-Entry, Delivery and Form of Notes—Issuance of Definitive Registered Notes*”.

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 relevant 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 DTC, Euroclear or Clearstream or persons who hold interests through DTC, 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 relevant 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 of the same denomination and series 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 “*Description of the Notes—Transfer and Exchange*” and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to the Notes. See “*Transfer Restrictions*”.

This paragraph refers to transfers and exchanges with respect to Dollar Global Notes only. Transfers involving an exchange of a Regulation S Book-Entry Interest for 144A Book-Entry Interest in a Dollar Global Note will be done by DTC by means of an instruction originating from the Trustee through the DTC Deposit/Withdrawal Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Regulation S Global Note and a corresponding increase in the principal amount of the corresponding 144A Global Note. The policies and practices of DTC may prohibit transfers of unrestricted Book-Entry Interests in the Regulation S Global Note prior to the expiration of the 40 days after the date of initial issuance of the Notes. Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

#### **Information concerning DTC, Euroclear and Clearstream**

All Book-Entry Interests will be subject to the operations and procedures of DTC, 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.

DTC advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (that DTC’s direct participants deposit with DTC). DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants’ accounts. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

Like DTC, 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 or 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 or Clearstream participant, either directly or indirectly.



Because DTC, 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 DTC, 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 DTC, Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through DTC, Euroclear or Clearstream participants.

### **Initial Settlement**

Initial settlement for the Notes will be made in euro and U.S. dollars. Book-Entry Interests owned through DTC, Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC, 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 will be made to the Irish Stock Exchange for the Notes represented by the Global 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. The Global Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in the Notes will, therefore, be required by DTC to be settled in immediately available funds. We expect that secondary trading in any certificated Notes will also be settled in immediately available funds. Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers between participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be done through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream by the common depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream by the counterparty in such system in accordance with the rules and regulations and within the established deadlines of such system (Brussels time). Euroclear or Clearstream will, if the transaction meets its settlement requirements, deliver instructions to the common depository to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Notes from DTC, and making and receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depository.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received by Euroclear and Clearstream as a result of a sale of an interest in a Global Note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

The Book-Entry Interests will trade through participants of DTC and 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 DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. Neither the Issuer, the Trustee or the Principal Paying Agent will have any responsibility for the performance by DTC, 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”)) 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 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); AND

(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.

- (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 ERISA, 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 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.
- (2) 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*

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. For purposes of Netherlands tax law, a holder of Notes may include an individual or entity who does not have the legal title of these Notes, but to whom nevertheless the Notes or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Notes or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands corporate and individual income tax consequences for:

- (i) investment institutions (fiscale beleggingsinstellingen);
- (ii) pension funds, exempt investment institutions (vrijgestelde beleggingsinstellingen) or other Netherlands tax resident entities that are not subject to or exempt from Netherlands corporate income tax;
- (iii) holders of Notes holding a substantial interest (aanmerkelijk belang) or deemed substantial interest (fictief aanmerkelijk belang) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (iv) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (afgezonderd particulier vermogen) provisions of the Netherlands Income Tax Act 2001 (Wet inkomstenbelasting 2001) or the Netherlands Gift and Inheritance Tax Act 1956 (Successiewet 1956);
- (v) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Notes are attributable to such permanent establishment or permanent representative; and
- (vi) individuals to whom Notes or the income therefrom are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

#### *Withholding Tax*

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

#### ***Corporate and Individual Income Tax***

##### *Residents of The Netherlands*

If a holder of Notes is a resident of The Netherlands or deemed to be a resident of The Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands' corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands Income Tax Act 2001, if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Notes, must determine taxable income with regard to the Notes on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. With regard to 2016, this deemed return on income from savings and investments is fixed at a percentage of 4% of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (January 1), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments is taxed at a rate of 30%. As of 2017, the percentage to determine the deemed return will be variable and will increase progressively depending on the amount of the yield basis.

##### *Non-residents of The Netherlands*

If a person is neither a resident of The Netherlands nor is deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, such person is not liable to Netherlands' income tax in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

- (i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is, other than by way of securities, entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in The Netherlands and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25%.

- (ii) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are

attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities in the Netherlands which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is, other than by way of securities, entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at progressive rates up to a maximum rate of 52%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under “—Residents of the Netherlands”).

### ***Gift and Inheritance Tax***

Netherlands gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

### ***Value Added Tax***

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

### ***Other Taxes and Duties***

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

### **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***

Each Issuer has filed IRS Form 8832, electing to be treated as an entity disregarded from its sole owner for U.S. federal income tax purposes.

### ***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 Obligor and the Senior Obligor, as the case may be, 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 below under "*—Sale, Exchange, Retirement or Other Taxable Disposition*" (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 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 make certain alterations to the Notes or engage in certain transactions, including reorganizations, mergers and consolidations as described above under “*Description of the Senior Secured Notes—Post-Closing Reorganizations*”, “*Description of the Senior Notes—Post-Closing Reorganizations*”, “*Description of the Senior Secured Fold-In Notes—Post-Closing Reorganizations*”, “*Description of the Senior Fold-In Notes—Post-Closing Reorganizations*”, “*Description of the Senior Secured Notes—Merger and Consolidation*”, “*Description of the Senior Notes—Merger and Consolidation*”, “*Description of the Senior Secured Fold-In Notes—Merger and Consolidation*” and “*Description of the Senior Fold-In Notes—Merger and Consolidation*”. Depending on the circumstances, an addition of an obligor on the Notes or a change in the obligor of the Notes as a result of such alteration or 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.

The Issuers may be required to report certain information regarding such transactions that may be relevant to U.S. Holder either (1) by filing Form 8937 with the IRS and providing copies to certain of its Holders or (2) by posting the form on its website.

### ***Redemptions and Additional Amounts***

In certain circumstances (see “*Description of the Senior Secured Notes—Optional Redemption*,” “*Description of the Senior Notes—Optional Redemption*,” “*Description of the Senior Secured Notes—Withholding Taxes*”, “*Description of the Senior Notes—Withholding Taxes*”, “*Description of the Senior Secured Notes—Certain Covenants*”, “*Description of the Senior Notes—Certain Covenants*”, “*Description of the Senior Secured Notes—Special Optional Redemption*,” “*Description of the Senior Notes—Special Optional Redemption*,” “*Description of the Senior Secured Fold-In Notes—Optional Redemption*”, “*Description of the Senior Fold-In Notes—Optional Redemption*”, “*Description of the Senior Secured Fold-In Notes—Withholding Taxes*”, “*Description of the Senior Fold-In Notes—Withholding Taxes*”, “*Description of the Senior Secured Fold-In Notes—Certain Covenants*”, “*Description of the Senior Fold-In Notes—Certain Covenants*”, “*Description of the Senior Secured Fold-In Notes—Special Optional Redemption*”, “*Description of the Senior Fold-In Notes—Special Optional Redemption*”), the Issuers may be obligated to make payments in excess of stated interest and principal 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”, and 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.

In the case of the Euro Senior Secured Notes, 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) 88 717 1799.

Any OID on a Euro Senior Secured 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 Euro Senior Secured 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 Euro Senior Secured 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 Euro Senior Secured 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 Euro Senior Secured 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 in the case of a Euro Senior Secured Note, 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.

In the case of a Euro Senior Secured Note, 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. 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 Euro Senior Secured Note or on the sale, exchange, retirement or other taxable disposition of a Euro Senior Secured 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 Euro Senior Secured 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 Euro Senior Secured 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 Euro Senior Secured 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 Issuers or the Fold-In Issuers may issue Additional Notes as defined under "Description of the Senior Secured Notes—General", under "Description of the Senior Notes—General", under "Description of the Senior Secured Fold-In Notes—General" and "Description of the Senior 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***

Sections 1471-1474 of the Code, as modified by United States Treasury regulations, guidance from the IRS and intergovernmental agreements and subject to further guidance, (collectively, "**FATCA**") 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, unless that foreign entity complies with certain reporting rules under FATCA. If payments on the Notes are treated as paid from 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 withholding rules. 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 defining a "foreign passthru payment" are published), 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. The intergovernmental agreement between The Netherlands and the United States modifies the requirements in this paragraph and an intergovernmental agreement between the United States and a foreign country where a holder or intermediary is located may further modify such requirements. Prospective 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(e)(2) 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 Issuer, 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 Issuer, 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 (such exemption, the “**Service Provider Exemption**”). Adequate consideration means fair market value 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 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. 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); AND (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.

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.

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 Issuers and the Initial Purchasers have entered into purchase agreements dated as of the date of this Offering Memorandum (the “**Purchase Agreements**”), under the terms and conditions of which, the Issuers have agreed to sell to each of the Dollar Senior Secured Notes Initial Purchasers, Euro Senior Secured Notes Initial Purchasers and the Senior Notes Initial Purchasers, and, subject to certain conditions contained therein, such Initial Purchasers have agreed to purchase the entire principal amount of the Dollar Senior Secured Notes, Euro Senior Secured Notes and Senior Notes, respectively.

The obligations of the Initial Purchasers under the Purchase Agreements, including their agreement to purchase Notes from the Issuers, are several and not joint. The Purchase Agreements provides that the Initial Purchasers are obligated to purchase all of the relevant Notes if any of them are purchased. The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and other conditions precedent.

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. Depending on market conditions, certain of the Initial Purchasers may decide to initially purchase and hold a portion of the Notes for their own accounts. 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 Issuers have agreed that:

- subject to certain exceptions, the Issuers and the Note Guarantors (in the case of the Senior Secured Notes) will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC 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 Issuers, 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 Issuers and the Note Guarantors (in the case of the Senior Secured Notes) 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. Additionally, ABN AMRO Bank N.V. is not a registered broker-dealer in the United States, and therefore, to the extent that it intends to effect any offers or sales of Notes in the U. S. or to U.S. persons, it will do so through its affiliate ABN AMRO Securities (USA) LLC, or any other U.S. registered broker-dealers pursuant to applicable U.S. securities laws.

The Initial Purchasers initially propose to offer the Notes at the offering price that appears on the cover page of this offering memorandum. After the initial offerings, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell the Notes through certain of their affiliates. The offerings of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers’ right to reject any order in whole or in part.

### 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. Terms used above have the meanings given to them by Rule 144A and 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.

In connection with sales outside the United States (other than sales pursuant to Rule 144A), the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The Initial Purchasers will send to each dealer to whom they sell such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S under the U.S. Securities Act, until 40 days after the later of the commencement of this offering or the date the Notes are originally issued, an offer or sale of such Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the U.S. Securities Act.

## **United Kingdom**

In the Purchase Agreements, 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 U.K.; 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 Agreements 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 Agreements, 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 U.K. 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.

### **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 Issuers 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 Issuers 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 in accordance with Regulation M under the Exchange Act and applicable rules of the U.K. Financial Services Authority.. 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.

Certain of the Initial Purchasers or their respective affiliates have arranged and made loans to subsidiaries of the Issuers in the past and received fees in relation to arranging such loans. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge, and certain other of the Initial Purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes.

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 Ziggo Revolving Facility.



The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, including securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the ABC, UPC Netherlands Holdco II, Ziggo BV and UPC Netherlands Holdco III or their respective affiliates. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **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 (a) the Dutch court finds that the jurisdiction of the U.S. court has been based on grounds which are internationally acceptable (b) the legal procedures met the basic requirements of a fair trial, (c) the judgment does not contravene principles of Dutch public policy, (d) the judgment is not in conflict with a decision rendered by a Dutch court between the same parties, nor with an earlier judgment rendered by a foreign court in proceedings involving the same cause of action and between the same parties, provided that the earlier decision can be recognized in the Netherlands and (e) the foreign decision is – according to the law of its country of origin – formally capable of being enforced (e.g. is readily enforceable, has not been annulled in appeal or its enforceability has not been subject to a certain time frame).

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 Bond Finance**

The statutory independent auditors of Ziggo Bond Finance are KPMG Accountants N.V. The 2015 Ziggo Bond Finance Consolidated Financial Statements included in this Offering Memorandum have been audited by KPMG Accountants N.V., as stated in their report appearing herein.

### **Independent Auditors of Ziggo Group Holding**

The statutory auditors of Ziggo Group Holding are KPMG Accountants N.V. The Ziggo 2016 Condensed Consolidated Financial Statements included in this offering memorandum have been reviewed by KPMG Accountants N.V. and the Ziggo 2015 Consolidated Financial Statements included in this Offering Memorandum have been audited by KPMG Accountants N.V., as stated in their report appearing herein.

### **Independent Auditors of Vodafone Netherlands**

The statutory auditors of Vodafone Netherlands are PricewaterhouseCoopers Accountants N.V. The Vodafone Netherlands 2016 Consolidated Financial Statements and the Vodafone Netherlands 2015 Consolidated Financial Statements included in this Offering Memorandum have been audited by PricewaterhouseCoopers Accountants N.V., as stated in their reports appearing herein.

## LISTING AND GENERAL INFORMATION

*In the event that the JV Transactions are not consummated, the Vodafone NL Contribution will not be effected and the proceeds of the Notes may be used to fund New Proceeds Loans. Investors are making an investment decision based on the creditworthiness of the Ziggo Group as of the date hereof, including based on the Ziggo Group's standalone leverage.*

### Application to Trading and Listing

Application will be 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 Indentures, which includes the form of the relevant Notes;
- (4) the Intercreditor Agreements;
- (5) the documents granting the Notes Collateral;
- (6) the organizational documents of the Notes Guarantors;
- (7) the organizational documents of the applicable Proceeds Loan Borrower; and
- (8) this Offering Memorandum.

Copies of the annual and quarterly reports required to be delivered under the covenant described under “Description of the Senior Secured Notes—Certain Covenants—Reports”, “Description of the Senior Secured Fold-In Notes—Reports”, “Description of the Senior Notes—Certain Covenants—Reports” and “Description of the Senior Fold-In Notes—Reports” will be available free of charge at the offices of the Paying Agent.

The Issuers have appointed Maples and Calder as the Irish Listing Agent with respect to the Notes. The Issuers have appointed Deutsche Bank Trust Company Americas, Deutsche Bank AG, London Branch and Deutsche Bank Trust Company Americas as paying agents, transfer agents and registrar for the Dollar Senior Secured Notes, the Euro Senior Secured Notes and the Senior Notes, respectively. The Issuers reserve 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 Issuers and the Notes Guarantors accept responsibility for the accuracy of the information contained in this Offering Memorandum (except in relation to the information in respect of the Obligors, each of their holding companies, subsidiaries and affiliates, for which the Obligors take sole responsibility. To the best knowledge and belief of each of the Issuers, the Note Guarantors and the 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. Each of the Vodafone Obligors accepts responsibility for any information pertaining to Vodafone Netherlands and any information pertaining to its holding companies, subsidiaries or affiliates contained in this Offering Memorandum only upon successful consummation of the JV Transactions

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 Euro Senior Secured Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes                      and                      , respectively. The ISIN Number for the Euro Senior Secured Notes sold pursuant to Regulation S is                      and the ISIN Number for the Euro Senior Secured Notes sold pursuant to Rule 144A is                      .

The Dollar Senior Secured Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of DTC. The ISIN number for the Dollar Senior Secured Notes sold pursuant to Regulation S is                      and the ISIN number for the Dollar Senior Secured Notes sold pursuant to Rule 144A is                      . The CUSIP number for the Dollar Senior Secured Notes sold pursuant to Regulation S is                      and the CUSIP number for the Dollar Senior Secured Notes sold pursuant to Rule 144A is                      .

The Senior Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of DTC. The ISIN number for the Senior Notes sold pursuant to Regulation S is                      and the ISIN number for the Senior Notes sold pursuant to Rule 144A is                      . The CUSIP number for the Senior Notes sold pursuant to Regulation S is                      and the CUSIP number for the Dollar Senior S Notes sold pursuant to Rule 144A is                      .

## **Legal Information**

### ***Senior Secured Notes Issuer***

The Senior Secured Notes Issuer is a private limited liability company incorporated under the laws of The Netherlands on December 1, 2014. The registered office of the Senior Secured Notes Issuer is at Naritaweg 165, Telestone 8, 1043 BW, Amsterdam, The Netherlands. The Senior Secured Notes Issuer's telephone number is + 31 (0) 20 5722300. The Issuer is registered with the Dutch Commercial Register under number 61998907. The Senior Secured Notes Issuer's share capital consists of one share with a nominal value of €0.01.

The Senior Secured Notes Issuer has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of the Senior Secured Notes. The creation and issuance of the Notes was authorized by the Senior Notes Issuer's board of directors on September 14, 2016.

The sole director of the Senior Secured Notes 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 liability 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.

### ***Senior Notes Issuer***

The Senior Notes Issuer is a private limited liability company incorporated under the laws of The Netherlands on December 1, 2014. The registered office of the Senior Notes Issuer is at Naritaweg 165, Telestone 8, 1043 BW, Amsterdam, The Netherlands. The Senior Notes Issuer's telephone number is + 31 (0) 20 5722300. The Issuer is registered with the Dutch Commercial Register under number 61998907. The Senior Notes Issuer's share capital consists of one share with a nominal value of €0.01.

The Senior Notes Issuer has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of the Senior Notes. The creation and issuance of the Senior Notes was authorized by the Senior Notes Issuer's board of directors on September 14, 2016.

### ***UPC Nederland Holding I B.V.***

UPC Nederland Bondco is a private limited liability company incorporated under the laws of The Netherlands on January 8, 2015. The registered office of UPC Nederland Bondco is at Atoomweg 100, 3542 AB, Utrecht, The Netherlands. UPC Nederland Bondco is registered with the Dutch Commercial Register under number 62352865.

***Ziggo Bond Company B.V.***

Ziggo Bondco is a private limited liability 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 liability 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 Nederland Holdco II is a private limited liability company incorporated under the laws of The Netherlands on January 9, 2015. The registered office of UPC Nederland Holdco II is at Atoomweg 100, 3542AB Utrecht, The Netherlands. UPC Nederland Holdco II is registered with the Dutch Commercial Register under number 62361929.

***UPC Nederland Holding III B.V.***

UPC Nederland Holdco III is a private limited liability company incorporated under the laws of The Netherlands on January 9, 2015. The registered office of UPC Nederland Holdco III is at Atoomweg 100, 3542AB Utrecht, The Netherlands. UPC Nederland Holdco III's telephone number is +31 887 170 000. UPC Nederland Holdco III is registered with the Dutch Commercial Register under number 62366289. The ultimate parent of UPC Nederland Holdco III is Ziggo Group Holding.

***Ziggo B.V.***

Ziggo BV is a private limited liability 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—Ziggo 2020 Euro Senior Secured Notes*” elsewhere in this Offering Memorandum for further details.

***Ziggo Secured Finance II B.V.***

Ziggo Secured Finance II is a private limited liability company incorporated under the laws of The Netherlands on December 1, 2014. The registered office of Ziggo Secured Finance II is at Naritaweg 165, Telestone 8, 1043 BW, Amsterdam, The Netherlands. The telephone number of Ziggo Secured Finance II is + 31 (0)20 5722300. Ziggo Secured Finance II is registered with the Dutch Commercial Register under number 62000616. The sole shareholder of Ziggo Secured Finance II is Ziggo Secured Finance. The entire share capital of Ziggo Secured Finance II consists of one share with a nominal value of €0.01.

The sole director of Ziggo Secured Finance II is Trust International Management (T.I.M). 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 liability 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 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.

***Vodafone Libertel B.V.***

Vodafone Libertel B.V. is a private limited liability company incorporated under the laws of The Netherlands on December 10, 1991. The registered office of Vodafone Libertel B.V. is at Avenue Céramique 300, 6221 KX Maastricht, The Netherlands. The telephone number of Vodafone Libertel B.V. is + 31 (0)43 3555555. Vodafone Libertel B.V. is registered with the Dutch Commercial Register under number 14052264. The sole shareholder of Vodafone Libertel B.V. is Vodafone International Holdings B.V. The entire share capital of Vodafone Libertel B.V. consists of 312,500,002 ordinary shares with a nominal value of €0.30 each.

**General**

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in our prospects since June 30, 2016; and
- neither we, nor any of our direct or indirect subsidiaries has been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes except as otherwise disclosed in this Offering Memorandum, and, so far as we are aware, no such litigation, administrative 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</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).
<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>B2B</b>	Business-to-business.
<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 DOCSIS2.0 standard allows regular speeds of up to 50 Mbps, the new Euro DOCSIS3.0 broadband technology allows speed levels of 100 Mbps and beyond.
<b>Fiber-to-the building / Fiber-to-cabinet / Fiber-to-the-home / Fiber-to-the-node</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>FTTx</b>	Fiber optic lines to the home, cabinet or building or to the node networks.
<b>GSM</b>	Global system for mobile communication.
<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>IP-VPN</b>	Internet Protocol Virtual Private Networks.
<b>Kbps</b>	Kilobits per second; a unit of data transfer rate equal to 1,000 bits per second.
<b>LLU</b>	Local loop unbundling.
<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>M2M</b>	Machine-to-machine
<b>MMS</b>	Multimedia Messaging System.
<b>MVNO</b>	Mobile virtual network operator.
<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>OTT</b>	Over-the-top video content providers, which deliver television signals as a video stream on top of third parties' broadband internet access services.
<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>SMS</b>	Short Message Service.
<b>SOHO Subscribers</b>	Small or home office subscribers.
<b>Triple Play</b>	Offering of digital television, broadband internet and telephony services packaged in a bundle.
<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.
<b>Wifispots</b>	Service enabling broadband internet subscribers access to the internet experience outside of the home.

## INDEX TO FINANCIAL INFORMATION

	<u>Page Number</u>
<b>ZIGGO BOND FINANCE B.V.</b>	
ZIGGO BOND FINANCE 2015 CONSOLIDATED FINANCIAL STATEMENTS .....	F-2
Director's report .....	F-4
Consolidated Balance Sheet .....	F-8
Consolidated Profit and Loss Account .....	F-9
Consolidated Cash Flow Statement .....	F-10
Notes to the 2015 Consolidated Financial Statements .....	F-11
Independent Auditor's Report .....	F-30
<b>ZIGGO GROUP HOLDING B.V.</b>	
ZIGGO 2016 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....	F-31
Condensed Consolidated Balance Sheets (unaudited) .....	F-33
Condensed Consolidated Statements of Operations (unaudited) .....	F-35
Condensed Consolidated Statement of Owner's Equity (unaudited) .....	F-36
Condensed Consolidated Statement of Cash Flows (unaudited) .....	F-37
Notes to the Condensed Consolidated Financial Statements (unaudited) .....	F-39
ZIGGO 2015 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....	F-55
Independent Auditor's Report .....	F-57
Consolidated Balance Sheets .....	F-58
Consolidated Statements of Operations .....	F-60
Consolidated Statement of Owners' Equity .....	F-61
Consolidated Statement of Cash Flows .....	F-62
Notes to Consolidated Financial Statements .....	F-64
<b>VODAFONE LIBERTEL B.V.</b>	
VODAFONE 2016 CONSOLIDATED FINANCIAL STATEMENTS .....	F-103
Consolidated Statement of Total Comprehensive Income .....	F-104
Consolidated Statement of Financial Position .....	F-105
Consolidated Statement of Changes in Equity .....	F-107
Consolidated Statement of Cash Flows .....	F-108
Notes to the Consolidated Financial Statements .....	F-109
Company Financial Statements FY 2016 .....	F-138
Company Income Statement .....	F-139
Company Balance Sheet .....	F-140
Notes to the Company Financial Statements .....	F-142
Independent Auditor's Report .....	F-146
VODAFONE 2015 CONSOLIDATED FINANCIAL STATEMENTS .....	F-151
Consolidated Statement of Total Comprehensive Income .....	F-152
Consolidated Statement of Financial Position .....	F-153
Consolidated Statement of Changes in Equity .....	F-155
Consolidated Statement of Cash Flows .....	F-156
Notes to the Consolidated Financial Statements .....	F-157
Company Financial Statements FY 2015 .....	F-190
Company Income Statement .....	F-191
Company Balance Sheet .....	F-192
Notes to the Company Financial Statements .....	F-194
Independent Auditor's Report .....	F-199

**Ziggo Bond Finance B.V.**  
Amsterdam, the Netherlands  
Financial Statements 2015

## **Ziggo Bond Finance B.V.**

<b><u>Contents</u></b>	<b><u>Page</u></b>
Director's report .....	F-4-F-7
Consolidated balance sheet as at December 31, 2015 .....	F-8
Consolidated profit and loss account for the period ended December 31, 2015 .....	F-9
Consolidated cash flow statement for the period ended December 31, 2015 .....	F-10
Notes to the 2015 consolidated financial statements .....	F-11-F-21
Separate balance sheet as at December 31, 2015 .....	F-22
Separate profit and loss account for the period ended December 31, 2015 .....	F-23
Notes to the 2015 separate financial statements .....	F-24-F-28
Other Information .....	F-29
Auditor's report .....	F-30

## **Ziggo Bond Finance B.V.**

### **Director's report**

The Managing Director hereby presents the Financial Statements of Ziggo Bond Finance B.V. (hereafter the 'Company' or the 'Group') for its first financial year as of December 1, 2014 ('date of incorporation') up to and including December 31, 2015

Within the Liberty Global group of companies, the Group forms part of an orphan finance structure and has been formed as a special purpose vehicle for the primary purpose of facilitating the offering of several notes and a credit facility rollover and using the proceeds of this offering and credit facility rollover to fund senior proceeds loans within the Ziggo group of companies to finance its operations in the Netherlands. The Company is incorporated and wholly-owned by Stichting Eldfell, Amsterdam, the Netherlands. Head of this finance structure is Stichting Eldfell based in Amsterdam, the Netherlands.

### **Overview of the Activities**

The Ziggo group of companies is indirectly wholly-owned by Liberty Global. Liberty Global is the largest international cable company with operations in 14 countries. Its market-leading products are provided through next-generation networks and innovative technology platforms that connected 27 million customers subscribing to 57 million television, broadband internet and telephony services as of December 31, 2015. In addition, Liberty Global served five million mobile subscribers and offered WiFi services across six million access points. Liberty Global's consumer brands are Virgin Media, Ziggo, Unitymedia, Telenet, UPC, VTR and Liberty.

The Group's objective is to raise funds in the debt capital market to fund Ziggo's activities as part of an internal reorganization of Liberty Global pic's broadband and wireless communications businesses in the Netherlands. The Company and its subsidiaries borrowed funds from the market and lends these funds to a Ziggo company based in the Netherlands.

The Company engages in limited activities and is managed by its managing director. It is currently anticipated that the business of the company will be for the benefit of certain subsidiaries of Liberty Global pic (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.

### **Financial Analysis**

As this is the first financial report of the group no comparative figures are provided

*During the period under review the Group performed the following operations:*

On January 29, 2015, Ziggo Bond Finance issued (i) the Ziggo 2025 Dollar Senior Notes of USD 400 million and (ii) the Ziggo 2025 Euro Senior Notes of EUR 400 million, the proceeds of which were used to fund the Ziggo Senior Proceeds Loans, with UPC Nederland Holding I B.V. as the borrower.

On February 4, 2015, Ziggo Secured Finance issued the Ziggo 2025 Senior Secured Notes of EUR 800 million and used such proceeds to fund the Ziggo Senior Secured Proceeds Loans, with UPC Nederland Holding III B.V. as the borrower.



## **Ziggo Bond Finance B.V.**

### **Director's report**

In connection with the Ziggo Services Transfer, lenders under a bank facility at UPC Broadband Holding B.V. (UPC Broadband Holding), another subsidiary of Liberty Global, agreed to roll a EUR 689.2 million facility into new term loans (the SPV Term Loans) under a new senior secured credit facility with the Company as the borrower. The New Ziggo Credit Facility ranks equally with the Ziggo 2025 Senior Secured Notes including with respect to the proceeds of enforcement of the notes collateral, as specified in the indenture, and the Rollover Loan ranks equally with the Ziggo Senior Secured Proceeds Loan.

In 2015, the operating result amounts to EUR 9 thousand. The income on the operating result can be explained due to the fact that the Group can charge part of its operating expenses with a 10% mark up to other group companies.

The total amount of assets amounts to approximately EUR 2.3 billion consisting of the loans and accrued interest thereon provided to group companies.

During the year under review, the Group recorded a net result of EUR 15 thousand.

### **Number of employees**

During the period ended December 31, 2015, the Group did not have any employees.

### **Financial instruments**

The Company's financial instruments consist of the (secured) notes and the credit facility, used for funding group companies.

The fair value of the Notes amounts to EUR 1,456.6 million and the credit facility amounts to EUR 681.9 million

The fair value of the loans granted to affiliated parties amounts to EUR 2,244.9 million.

### **Risk Analysis**

The Group's activities are exposed to a variety of risks. The managing director considers the principal types of risk to be credit risk, liquidity risk and currency exchange risk. As all transactions occur on a back-to-back basis between the lenders and borrowers, the risks in general are considered limited.

The main purpose of the financial instruments is to fund the operations and that the policy is that no trading in financial instruments shall be undertaken. The managing director also monitors the market price risk arising from all financial instruments.

### **Risk Management**

#### ***Authorization level***

The managing director is bound by clear restrictions regarding representative authorization.

#### ***Price Risk***

##### *Currency risk*

The Group mainly operates in the European Union and in the United States. The Group runs certain currency risks, as part of the notes and loans are denominated in United States Dollars. The managing director is of the opinion that this risk is limited as only part of the notes and loans receivable are denominated in United States Dollars. Additionally, all payments and receipts are back-to-back meaning that all payments due on the notes are back-to-back with the received payments from the Ziggo Proceeds Loan Borrowers.

##### *Interest rate risk*

The Group bears little interest rate risk on interest bearing receivables (in particular those included in financial assets, securities and cash) and on interest bearing non-current and current liabilities (including borrowings) as all payments and receipts are back-to-back as explained above.

## **Ziggo Bond Finance B.V.**

### **Director's report**

#### *Credit Risk*

Credit risk is the risk of financial loss of the Group, if the group fails to meet its contractual obligations, and arises principally from the Group's receivables from Ziggo Proceeds Loan Borrowers. The company is dependent on payments from the applicable Ziggo Proceeds Loan Borrowers in order to service its payment obligations. None of the Ziggo Proceeds Loan Borrowers, or any of their respective subsidiaries, guarantee or provide any credit support for the payment obligations, however certain subsidiaries of Ziggo Group Holding have agreed to be bound by the covenants in the indentures governing the notes and guarantee the obligations under the Ziggo Proceeds Loans.

The Group runs a minimum risk as all the loans are granted to group companies and the notes and loan payable are secured, this due to the fact that covenants are indirectly also applicable to the borrowers, for further detail reference is made to the notes of the consolidated financial statements.

#### *Liquidity Risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Also a possible breach of covenants could result in a liquidity risk.

The Group's approach to manage liquidity is to ensure, as far as possible, that it will always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. As explained above, all transactions, payments and receipts, are back-to-back and thus limiting the liquidity risk. Also all settlements regarding the loans are managed by the Group.

#### *Internal Fraud Risk*

The Group applies a transaction monitoring procedure on all its incoming and outgoing transactions, to clearly identify the source and/or destination of funds, including identification of the senders and/or beneficiaries. Besides that, the Group has a payment procedure in place, which includes that payment instructions can only be executed after approval by two individuals acting jointly.

#### **Code of conduct**

The Code of Conduct which addresses the fundamental integrity and ethics-related rules and principles can be found on the website of Ziggo and Liberty Global.

## Director's report

F-7

**Ziggo Bond Finance B.V.**  
**Consolidated balance sheet as at December 31, 2015**  
(in EUR x 1,000, before appropriation of results)

	<u>Notes</u>	<u>2015</u>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Financial fixed assets . . . . .	(4)	2,244,962
<b>Total fixed assets</b> . . . . .		<u>2,244,962</u>
<b>Current assets</b>		
Receivables . . . . .	(5)	34,653
Cash and cash equivalents . . . . .	(6)	39
<b>Total current assets</b> . . . . .		<u>34,692</u>
<b>TOTAL ASSETS</b> . . . . .		<u><u>2,279,654</u></u>
<b>EQUITY AND LIABILITIES</b>		
Group Equity . . . . .	(7)	65
Long term liabilities . . . . .	(8)	2,244,953
<b>Total long term liabilities</b> . . . . .		<u>2,244,953</u>
Current liabilities . . . . .	(9)	34,636
<b>Total current liabilities</b> . . . . .		<u>34,636</u>
<b>TOTAL EQUITY AND LIABILITIES</b> . . . . .		<u><u>2,279,654</u></u>

**Ziggo Bond Finance B.V.**  
**Consolidated Profit and loss account for the period ended December 31, 2015**  
(in EUR x 1,000)

	<u>Notes</u>	<u>2015</u>
General and administrative expenses .....	(12)	(127)
Recharged expenses .....	(12)	136
<b>Operating result</b>		<u>9</u>
<b>OPERATING RESULT</b>		9
Interest income and similar income .....	(13)	100,241
Interest expenses and similar expenses .....	(14)	(100,232)
<b>Financial income and expenses</b> .....		<u>9</u>
<b>RESULT BEFORE TAXATION</b> .....		18
Corporate income tax .....		<u>(3)</u>
<b>NET RESULT AFTER TAXATION / OTHER COMPREHENSIVE INCOME</b> .....		<u><u>15</u></u>



**Ziggo Bond Finance B.V.**  
**Consolidated cash flow statement for the period ended December 31, 2015**  
(in EUR x 1,000)

	<u><b>2015</b></u>
<b>Cash flow from operating activities</b>	
Cash paid to suppliers .....	(11)
	<b>(11)</b>
<b>Cash inflow from operations</b>	
Interest received .....	42,755
Interest paid .....	(42,755)
	<u>—</u>
<b>Total cash flow from operating activities</b> .....	<b>(11)</b>
<b>Cash flow from investment activities</b>	
Capital contribution .....	50
	<u>50</u>
<b>Net cash flow from investment activities</b> .....	<b>50</b>
<b>Changes in cash and cash equivalents</b> .....	<b>39</b>
Cash and cash equivalents at beginning of period .....	—
Exchange result .....	<u>—</u>
Cash and cash equivalents at period end .....	<u><b>39</b></u>

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 consolidated financial statements**  
(in EUR x 1,000)

**1 GENERAL**

Ziggo Bond Finance B.V. (“the Company” or “Ziggo Bond Finance”) was incorporated on December 1, 2014 as private limited liability company under Dutch law. Ziggo Bond Finance is wholly-owned by Stichting Eldfell, a Foundation incorporated on December 1, 2014 under Dutch law. The company has its legal address at Naritaweg 165, 1043 BW, Amsterdam, the Netherlands. The ultimate parent of the company is Liberty Global plc.

**(a) Group structure**

Subsequent to its incorporation on December 1, 2014 Ziggo Bond Finance incorporated Ziggo Secured Finance B.V. (Ziggo Secured Finance) as private limited liability under Dutch law. Subsequently, on December 1, 2014 Ziggo Secured Finance incorporated Ziggo Secured Finance II B.V. (Ziggo Secured Finance II) as private limited liability under Dutch law. 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 “company” and “group” may refer, as the context requires, to Ziggo Bond Finance or collectively to Ziggo Bond Finance and its subsidiaries.

The Company engages in limited activities and is managed by its managing directors. It is currently anticipated that the business of the 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.

**(b) Financial reporting period**

These financial statements cover the period as of December 1, 2014 (‘date of incorporation’) up to and including December 31, 2015.

**(c) Basis of preparation**

The financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

The accounting policies applied for measuring assets and liabilities and the determination of result are based on the historical cost convention, unless otherwise stated in the further principles.

**(d) Application of Section 402, Book 2 of the Netherlands Civil Code**

The financial information of the company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Netherlands Civil Code, the separate profit and loss account of the company exclusively states the share of the result of participating interests after tax and the general result after tax.

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 consolidated financial statements**  
(in EUR x 1,000)

**(e) Related party transactions**

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered a related party. In addition, statutory directors and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

**2 ACCOUNTING POLICIES FOR THE BALANCE SHEET**

**(a) General**

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured reliably.

An asset or liability that is recognised in the balance sheet, remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability.

An asset or liability is no longer recognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability being transferred to a third party. Further, assets and liabilities are no longer recognised in the balance sheet if economic benefits are no longer probable and/or cannot be measured reliably anymore.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

The financial statements are presented in euros, the company's functional currency. All financial information in euros has been rounded to the nearest thousand.

**(b) Use of estimates**

In applying the accounting policies and guidelines for preparing the financial statements, management makes a range of estimates and judgments that might be essential for the amounts disclosed in the financial statements. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the Financial Statement items in question. Actual amounts may differ from these estimates.

**(c) Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity, so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into accordance with those used by other Group members. All intra-group transactions, balances, income and expenses are eliminated in the consolidated financial statements.

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 consolidated financial statements**  
(in EUR x 1,000)

**List of consolidated subsidiaries**

The Subsidiaries included in the consolidated financial statements are the following:

<u>Company</u>	<u>Place, Country</u>	<u>Percentage of holding</u>	<u>Abbreviation</u>
Ziggo Secured Finance B.V. ....	Amsterdam, the Netherlands	100%	ZSF
Ziggo Secured Finance II B.V. ....	Amsterdam, the Netherlands	100%	ZSFII
Ziggo Secured Finance Partnership .....	Delaware, U.S.A.	100%	ZSFP

**(d) Cash flow statement**

The Group reports cash flows from operating activities using the direct method.

**(e) Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the profit and loss account.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

**(f) Financial instruments**

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. These financial statements contain the following financial instruments: loans and receivables (both purchased and issued), equity instruments and other financial liabilities.

***Loans granted and other receivables***

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses.

***Investments in unlisted equity instruments***

Investments in unlisted shares are stated after their initial recognition at the lower of cost or market value.

***Long-term and current liabilities and other financial commitments***

Long-term and current liabilities and other financial commitments are stated after their initial recognition at amortised cost on the basis of the effective interest rate method.

Redemption payments regarding long-term liabilities that are due next year, are presented under current liabilities.

**(g) Impairment**

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately in the profit and loss account.

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 consolidated financial statements**  
(in EUR x 1,000)

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

**(h) Financial fixed assets**

Group companies and other participations in which the Company exercises significant influence, generally accompanying a shareholding of 20% or more of the voting rights, are stated at net asset value. The net asset value is calculated using the accounting policies applied in these Financial Statements. Investments whose financial information can not be aligned to these policies are valued based on their own accounting policies. Investments with an equity deficit are carried at nil. A provision is formed if and when the Company is fully or partially liable for the debts of the investment or has the firm intention to allow the investment to pay its debts.

Participations in which no significant influence can be exercised are recognised at cost. If an asset qualifies as impaired, it is measured at its impaired value; any write-offs are disclosed in the profit and loss account.

**(i) Other financial fixed assets**

Receivables from non-consolidated participating interests are initially measured at fair value plus directly attributable transaction costs. Subsequently, these receivables are measured at amortised cost using the effective interest method, less impairment losses.

The further accounting policies for other financial fixed assets are included under the heading Financial instruments.

Dividends are accounted for in the period in which they are declared. Dividends from participating interests that are carried at cost, are recognised as income from participating interests (under financial income) in the period in which the dividends become payable.

Bonds, listed and unlisted recognised under financial fixed assets, that are not held as part of a trading portfolio and which will be held to maturity, are valued at their amortised cost.

**(j) Receivables**

The accounting policies applied for the valuation of receivable are described under the heading 'Financial instruments'.

**(k) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at nominal value.

**(l) Equity**

Direct changes in equity are recognised net of the relevant income tax effects.

**(m) Long term liabilities**

The accounting policies applied for the valuation of the long term liabilities are described under the heading 'Financial instruments'.

**(n) Current liabilities**

The valuation of current liabilities is explained under the heading 'Financial instruments'.



**Ziggo Bond Finance B.V.**  
**Notes to the 2015 consolidated financial statements**  
(in EUR x 1,000)

**3 ACCOUNTING POLICIES FOR THE PROFIT AND LOSS ACCOUNT**

**(a) General**

Profit or loss is determined as the difference between the realisable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognised in the year in which they are realised.

**(b) Exchange rate differences**

Exchange rate differences arising upon the settlement or conversion of monetary items are recognised in the profit and loss account in the period that they arise. As all such settlements are back-to-back no significant exchange rate differences are recognized.

**(c) Financial income and expenses**

Interest income or expenses are recognised on an accrual basis, using the effective interest rate method. When recognising interest expenses, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

Dividends receivable from participations not carried at net asset value and securities are recognised as soon as the Company acquires the right to them.

**(d) Corporate income tax**

Corporate income tax is calculated on the profit/loss before tax in the profit and loss account, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax-exempt items, and plus non-deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

The Company forms for the 'corporate income tax' a fiscal unity with its subsidiaries Ziggo Secured Finance B.V. and Ziggo Secured Finance II B.V. The Company is head of this fiscal unity.

**4 FINANCIAL FIXED ASSETS**

Financial fixed assets comprises of the following items:

	<b>2015</b>
Loans . . . . .	(4.1) 2,244,962
<i>Total financial fixed assets</i> . . . . .	<u><u>2,244,962</u></u>

**4.1 Loans**

Movement in loans can be specified as follows:

	<b>2015</b>
<b>Balance as at December 1, 2014</b> . . . . .	—
<b>Movements:</b>	
Loans granted . . . . .	2,230,314
Amortisation . . . . .	919
Exchange rate differences . . . . .	13,729
<b>Balance as at December 31, 2015</b> . . . . .	<u><u>2,244,962</u></u>

From the proceeds of the note and loan under the credit facility (note 8) the Company granted UPC Nederland Holding III B.V. based in Amsterdam, the Netherlands, two loans in the amount of resp EUR 689.2 million and EUR 800.0 million.

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 consolidated financial statements**  
(in EUR x 1,000)

From the proceeds of the note and loan under the credit facility (note 8) the Company granted UPC Nederland Holding I B.V. the Netherlands two loans in the amount of resp EUR 400 million and USD 400 million.

All are considered related party loans and are settled on a non-cash basis.

<u>Loan</u>	<u>Interest Percentage</u>	<u>Interest receipt</u>	<u>Maturity Date</u>	<u>2015</u>
EUR 689,209,924 .....	EURIBOR+3.75%	Monthly	31-Mar-21	689,210
EUR 800,000,000 .....	3.75%	Semi Annually	15-Jan-25	797,231
EUR 400,000,000 .....	4.625%	Semi Annually	15-Jan-25	395,372
USD 400,000,000 .....	5.875%	Semi Annually	15-Jan-25	363,149
<b>Total loans receivable</b> .....				<u><u>2,244,962</u></u>

The fair values are not subject to reasonable estimation due to the related-party natures of these loans.

**4.1.1 EUR 689,2 million loan**

Represents a loan granted to UPC Nederland Holding III B.V. bearing interest at a rate of EURIBOR + 3.75% per annum, the effective interest rate is 3.75%. Interest is received on a monthly basis.

**4.1.2 EUR 800 million loan**

After deduction of charges the net proceeds amounted to EUR 797 million, the effective interest rate is 3.7956% per annum. Interest is received semi annually on January 15 and July 15 of each year.

**4.1.3 EUR 400 million and USD 400 million loan**

After deduction of charges the net proceeds amounted to EUR 395 million and USD 395 resp, the effective interest rate for the EUR loan is 4.7842% per annum and for the USD loan 6.0435%. Interest is received semi annually on January 15 and July 15 of each year.

**5 RECEIVABLES**

As at December 31, 2015, this item can be detailed as follows:

	<u>2015</u>
Interest receivable due from related parties .....	34,471
Value-added tax .....	17
Other receivables, prepayments and accrued income .....	165
<b>Total receivables</b> .....	<u><u>34,653</u></u>

All receivables fall due within one year. The fair value of the receivables approximates the book value.

Interest receivable due from related parties are specified as follows:

	<u>2015</u>
Interest on EUR 800,000,000 loan to UPC Nederland Holding III B.V. ....	13,833
Interest on EUR 689,209,924 loan to UPC Nederland Holding III B.V. ....	2,154
Interest on EUR 400,000,000 loan to UPC Nederland Holding I B.V. ....	8,531
Interest on USD 400,000,000 loan to UPC Nederland Holding I B.V. ....	9,953
	<u><u>34,471</u></u>

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 consolidated financial statements**  
(in EUR x 1,000)

**6 CASH AND CASH EQUIVALENTS**

	<u>2015</u>
Cash at banks .....	39
<b>Total cash at banks .....</b>	<b><u>39</u></b>

The balance on the Group's bank accounts were pledged as part of a collateral to security for the note issued.

**7 GROUP EQUITY**

Reference is made to the notes to the balance sheet for details of Shareholder's equity on page 25, note 22.

**8 LONG TERM LIABILITIES**

	<u>2015</u>
<b>Balance as at December 1, 2014 .....</b>	<b>—</b>
<b>Movements:</b>	
Loans granted .....	2,230,305
Amortisation .....	919
Exchange rate differences .....	13,729
<b>Balance as at December 31, 2015 .....</b>	<b><u>2,244,953</u></b>

Represents the following notes issued (**ZIGGO SPE NOTE**) and credit facility received:

	<u>Maturity</u>	<u>Interest percentage p.a.</u>	<u>Borrowing Currency</u>	<u>Estimated fair value</u>	<u>Carrying value December 31, 2015</u>
Ziggo 2025 Euro Senior notes .....	15-Jan-25	4.625%	EUR 400 m	EUR 372.8 m	395,372
Ziggo 2025 Dollar Senior Notes .....	15-Jan-25	5.875%	USD 400 m	EUR 342.8 m	363,140
Ziggo 2025 Senior Secured Notes .....	15-Jan-25	3.750%	EUR 800 m	EUR 741 m	797,231
Credit facility .....		EURIBOR+3.75%	EUR 689.2 m	EUR 681.9 m	689,210
<b>Totals .....</b>					<b><u>2,244,953</u></b>

**8.1 ZIGGO SPE Notes**

Subject to the circumstances described below, these Notes are non-callable until January 15, 2020. If, however, at any time prior to January 15, 2020, all or a portion of the loans under the related Proceeds Loans are voluntarily prepaid (a Ziggo Early Redemption Event), then the applicable Ziggo SPE will be required to redeem an aggregate principal amount of its Ziggo SPE Notes equal to the aggregate principal amount of the loans so prepaid under the relevant Ziggo Proceeds Loan. In general, the redemption price payable will equal 100% of the principal amount of the applicable Ziggo SPE Notes to be redeemed and a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the first call date using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 consolidated financial statements**  
(in EUR x 1,000)

Upon the occurrence of a Ziggo Early Redemption Event on or after January 15, 2020, the applicable Ziggo SPE will redeem at the following redemption prices (expressed as a percentage of the principal amount), plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the redemption date, as set forth below:

	Redemption price		
	USD Senior Notes	EUR Senior Notes	Senior Secured Notes
12-month period commencing January 15:			
2020 .....	102.938%	102.313%	101.875%
2021 .....	101.958%	101.542%	101.250%
2022 .....	100.979%	100.771%	100.625%
2023 and thereafter .....	100.000%	100.000%	100.000%

On January 29, 2015, Ziggo Bond Finance issued (i) the Ziggo 2025 Dollar Senior Notes and (ii) the Ziggo 2025 Euro Senior Notes, the proceeds of which were used to fund the Ziggo Senior Proceeds Loans, with UPC Nederland Holding I B.V. as the borrower.

During the first quarter of 2015, Liberty Global undertook various financing transactions in connection with certain internal reorganizations of its broadband and wireless communications businesses in Europe. (the **Ziggo Service Transfer**).

On February 4, 2015, Ziggo Secured Finance issued the Ziggo 2025 Senior Secured Notes and used such proceeds to fund the Ziggo Senior Secured Proceeds Loans, with UPC Nederland Holding III B.V. as the borrower.

The net proceeds of the Ziggo SPE Notes, and ultimately the net proceeds from the Ziggo Proceeds Loans, were placed into certain escrow accounts and were released from escrow on March 5, 2015, upon the Ziggo Services Transfer being consummated. The proceeds from the issuance of the Ziggo 2025 Euro Senior Notes and the Ziggo 2025 Senior Secured Notes, and ultimately the aggregate EUR 1,200.0 million of proceeds from the Ziggo Euro Senior Proceeds Loan and the Ziggo Senior Secured Proceeds Loan, were released from the escrow account and distributed directly to UPC Financing Partnership, a subsidiary of UPC Broadband Holding and, as such, represents a non-cash issuance of debt. The proceeds from the Ziggo 2025 Dollar Senior Notes, and ultimately the Ziggo Dollar Senior Proceeds Loan, were received by Ziggo Bond Finance with EUR 334.5 million being distributed to UPC Financing Partnership upon being released from escrow. This distribution, together with the distribution of the Ziggo Euro Senior Proceeds Loan and the Ziggo Senior Secured Proceeds Loan, were used to redeem a portion of the outstanding indebtedness of a subsidiary of UPC Broadband Holding. Prior to the Ziggo Services Transfer, UPC Broadband Holding indirectly owned 100% of Ziggo Services.

### **Covenants**

The following covenants are related to ZIGGO SPE NOTES:

Each **Obligor** for the benefit of the Group, the Trustee, the security trustee, their agent affiliates and the note holders, agreed as follows:

(a) that, save in respect of any payment obligation, each of the covenants, agreements and undertakings set out in the Indenture and the Notes applicable or expressed to be applicable to it or any of its Subsidiaries will apply to it and its Subsidiaries (and are deemed to be incorporated into this Agreement on identical terms as if stated herein), to the extent, and subject to the limitations, set forth in the Indenture;

(b) that it will, and will cause each of its Subsidiaries to, comply with the terms of such covenants, agreements and undertakings; and

(c) it shall obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licenses and consents required to enable it to lawfully enter into and perform its obligations under this Agreement or to ensure the legality, validity, enforceability or admissibility in evidence of this Agreement.

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 consolidated financial statements**  
(in EUR x 1,000)

The **Group** agreed with each Obligor that it will promptly comply with all instructions and notifications from the Obligors properly given in accordance with the terms of the Indenture, subject to the terms of the Indenture.

Pursuant to the respective indentures for the Ziggo SPE Notes (the Ziggo SPE Indentures) and the respective accession agreements for the Ziggo Proceeds Loans, the call provisions, maturity and applicable interest rate for each of the Ziggo Proceeds Loans are the same as those of the related Ziggo SPE Notes. Through the covenants in the applicable Ziggo SPE Indentures and the respective covenant agreements between the Ziggo SPEs and the Ziggo Proceeds Loan Borrowers, the holders of the Ziggo SPE Notes are provided indirectly with the benefits, rights, protections and covenants granted of the borrowers.

## **8.2 Credit facility**

The Company received a credit facility for a total consideration of EUR 689,2 million. This facility was applied to finance the loan to UPC Nederland Holding III B.V. (see note 4). The loan balance under this facility carries interest at a rate of EURIBOR + 3.75% per annum and accrued interest is paid every month. Final maturity date is set at March 31, 2021.

In connection with the Ziggo Services Transfer, lenders under a bank facility at UPC Broadband Holding B.V. (UPC Broadband Holding), another subsidiary of Liberty Global, agreed to roll a EUR 689.2 million facility into new term loans (the SPV Term Loans) under a new senior secured credit facility with Ziggo Secured Finance as the borrower (the New Ziggo Credit Facility). This transaction (the Term Loan Roll) is reflected as a non-cash distribution in connection with the novation of third-party debt from another subsidiary of Liberty Global in our consolidated statement of owners' equity. As a result of the Term Loan Roll, the SPV Term Loans rolled into the New Ziggo Credit Facility on a cashless basis, and a receivable was created owing from Ziggo Services to Ziggo Secured Finance. This receivable was funded on a cashless basis as one facility (the Rollover Loan) subject to the terms of the Ziggo Senior Secured Proceeds Loan Facility, as defined below. The New Ziggo Credit Facility ranks equally with the Ziggo 2025 Senior Secured Notes, as defined above, including with respect to the proceeds of enforcement of the notes collateral, as specified in the indenture, and the Rollover Loan ranks equally with the Ziggo Senior Secured Proceeds Loan, as defined above.

## **9 CURRENT LIABILITIES**

	<u>2015</u>
Interest payables .....	34,471
Accounts payable .....	98
Value added tax .....	29
Corporate income tax payable .....	3
Accrued expenses .....	35
	<u>34,636</u>

The interest payables is specified as follows:

<u>Name</u>	<u>2015</u>
Interest on Ziggo 2025 Euro Senior notes .....	8,531
Interest on Ziggo 2025 Dollar Senior Notes .....	9,953
Interest on Ziggo 2025 Senior Secured Notes .....	13,833
Interest on EUR 689.2 Million Credit Facility .....	2,154
	<u>34,471</u>

## **10 FINANCIAL INSTRUMENTS**

During the normal course of business, the Group uses financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. The financial instruments concern the issued notes and related loans to related parties. As all transactions occur on a back-to-back basis the company runs limited to no risk as indicated above.



**Ziggo Bond Finance B.V.**  
**Notes to the 2015 consolidated financial statements**  
(in EUR x 1,000)

***Fair value***

The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices.

**11 OFF-BALANCE COMMITMENTS AND CONTINGENCIES**

***Fiscal unity***

The Company forms for the ‘corporate income tax’ a group with its subsidiaries Ziggo Secured Finance B.V. and Ziggo Secured Finance II B.V. Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the Group.

**12 GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2015</b>
Corporate and secretarial fees .....	54
Compliance fees .....	10
Audit fees .....	35
Legal expenses .....	7
Office expenses .....	6
Management and domiciliation fees .....	11
Bank expenses .....	4
Sub total .....	127
Charged <sup>(1)</sup> .....	<u>(136)</u>
Charges for the Company .....	<u>(9)</u>

<sup>(1)</sup> In consideration of the financing and the proceeds loans, two Ziggo parent companies agreed to reimburse the Company for certain costs and expenses (which may be recurring) which may be incurred by the Group in connection with the financing of the loans.

**13 INTEREST INCOME AND SIMILAR INCOME**

	<b>2015</b>
Interest income on EUR 400 million loan .....	17,433
Interest income on USD 400 million loan .....	19,978
Interest income on EUR 800 million loan .....	27,481
Interest income on EUR 689.2 Million Credit Facility .....	21,610
Interest income on escrow account .....	10
Currency exchange difference .....	13,729
<b><i>Total interest income and similar income</i></b> .....	<b><u>100,241</u></b>

**14 INTEREST EXPENSES AND SIMILAR EXPENSES**

	<b>2015</b>
Interest expenses on Ziggo 2025 Euro Senior notes .....	17,433
Interest expenses on Ziggo 2025 Dollar Senior Notes .....	19,979
Interest expenses on Ziggo 2025 Senior Secured Notes .....	27,481
Interest expenses on EUR 689.2 million note .....	21,610
Currency exchange difference .....	13,729
<b><i>Total interest expenses and similar expenses</i></b> .....	<b><u>100,232</u></b>

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 consolidated financial statements**  
(in EUR x 1,000)

**15 NUMBER OF EMPLOYEES AND EMPLOYEES COSTS**

During the period under review the Company had no employees. Hence, it did not pay any wages and related social security.

**16 RELATED PARTY TRANSACTIONS**

Transactions with related parties are assumed when a relationship exists between the company and an natural person or entity that is affiliated with the company. This includes, amongst others, the relationship between the company and its subsidiaries, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

	<b>Period ended 2015</b>
	<u>EUR</u>
<b>Interest income:</b>	
UPC Nederland Holding I B.V. ....	37,411
UPC Nederland Holding III B.V. ....	49,091
<b>Total</b> .....	<u>86,502</u>
<b>Charged on expenses:</b>	
ZIGGO Bond Company B.V. ....	68
UPC Nederland Holding I B.V. ....	68
<b>Total</b> .....	<u>136</u>
<b>Loans receivable:</b>	
UPC Nederland Holding I B.V. ....	758,521
UPC Nederland Holding III B.V. ....	1,486,441
<b>Total</b> .....	<u>2,244,962</u>
<b>Interest receivable:</b>	
UPC Nederland Holding I B.V. ....	18,484
UPC Nederland Holding III B.V. ....	15,987
<b>Total</b> .....	<u>34,471</u>

**17 AUDITOR'S FEE**

The following fees were charged by KPMG Accountants N.V. to the company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a(1) and (2) of the Netherlands Civil Code.

	<b>KPMG Accountants NV</b>
	<u>EUR</u>
Audit of the financial statements .....	35
<b>Total</b> .....	<u>35</u>

**Ziggo Bond Finance B.V.**  
**Separate Balance sheet as at December 31, 2015**  
(in EUR x 1,000, before appropriation of results)

	<u>Notes</u>	<u>2015</u>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Financial fixed assets .....	(19)	758,548
<b>Total fixed assets</b> .....		<u>758,548</u>
<b>Current assets</b>		
Receivables .....	(20)	18,578
Cash and cash equivalents .....	(21)	22
<b>Total current assets</b> .....		<u>18,600</u>
<b>TOTAL ASSETS</b> .....		<u><u>777,148</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholder's Equity</b> .....	(22)	
Issued and paid-up capital .....		—
Share premium reserve .....		50
Other reserve .....		—
Unappropriated result .....		15
<b>Total shareholder's equity</b> .....		<u>65</u>
<b>Long term liabilities</b> .....	(23)	
Notes .....		758,512
<b>Total long term liabilities</b> .....		<u>758,512</u>
<b>Current Liabilities</b> .....	(24)	18,571
<b>Total current liabilities</b> .....		<u>18,571</u>
		<u><u>777,148</u></u>

**Ziggo Bond Finance B.V.**  
**Separate Profit and loss account for the period ended December 31, 2015**  
(in EUR x 1,000)

	<u><b>2015</b></u>
Share of result of participating interests after taxation .....	2
Other result after tax .....	<u>13</u>
<b>Net result</b> .....	<u><u>15</u></u>

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 company financial statements**  
(in EUR x 1,000)

**18 GENERAL**

The separate financial statements are part of the 2015 financial statements of the group. For the separate profit and loss account, use has been made of the exemption pursuant to Section 2:402 of the Netherlands Civil Code.

In so far as no further explanation is provided of items in the separate balance sheet and the separate profit and loss account, please refer to the notes to the consolidated balance sheet and profit and loss account.

**Reporting period**

These financial statements cover the period as of December 1, 2014 ('date of incorporation') up to and including December 31, 2015.

**Accounting policies**

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated profit and loss account, with the exception of the following principles:

**Financial instruments**

In the separate financial statements, financial instruments are presented on the basis of their legal form.

**Participating interests in group companies**

Participating interests in group companies are accounted for in the separate financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements.

**Share of result of participating interests**

This item concerns the company's share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

**19 FINANCIAL FIXED ASSETS**

Financial fixed assets comprises of the following item:

	<b>Participating interests in group companies</b>	<b>Loans to related parties</b>	<b>Total</b>
<b>Movements:</b>			
Capital contribution .....	25	—	25
Loans granted .....	—	744,104	744,104
Amortisation .....	—	688	688
Share of result of participating interests .....	2	—	2
Exchange rate differences .....	—	13,729	13,729
<b>Balance as at December 31, 2015 .....</b>	<b>27</b>	<b>758,521</b>	<b>758,548</b>

**19.1 Participating interests in group companies**

**Ziggo Secured Finance B.V.**

On December 1, 2014 the Company incorporated **Ziggo Secured Finance B.V.**, Amsterdam, the Netherlands with an issued share capital of 1 share with a nominal value of EUR 0.01 per share. The Company transferred an additional EUR 25,000 share premium.



**Ziggo Bond Finance B.V.**  
**Notes to the 2015 company financial statements**  
(in EUR x 1,000)

The subsidiaries included in the consolidated financial statements are the following:

<u>Company</u>	<u>Place, Country</u>	<u>Percentage of holding</u>	<u>Abbreviation</u>
Ziggo Secured Finance B.V. ....	Amsterdam, the Netherlands	100%	ZSF
Ziggo Secured Finance II B.V. ....	Amsterdam, the Netherlands	100%	ZSFII
Ziggo Secured Finance LLC ....	Delaware, U.S.A.	100%	ZSFP

**19.2 Loans to related parties**

From the proceeds of the note and loan under the credit facility (note 7) the Company granted UPC Nederland Holding I B.V. the Netherlands two loans in the amount of resp EUR 400 million and USD 400 million defined below:

<u>Loan</u>	<u>Interest Percentage</u>	<u>Interest receipt</u>	<u>Maturity Date</u>	<u>2015</u>
EUR 400,000,000 .....	4.625%	Semi Annually	15-Jan-25	395,372
USD 400,000,000 .....	5.875%	Semi Annually	15-Jan-25	363,149
<b>Total loans receivable</b> .....				<u><u>758,521</u></u>

After deduction of charges the net proceeds amounted to EUR 395 million and USD 395 resp, the effective interest rate for the EUR loan is 4.7842% per annum and for the USD loan 6.0435%. Interest is received semi annually on January 15 and July 15 of each year.

**20 RECEIVABLES**

As at December 31, 2015, this item can be detailed as follows:

	<u>2015</u>
Interest receivable from related parties .....	18,484
Other receivables, prepayments and accrued income .....	94
<b>Total receivables</b> .....	<u><u>18,578</u></u>

All receivables fall due within one year. The fair value of the receivables approximates the book value.

Interest receivable from related parties are specified as follows:

<u>Name</u>	<u>2015</u>
Interest on EUR 400,000,000 to UPC Nederland Holding I B.V. ....	8,531
Interest on USD 400,000,000 to UPC Nederland Holding I B.V. ....	9,953
	<u><u>18,484</u></u>

**21 CASH AND CASH EQUIVALENTS**

	<u>2015</u>
The Royal Bank of Scotland, Dutch Branch, Amsterdam, the Netherlands .....	22
	<u><u>22</u></u>

The balance on the Company's bank account was pledged as part of a collateral to security for the note issued.

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 company financial statements**  
(in EUR x 1,000)

**22 SHAREHOLDER'S EQUITY**

	Issued and paid-up capital	Share premium reserve	Other reserve	unappropriated result	Totals
<b>Balance as at December 1, 2014</b> .....	—	—	—	—	—
Capital contribution .....	—	50	—	—	50
Appropriation of result .....	—	—	—	—	—
Result for the period .....	—	—	—	15	15
<b>Balance as at December 31, 2015</b> .....	<u>—</u>	<u>50</u>	<u>—</u>	<u>15</u>	<u>65</u>

***Issued and paid-up capital***

The company's capital consists of one or more shares with a nominal value of EUR 0.01.

As at December 31, 2015, one share with a nominal value of EUR 0.01 was issued and fully paid up. This share was pledged to a bank as part of a collateral as security for the note issued.

***Share premium reserve***

As per July 13, 2015, the shareholder of the Company made a share premium contribution in the amount of EUR 50 thousand.

**23 LONG TERM LIABILITIES**

	<b>2015</b>
<b>Balance as at December 1, 2014</b> .....	—
<b>Movements:</b>	
Loans granted .....	744,095
Amortisation .....	688
Exchange rate differences .....	13,729
<b>Balance as at December 31, 2015</b> .....	<u>758,512</u>

	Maturity	Interest percentage p.a.	Borrowing Currency	Estimated fair value	Carrying value December 31, 2015
Ziggo 2025 Euro Senior notes .....	15-Jan-25	4.625%	EUR 400 m	EUR 372.8 m	395,372
Ziggo 2025 Dollar Senior Notes ....	15-Jan-25	5.875%	USD 400 m	EUR 342.8 m	363,140
Total .....					<u>758,512</u>

***ZIGGO SPE Notes***

Subject to the circumstances described below, these Notes are non-callable until January 15, 2020. If, however, at any time prior to January 15, 2020, all or a portion of the loans under the related Proceeds Loans are voluntarily prepaid (a Ziggo Early Redemption Event), then the applicable Ziggo SPE will be required to redeem an aggregate principal amount of its Ziggo SPE Notes equal to the aggregate principal amount of the loans so prepaid under the relevant Ziggo Proceeds Loan. In general, the redemption price payable will equal 100% of the principal amount of the applicable Ziggo SPE Notes to be redeemed and a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the first call date using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 company financial statements**  
(in EUR x 1,000)

Upon the occurrence of a Ziggo Early Redemption Event on or after January 15, 2020, the applicable Ziggo SPE will redeem at the following redemption prices (expressed as a percentage of the principal amount), plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the redemption date, as set forth below:

	Redemption price	
	USD Senior Notes	EUR Senior Notes
12-month period commencing January 15:		
2020 .....	102.938%	102.313%
2021 .....	101.958%	101.542%
2022 .....	100.979%	100.771%
2023 and thereafter .....	100.000%	100.000%

On January 29, 2015, Ziggo Bond Finance issued (i) the Ziggo 2025 Dollar Senior Notes and (ii) the Ziggo 2025 Euro Senior Notes, the proceeds of which were used to fund the Ziggo Senior Proceeds Loans, with UPC Nederland Holding I B.V. as the borrower.

The net proceeds of the Ziggo SPE Notes, and ultimately the net proceeds from the Ziggo Proceeds Loans, were placed into certain escrow accounts and were released from escrow on March 5, 2015, upon the Ziggo Services Transfer being consummated. The proceeds from the issuance of the Ziggo 2025 Euro Senior Notes and the Ziggo 2025 Senior Secured Notes, and ultimately the aggregate EUR 1,200.0 million of proceeds from the Ziggo Euro Senior Proceeds Loan and the Ziggo Senior Secured Proceeds Loan, were released from the escrow account and distributed directly to UPC Financing Partnership, a subsidiary of UPC Broadband Holding and, as such, represents a non-cash issuance of debt. The proceeds from the Ziggo 2025 Dollar Senior Notes, and ultimately the Ziggo Dollar Senior Proceeds Loan, were received by Ziggo Bond Finance with EUR 334.5 million being distributed to UPC Financing Partnership upon being released from escrow. This distribution, together with the distribution of the Ziggo Euro Senior Proceeds Loan and the Ziggo Senior Secured Proceeds Loan, were used to redeem a portion of the outstanding indebtedness of a subsidiary of UPC Broadband Holding. Prior to the Ziggo Services Transfer, UPC Broadband Holding indirectly owned 100% of Ziggo Services.

## 24 CURRENT LIABILITIES

	<u>2015</u>
Interest payables .....	18,484
Accounts payable .....	58
Value added tax .....	6
Corporate income tax .....	3
Accrued expenses .....	20
	<u>18,571</u>

The interest payables are specified as follows:

<u>Name</u>	<u>2015</u>
Interest on Ziggo 2025 Euro Senior notes .....	8,531
Interest on Ziggo 2025 Dollar Senior Notes .....	9,953
	<u>18,484</u>

## 25 OFF-BALANCE COMMITMENTS AND CONTINGENCIES

### *Fiscal unity*

The Company forms an income tax group with its subsidiaries Ziggo Secured Finance B.V. and Ziggo Secured Finance II B.V. Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the Group.

**Ziggo Bond Finance B.V.**  
**Notes to the 2015 company financial statements**  
(in EUR x 1,000)

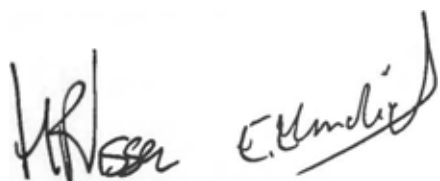
**26 NUMBER OF EMPLOYEES AND EMPLOYEES COSTS**

During the period under review the Company had any employees. Hence, it did not pay any wages and related social security.

**27 REMUNERATION OF MANAGING DIRECTORS**

During the year under review, the Company had one Managing Director who received no remuneration during the current financial year. The Company has no Board of Supervisory Directors.

Amsterdam, May 27, 2016



---

By : Trust International Management (T.I.M.) B.V.

Title : Managing Director

**Ziggo Bond Finance B.V.**  
Other Information

**Distribution of profits, according to the Articles of Association:**

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been cleared, the other reserves are at the disposal of the shareholder in accordance with the Company's Articles of Association.

Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal reserves.

**Appropriation of result**

The Managing Director proposes to add the net profit of EUR 15 thousand for the period to the other reserve. This proposed appropriation of result has not been reflected in the financial statements, and is subject to the approval of the General Meeting of Shareholders.

**Post Balance Sheet Events**

On February 15, 2016, liberty Global announced that liberty Global Europe and Vodafone International Holding B.V., a wholly-owned subsidiary of Vodafone Group Plc, had reached an agreement to merge their operating businesses in the Netherlands to form a 50-50 joint venture. Upon creating this joint-venture all outstanding debt is to be refinanced, or purchase all notes, as all debt is brought into the joint-venture and change of control will occur. This in line with the covenants as set out in the existing indentures.

**Independent Auditor's report**

Reference is made to the independent auditors' report hereinafter.



## **Independent auditor's report**

To: the General Meeting of Shareholders of Ziggo Bond Finance B.V.

### **Report on the financial statements**

We have audited the accompanying financial statements for the year ended on 31 December 2015 of Ziggo Bond Finance B.V., Amsterdam, which comprise the consolidated and company balance sheet as at 31 December 2015, the consolidated and company profit and loss account for the period then ended 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 and for the preparation of the director's report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as they determine 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 Company'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 Company'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**

In our opinion, the financial statements give a true and fair view of the financial position of Ziggo Bond Finance B.V. as at 31 December 2015 and of its result for the period then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

### **Report on other legal and regulatory requirements**

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the director's 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 director's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, May 27, 2016  
KPMG Accountants N.V.

C.A. Bakker RA

**Ziggo Group Holding B.V.**

Ziggo 2016 Condensed Consolidated Financial Statements

**ZIGGO GROUP HOLDING B.V.**  
**TABLE OF CONTENTS**

	<u>Page Number</u>
<b>Condensed Consolidated Financial Statements</b>	
Condensed Consolidated Balance Sheets as of June 30, 2016 and December 31, 2015 (unaudited) . . .	F-33
Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2016 and 2015 (unaudited) . . . . .	F-35
Condensed Consolidated Statement of Owner's Equity for the Six Months Ended June 30, 2016 (unaudited) . . . . .	F-36
Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2016 and 2015 (unaudited) . . . . .	F-37
Notes to Condensed Consolidated Financial Statements (unaudited) . . . . .	F-39

**ZIGGO GROUP HOLDING B.V.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>in millions</u>	
<b>ASSETS</b>		
Current assets:		
Cash . . . . .	€ 4.7	€ 12.8
Trade receivables, net . . . . .	59.1	62.7
Related-party receivables (note 9) . . . . .	4.5	8.4
Derivative instruments (note 4) . . . . .	5.6	16.1
Prepaid expenses . . . . .	15.9	10.8
Other current assets, net . . . . .	<u>17.0</u>	<u>19.8</u>
Total current assets . . . . .	106.8	130.6
Property and equipment, net (note 6) . . . . .	2,799.8	2,809.8
Goodwill (note 6) . . . . .	7,225.9	7,225.9
Intangible assets subject to amortization, net (note 6) . . . . .	3,262.3	3,456.1
Other assets, net (note 4) . . . . .	<u>311.4</u>	<u>416.5</u>
Total assets . . . . .	€ 13,706.2	€ 14,038.9

The accompanying notes are an integral part of these consolidated financial statements.

**ZIGGO GROUP HOLDING B.V.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)**  
**(unaudited)**

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>in millions</u>	
<b>LIABILITIES AND OWNER'S EQUITY</b>		
Current liabilities:		
Accounts payable (note 9) . . . . .	€ 206.4	€ 178.7
Accrued and other current liabilities: . . . . .		
Third-party (note 10) . . . . .	181.4	225.8
Related-party (note 9) . . . . .	97.8	73.4
Deferred revenue and advance payments from subscribers and others . . . . .	172.9	182.5
Accrued interest (note 9) . . . . .	99.5	100.5
Derivative instruments (note 4) . . . . .	97.0	94.1
Value-added tax (VAT) payable . . . . .	62.8	63.3
Current portion of debt and capital lease obligations (note 7): . . . . .		
Third-party . . . . .	218.3	115.9
Related-party (note 9) . . . . .	2.9	3.7
Total current liabilities . . . . .	1,139.0	1,037.9
Long-term debt and capital lease obligations (note 7): . . . . .		
Third-party . . . . .	7,085.4	7,231.8
Related-party (note 9) . . . . .	3,243.4	3,129.6
Deferred income taxes . . . . .	622.4	694.9
Other long-term liabilities (notes 4 and 10) . . . . .	431.1	539.0
Total liabilities . . . . .	12,521.3	12,633.2
Commitments and contingencies (notes 4, 7, 11 and 13)		
Total owner's equity . . . . .	1,184.9	1,405.7
Total liabilities and owner's equity . . . . .	€ 13,706.2	€ 14,038.9

The accompanying notes are an integral part of these consolidated financial statements.



**ZIGGO GROUP HOLDING B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<b>in millions</b>			
Revenue (notes 9 and 12) . . . . .	€ 600.9	€ 617.9	€ 1,208.1	€ 1,245.7
Operating costs and expenses:				
Operating (other than depreciation and amortization) (note 9) . . . . .	196.1	197.6	388.0	397.8
Selling, general and administrative (SG&A) (including share-based compensation) (note 9) . . . . .	84.7	85.7	168.6	188.6
Related-party fees and allocations (note 9) . . . . .	53.3	25.5	106.3	65.1
Depreciation and amortization . . . . .	228.6	273.8	456.1	543.3
Impairment, restructuring and other operating items, net (note 10) . . . . .	6.7	2.9	5.7	9.2
	<u>569.4</u>	<u>585.5</u>	<u>1,124.7</u>	<u>1,204.0</u>
Operating income . . . . .	<u>31.5</u>	<u>32.4</u>	<u>83.4</u>	<u>41.7</u>
Non-operating income (expense):				
Interest expense: . . . . .				
Third-party . . . . .	(80.2)	(80.3)	(160.9)	(146.4)
Related-party (note 9) . . . . .	(41.0)	(65.1)	(81.8)	(136.8)
Interest income – related-party (note 9) . . . . .	—	—	—	16.3
Realized and unrealized gains (losses) on derivative instruments, net (note 4) . . . . .	52.3	(10.3)	(186.3)	217.3
Foreign currency transaction gains (losses), net . . . . .	(67.3)	95.6	47.2	(166.0)
Other expense, net . . . . .	(3.7)	(2.6)	(9.7)	(5.1)
	<u>(139.9)</u>	<u>(62.7)</u>	<u>(391.5)</u>	<u>(220.7)</u>
Loss before income taxes . . . . .	(108.4)	(30.3)	(308.1)	(179.0)
Income tax benefit (note 8) . . . . .	24.1	10.0	73.2	56.3
Net loss . . . . .	<u>€ (84.3)</u>	<u>€ (20.3)</u>	<u>€ (234.9)</u>	<u>€ (122.7)</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ZIGGO GROUP HOLDING B.V.**  
**CONDENSED CONSOLIDATED STATEMENT OF OWNER'S EQUITY**  
**(unaudited)**

	<b>in millions</b>
Total owner's equity at January 1, 2016 .....	€ 1,405.7
Net loss .....	(234.9)
Deemed contribution of technology-related charges (note 9) .....	12.5
Share-based compensation .....	4.3
Capital charge in connection with the exercise or vesting of share-based incentive awards (note 9) .....	(1.9)
Excess of the carrying value over consideration received for property and equipment transferred to entities under common control (note 9) .....	(0.8)
Total owner's equity at June 30, 2016 .....	€ <u>1,184.9</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ZIGGO GROUP HOLDING B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

	Six months ended June 30,	
	2016	2015
	in millions	
Cash flows from operating activities:		
Net loss .....	€ (234.9)	€ (122.7)
Adjustments to reconcile net loss to net cash provided by operating activities: .....		
Share-based compensation expense .....	4.3	2.2
Related-party fees and allocations .....	106.3	65.1
Depreciation and amortization .....	456.1	543.3
Impairment, restructuring and other operating items, net .....	5.7	9.2
Related-party interest expense .....	81.8	136.8
Related-party interest income .....	—	(16.3)
Amortization of deferred financing costs and non-cash interest accretion ...	1.3	1.1
Realized and unrealized losses (gains) on derivative instruments, net .....	186.3	(217.3)
Foreign currency transaction losses (gains), net .....	(47.2)	166.0
Loss on extinguishment of debt .....	—	0.9
Deferred income tax benefit .....	(73.2)	(60.4)
Changes in operating assets and liabilities .....	(11.8)	(14.2)
Net cash provided by operating activities .....	<u>474.7</u>	<u>493.7</u>
Cash flows from investing activities:		
Capital expenditures .....	(168.7)	(217.3)
Net advances to related parties .....	(6.0)	(245.2)
Other investing activities, net .....	<u>1.0</u>	<u>(2.2)</u>
Net cash used by investing activities .....	€ <u>(173.7)</u>	€ <u>(464.7)</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ZIGGO GROUP HOLDING B.V.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)**  
**(unaudited)**

	<u>Six months ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
	in millions	
Cash flows from financing activities:		
Related-party payments, net . . . . .	€ (298.0)	€ (443.1)
Repayments of third-party debt and capital lease obligations . . . . .	(40.0)	(224.9)
Borrowings of third-party debt . . . . .	35.1	775.4
Purchase of the remaining noncontrolling interest in Ziggo Holding . . . . .	—	(125.9)
Net cash paid related to derivative instruments . . . . .	—	(21.9)
Other financing activities . . . . .	(6.2)	(7.2)
Net cash used by financing activities . . . . .	(309.1)	(47.6)
Effect of exchange rate changes on cash . . . . .	—	(3.0)
Net decrease in cash . . . . .	(8.1)	(21.6)
Cash: . . . . .		
Beginning of period . . . . .	12.8	31.7
End of period . . . . .	€ 4.7	€ 10.1
Cash paid for interest . . . . .	€ 160.2	€ 94.5
Cash paid (refunded) for taxes . . . . .	€ (2.8)	€ 3.5

The accompanying notes are an integral part of these consolidated financial statements.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements**  
**June 30, 2016**  
**(unaudited)**

**(1) Basis of Presentation**

Ziggo Group Holding B.V. (**Ziggo Group Holding**), a wholly-owned subsidiary of Liberty Global plc (**Liberty Global**), provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands. Ziggo Group Holding's primary subsidiaries consist of (i) UPC Nederland Holding I B.V. (**UPC Nederland Holding**) and its subsidiaries, including Ziggo Services B.V. (**Ziggo Services**), and (ii) LGE HoldCo VI B.V. (**HoldCo VI**) and its subsidiaries, including LGE HoldCo VII B.V., LGE HoldCo V B.V. (**HoldCo V**) and HoldCo V's subsidiary, Ziggo Holding B.V. (**Ziggo Holding**). In these notes, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Ziggo Group Holding or collectively to Ziggo Group Holding 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 2015 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 (€). Unless otherwise indicated, convenience translations into the euro are calculated as of June 30, 2016.

Certain prior period amounts, including deferred financing costs, have been reclassified to conform to the current period presentation. For additional information regarding the change in the classification of deferred financing costs, see note 2.

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through August 25, 2016, the date of issuance.

**(2) Accounting Changes and Recent Accounting Pronouncements**

***Accounting Changes***

In April 2015, the Financial Accounting Standards Board (**FASB**) issued Accounting Standards Update (**ASU**) No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (**ASU 2015-03**), which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the debt liability, similar to the presentation of debt discounts. ASU 2015-03 is effective for annual reporting periods beginning after December 15, 2015. We adopted ASU 2015-03 on January 1, 2016 and, accordingly, deferred financing costs are presented as a reduction of debt in our June 30, 2016 and December 31, 2015 condensed consolidated balance sheets. Prior to the adoption of ASU 2015-03, we presented deferred financing costs in other assets, net.

***Recent Accounting Pronouncements***

In May 2014, the FASB issued ASU 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



**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

promised goods or services to customers. ASU 2014-09, as amended by ASU No. 2015-14, will replace existing revenue recognition guidance when it becomes effective for annual reporting periods beginning after December 15, 2018. Early application is permitted for annual and interim reporting periods that begin after December 15, 2016. This new standard permits the use of either the retrospective or cumulative effect transition method. We intend to adopt ASU 2014-09 effective January 1, 2018, and 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.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (ASU 2016-02)*, which, for most leases, will result in lessees recognizing lease assets and lease liabilities on the balance sheet with additional disclosures about leasing arrangements. ASU 2016-02 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. We intend to adopt ASU 2016-02 effective January 1, 2019, and we are currently evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation — Stock Compensation, Improvements to Employee Share-Based Payment Accounting (ASU 2016-09)*, which simplifies several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities and classification within the statement of cash flows. ASU 2016-09 is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted. We intend to adopt ASU 2016-09 effective January 1, 2017, and we are currently evaluating the effect that ASU 2016-09 will have on our consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments — Credit Losses (ASU 2016-13)*, which changes the way entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net earnings. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2020, with early adoption permitted. We intend to adopt ASU 2016-13 effective January 1, 2020, and we are currently evaluating the effect that ASU 2016-13 will have on our consolidated financial statements and related disclosures.

### **(3) Pending Joint Venture Transaction**

On February 15, 2016, Liberty Global and Liberty Global Europe Holding B.V. (**Liberty Global Europe**), a wholly-owned subsidiary of Liberty Global, entered into a Contribution and Transfer Agreement (the **Contribution Agreement**) with Vodafone Group plc (**Vodafone**) and one of its wholly-owned subsidiaries. Pursuant to the Contribution Agreement, Liberty Global and Vodafone agreed to form a 50:50 joint venture (the **JV**), which will combine our business and Liberty Global's Ziggo Totaal premium sports channel with Vodafone's mobile businesses in the Netherlands to create a national unified communications provider in the Netherlands with complementary strengths across video, broadband, mobile and business-to-business (**B2B**) services.

Our company will be contributed to the JV together with our outstanding third-party debt, while Liberty Global's Ziggo Totaal premium channel and Vodafone's business in the Netherlands will be contributed on a debt and cash free basis.

The parties expect to raise additional debt financing at the JV to increase the JV's net leverage ratio to a level that ranges between 4.5 and 5 times EBITDA (as calculated pursuant to our existing financing arrangements) and to make a pro rata distribution of the net proceeds from the additional debt to Liberty Global and Vodafone. The JV will be required to make regular cash distributions to the shareholders on a pro rata basis equal to the unrestricted cash held by the JV (subject to the JV maintaining a minimum amount of cash and complying with the terms of its financing arrangements). As an ongoing operation, it is intended that the JV will be funded solely from its net cash flow from operations and third-party financing. This transaction will not trigger any of the requirements under our debt agreements to redeem our outstanding debt pursuant to applicable change in control provisions.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

Upon consummation of this transaction, Liberty Global and Vodafone will enter into a shareholders' agreement for the JV. Each of Liberty Global and Vodafone will hold 50% of the issued share capital of the JV. The supervisory board of the JV will comprise eight members, with three appointed by each of Liberty Global and Vodafone and two nominated by the works councils of the contributed businesses in accordance with Dutch law. In general, most decisions of the supervisory board will require the assent of individuals appointed by both Liberty Global and Vodafone. Certain decisions, referred to as "Reserved Matters" will require the approval of both JV partners, either directly or through their designees to the supervisory board, including (i) changes in the constituent documents, capital, executive management or branding of the JV, (ii) a merger or sale of all or substantially all of the assets of the JV, (iii) the approval of the annual budget of the JV and (iv) certain other material business, investing and financing decisions of the JV. The chairman of the supervisory board will rotate on an annual basis between a member appointed by each respective shareholder group.

The consummation of the transaction contemplated by the Contribution Agreement is subject to certain conditions, including competition clearance by the European Commission. On August 3, 2016, the European Commission approved the transaction subject to the divestment by Vodafone of its fixed-line business in the Netherlands. It is anticipated that the transaction contemplated by the Contribution Agreement will close around the end of 2016. The Contribution Agreement also includes customary termination rights, including a right of the parties to terminate the transaction if it has not closed by August 15, 2017.

**(4) Derivative Instruments**

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than our functional currency. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the United States (U.S.) dollar and the euro. We do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net, in our condensed consolidated statements of operations.

The following table provides details of the fair values of our derivative instrument assets and liabilities:

	June 30, 2016			December 31, 2015		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b) . . . . .	€ 5.6	€ 103.8	€ 109.4	€ 16.1	€ 208.8	€ 224.9
Liabilities:						
Cross-currency and interest rate derivative contracts (b) . . . . .	€ 78.8	€ 261.3	€ 340.1	€ 75.9	€ 226.6	€ 302.5
Equity-related derivative instrument (c) . . . . .	18.2	—	18.2	18.2	—	18.2
Total . . . . .	€ 97.0	€ 261.3	€ 358.3	€ 94.1	€ 226.6	€ 320.7

- (a) Our long-term derivative assets and liabilities are included in other assets, net, and other long-term liabilities, respectively, in our condensed consolidated balance sheets.
- (b) We consider credit risk in our fair value assessments. As of June 30, 2016 and December 31, 2015, (i) the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €6.6 million and €7.0 million, respectively, and (ii) the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating €17.9 million and €11.4 million, respectively. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance, and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our subsidiaries' debt instruments, as applicable. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net losses of €2.3 million and €3.1 million during the three months ended June 30, 2016 and 2015, respectively, and a net gain (loss) of €6.9 million and (€4.4 million) during the six months ended June 30, 2016 and 2015, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 5.

- (c) Represents the fair value of a written put option related to a joint venture investment, whereby our joint venture partner has the right to put its joint venture shares to us. In the event the written put option were to be exercised and we were to purchase the joint venture interest, the obligations of the joint venture, including the joint venture's obligation to then immediately repay a loan to our joint venture partner, would be included in our consolidated obligations and we would be required to fund 100% of the future losses of the joint venture. The fair value of this written put option does not include any amounts that might be required to fund the joint venture's obligations or its future losses.

The details of our realized and unrealized gains (losses) on derivative instruments, net, are as follows:

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<b>in millions</b>			
Cross-currency and interest rate derivative contracts . . . . .	€ 52.3	€ (10.3)	€ (186.3)	€ 224.3
Foreign currency forward contracts . . . . .	—	—	—	(7.0)
Total . . . . .	<u>€ 52.3</u>	<u>€ (10.3)</u>	<u>€ (186.3)</u>	<u>€ 217.3</u>

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our condensed consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. The classification of these net cash outflows is as follows:

	<u>Six months ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
	<b>in millions</b>	
Operating activities . . . . .	€ (33.2)	€ (13.2)
Financing activities . . . . .	—	(21.9)
Total . . . . .	<u>€ (33.2)</u>	<u>€ (35.1)</u>

***Counterparty Credit Risk***

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under our derivative instruments. At June 30, 2016, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €103.3 million.

**Details of our Derivative Instruments**

In the following tables, we present the details of the various categories of our derivative instruments. The notional amounts of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. In addition, for derivative instruments that

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

were in effect as of June 30, 2016, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to June 30, 2016, we present a range of dates that represents the period covered by the applicable derivative instruments.

***Cross-currency and Interest Rate Derivative Contracts***

*Cross-currency Swaps:*

The terms of our outstanding cross-currency swap contracts at June 30, 2016, which are held by our wholly-owned subsidiary, Amsterdamse Beheer-en Consultingmaatschappij B.V. (**ABC B.V.**), are as follows:

<u>Final maturity date</u>	<u>Notional amount due from counterparty</u>	<u>Notional amount due to counterparty</u>	<u>Interest rate due from counterparty</u>	<u>Interest rate due to counterparty</u>
	in millions			
January 2022 .....	\$ 2,350.0	€ 1,819.0	6 mo. LIBOR + 2.75%	4.56%
January 2023 .....	\$ 400.0	€ 339.0	5.88%	4.58%

*Interest Rate Swaps:*

The terms of our outstanding interest rate swap contracts at June 30, 2016, which are held by ABC B.V., are as follows:

<u>Final maturity date</u>	<u>Notional amount</u>	<u>Interest rate due from counterparty</u>	<u>Interest rate due to counterparty</u>
	in millions		
January 2022 .....	€ 1,566.0	6 mo. EURIBOR	1.66%
January 2017 .....	€ 689.0	1 mo. EURIBOR + 3.75%	6 mo. EURIBOR + 3.57%
January 2021 .....	€ 500.0	6 mo. EURIBOR	2.61%
July 2016 .....	€ 461.3	6 mo. EURIBOR	0.20%
July 2016 - January 2023 .....	€ 290.0	6 mo. EURIBOR	2.84%
March 2021 .....	€ 175.0	6 mo. EURIBOR	2.32%
July 2016 - January 2022 .....	€ 171.3	6 mo. EURIBOR	3.44%

**(5) Fair Value Measurements**

We use the fair value method to account for our derivative instruments. The reported fair values of these instruments as of June 30, 2016 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. We expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

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. We record transfers of assets or liabilities into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the six months ended June 30, 2016, no such transfers were made.

All of our Level 2 inputs (interest rate futures and swap rates) and certain of our Level 3 inputs (credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves and forward interest and currency rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

In order to manage our interest rate and foreign currency exchange risk, we have entered into various derivative instruments, as further described in note 4. The recurring fair value measurements of these instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these instruments. This observable data includes most interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to these instruments. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 4. In addition, we have an equity-related derivative instrument that we record at fair value based upon Level 3 inputs, as further described in note 4.

Fair value measurements are also 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 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 relationship, 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. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During the six months ended June 30, 2016 and 2015, we did not perform significant nonrecurring fair value measurements.

**(6) Long-lived Assets**

***Property and Equipment, Net***

The details of our property and equipment and the related accumulated depreciation are set forth below:

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
	<b>in millions</b>	
Distribution systems .....	€ 3,153.2	€ 3,054.1
Customer premises equipment .....	761.4	688.6
Support equipment, buildings and land .....	620.3	586.5
	4,534.9	4,329.2
Accumulated depreciation .....	(1,735.1)	(1,519.4)
Total property and equipment, net .....	<u>€ 2,799.8</u>	<u>€ 2,809.8</u>

During the six months ended June 30, 2016 and 2015, we recorded non-cash increases to our property and equipment related to vendor financing arrangements of €95.1 million and €17.8 million, respectively, which exclude related VAT of €11.4 million and €1.9 million, respectively, that was also financed by our vendors under



**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

these arrangements. In addition, during the six months ended June 30, 2016 and 2015, we recorded non-cash increases to our property and equipment related to assets acquired under capital lease arrangements of nil and €2.8 million, respectively. For additional information, see note 7.

***Goodwill***

There were no changes to the carrying amount of our goodwill during 2016. The market values of certain publicly-traded equity securities of Liberty Global declined significantly immediately following the results of the United Kingdom (U.K.) referendum in which voters approved, on an advisory basis, an exit from the European Union (E.U.), commonly referred to as “Brexit.” If, among other factors, (i) our enterprise value or these Liberty Global publicly-traded equity securities decline further 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, based on the relatively high carrying value of our reporting unit, 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:

	June 30, 2016			December 31, 2015		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	in millions					
Customer relationships	€ 3,898.8	€ (637.3)	€ 3,261.5	€ 3,898.8	€ (443.5)	€ 3,455.3
Other	1.0	(0.2)	0.8	1.0	(0.2)	0.8
Total	€ 3,899.8	€ (637.5)	€ 3,262.3	€ 3,899.8	€ (443.7)	€ 3,456.1

**(7) Debt and Capital Lease Obligations**

The euro equivalents of the components of our third-party consolidated debt and capital lease obligations are as follows:

	June 30, 2016		Estimated fair value (c)		Principal amount	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	in millions					
Third-party debt:						
Subsidiaries:						
Ziggo Credit Facilities (d)	3.68%	800.0	€ 4,642.1	€ 4,749.7	€ 4,711.5	€ 4,851.9
Ziggo SPE Notes	4.47%	—	1,517.9	1,456.6	1,561.2	1,568.1
Ziggo Notes	6.82%	—	896.2	879.0	814.8	814.8
Vendor financing (e)	2.69%	—	218.2	116.1	218.2	116.1
Total principal amount of third-party debt before unamortized premiums, discounts and deferred financing costs	4.14%	800.0	€ 7,274.4	€ 7,201.4	€ 7,305.7	€ 7,350.9

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

The following table provides a reconciliation of total third-party debt before unamortized premiums, discounts and deferred financing costs to total debt and capital lease obligations:

	<u>June 30, 2016</u>	<u>December 31,</u>
	<u>in millions</u>	<u>2015</u>
Total principal amount of third-party debt before unamortized premiums, discounts and deferred financing costs .....	€ 7,305.7	€ 7,350.9
Unamortized premiums (discounts), net .....	23.7	23.2
Unamortized deferred financing costs .....	(25.8)	(26.6)
Total carrying amount of third-party debt .....	7,303.6	7,347.5
Third-party capital lease obligations .....	0.1	0.2
Total third-party debt and capital lease obligations .....	7,303.7	7,347.7
Related-party debt and capital lease obligations (note 9) .....	3,246.3	3,133.3
Total debt and capital lease obligations .....	10,550.0	10,481.0
Current maturities of debt and capital lease obligations .....	(221.2)	(119.6)
Long-term debt and capital lease obligations .....	<u>€ 10,328.8</u>	<u>€ 10,361.4</u>

- (a) Represents the weighted average interest rate in effect at June 30, 2016 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs and vendor financing, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 5.3% at June 30, 2016. For information regarding our derivative instruments, see note 4.
- (b) Unused borrowing capacity represents the maximum availability under the Ziggo Credit Facilities at June 30, 2016 without regard to covenant compliance calculations or other conditions precedent to borrowing. At June 30, 2016, based on the applicable leverage and other financial covenants, our availability under the Ziggo Credit Facilities was limited to €438.1 million. When the relevant June 30, 2016 compliance reporting requirements have been completed, and assuming no changes from June 30, 2016 borrowing levels, we anticipate that we will be unable to draw on our undrawn commitments. In addition to these limitations, the debt instruments of the borrowers under the Ziggo Credit Facilities contain restricted payment tests that limit the amount of this availability that can be loaned or distributed to other Ziggo Group Holding subsidiaries and ultimately to Ziggo Group Holding. At June 30, 2016, the availability to be loaned or distributed by the borrowers under the Ziggo Credit Facilities was limited to €95.2 million. When the relevant June 30, 2016 compliance reporting requirements have been completed, and assuming no changes from June 30, 2016 borrowing levels, we anticipate that the borrowers under the Ziggo Credit Facilities will be unable to loan or distribute any of our undrawn commitments.
- (c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information regarding fair value hierarchies, see note 5.
- (d) On March 31, 2016, (i) Ziggo Finance 2 B.V. (**Ziggo Finance 2**), our wholly-owned subsidiary, purchased a €75.0 million term loan receivable from a third-party lender, which bears interest at EURIBOR plus 3.00% and matures in 2022, and (ii) UPC Nederland Holding II B.V. (**UPC Nederland Holding II**), a wholly-owned subsidiary of UPC Nederland Holding, purchased a €25.0 million term loan receivable from a third-party lender, which bears interest at EURIBOR plus 3.75% and matures in 2021. In connection with these transactions, we recorded non-cash increases to the Liberty Global Broadband Note and Liberty Global Europe Note, each as defined and described in note 9. For information regarding a transaction completed subsequent to June 30, 2016 impacting the Ziggo Credit Facilities, see note 13.
- (e) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are primarily used to finance certain of our property and equipment additions and, to a lesser extent, certain of our

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

operating expenses. These obligations are generally due within one year and include VAT that was paid on our behalf by the vendor. Repayments of vendor financing obligations are included in repayments of third-party debt and capital lease obligations in our condensed consolidated statements of cash flows.

***Maturities of Debt and Capital Lease Obligations***

The euro equivalents of the maturities of our debt and capital lease obligations as of June 30, 2016 are presented below:

*Debt:*

	<u>Third-party debt (a)</u>	<u>Related- party debt</u> in millions	<u>Total</u>
Year ending December 31:			
2016 (remainder of year) . . . . .	€ 86.3	€ —	€ 86.3
2017 - 2019 . . . . .	131.9	—	131.9
2020 . . . . .	71.7	—	71.7
2021 . . . . .	664.2	—	664.2
Thereafter . . . . .	6,351.6	3,241.9	9,593.5
Total debt maturities . . . . .	7,305.7	3,241.9	10,547.6
Unamortized premium, net . . . . .	23.7	—	23.7
Unamortized deferred financing costs . . . . .	(25.8)	—	(25.8)
Total debt . . . . .	<u>€ 7,303.6</u>	<u>€ 3,241.9</u>	<u>€10,545.5</u>
Current portion . . . . .	<u>€ 218.2</u>	<u>€ —</u>	<u>€ 218.2</u>
Noncurrent portion . . . . .	<u>€ 7,085.4</u>	<u>€ 3,241.9</u>	<u>€10,327.3</u>

(a) Amounts include certain senior and senior secured notes issued by special purpose financing entities that are consolidated by Ziggo Group Holding.

*Capital lease obligations (in millions):*

Year ending December 31:	
2016 (remainder of year) . . . . .	€ 1.3
2017 . . . . .	2.3
2018 . . . . .	1.0
2019 . . . . .	0.2
2020 and thereafter . . . . .	—
Total principal and interest payments (a) . . . . .	4.8
Amounts representing interest . . . . .	(0.3)
Present value of net minimum lease payments . . . . .	<u>€ 4.5</u>
Current portion . . . . .	<u>€ 3.0</u>
Noncurrent portion . . . . .	<u>€ 1.5</u>

(a) Amount includes related-party and third-party capital lease obligations.

**(8) Income Taxes**

Our condensed consolidated financial statements include the income taxes on a separate return basis (i) of Ziggo Group Holding, along with UPC Nederland Holding and its Dutch subsidiaries, and (ii) of HoldCo VI and its Dutch subsidiaries.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

Ziggo Group Holding, along with UPC Nederland Holding and its Dutch subsidiaries, is part of a Dutch fiscal unity (the **Liberty Global Holding Dutch Fiscal Unity**) comprising Liberty Global Holding B.V. (**Liberty Global Holding**) and all of its Dutch subsidiaries, including subsidiaries that are outside of Ziggo Group Holding. The Liberty Global Holding Dutch Fiscal Unity combines individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch tax purposes. Related-party tax allocations to our company from other Liberty Global Holding subsidiaries within the Liberty Global Holding 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, related-party tax allocations, if any, are reflected as an adjustment of owner's equity.

Income tax benefit attributable to our loss before income taxes differs from the amounts computed using the Dutch income tax rate of 25.0%, as a result of the following:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	in millions			
Computed "expected" tax benefit	€ 27.1	€ 7.6	€ 77.0	€ 44.8
Non-deductible or non-taxable interest and other expenses	(5.2)	(2.9)	(9.1)	(3.9)
Tax benefit associated with technology innovation	3.1	6.1	7.3	9.6
Recognition of previously unrecognized tax benefits	—	—	—	7.9
Other, net	(0.9)	(0.8)	(2.0)	(2.1)
Total income tax benefit	€ 24.1	€ 10.0	€ 73.2	€ 56.3

**(9) Related-party Transactions**

Our related-party transactions are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	in millions			
Revenue	€ 0.5	€ 0.4	€ 1.1	€ 0.8
Operating expenses	(14.6)	(12.3)	(29.2)	(22.6)
SG&A expenses	0.7	(0.8)	0.2	(1.9)
Allocated share-based compensation expense	(2.2)	(1.1)	(4.3)	(2.2)
Fees and allocations:				
Operating and SG&A (exclusive of depreciation and share-based compensation)	(19.2)	(13.1)	(37.0)	(30.3)
Depreciation	(13.1)	(6.6)	(23.8)	(16.4)
Share-based compensation	(5.6)	(2.6)	(11.2)	(8.8)
Management fee	(15.4)	(3.2)	(34.3)	(9.6)
Total fees and allocations	(53.3)	(25.5)	(106.3)	(65.1)
Included in operating income	(68.9)	(39.3)	(138.5)	(91.0)
Interest expense	(41.0)	(65.1)	(81.8)	(136.8)
Interest income	—	—	—	16.3
Related-party allocation of current tax expense	—	(5.6)	—	(6.9)
Included in net loss	€ (109.9)	€ (110.0)	€ (220.3)	€ (218.4)
Property and equipment additions, net	€ 36.5	€ 25.4	€ 79.3	€ 47.1

*General.* Certain Liberty Global subsidiaries 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

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

mark-up or (iii) commercially-negotiated rates. The methodology Liberty Global uses to allocate its central and administrative costs to its borrowing groups impacts the calculation of the “EBITDA” metric specified by our debt agreements (**Covenant EBITDA**). In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (a) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries 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 amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was 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 our company would decrease (increase). 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.

*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. Such amounts consist of (i) charges of €13.3 million and €10.5 million during the three months ended June 30, 2016 and 2015, respectively, and €26.7 million and €18.5 million during the six months ended June 30, 2016 and 2015, respectively, for programming and related services provided to our company, including with respect to certain live sports content purchased by another subsidiary of Liberty Global, (ii) charges of €0.8 million and €0.6 million during the three months ended June 30, 2016 and 2015, respectively, and €1.6 million and €2.9 million during the six months ended June 30, 2016 and 2015, respectively, for certain customer premises equipment, backbone and other network-related services provided to our company and (iii) charges of €0.5 million and €1.2 million during the three months ended June 30, 2016 and 2015, respectively, and €0.9 million and €1.2 million during the six months ended June 30, 2016 and 2015, respectively, for outsourced labor and professional services and staff-related services provided to our company.

*SG&A expenses.* Amounts consist primarily of charges for information technology-related and other services provided to our company by 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 employees of our subsidiaries.

*Fees and allocations.* These amounts represent fees charged to our company that originate with Liberty Global and certain other Liberty Global subsidiaries and include charges for management, finance, legal, technology, marketing and other services that support our company’s operations. The categories of our fees and allocations are as follows:

- *Operating and SG&A (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally cash settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global’s European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global’s European operations without a mark-up. Amounts in this category are generally deducted to arrive at our Covenant EBITDA.
- *Depreciation.* The amounts included in this category, which are generally cash settled, represent our estimated share of depreciation of assets not owned by our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global’s European operations, without a mark-up.
- *Share-based compensation.* The amounts included in this category, which are generally loan settled, represent our estimated share of share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global’s European operations, without a mark-up.



**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

- *Management fee.* The amounts included in this category, which are generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

Pursuant to two technology service agreements that expire in December 2018 and March 2020 (the **Technology Service Agreements**), certain subsidiaries of Liberty Global charge technology-based fees to our company using a royalty-based method. Upon consummation of the JV, all charges (including amounts charged for technology services) between the JV and the applicable subsidiaries of Liberty Global and Vodafone will be governed by a “Framework Agreement.” As a result, the agreements and arrangements (including the Technology Service Agreements) underlying the current related-party charges and allocations will terminate prior to the consummation of the JV. In connection with the termination of the Technology Service Agreements, we expect to incur a significant termination fee. The settlement of this fee with the applicable Liberty Global subsidiaries is not expected to have a material impact on our liquidity.

We recorded an adjustment during the second quarter of 2016 to reduce the amount charged during 2015 under the Technology Service Agreements. As our proportional share of the technology-based costs during 2015 exceeded the adjusted amount charged under the Technology Service Agreements, this €12.5 million adjustment has been reflected as a deemed contribution of technology-related services in our condensed consolidated statement of owner’s equity. The fees charged under the Technology Service Agreements are expected to escalate during the remainder of 2016. Any excess of these charges over our estimated proportionate share of the underlying technology-based costs will be classified as a management fee and added back to arrive at Covenant EBITDA.

*Interest expense.* Amounts primarily relate to (i) during the 2016 periods, the Liberty Global Europe Note and the Liberty Global Broadband Note, each as defined and described below, and (ii) during the 2015 periods, the Liberty Global Broadband Note.

*Interest income.* Amount relates to loans receivable from UPC Western Europe Holding B.V. and UPC Broadband Holding B.V., each of which was settled during the first quarter of 2015.

*Related-party allocation of current tax expense.* Amounts represent related-party tax allocations from other Liberty Global Holding subsidiaries within the Liberty Global Holding Dutch Fiscal Unity. For additional information, see note 8.

*Property and equipment additions, net.* These amounts, which are generally cash settled, represent the net carrying values of (i) customer premises and network-related equipment acquired from other Liberty Global subsidiaries, which centrally procure equipment on behalf of our company and various other Liberty Global subsidiaries, and (ii) equipment transferred to other Liberty Global subsidiaries outside of Ziggo Group Holding. The excess of the aggregate carrying values of the equipment transferred to Liberty Global subsidiaries outside of Ziggo Group Holding over the consideration received is recorded as a decrease to owner’s equity.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

The following table provides details of our related-party balances:

	June 30, 2016	December 31, 2015
	in millions	
Assets:		
Related-party receivables (a) . . . . .	€ 4.5	€ 8.4
Liabilities:		
Accounts payable (b) . . . . .	€ 95.8	€ 83.5
Accrued and other current liabilities (b) . . . . .	97.8	73.4
Accrued interest . . . . .	0.1	0.2
Debt: . . . . .		
Parent: . . . . .		
Liberty Global Europe Note (c) . . . . .	1,866.7	1,994.6
Liberty Global Broadband Note (d) . . . . .	1,365.7	1,122.9
Subsidiaries: . . . . .		
Other related-party debt and capital lease obligations (e) . . . . .	13.9	15.8
Other long-term liabilities (f) . . . . .	81.7	222.3
Total liabilities . . . . .	€ 3,521.7	€ 3,512.7

- (a) Includes current receivables from other Liberty Global subsidiaries, including amounts that result from cash advances to Liberty Global Europe and other Liberty Global subsidiaries. The receivable balances resulting from these cash advances are periodically settled against existing note payable balances on a non-cash basis. These cash advances are included in related-party payments, net, in our condensed consolidated statements of cash flows.
- (b) Represents 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. These balances also include amounts that result from cash advances from Liberty Global Europe and other Liberty Global subsidiaries. The payable balances resulting from these cash advances are periodically settled against existing note payable balances on a non-cash basis. These cash advances are included in related-party payments, net, in our condensed consolidated statements of cash flows.
- (c) Represents amounts due to Liberty Global Europe, the immediate parent of Ziggo Group Holding, pursuant to a note payable (the **Liberty Global Europe Note**) that originated in July 2015. The Liberty Global Europe Note matures on July 1, 2020 and has a fixed interest rate of 4.48%. Accrued interest is included in other long-term liabilities until it is transferred to the loan balance on January 1 of each year. The net decrease in the principal balance during the six months ended June 30, 2016 relates to (i) €1,424.6 million of cash repayments, (ii) €1,125.4 million of cash borrowings, (iii) an increase of €85.5 million resulting from the settlement of certain related-party charges and allocations, (iv) a non-cash increase of €53.9 million resulting from the transfer of accrued interest, (v) a non-cash increase of €25.0 million in connection with the purchase of a term loan receivable from a third-party lender (as further described in note 7) and (vi) an increase of €6.9 million related to other cash and non-cash settlements. During the six months ended June 30, 2016, none of the debt repayments were payments of interest.
- (d) Represents amounts due to Liberty Global Broadband I Limited pursuant to a note payable (the **Liberty Global Broadband Note**) that we issued during 2014. The Liberty Global Broadband Note matures on May 15, 2025 and has a fixed interest rate of 5.13%. Accrued interest is included in other long-term liabilities until it is transferred to the loan balance on January 1 of each year. The increase in the principal balance during the six months ended June 30, 2016 relates to (i) a non-cash increase of €167.8 million resulting from the transfer of accrued interest and (ii) a non-cash increase of €75.0 million in connection with the purchase a term loan receivable from a third-party lender (as further described in note 7).
- (e) Amounts represent other interest-bearing borrowings pursuant to related-party loan and capital lease agreements.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

- (f) Amounts primarily represent accrued interest on the Liberty Global Europe Note and the Liberty Global Broadband Note.

During the six months ended June 30, 2016, we recorded an aggregate capital charge of €1.9 million in our condensed consolidated statement of owner's equity in connection with the exercise of Liberty Global share appreciation rights and the vesting of Liberty Global restricted share awards held by certain employees of our subsidiaries. We and Liberty Global have agreed that these capital charges will be based on the fair value of the underlying Liberty Global shares associated with share-based incentive awards that vest or are exercised during the period, subject to any reduction that is necessary to ensure that the capital charge does not exceed the amount of share-based compensation expense recorded by our company with respect to Liberty Global share-based incentive awards.

**(10) Restructuring Liability**

A summary of the changes in our restructuring liability during the six months ended June 30, 2016 is set forth in the table below (in millions):

Restructuring liability as of January 1, 2016	€	45.9
Restructuring charges		7.7
Cash paid		(19.7)
Restructuring liability as of June 30, 2016	€	<u>33.9</u>
Current portion	€	27.7
Noncurrent portion		<u>6.2</u>
Total	€	<u>33.9</u>

Our restructuring charges during the six months ended June 30, 2016 primarily represent employee severance and termination costs related to certain reorganization activities associated with the integration of Ziggo Holding and Ziggo Services.

**(11) 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-cancellable operating leases, purchases of customer premises and other equipment and services and other items. The following table sets forth these commitments as of June 30, 2016:

	Payments due during:							Total
	Remainder of 2016	2017	2018	2019	2020	2021	Thereafter	
	in millions							
Programming commitments	€ 51.8	€ 76.7	€ 56.1	€ 46.6	€ 32.2	€ —	€ —	€ 263.4
Operating leases	8.2	18.3	14.4	8.3	5.6	3.5	5.0	63.3
Purchase commitments	14.0	9.4	1.6	0.6	0.4	2.5	—	28.5
Other commitments	7.5	9.5	5.1	4.3	3.9	2.4	1.3	34.0
Total (a)	€ <u>81.5</u>	€ <u>113.9</u>	€ <u>77.2</u>	€ <u>59.8</u>	€ <u>42.1</u>	€ <u>8.4</u>	€ <u>6.3</u>	€ <u>389.2</u>

- (a) The commitments included in this table do not reflect any liabilities that are included in our June 30, 2016 condensed consolidated balance sheet.

Programming commitments consist of obligations associated with certain of our programming and sports rights contracts that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate service to a

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

portion of our subscribers or dispose of a portion of our distribution systems or (iii) whether we discontinue our premium sports services. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. 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. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, our total programming and copyright costs aggregated €169.8 million and €154.0 million (including related-party amounts of €26.2 million and €17.8 million, respectively) during the six months ended June 30, 2016 and 2015, respectively.

Purchase commitments include unconditional and legally binding obligations related to (i) the purchase of customer premises and other equipment and (ii) certain service-related commitments, including call center, information technology and maintenance services.

Other commitments primarily include network and connectivity commitments, sponsorships and certain fixed minimum contractual commitments associated with our agreements with municipal authorities. Network and connectivity commitments include commitments associated with (i) fiber leasing and (ii) our mobile virtual network operator (**MVNO**) agreement. The amounts reflected in the above table with respect to our MVNO commitments represent fixed minimum amounts payable under this agreement and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid in connection with these instruments during the six months ended June 30, 2016 and 2015, see note 4.

***Guarantees and Other Credit Enhancements***

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) 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. In addition, we have agreed to guarantee the obligations of another subsidiary of Liberty Global pursuant to a license agreement with a third-party provider of live sports content.

***Legal and Regulatory Proceedings and Other Contingencies***

***Other Regulatory Issues.*** Video distribution, broadband internet, fixed-line telephony, mobile and content businesses are subject to significant regulation and supervision by various regulatory bodies in the Netherlands, including Dutch and E.U. 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.

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, withholding and other tax issues and (iii) disputes over interconnection, programming, copyright and channel 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.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Condensed Consolidated Financial Statements — (Continued)**  
**June 30, 2016**  
**(unaudited)**

**(12) Segment Reporting**

We have one reportable segment that provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands.

Our revenue by major category is set forth below:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	in millions			
Subscription revenue (a):				
Video .....	€ 263.6	€ 265.8	€ 528.2	€ 539.4
Broadband internet .....	171.1	176.9	341.6	351.8
Fixed-line telephony .....	110.3	120.1	222.9	239.8
Cable subscription revenue .....	545.0	562.8	1,092.7	1,131.0
Mobile (b) .....	7.4	6.5	14.3	12.1
Total subscription revenue .....	552.4	569.3	1,107.0	1,143.1
B2B revenue (c) .....	39.7	39.6	80.5	81.0
Other revenue (b) (d) .....	8.8	9.0	20.6	21.6
Total .....	€ 600.9	€ 617.9	€ 1,208.1	€ 1,245.7

- (a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding late fees and installation 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) Mobile subscription revenue excludes mobile interconnect revenue of €0.9 million and €0.7 million during the three months ended June 30, 2016 and 2015, respectively, and €1.7 million and €1.4 million during the six months ended June 30, 2016 and 2015, respectively. Mobile interconnect revenue is included in other revenue.
- (c) B2B revenue includes revenue from business broadband internet, video, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small or home office (**SOHO**) subscribers. SOHO subscribers pay a premium price to receive expanded 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 is included in cable subscription revenue, aggregated €22.2 million and €18.5 million during the three months ended June 30, 2016 and 2015, respectively, and €43.3 million and €36.8 million during the six months ended June 30, 2016 and 2015, respectively.
- (d) Other revenue includes, among other items, interconnect, installation and late fee revenue.

**(13) Subsequent Event**

On August 16, 2016, (i) Ziggo Secured Finance B.V. (**Ziggo Secured Finance**) entered into a €2,589.2 million term loan facility (**Facility C**); and (ii) Ziggo Secured Finance Partnership entered into a \$1,000.0 million (€903.1 million) term loan facility (**Facility D**). Facility C and Facility D will each be issued at 99.5% of par and mature on August 31, 2024. The net proceeds from Facility C, along with existing cash, will be used to prepay (i) €664.2 million of the outstanding principal under the New Ziggo Credit Facility, which bears interest at a rate of EURIBOR plus 3.75% and matures on March 31, 2021, and (ii) €1,925.0 million of the outstanding principal amount under the Ziggo Euro Facility, which bears interest at a rate of EURIBOR plus 3.00% and matures on January 15, 2022. The net proceeds from Facility D, along with existing cash, will be used to prepay \$1,000.0 million (€903.1 million) of the \$2,350.0 million (€2,122.3 million) principal amount under the Ziggo Dollar Facility, which bears interest at a rate of LIBOR plus 2.75% and matures on January 15, 2022.



**Ziggo Group Holding B.V.**

**Ziggo 2015 Consolidated Financial Statements**

**ZIGGO GROUP HOLDING B.V.**  
**TABLE OF CONTENTS**

	<b>Page Number</b>
<b>Ziggo 2015 Condensed Consolidated Financial Statements</b>	<b>F-55</b>
Independent Auditor's Report .....	F-57
Consolidated Balance Sheets .....	F-58
Consolidated Statements of Operations .....	F-60
Consolidated Statement of Owners' Equity .....	F-61
Consolidated Statement of Cash Flows .....	F-62
Notes to Consolidated Financial Statements .....	F-64

## **Independent Auditors' Report**

The Board of Directors  
Ziggo Group Holding B.V.:

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Ziggo Group Holding B.V. (a B.V. registered in the Netherlands) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, the related consolidated statements of operations, owners' equity, and cash flows for the years ended December 31, 2015, 2014 and 2013, 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 Ziggo Group Holding B.V. and its subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years ended December 31, 2015, 2014 and 2013, in accordance with U.S. generally accepted accounting principles.

### ***Emphasis of Matter***

As disclosed in note 1 and note 5, the consolidated balance sheets as of December 31, 2015 and 2014, the consolidated statements of operations, owners' equity, and cash flows for the years ended December 31, 2015, 2014, and 2013 and the related notes to the consolidated financial statements have been adjusted to give retrospective effect to transactions accounted for as common control transfers. Our conclusion is not modified with respect to this matter.

Amstelveen, The Netherlands  
March 25, 2016

**ZIGGO GROUP HOLDING B.V.**  
**CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2015	2014 (a)
	in millions	
ASSETS		
Current assets:		
Cash . . . . .	€ 12.8	€ 31.7
Trade receivables, net . . . . .	62.7	78.3
Related-party receivables (note 12) . . . . .	8.4	8.7
Derivative instruments (note 7) . . . . .	16.1	—
Deferred income taxes (notes 2 and 11) . . . . .	—	18.7
Prepaid expenses . . . . .	10.8	23.1
Other current assets, net . . . . .	19.8	16.8
Total current assets . . . . .	130.6	177.3
Property and equipment, net (note 9) . . . . .	2,809.8	2,971.6
Goodwill (note 9) . . . . .	7,225.9	7,111.8
Intangible assets subject to amortization, net (note 9) . . . . .	3,456.1	3,968.7
Loans receivable – related-party (note 12) . . . . .	—	1,775.2
Other assets, net (notes 6, 7, 9 and 11) . . . . .	443.1	434.5
Total assets . . . . .	€ 14,065.5	€ 16,439.1

(a) As retrospectively revised – see note 1.

The accompanying notes are an integral part of these consolidated financial statements.

**ZIGGO GROUP HOLDING B.V.**  
**CONSOLIDATED BALANCE SHEETS — (Continued)**

	December 31,	
	2015	2014 (a)
	in millions	
LIABILITIES AND OWNERS' EQUITY		
Current liabilities:		
Accounts payable (note 12) . . . . .	€ 178.7	€ 119.6
Accrued and other current liabilities: . . . . .		
Third-party (notes 4 and 13) . . . . .	225.8	332.7
Related-party (note 12) . . . . .	73.4	35.7
Deferred revenue and advance payments from subscribers and others . . . . .	182.5	182.7
Value-added taxes (VAT) payable . . . . .	63.3	82.1
Derivative instruments (note 7) . . . . .	94.1	41.9
Accrued interest (note 12) . . . . .	100.5	36.8
Current portion of debt and capital lease obligations (note 10): . . . . .		
Third-party . . . . .	115.9	13.9
Related-party (note 12) . . . . .	3.7	4.1
Total current liabilities . . . . .	1,037.9	849.5
Long-term debt and capital lease obligations (note 10):		
Third-party . . . . .	7,258.4	4,783.8
Related-party (note 12) . . . . .	3,129.6	6,445.4
Deferred income taxes (note 11) . . . . .	694.9	863.7
Other long-term liabilities (notes 4, 7, 10, 12 and 13) . . . . .	539.0	285.1
Total liabilities . . . . .	12,659.8	13,227.5
Commitments and contingencies (notes 4, 7, 11 and 14)		
Owners' equity:		
Total parent's equity . . . . .	1,405.7	3,233.4
Noncontrolling interests . . . . .	—	(21.8)
Total owners' equity . . . . .	1,405.7	3,211.6
Total liabilities and owners' equity . . . . .	€ 14,065.5	€ 16,439.1

(a) As retrospectively revised – see note 1.

The accompanying notes are an integral part of these consolidated financial statements.



**ZIGGO GROUP HOLDING B.V.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Year ended December 31,		
	2015	2014 (a)	2013 (a)
	in millions		
Revenue (notes 12 and 15) . . . . .	€ 2,472.7	€ 1,142.9	€ 935.3
Operating costs and expenses:			
Operating (other than depreciation and amortization)			
(including share-based compensation) (note 12) . . . . .	760.5	339.6	283.7
Selling, general and administrative (SG&A) (including share-			
based compensation) (note 12) . . . . .	349.7	156.2	111.0
Related-party fees and allocations (note 12) . . . . .	152.4	88.4	84.3
Depreciation and amortization (note 9) . . . . .	1,037.5	296.3	176.2
Impairment, restructuring and other operating items, net			
(notes 4, 9 and 13) . . . . .	63.8	127.5	1.1
	<u>2,363.9</u>	<u>1,008.0</u>	<u>656.3</u>
Operating income . . . . .	<u>108.8</u>	<u>134.9</u>	<u>279.0</u>
Non-operating income (expense):			
Interest expense: . . . . .			
Third-party . . . . .	(309.4)	(47.0)	(9.2)
Related-party (note 12) . . . . .	(222.9)	(146.5)	(91.7)
Interest income – related-party (note 12) . . . . .	16.3	132.7	123.2
Dividend income (note 6) . . . . .	—	—	25.9
Realized and unrealized gains on derivative instruments, net			
(note 7) . . . . .	211.1	26.2	—
Unrealized gains due to changes in fair value of investment			
(notes 6 and 8) . . . . .	—	165.0	167.2
Foreign currency transaction losses, net . . . . .	(230.6)	(57.0)	—
Other expense, net . . . . .	(16.7)	(2.6)	—
	<u>(552.2)</u>	<u>70.8</u>	<u>215.4</u>
Earnings (loss) before income taxes . . . . .	(443.4)	205.7	494.4
Income tax benefit (expense) (notes 11 and 12) . . . . .	124.0	(33.7)	(77.6)
Net earnings (loss) . . . . .	(319.4)	172.0	416.8
Net loss (earnings) attributable to noncontrolling interests . . . . .	—	3.9	(0.4)
Net earnings (loss) attributable to parent . . . . .	<u>€ (319.4)</u>	<u>€ 175.9</u>	<u>€ 416.4</u>

(a) As retrospectively revised – see note 1.

The accompanying notes are an integral part of these consolidated financial statements.

**ZIGGO GROUP HOLDING B.V.**

**CONSOLIDATED STATEMENTS OF OWNERS' EQUITY**

	Parent's equity	Noncontrolling interests in millions	Total owners' equity
Balance at January 1, 2013 (a) . . . . .	€ 1,890.3	€ 48.3	€ 1,938.6
Net earnings . . . . .	416.4	0.4	416.8
Contributions of Ziggo Holding shares (note 6) . . . . .	739.2	—	739.2
Conversion of related-party note receivable and related accrued interest to equity (note 10) . . . . .	(493.6)	—	(493.6)
Distributions to related parties (note 1) . . . . .	—	(12.3)	(12.3)
Related-party allocation of current tax expense (note 11) . . . . .	59.0	—	59.0
Excess of carrying value over consideration received for property and equipment transferred to entities under common control (note 12) . . . . .	(1.6)	—	(1.6)
Share-based compensation . . . . .	1.3	—	1.3
Capital charge in connection with the exercise of share-based incentive awards (note 12) . . . . .	(1.3)	—	(1.3)
Other . . . . .	(0.1)	—	(0.1)
Balance at December 31, 2013 (a) . . . . .	2,609.6	36.4	2,646.0
Net earnings . . . . .	175.9	(3.9)	172.0
Contribution of Ziggo Holding shares (note 6) . . . . .	353.7	—	353.7
Related-party allocation of current tax expense (note 11) . . . . .	73.1	—	73.1
Conversion of related-party loan receivable and related accrued interest to equity (note 12) . . . . .	—	(54.3)	(54.3)
Deemed contribution of technology-related services (note 12) . . .	37.0	—	37.0
Noncontrolling interest established in connection with the Ziggo Acquisition . . . . .	—	867.0	867.0
Impact of Ziggo NCI Acquisition and Statutory Squeeze-out (note 4) . . . . .	(21.0)	(867.0)	(888.0)
Share-based compensation . . . . .	5.6	—	5.6
Capital charge in connection with the exercise of share-based incentive awards (note 12) . . . . .	(1.9)	—	(1.9)
Excess of carrying value over consideration received for property and equipment transferred to entities under common control (note 12) . . . . .	(2.5)	—	(2.5)
Other . . . . .	3.9	—	3.9
Balance at December 31, 2014 (a) . . . . .	3,233.4	(21.8)	3,211.6
Net loss . . . . .	(319.4)	—	(319.4)
Conversions of related-party notes receivable and related accrued interest to equity (note 12) . . . . .	(953.4)	—	(953.4)
Distribution in connection with the novation of third-party debt from another subsidiary of Liberty Global (note 10) . . . . .	(689.2)	—	(689.2)
Conversion of Liberty Global Services Note to equity (note 10) . . . . .	120.8	—	120.8
Impact of deconsolidation of previously-consolidated entities (note 1) . . . . .	—	21.8	21.8
Deemed contribution of technology-related services (note 12) . . .	25.0	—	25.0
Related-party allocation of current tax benefit (note 11) . . . . .	(12.4)	—	(12.4)
Share-based compensation . . . . .	6.5	—	6.5
Capital charge in connection with the exercise of share-based incentive awards (note 12) . . . . .	(4.4)	—	(4.4)
Excess consideration received over the carrying value of property and equipment transferred to entities under common control (note 12) . . . . .	1.1	—	1.1
Other . . . . .	(2.3)	—	(2.3)
Balance at December 31, 2015 . . . . .	€ 1,405.7	€ —	€ 1,405.7

(a) As retrospectively revised – see note 1.

The accompanying notes are an integral part of these consolidated financial statements.

**ZIGGO GROUP HOLDING B.V.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year ended December 31,		
	2015	2014 (a)	2013 (a)
	in millions		
Cash flows from operating activities:			
Net earnings (loss) . . . . .	€ (319.4) €	172.0 €	416.8
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Share-based compensation expense . . . . .	6.5	5.6	1.3
Related-party fees and allocations . . . . .	152.4	88.4	84.3
Depreciation and amortization . . . . .	1,037.5	296.3	176.2
Impairment, restructuring and other operating items, net . . .	63.8	127.5	1.1
Related-party interest expense . . . . .	222.9	146.5	91.7
Related-party interest income . . . . .	(16.3)	(132.7)	(123.2)
Amortization of deferred financing costs and non-cash interest accretion . . . . .	2.8	0.4	0.4
Realized and unrealized gains on derivative instruments, net . . . . .	(211.1)	(26.2)	—
Unrealized gains due to changes in fair value of investment . . . . .	—	(165.0)	(167.2)
Foreign currency transaction losses, net . . . . .	230.6	57.0	—
Loss on extinguishment of debt . . . . .	0.9	1.9	—
Related-party allocation of current tax expense (benefit) . . .	(12.4)	73.1	59.0
Deferred income tax expense (benefit) . . . . .	(108.8)	(39.4)	18.6
Changes in operating assets and liabilities, net of the effects of an acquisition: . . . . .			
Receivables and other operating assets . . . . .	91.8	1.2	(7.0)
Payables and accruals . . . . .	(81.9)	(33.9)	(56.9)
Net cash provided by operating activities . . . . .	1,059.3	572.7	495.1
Cash flows from investing activities:			
Capital expenditures . . . . .	(386.2)	(190.9)	(167.2)
Net receipts from (advances to) related parties . . . . .	89.3	(375.7)	(833.8)
Net cash acquired in connection with the Ziggo Acquisition . . . . .	—	13.5	—
Other investing activities, net . . . . .	(6.9)	1.6	0.7
Net cash used by investing activities . . . . .	€ (303.8) €	(551.5) €	(1,000.3)

(a) As retrospectively revised – see note 1.

The accompanying notes are an integral part of these consolidated financial statements.

**ZIGGO GROUP HOLDING B.V.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)**

	Year ended December 31,		
	2015	2014 (a)	2013 (a)
	in millions		
Cash flows from financing activities:			
Related-party receipts (payments), net	€ (1,080.2)	€ 730.0	€ 58.0
Borrowings of third-party debt	793.4	435.4	460.0
Repayments of third-party debt and capital lease obligations	(425.6)	(950.8)	(1.6)
Purchase of additional shares of Ziggo Holding through the Statutory Squeeze-out and the Ziggo NCI Acquisition	(125.9)	(208.9)	—
Net cash received related to derivative instruments	79.3	—	—
Cash received relating to a leasing transaction	—	21.8	—
Other financing activities, net	(12.4)	(17.9)	(10.9)
Net cash provided (used) by financing activities	(771.4)	9.6	505.5
Effect of exchange rate changes on cash	(3.0)	—	—
Net increase (decrease) in cash	(18.9)	30.8	0.3
Cash:			
Beginning of year	31.7	0.9	0.6
End of year	€ 12.8	€ 31.7	€ 0.9
Cash paid for interest	€ 245.6	€ 38.1	€ 7.6
Cash paid for taxes	€ 3.5	€ —	€ —

(a) As retrospectively revised – see note 1.

The accompanying notes are an integral part of these consolidated financial statements.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015, 2014 and 2013**

**(1) Basis of Presentation**

Ziggo Group Holding B.V. (**Ziggo Group Holding**), a wholly-owned subsidiary of Liberty Global plc (**Liberty Global**), provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands. Ziggo Group Holding's primary subsidiaries consist of (i) UPC Nederland Holding I B.V. (**UPC Nederland Holding**) and its subsidiaries, including Ziggo Services B.V. (**Ziggo Services**), and (ii) LGE HoldCo VI B.V. (**HoldCo VI**) and its subsidiaries, including LGE HoldCo VII B.V. (**HoldCo VII**), LGE HoldCo V B.V. (**HoldCo V**) and HoldCo V's subsidiary, Ziggo Holding B.V. (**Ziggo Holding**). In these notes, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Ziggo Group Holding (or its predecessor) or collectively to Ziggo Group Holding (or its predecessor) and its subsidiaries after giving effect to the common control transfers as described below.

On November 6, 2014, Ziggo Group Holding acquired 100% of the equity of HoldCo VI from another subsidiary of Liberty Global in exchange for shares of Ziggo Group Holding (the **HoldCo VI Transfer**). As a result of the HoldCo VI Transfer, the following entities have been included in our consolidated financial statements for the following periods during which they were under the common control of Liberty Global: (i) HoldCo V from its inception date of April 5, 2013; (ii) HoldCo VI from its inception date of December 6, 2013; (iii) HoldCo VII from its inception of December 11, 2013; and (iv) Ziggo Holding from the Ziggo Acquisition Date, as defined below. On the date of the HoldCo VI Transfer, HoldCo VI indirectly held, through HoldCo V, all 41,329,850 shares of Ziggo Holding that Liberty Global subsidiaries had acquired from March 2013 through July 2013, net of those shares used to settle a derivative instrument. For additional information regarding HoldCo V's acquisition of Ziggo Holding shares prior to the Ziggo Acquisition, as defined and described below, see note 6.

On November 11, 2014 (the **Ziggo Acquisition Date**), HoldCo V acquired a controlling interest in Ziggo Holding (the **Ziggo Acquisition**). We accounted for this transaction using the acquisition method of accounting. For additional information regarding the Ziggo Acquisition and the subsequent acquisition of additional Ziggo Holding shares, see note 4.

During the first quarter of 2015, Liberty Global undertook various financing transactions in connection with certain internal reorganizations of its broadband and wireless communications businesses in Europe. As a part of these reorganizations, 100% of the shares of Ziggo Services were transferred on March 5, 2015 from UPC Western Europe Holding B.V. (**UPC Western Europe**), another subsidiary of Liberty Global, to Ziggo Group Holding in exchange for shares of Ziggo Group Holding (the **Ziggo Services Transfer**).

As the Ziggo Services Transfer and the HoldCo VI Transfer constitute transactions between entities under common control, we have reflected these transfers at carryover basis, and our consolidated financial statements have been retrospectively revised to give effect to these transfers for all periods during which (i) Ziggo Group Holding, (ii) UPC Nederland Holding and each of its subsidiaries and (iii) HoldCo VI and each of its subsidiaries were under the common control of Liberty Global. After giving effect to the Ziggo Services Transfer, Ziggo Services is included in our consolidated financial statements for all periods presented and Ziggo Holding is included in our consolidated financial statements on and after the Ziggo Acquisition Date. Ziggo Services has been treated as the predecessor entity of Ziggo Group Holding for financial reporting purposes. For additional information regarding the Ziggo Services Transfer and the HoldCo VI Transfer, see note 5.

Unitymedia International GmbH (**UMI**), UPC Equipment B.V. (**UPC Equipment**) and UPC International Operations B.V. (**UPC International**) are variable interest entities that were formed for the purpose of acquiring and legally owning certain customer premises equipment assets that were leased to Ziggo Services, including certain assets that were the subject of sale and leaseback transactions. Although we had no equity or voting interest in UMI, UPC Equipment or UPC International, substantially all of the revenue of these entities was derived from Ziggo Services through December 31, 2014, and Ziggo Services had the substantive power to direct the significant activities of these entities. As such, Ziggo Services was required to consolidate UMI, UPC Equipment and UPC International through December 31, 2014. From May 31, 2013 through December 31, 2014, Ziggo Services' obligation on the lease payable was with UPC International. Prior to May 31, 2013, Ziggo Services' 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. As a result of the exclusion of this lease obligation from our consolidated liabilities through May 31, 2013,



**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

payments related to the lease payable from Ziggo Services to Liberty Global Services of €6.6 million for the five months ended May 31, 2013 have been reflected as a distribution to a related party in our consolidated statement of owners' equity. For the period from January 1, 2013 to May 31, 2013, the gross amount of lease income and expense was €0.8 million. Subsequent to December 31, 2014, and in anticipation of the Ziggo Services Transfer, the leasing transactions between (i) Ziggo Services and (ii) UMI, UPC Equipment and UPC International were unwound. Accordingly, effective January 1, 2015, we no longer consolidate UMI, UPC Equipment and UPC International.

In our previously-issued consolidated financial statements, we reported the equity interest of Unitymedia Hessen GmbH & Co. KG (**Unitymedia Hessen**), another subsidiary of Liberty Global, in UMI and the equity interests of UPC Holding B.V., another subsidiary of Liberty Global, in UPC Equipment and UPC International as components of parent's equity. We have retrospectively revised this presentation to reflect these equity interests as noncontrolling interests in (i) our December 31, 2014 consolidated balance sheet, (ii) our consolidated statements of operations for the years ended December 31, 2014 and 2013 and (iii) our consolidated statements of owners' equity.

Our functional currency is the euro (€). Unless otherwise indicated, convenience translations into the euro are calculated as of December 31, 2015.

These consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through March 25, 2016, the date of issuance.

**(2) Accounting Changes and Recent Accounting Pronouncements**

***Accounting Changes***

In November 2015, the Financial Accounting Standards Board (**FASB**) issued Accounting Standards Update (**ASU**) No. 2015-17, *Balance Sheet Classification of Deferred Taxes* (**ASU 2015-17**). To simplify the presentation of deferred income taxes, ASU 2015-17 requires deferred tax assets and liabilities to be classified as noncurrent. ASU 2015-17 is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. We early adopted ASU 2015-17 effective December 31, 2015 and, accordingly, all of our deferred tax balances are reflected as noncurrent in our December 31, 2015 consolidated balance sheet. Our December 31, 2014 deferred tax balances have not been retroactively revised.

***Recent Accounting Pronouncements***

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (**ASU 2016-02**), which, for most leases, will result in lessees recognizing lease assets and lease liabilities on the balance sheet with additional disclosures about leasing arrangements. ASU 2016-02 will replace existing lease guidance when it becomes effective for annual and interim reporting periods beginning after December 15, 2019. ASU 2016-02 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. We expect to adopt ASU 2016-02 no later than January 1, 2019 and we are currently evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU 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, as amended by ASU No. 2015-14, will replace existing revenue recognition guidance when it becomes effective for annual and interim reporting periods beginning after December 15, 2018. Early application is permitted for annual and interim reporting periods that begin after December 15, 2016. This new standard permits the use of either the retrospective or cumulative effect transition method. We will adopt ASU 2014-09 effective January 1, 2018, and 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.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

**(3) Summary of Significant Accounting Policies**

***Estimates***

The preparation of 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. 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.

***Reclassifications***

Certain prior year amounts have been reclassified to conform to the current year presentation.

***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***

We have no cash equivalents, such as money market funds, as of December 31, 2015 or 2014. Our significant non-cash investing and financing activities are disclosed in our consolidated statements of equity and in notes 4, 5, 6, 9, 10 and 12.

***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 (included as cash flows from financing activities) and then to capitalized interest (included as cash flows from operating activities). Interest-bearing cash advances to related parties and repayments thereof are classified as investing activities. All other related-party borrowings, advances and repayments are reflected as financing activities.

For purposes of our consolidated statements of cash flows, expenses financed by an intermediary are treated as hypothetical operating cash outflows and hypothetical financing cash inflows when the expenses are incurred. When we pay the financing intermediary, we record financing cash outflows in our consolidated statements of cash flows.

***Trade Receivables***

Our trade receivables are reported net of an allowance for doubtful accounts. Such allowance aggregated €9.7 million and €9.1 million at December 31, 2015 and 2014, 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 payment is received 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.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

***Investments***

We make elections, on an investment-by-investment basis, as to whether we measure our investments at fair value. Such elections are generally irrevocable. During 2014 and 2013, we used the fair value method to account for our investment in Ziggo Holding shares, which represented our only fair value method investment during the periods covered by these consolidated financial statements.

Under the fair value method, investments are recorded at fair value and any changes in fair value are reported in unrealized gains due to changes in fair value of investment in our consolidated statements of operations. All costs directly associated with the acquisition of an investment to be accounted for using the fair value method are expensed as incurred. For additional information regarding our investment in Ziggo Holding shares prior to the Ziggo Acquisition, see notes 6 and 8.

Dividends from publicly-traded investees, such as our previously-held investment in Ziggo Holding shares, are recognized when declared as dividend income in our consolidated statements of operations.

Under the equity method, investments, originally recorded at cost, are adjusted to recognize our share of net earnings or losses of the affiliates as they occur rather than as dividends or other distributions are received, with our recognition of losses generally limited to the extent of our investment in, and advances and commitments to, the investee. As a part of the Ziggo Acquisition, we acquired a joint venture interest that we account for using the equity method. Our share of the losses of this joint venture was €14.9 million and €0.6 million during 2015 and 2014, respectively, and the carrying value of this investment at December 31, 2015 was a €12.2 million liability.

***Financial Instruments***

Due to the short maturities of trade and other receivables, other current assets, accounts payable, accrued liabilities, subscriber advance payments and deposits, and other current liabilities, their respective carrying values approximate their respective fair values. For information concerning the fair values of certain of our investments, derivative instruments and debt, see notes 6, 7 and 10, respectively. For information concerning how we arrive at certain of our fair value measurements, see note 8.

***Derivative Instruments***

All derivative instruments are recorded on the balance sheet at fair value. As we do not apply hedge accounting to any of our derivative instruments, the changes in the fair values of our derivative instruments are recognized in earnings. For information regarding our derivative instruments, including our policy for classifying cash flows related to derivative instruments in our consolidated statements of cash flows, see note 7.

***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 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. Equipment under capital leases is amortized on a straight-line basis over the shorter of the lease term or

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

estimated useful life of the 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 9.

Additions, replacements and improvements that extend the asset life are capitalized. Repairs and maintenance are charged to operations.

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 for 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 fair value for these asset retirement obligations.

As of December 31, 2015 and 2014, the recorded value of our asset retirement obligations was €4.8 million and €4.6 million, respectively.

***Intangible Assets***

Our primary intangible assets relate to 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 and other intangible assets with indefinite useful lives are not amortized, but instead are 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.

For additional information regarding the useful lives of our intangible assets, see note 9.

***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 and our other indefinite-lived intangible asset) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include (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 market 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. 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.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

We evaluate goodwill and our other indefinite-lived intangible asset for impairment at least annually on October 1 and whenever facts and circumstances indicate that the carrying amounts of goodwill and our other indefinite-lived intangible asset may not be recoverable. For purposes of the annual goodwill impairment evaluation, our operations consist of one reporting unit. A reporting unit is an operating segment or one level below an operating segment (referred to as a “component”). Our operating segment is deemed to be a reporting unit as it comprises a single component. For impairment evaluations with respect to both goodwill and our other indefinite-lived intangible asset, we first make a qualitative assessment to determine if the goodwill or other indefinite-lived intangible asset may be impaired. In the case of goodwill, if it is more-likely-than-not that the 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. 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. With respect to our other indefinite-lived intangible asset, if it is more-likely-than-not that the fair value of the indefinite-lived intangible asset is less than its carrying value, we then estimate its fair value and any excess of the carrying value over the fair value of the indefinite-lived intangible asset is also 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.

Our consolidated financial statements include the income taxes on a separate return basis (i) of Ziggo Group Holding, along with UPC Nederland Holding and its Dutch subsidiaries, (ii) of HoldCo VI and its Dutch subsidiaries (the **HoldCo VI Dutch Fiscal Unity**), and (iii) during 2014 and 2013, of (a) UPC Equipment, (b) UPC International and (c) UMI based on the local tax law.

Ziggo Group Holding, along with UPC Nederland Holding and its Dutch subsidiaries, is part of a Dutch fiscal unity (the **Liberty Global Holding Dutch Fiscal Unity**) that comprises Liberty Global Holding B.V. (**Liberty Global Holding**) and all of its Dutch subsidiaries, including subsidiaries that are outside of Ziggo Group Holding. The Liberty Global Holding Dutch Fiscal Unity combines individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch tax purposes. Related-party tax allocations to our company from other Liberty Global Holding subsidiaries within the Liberty Global Holding 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, related-party tax allocations are reflected as an adjustment of parent’s equity in our consolidated statements of owners’ equity.

***Multiemployer Benefit Plans***

We are a party to multiemployer benefit plans, and we recognize as net postretirement benefit cost the required contribution paid or payable for these plans during the period.

***Foreign Currency Transactions***

The reporting currency of our company is the euro. Transactions denominated in currencies other than our functional currency are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheets related to these non-functional currency transactions result in transaction gains and losses that are reflected in our consolidated statements of operations as unrealized (based on the applicable period end exchange rates) or realized upon settlement of the transactions.



**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

***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, fixed-line telephony and mobile 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 – General.* Arrangement consideration from mobile contracts is allocated to the airtime service element and the handset service element based on the relative standalone prices of each element. The amount of arrangement consideration allocated to the handset is limited to the amount that is not contingent upon the delivery of future airtime services. We offer handsets under a subsidized contract model, whereby upfront revenue recognition is limited to the upfront cash collected from the customer as the remaining monthly fees to be received from the customer, including fees that may be associated with the handset, are contingent upon delivering future airtime services.

*Mobile Revenue – Airtime Services.* We recognize revenue from mobile services in the period the related services are provided.

*Mobile Revenue – Handset Revenue.* Arrangement consideration allocated to handsets is recognized as revenue when the goods have been delivered and title has passed.

*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) Acquisition**

On the Ziggo Acquisition Date, pursuant to a merger protocol (the **Merger Protocol**) with respect to an offer to acquire all of the shares of Ziggo Holding that we did not already own, we gained control of Ziggo Holding through the acquisition of 136,603,794 additional Ziggo Holding shares, which increased our ownership interest in Ziggo Holding to 88.9%. From November 12, 2014 through November 19, 2014, we acquired 18,998,057 additional Ziggo Holding shares, further increasing our ownership interest in Ziggo Holding to 98.4% (the **Ziggo NCI Acquisition**). We acquired Ziggo Holding in order to achieve certain financial, operational and strategic benefits through the integration of Ziggo Holding with Ziggo Services.

Pursuant to the Merger Protocol, (i) Liberty Global issued shares with an aggregate market value of €4,489.4 million and (ii) we paid aggregate cash consideration of €1,711.6 million to Ziggo Holding shareholders

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

in connection with the Ziggo Acquisition and the Ziggo NCI Acquisition. As detailed further below, Liberty Global's issuance of shares in connection with the Ziggo Acquisition gave rise to our initial obligation under the Liberty Global Broadband Note (as defined and described in note 10).

On December 3, 2014, we initiated a statutory squeeze-out procedure in accordance with the Dutch Civil Code (the **Statutory Squeeze-out**) in order to acquire the remaining 3,162,605 Ziggo Holding shares not tendered through November 19, 2014. Under the Statutory Squeeze-out, which was completed during the second quarter of 2015, Ziggo Holding shareholders other than Liberty Global and its affiliates received cash consideration of €39.78 per share, plus interest, for an aggregate of €125.9 million. This amount was approved in April 2015 by the Enterprise Court in the Netherlands. Effective upon the commencement of the Statutory Squeeze-out, the remaining noncontrolling interest in Ziggo Holding became mandatorily redeemable and, accordingly, is reflected as a liability at December 31, 2014 that is included in accrued and other current liabilities in our consolidated balance sheet. The difference between the carrying value of the noncontrolling interest immediately prior to the date that the noncontrolling interest became mandatorily redeemable and the then expected redemption value was reflected as a €2.1 million decrease to parent's equity in our 2014 consolidated statement of owners' equity.

For accounting purposes, (i) the Ziggo Acquisition was accounted for using acquisition accounting and (ii) the Ziggo NCI Acquisition and the Statutory Squeeze-out were treated as acquisitions of a noncontrolling interest.

In connection with the completion of the Ziggo Acquisition, we obtained regulatory clearance from the European Commission on October 10, 2014, subject to the following commitments:

- Liberty Global's commitment to divest its *Film1* channels to a third party and for our company to carry *Film1* on our network for a period of three years. Accordingly, on July 21, 2015, Liberty Global sold its *Film1* channels to Sony Pictures Television Networks. Under the terms of the agreement, all five *Film1* channels will continue to be carried on our network for a period of at least three years. As the terms of this carriage agreement reflect above-market rates, we recorded a €30.9 million liability as part of the accounting for the *Film1* disposal, which will be amortized to programming expense. In addition, during the fourth quarter of 2015, we received cash of €30.9 million from a subsidiary of Liberty Global as reimbursement for this obligation; and
- an eight-year commitment 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 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.

In July 2015, the Dutch incumbent telecommunications operator filed an appeal against the European Commission regarding its decision to approve the Ziggo Acquisition. We are not a party to the appeal, and we do not expect that the filing of this appeal will have any impact on the ongoing integration and development of our operations.

The consideration paid by Ziggo Group Holding in connection with the Ziggo Acquisition and the fair value of our pre-existing investment in Ziggo Holding on the Ziggo Acquisition Date is set forth below (in millions):

Liberty Global Broadband Note (a) .....	€	3,936.1
Cash (b) .....		1,502.7
Fair value of pre-existing investment in Ziggo Holding (c) .....		1,617.1
Total .....	€	<u><u>7,055.9</u></u>

(a) Represents a non-cash borrowing under the Liberty Global Broadband Note (as defined and described in note 10), the amount of which is equal to the aggregate market value of the shares issued to Ziggo Holding shareholders by Liberty Global in connection with the Ziggo Acquisition.

(b) Represents the cash consideration paid in connection with the Ziggo Acquisition.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

- (c) Represents the fair value of the 41,329,850 shares of Ziggo Holding held by HoldCo V immediately prior to the Ziggo Acquisition.

We have accounted for the Ziggo Acquisition using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of Ziggo Holding based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. A summary of the purchase price and opening balance sheet for the Ziggo Acquisition as of the Ziggo Acquisition Date is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation (in millions):

Cash (a) . . . . .	€ 1,516.2
Other current assets, net . . . . .	55.9
Property and equipment, net . . . . .	2,178.3
Goodwill (b) . . . . .	6,311.6
Intangible assets subject to amortization, net (c) . . . . .	3,897.0
Other assets, net . . . . .	307.1
Current portion of debt and capital lease obligations . . . . .	(484.6)
Accrued and other current liabilities . . . . .	(370.5)
Long-term debt and capital lease obligations . . . . .	(4,293.8)
Other long-term liabilities . . . . .	(1,194.3)
Noncontrolling interest (d) . . . . .	(867.0)
Total purchase consideration (e) . . . . .	<u>€ 7,055.9</u>

- (a) The Ziggo Acquisition resulted in €13.5 million of net cash acquired after deducting the cash consideration paid.
- (b) The goodwill recognized in connection with the Ziggo Acquisition is primarily attributable to (i) the ability to take advantage of Ziggo Holding's existing advanced broadband communications network to gain immediate access to potential customers and (ii) substantial synergies that are expected to be achieved through the integration of Ziggo Holding with Ziggo Services and other European operations of Liberty Global.
- (c) Amount primarily includes intangible assets related to customer relationships. As of the Ziggo Acquisition Date, the weighted average useful life of Ziggo Holding's intangible assets was approximately ten years.
- (d) Represents the fair value of the noncontrolling interest in Ziggo Holding as of the Ziggo Acquisition Date.
- (e) Excludes direct acquisition costs of €64.2 million incurred through December 31, 2014, which are included in impairment, restructuring and other operating items, net, in our consolidated statement of operations.

We have accounted for the Ziggo NCI Acquisition as an equity transaction, with the carrying amount of the noncontrolling interest adjusted to reflect the change in ownership of Ziggo Holding. The difference between the fair value of consideration paid and the amount by which the noncontrolling interest was adjusted has been recognized as parent's equity in our consolidated statement of owners' equity. The impact of the Ziggo NCI Acquisition is summarized in the following table (in millions):

Reduction of noncontrolling interests . . . . .	€ 743.3
Parent's equity . . . . .	<u>18.9</u>
Fair value of consideration paid (a) . . . . .	<u>€ 762.2</u>

- (a) Represents the aggregate fair value of the consideration paid in the form of (i) a €553.3 million increase to the Liberty Global Broadband Note (as defined and described in note 10), which represents the value assigned to the Liberty Global shares issued to Ziggo Holding shareholders by Liberty Global, and (ii) cash consideration of €208.9 million paid to Ziggo Holding shareholders based on 18,998,057 shares of Ziggo Holding tendered in connection with the Ziggo NCI Acquisition.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

***Pro Forma Information***

The following unaudited pro forma consolidated operating results give effect to the acquisition of 100% of Ziggo Holding as if it had been completed as of January 1, 2013. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if this transaction had occurred on such date. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

	<b>Year ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>in millions</b>	
Revenue .....	€ 2,534.8	€ 2,488.1
Net earnings (loss) attributable to parent .....	€ (344.6)	€ 320.0

Our consolidated statement of operations for 2014 includes revenue and net loss of €219.9 million and €80.0 million, respectively, attributable to Ziggo Holding.

**(5) Common Control Transfer**

As further described in note 1, we have accounted for the Ziggo Services Transfer and the HoldCo VI Transfer as transactions between entities under common control. Accordingly, we have reflected these transfers at carryover basis and our consolidated financial statements have been retrospectively revised to give effect to these transfers for all periods during which (i) Ziggo Group Holding, (ii) UPC Nederland Holding and each of its subsidiaries and (iii) HoldCo VI and each of its subsidiaries were under the common control of Liberty Global.

The following table sets forth the retrospective effects of these common control transfers on the selected December 31, 2014 consolidated balance sheet data of Ziggo Services, the predecessor of Ziggo Group Holding, for financial reporting purposes:

	<b>December 31, 2014</b>		
	<b>As previously reported (a)</b>	<b>Common control adjustments (b)</b>	<b>As retrospectively revised</b>
	<b>in millions</b>		
Current assets .....	€ 84.6	€ 92.7	€ 177.3
Property and equipment, net .....	€ 861.0	€ 2,110.6	€ 2,971.6
Goodwill .....	€ 914.3	€ 6,197.5	€ 7,111.8
Total assets .....	€ 3,923.0	€ 12,516.1	€ 16,439.1
Current liabilities .....	€ 282.1	€ 567.4	€ 849.5
Long-term debt and capital lease obligations .....	€ 1,033.7	€ 10,195.5	€ 11,229.2
Total liabilities .....	€ 1,449.1	€ 11,778.4	€ 13,227.5
Total owners' equity .....	€ 2,473.9	€ 737.7	€ 3,211.6
Total liabilities and owners' equity .....	€ 3,923.0	€ 12,516.1	€ 16,439.1

- (a) Amounts represent the selected consolidated balance sheet data of Ziggo Services, as previously reported.
- (b) Amounts represent the carrying values of assets, liabilities and equity of (i) Ziggo Group Holding and (ii) HoldCo VI and its subsidiaries.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

The following table sets forth the retrospective effects of these common control transfers on the selected consolidated statement of operations data of Ziggo Services:

	Year ended December 31, 2014			Year ended December 31, 2013		
	As previously reported (a)	Common control adjustments (b)	As retrospectively revised	As previously reported (a)	Common control adjustments (c)	As retrospectively revised
	in millions					
Revenue . . . . .	€ 923.4	€ 219.5	€ 1,142.9	€ 935.3	€ —	€ 935.3
Operating expenses . . . . .	€ 267.2	€ 72.4	€ 339.6	€ 283.7	€ —	€ 283.7
SG&A expenses . . . . .	€ 121.1	€ 35.1	€ 156.2	€ 111.0	€ —	€ 111.0
Depreciation and amortization expense . . . . .	€ 184.3	€ 112.0	€ 296.3	€ 176.2	€ —	€ 176.2
Non-operating expense, net . . .	€ 42.7	€ 28.1	€ 70.8	€ 18.0	€ 197.4	€ 215.4
Income tax benefit (expense) . . . . .	€ (87.8)	€ 54.1	€ (33.7)	€ (77.6)	€ —	€ (77.6)
Net earnings (loss) . . . . .	€ 216.3	€ (44.3)	€ 172.0	€ 219.4	€ 197.4	€ 416.8

- (a) Amounts represent the selected consolidated statement of operations data of Ziggo Services, as previously reported.
- (b) Amounts represent the selected results of operations data (i) for the year ended December 31, 2014 of (a) HoldCo V (b) HoldCo VI and (c) HoldCo VII and (ii) of Ziggo Holding for the period from the Ziggo Acquisition Date through December 31, 2014.
- (c) Amounts represent the selected results of operations data of (i) HoldCo V, (ii) HoldCo VI and (iii) HoldCo VII from each respective inception date (as described in note 1) through December 31, 2013.

**(6) Investments**

During 2013, Liberty Global subsidiaries outside of Ziggo Group Holding purchased shares of Ziggo Holding, a then publicly-traded company in the Netherlands. To the extent not otherwise used by these other Liberty Global subsidiaries to settle a derivative instrument outside of Ziggo Group Holding, these shares were subsequently transferred to HoldCo V. On the date of the HoldCo VI Transfer, HoldCo V owned 41,329,850 or 20.7% of the then outstanding Ziggo Holding shares.

The details associated with the Ziggo Holding shares that were transferred to HoldCo V by other Liberty Global subsidiaries outside of Ziggo Group Holding are as follows:

<u>Transfer date</u>	<u>Number of shares</u>	<u>Aggregate fair value on transfer date</u>
		in millions
April 22, 2013 (a) . . . . .	25,300,000	€ 683.1
July 22, 2013 (a) . . . . .	2,000,000	€ 56.1
November 6, 2014 (a) . . . . .	9,095,751	€ 353.7
November 6, 2014 (b) . . . . .	4,934,099	€ 191.9

- (a) These Ziggo Holding shares were contributed by other Liberty Global subsidiaries to HoldCo V on the indicated dates. These contributions of Ziggo Holding shares were recorded at fair value on the date of contribution and have been reflected as increases to parent's equity in our consolidated statements of owners' equity.
- (b) HoldCo V acquired these shares through a non-cash increase to the Liberty Global Broadband Note, as defined and described in note 10.



**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued) — (Continued)**  
**December 31, 2015, 2014 and 2013**

Prior to the completion of the Ziggo Acquisition, we accounted for our investment in shares of Ziggo Holding at fair value. Accordingly, changes in the fair value of Ziggo Holding shares have been reflected in unrealized gains due to changes in fair value of investment in our consolidated statements of operations. For additional information regarding the Ziggo Acquisition, see note 4.

In April 2013, HoldCo V entered into a limited recourse margin loan agreement (the **Ziggo Margin Loan**) with respect to its investment in Ziggo Holding. All 27,300,000 of the Ziggo Holding shares that we owned at December 31, 2013 were pledged as collateral under the Ziggo Margin Loan. During the first quarter of 2014, we repaid the full amount of the Ziggo Margin Loan. For additional information regarding the Ziggo Margin Loan, see note 10.

During 2013, we received aggregate cash dividends from Ziggo Holding of €25.9 million.

The summarized results of operations of Ziggo Holding for the periods indicated are set forth below:

	2014 (a)	2013 (b)
	in millions	
Revenue .....	€ 1,397.4	€ 1,180.4
Operating income .....	€ 244.5	€ 314.5
Net earnings (loss) .....	€ (173.2)	€ 149.6

(a) Amounts relate to the period from January 1, 2014 through the Ziggo Acquisition Date.

(b) Amounts relate to the period from March 28, 2013 (the date of Liberty Global's initial investment in Ziggo Holding) through December 31, 2013.

**(7) Derivative Instruments**

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements with respect to borrowings that are denominated in a currency other than our functional currency. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the United States (U.S.) dollar and the euro. We do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains on derivative instruments, net, in our consolidated statements of operations.

The following table provides details of the fair values of our derivative instrument assets and liabilities:

	December 31, 2015			December 31, 2014 (a)		
	Current	Long-term (b)	Total	Current	Long-term (b)	Total
	in millions					
Assets:						
Cross-currency and interest rate						
derivative contracts (c) .....	€ 16.1	€ 208.8	€ 224.9	€ —	€ 67.9	€ 67.9
Liabilities:						
Cross-currency and interest rate						
derivative contracts (c) .....	€ 75.9	€ 226.6	€ 302.5	€ 41.9	€ 101.6	€ 143.5
Equity-related derivative						
instrument (d) .....	18.2	—	18.2	—	—	—
Total .....	€ 94.1	€ 226.6	€ 320.7	€ 41.9	€ 101.6	€ 143.5

(a) As retrospectively revised – see note 1.

(b) Our long-term derivative assets and liabilities are included in other assets, net, and other long-term liabilities, respectively, in our consolidated balance sheets.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued) — (Continued)**  
**December 31, 2015, 2014 and 2013**

- (c) We consider credit risk in our fair value assessments. As of December 31, 2015 and 2014, (i) the fair values of our cross- currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €7.0 million and €1.9 million, respectively, and (ii) the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating €11.4 million and €4.9 million, respectively. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our subsidiaries' debt instruments, as applicable. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains of €1.4 million, €3.0 million and nil during 2015, 2014 and 2013, respectively. These amounts are included in realized and unrealized gains on derivative instruments, net, in our consolidated statements of operations. For further information regarding our fair value measurements, see note 8.
- (d) Represents the fair value of a written put option related to a joint venture investment, whereby our joint venture partner has the right to put its joint venture shares to us. In the event the written put option were to be exercised and we were to purchase the joint venture interest, the obligations of the joint venture, including the joint venture's obligation to then immediately repay a loan to our joint venture partner, would be included in our consolidated obligations and we would be required to fund 100% of the future losses of the joint venture. The fair value of this written put option does not include any amounts that might be required to fund the joint venture's obligations or its future losses.

The details of our realized and unrealized gains on derivative instruments, net, are as follows:

<b>Year ended December 31,</b>				
		<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>in millions</b>				
Cross-currency and interest rate derivative contracts .....	€	218.1	€ 26.2	€ —
Foreign currency forward contracts .....		(7.0)	—	—
<b>Total .....</b>	<b>€</b>	<b>211.1</b>	<b>€ 26.2</b>	<b>€ —</b>

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. The classification of these net cash inflows is as follows:

<b>Year ended December 31,</b>				
		<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>in millions</b>				
Operating activities .....	€	(38.7)	€ —	€ —
Financing activities .....		79.3	—	—
<b>Total .....</b>	<b>€</b>	<b>40.6</b>	<b>€ —</b>	<b>€ —</b>

***Counterparty Credit Risk***

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of and concentration of risk with the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under our derivative instruments. At December 31, 2015, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €208.8 million.

We have entered into derivative instruments under master agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements under each of these master agreements are limited to the derivative instruments governed by the relevant master agreement and are independent of similar arrangements.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

In addition, where a counterparty is in financial difficulty, under the laws of certain jurisdictions, the relevant regulators may be able to (i) compel the termination of one or more derivative instruments, determine the settlement amount and/or compel, without any payment, the partial or full discharge of liabilities arising from such early termination that are payable by the relevant counterparty or (ii) transfer the derivative instruments to an alternative counterparty.

**Details of our Derivative Instruments**

In the following tables, we present the details of the various categories of our derivative instruments. The notional amounts of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. In addition, for derivative instruments that were in effect as of December 31, 2015, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to December 31, 2015, we present a range of dates that represents the period covered by the applicable derivative instruments.

***Cross-currency and Interest Rate Derivative Contracts***

*Cross-currency Swaps:*

The terms of our outstanding cross-currency swap contracts at December 31, 2015, which are held by our wholly-owned subsidiary, Amsterdamse Beheer-en Consultingmaatschappij BV (ABC B.V.), are as follows:

<u>Final maturity date</u>	<u>Notional amount due from counterparty</u>	<u>Notional amount due to counterparty</u>	<u>Interest rate due from counterparty</u>	<u>Interest rate due to counterparty</u>
	in millions			
January 2022 .....	\$2,350.0	€1,819.0	6 mo. LIBOR + 2.75%	4.56%
January 2023 .....	\$ 400.0	€ 339.0	5.88%	4.58%

*Interest Rate Swaps:*

The terms of our outstanding interest rate swap contracts at December 31, 2015, which are held by ABC B.V., are as follows:

<u>Final maturity date</u>	<u>Notional amount</u>	<u>Interest rate due from counterparty</u>	<u>Interest rate due to counterparty</u>
	in millions		
January 2022 .....	€1,566.0	6 mo. EURIBOR	1.66%
January 2016 .....	€ 689.0	1 mo. EURIBOR + 3.75%	6 mo. EURIBOR + 3.59%
January 2016 - January 2017 .....	€ 689.0	1 mo. EURIBOR + 3.75%	6 mo. EURIBOR + 3.57%
January 2021 .....	€ 500.0	6 mo. EURIBOR	2.61%
July 2016 .....	€ 461.3	6 mo. EURIBOR	0.20%
July 2016 - January 2023 .....	€ 290.0	6 mo. EURIBOR	2.84%
March 2021 .....	€ 175.0	6 mo. EURIBOR	2.32%
July 2016 - January 2022 .....	€ 171.3	6 mo. EURIBOR	3.44%

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

**(8) Fair Value Measurements**

We use the fair value method to account for our derivative instruments. The reported fair values of these derivative instruments as of December 31, 2015 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. We expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

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. We record transfers of assets or liabilities into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During 2015, no such transfers were made.

All of our Level 2 inputs (interest rate futures and swap rates) and certain of our Level 3 inputs (credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves and forward interest and currency rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

During 2014 and 2013, we held a noncontrolling interest in the shares of Ziggo Holding. We recorded these shares at fair value based on a Level 1 input, with changes in the fair value reflected in unrealized gains due to changes in fair value of investment in our consolidated statements of operations through the Ziggo Acquisition Date. As further described in note 4, we completed the Ziggo Acquisition during the fourth quarter of 2014. As a result, we began consolidating Ziggo Holding as of the Ziggo Acquisition Date and we no longer have a fair value investment in Ziggo Holding.

As further described in note 7, we have entered into various derivative instruments to manage our interest rate and foreign currency exchange risk. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes most interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 7. In addition, and as further described in note 7, we have an equity-related derivative instrument that we record at fair value based upon Level 3 inputs.

Fair value measurements are also 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 excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

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. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During 2015, we did not perform significant nonrecurring fair value measurements. During the year ended December 31, 2014, we performed nonrecurring valuations for the purpose of determining the acquisition accounting for the Ziggo Acquisition. We used a discount rate of 8.5% for our valuation of the customer relationships acquired as a result of this acquisition.

**(9) 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, 2015		December 31,	
			2015	2014 (a)
			in millions	
Distribution systems .....	4 to 30 years	€	3,054.1	2,891.4
Customer premises equipment .....	3 to 5 years		688.6	536.5
Support equipment, buildings and land .....	3 to 25 years		586.5	548.5
			4,329.2	3,976.4
Accumulated depreciation .....			(1,519.4)	(1,004.8)
Total property and equipment, net .....		€	2,809.8	2,971.6

(a) As retrospectively revised – see note 1.

Depreciation expense related to our property and equipment was €639.5 million, €222.1 million and €156.1 million during 2015, 2014 and 2013, respectively.

At December 31, 2015 and 2014, the amount of property and equipment, net, recorded under capital leases was €15.9 million and €18.6 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.

During 2015, 2014 and 2013, we recorded non-cash increases to our property and equipment related to vendor financing arrangements of €86.7 million, €13.2 million and €3.0 million, respectively, which exclude related VAT of €10.7 million, €2.5 million and €0.5 million, respectively, that was also financed by our vendors under these arrangements. In addition, during 2015, 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 of €2.8 million, €3.5 million and €5.6 million, 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.

Most of our property and equipment is pledged as security under our various debt instruments. For additional information, see note 10.

During 2015, we recorded impairment charges of €5.1 million, primarily related to intangible assets acquired in the Ziggo Acquisition. During the fourth quarter of 2014, we recorded a €56.8 million impairment charge to reduce the carrying amount of certain internal-use software assets to zero as these assets are not used by our operations following the Ziggo Acquisition.



**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

***Goodwill***

The change in the carrying amount of our goodwill during 2015 is set forth below (in millions):

January 1, 2015 (a) .....	€	7,111.8
Acquisition related adjustments .....		114.1
December 31, 2015 .....	€	<u>7,225.9</u>

(a) As retrospectively revised – see note 1.

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.

***Intangible Assets Subject to Amortization, Net***

The details of our intangible assets subject to amortization, which primarily have an estimated useful life of 10 years at December 31, 2015, are set forth below:

	December 31, 2015			December 31, 2014 (a)		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	in millions					
Customer relationships .....	€ 3,898.8	€ (443.5)	€ 3,455.3	€ 4,220.5	€ (251.8)	€ 3,968.7
Other .....	1.0	(0.2)	0.8	—	—	—
Total .....	<u>€ 3,899.8</u>	<u>€ (443.7)</u>	<u>€ 3,456.1</u>	<u>€ 4,220.5</u>	<u>€ (251.8)</u>	<u>€ 3,968.7</u>

(a) As retrospectively revised – see note 1.

Amortization expense related to intangible assets with finite useful lives was €398.0 million, €74.2 million and €20.1 million during 2015, 2014 and 2013, respectively. Based on our amortizable intangible asset balances at December 31, 2015, we expect that amortization expense will be as follows for the next five years and thereafter (in millions):

2016 .....	€	389.9
2017 .....		389.9
2018 .....		389.9
2019 .....		389.9
2020 .....		389.9
Thereafter .....		<u>1,506.6</u>
Total .....	€	<u>3,456.1</u>

***Indefinite-lived Intangible Asset***

In our December 31, 2015 and 2014 consolidated balance sheets, other assets, net, includes a €75.0 million indefinite-lived intangible asset related to the Ziggo trade name.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

**(10) Debt and Capital Lease Obligations**

The euro equivalents of the components of our consolidated debt and capital lease obligations are as follows:

	December 31, 2015		Estimated fair value (c)		Carrying value (d)	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	December 31,		December 31,	
			2015	2014 (e)	2015	2014 (e)
			in millions			
Third-party debt:						
Subsidiaries: . . . . .						
Ziggo Credit Facilities . . . . .	3.64%	€800.0	€4,749.7	€3,853.7	€ 4,806.3	€ 3,893.3
Ziggo SPE Notes . . . . .	4.47%	—	1,456.6	—	1,568.1	—
Ziggo Notes . . . . .	6.82%	—	879.0	894.5	883.6	890.0
Vendor financing (f) . . . . .	2.69%	—	116.1	13.9	116.1	13.9
Total third-party debt . . . . .	4.15%	800.0	€7,201.4	€4,762.1	7,374.1	4,797.2
Related-party debt:						
Parent: . . . . .						
Liberty Global Europe Note (g) . .	4.48%	—	(h)	—	1,994.6	—
Liberty Global Broadband Note (i) . . . . .	5.13%	—	(h)	(h)	1,122.9	5,397.7
Subsidiaries: . . . . .						
Liberty Global Services Note (j) . .	— %	—	(h)	(h)	—	922.1
2012 Liberty Global Europe Note (k) . . . . .	— %	—	(h)	(h)	—	78.5
Unitymedia Hessen Note (l) . . . .	— %	—	(h)	(h)	—	27.5
Other (m) . . . . .	5.97%	—	(h)	(h)	8.9	13.5
Total related-party debt . . . . .	4.72%	—			3,126.4	6,439.3
Total debt . . . . .	4.32%	€800.0			10,500.5	11,236.5
Capital lease obligations:						
Third-party . . . . .					0.2	0.5
Related-party . . . . .					6.9	10.2
Total capital lease obligations . . . . .					7.1	10.7
Total debt and capital lease obligations . . . . .					10,507.6	11,247.2
Current maturities . . . . .					(119.6)	(18.0)
Long-term debt and capital lease obligations . . . . .					€10,388.0	€11,229.2

- (a) Represents the weighted average interest rate in effect at December 31, 2015 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 5.2% at December 31, 2015. For information regarding our derivative instruments, see note 7.
- (b) Unused borrowing capacity represents the maximum availability under the Ziggo Credit Facilities (as defined and described below) at December 31, 2015 without regard to covenant compliance calculations or other conditions precedent to borrowing. At December 31, 2015, based on the applicable leverage and other financial covenants, our availability under the Ziggo Credit Facilities was limited to €570.2 million.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

When the relevant December 31, 2015 compliance reporting requirements have been completed and assuming no changes from December 31, 2015 borrowing levels, we anticipate that our availability under the Ziggo Credit Facilities will be limited to €601.6 million. In addition to these limitations, the debt instruments of the borrowers of the Ziggo Credit Facilities contain restricted payment tests that limit the amount that can be loaned or distributed to other Ziggo Group Holding subsidiaries and ultimately to Ziggo Group Holding. At December 31, 2015, the availability to be loaned or distributed by the borrowers of the Ziggo Credit Facilities was limited to €216.3 million. When the relevant December 31, 2015 compliance reporting requirements have been completed and assuming no changes from the December 31, 2015 borrowing levels, we anticipate the availability to be loaned or distributed by the borrowers of the Ziggo Credit Facilities will be limited to €246.2 million.

- (c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information regarding fair value hierarchies, see note 8.
- (d) Amounts include the impact of premiums and discounts, where applicable.
- (e) As retrospectively revised – see note 1.
- (f) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are primarily used to finance certain of our property and equipment additions and, to a lesser extent, certain of our operating expenses. These obligations are generally due within one year. At December 31, 2015 and 2014, the amounts owed pursuant to these arrangements include €14.0 million and €2.3 million, respectively, of VAT that was paid on our behalf by the vendor. Repayments of vendor financing obligations are included in repayments of third-party debt and capital lease obligations in our consolidated statements of cash flows.
- (g) Represents an amount due to Liberty Global Europe Holding B.V. (**Liberty Global Europe**), a subsidiary of Liberty Global and the immediate parent of Ziggo Group Holding, pursuant to the Liberty Global Europe Note, as defined and described below.
- (h) The fair values are not subject to reasonable estimation due to the related-party nature of these loans.
- (i) Represents amounts due to Liberty Global Broadband I Limited (**Liberty Global Broadband Limited**) pursuant to the Liberty Global Broadband Note, as defined and described below. As of December 31, 2014, the outstanding balance under the Liberty Global Broadband Note was due to Liberty Global Broadband II Limited (**Liberty Global Broadband II**). During the first quarter of 2015, the Liberty Global Broadband Note was novated from Liberty Global Broadband II to Liberty Global Broadband Limited. Liberty Global Broadband Limited and Liberty Global Broadband II are both subsidiaries of Liberty Global.
- (j) Represents an amount that was owed to Liberty Global Services, a subsidiary of Liberty Global, as further described below.
- (k) Represents an amount that was owed to Liberty Global Europe pursuant to the 2012 Liberty Global Europe Note, as defined and described below.
- (l) Represents an amount that was owed to Unitymedia Hessen, as further described below.
- (m) Amounts represent other interest-bearing borrowings pursuant to related-party loan agreements.

**General Information**

*Credit Facilities.* We have entered into two credit facilities agreements with certain financial institutions (the “**credit facilities**”). Our credit facilities contain certain covenants and restrictions, the more notable of which are as follows:

- Our credit facilities contain certain consolidated net leverage ratios, as specified in the respective credit facility, which are required to be complied with on an incurrence and/or maintenance basis;
- Our credit facilities contain certain restrictions which, among other things, restrict the ability of certain of our subsidiaries to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets, in each case, subject to certain customary and agreed exceptions and (iv) make certain restricted payments to their direct and/or indirect parent companies through dividends, loans or other distributions, subject to compliance with applicable covenants;

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

- Our credit facilities require that certain subsidiaries of Ziggo Group Holding (i) guarantee the payment of all sums payable under the relevant credit facility and (ii) grant first-ranking security over their shares and certain intercompany loan receivables to secure the payment of all sums payable thereunder;
- In addition to certain mandatory prepayment events, the instructing group of lenders under each credit facility may cancel the commitments thereunder and declare the loans thereunder due and payable after the applicable notice period following the occurrence of a change of control (as specified in the credit facility);
- Our credit facilities contain certain customary events of default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the instructing group of lenders to (i) cancel the total commitments, (ii) accelerate all outstanding loans and terminate their commitments thereunder and/or (iii) declare that all or part of the loans be payable on demand;
- Our credit facilities require that we observe certain affirmative and negative undertakings and covenants, which are subject to certain materiality qualifications and other customary and agreed exceptions; and
- In addition to customary default provisions, our credit facilities include cross-default provisions with respect to our other indebtedness, subject to agreed minimum thresholds and other customary and agreed exceptions.

*Senior and Senior Secured Notes.* Ziggo Bond Company B.V. (**Ziggo Bondco**) and Ziggo B.V. have issued certain senior and senior secured notes, respectively. Ziggo B.V. is a wholly-owned subsidiary of Ziggo Bondco, which is a wholly-owned subsidiary of Ziggo Holding. In general, our senior and senior secured notes are senior obligations of each respective issuer that rank equally with all of the existing and future senior debt of such issuer and are senior to all existing and future subordinated debt of each respective issuer. Our senior secured notes (i) contain certain guarantees from other subsidiaries of Ziggo Group Holding (as specified in the applicable indenture) and (ii) are secured by certain pledges or liens over the assets and/or shares of certain subsidiaries of Ziggo Group Holding. In addition, the indentures governing our senior notes contain certain covenants, the more notable of which are as follows:

- Our notes contain (i) certain customary incurrence-based covenants and (ii) contain certain restrictions that, among other things, restrict our ability to (a) incur or guarantee certain financial indebtedness, (b) make certain disposals and acquisitions, (c) create certain security interests over our assets, in each case, subject to certain customary and agreed exceptions and (d) make certain restricted payments to our direct and/or indirect parent companies through dividends, loans or other distributions, subject to compliance with applicable covenants;
- Our notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of the issuer or certain of our subsidiaries, over agreed minimum thresholds (as specified under the applicable indenture) is an event of default under the respective notes; and
- If the issuer or certain of its subsidiaries (as specified in the applicable indenture) sell certain assets, such issuer must offer to repurchase the applicable notes at par, or if a change of control (as specified in the applicable indenture) occurs, such issuer must offer to repurchase all of the relevant notes at a redemption price of 101%.

*SPE Notes.* In contemplation of the Ziggo Services Transfer, Liberty Global formed two special purpose financing entities: (i) Ziggo Bond Finance B.V. (**Ziggo Bond Finance**) and (ii) its subsidiary, Ziggo Secured Finance B.V. (**Ziggo Secured Finance**, together with Ziggo Bond Finance, the **Ziggo SPEs**). The primary purpose of the Ziggo SPEs was to facilitate (a) the issuance of the Ziggo SPE Notes (as defined and described below) and (b) the creation of the New Ziggo Credit Facility, as defined and described below. The Ziggo SPEs are wholly owned by a Dutch foundation.

As further described below, the Ziggo SPEs used the proceeds from the issuance of the Ziggo SPE Notes to fund term loan facilities to the Ziggo Proceeds Loan Borrowers (as defined below). Each of the Ziggo SPEs is dependent on payments from the applicable Ziggo Proceeds Loan Borrowers in order to service its payment obligations under the applicable Ziggo SPE Notes. None of the Ziggo Proceeds Loan Borrowers, or any of their respective subsidiaries, guarantee or provide any credit support for the Ziggo SPEs' obligations under the Ziggo

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

SPE Notes, however certain subsidiaries of Ziggo Group Holding have agreed to be bound by the covenants in the indentures governing the Ziggo SPE Notes and guarantee the obligations under the Ziggo Proceeds Loans (as defined and described below). Although the Ziggo Proceeds Loan Borrowers have no equity or voting interest in any of the Ziggo SPEs, each of the Ziggo Proceeds Loans creates a variable interest in the respective Ziggo SPE for which the applicable Ziggo Proceeds Loan Borrower is the primary beneficiary. As such, the Ziggo Proceeds Loan Borrowers and their parent entities, including Ziggo Group Holding, are required to consolidate the Ziggo SPEs. Accordingly, the amounts outstanding under the Ziggo Proceeds Loans are eliminated in our consolidated financial statements.

Pursuant to the respective indentures for the Ziggo SPE Notes (the **Ziggo SPE Indentures**) and the respective accession agreements for the Ziggo Proceeds Loans, the call provisions, maturity and applicable interest rate for each of the Ziggo Proceeds Loans are the same as those of the related Ziggo SPE Notes. Through the covenants in the applicable Ziggo SPE Indentures and the respective covenant agreements between the Ziggo SPEs and the Ziggo Proceeds Loan Borrowers, the holders of the Ziggo SPE Notes are provided indirectly with the benefits, rights, protections and covenants granted of the group.

***Ziggo Credit Facilities***

The Ziggo Credit Facilities are the senior secured credit facilities of certain subsidiaries of Ziggo Group Holding. The details of our borrowings under the Ziggo Credit Facilities as of December 31, 2015 are summarized in the following table:

<b>Ziggo Credit Facility</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>Facility amount (in borrowing currency) (a)</b>	<b>Unused borrowing capacity (b)</b>	<b>Carrying value (c)</b>
<b>in millions</b>					
Ziggo Dollar Facility . . .	January 15, 2022	LIBOR + 2.75% (d)	\$2,350.0	€ —	€ 2,134.8
Ziggo Euro Facility . . . . .	January 15, 2022	EURIBOR + 3.00% (e)	€2,000.0	—	1,982.3
<b>Ziggo Proceeds Loans:</b>					
Ziggo Senior Secured Proceeds Loan (f) . .	January 15, 2025	3.750%	€ 800.0	—	800.0
<b>Ziggo Senior Proceeds Loans: . . . . .</b>					
Ziggo Euro Senior Proceeds Loan (f) . . . . .	January 15, 2025	4.625%	€ 400.0	—	400.0
Ziggo Dollar Senior Proceeds Loan (f) . . . . .	January 15, 2025	5.875%	\$ 400.0	—	368.1
New Ziggo Credit Facility (g) . . . . .	March 31, 2021	EURIBOR + 3.75%	€ 689.2	—	689.2
Ziggo Revolving Facilities (h) . . . . .	June 30, 2020	(h)	€ 800.0	800.0	—
Elimination of the Ziggo Proceeds Loans in consolidation (f) . . . . .				—	(1,568.1)
Total . . . . .				€ 800.0	€ 4,806.3

- (a) Except as described in (f) below, amounts represent total third-party facility amounts at December 31, 2015 without giving effect to the impact of discounts.
- (b) At December 31, 2015, based on the applicable leverage and other financial covenants, our availability under the Ziggo Credit Facilities was limited to €570.2 million. When the relevant December 31, 2015 compliance reporting requirements have been completed and assuming no changes to the December 31, 2015 borrowing levels, we anticipate that our availability under the Ziggo Revolving Facilities will be limited to €601.6 million.
- (c) The carrying values of the Ziggo Dollar Facility and the Ziggo Euro Facility include the impact of discounts.
- (d) The Ziggo Dollar Facility has a LIBOR floor of 0.75%.



**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

- (e) The Ziggo Euro Facility has a EURIBOR floor of 0.75%.
- (f) As further discussed in the below description of the Ziggo SPE Notes, the amounts outstanding under the Ziggo Proceeds Loans, are eliminated in our consolidated financial statements.
- (g) In connection with the Ziggo Services Transfer, lenders under a bank facility at UPC Broadband Holding B.V. (**UPC Broadband Holding**), another subsidiary of Liberty Global, agreed to roll a €689.2 million facility into new term loans (the **SPV Term Loans**) under a new senior secured credit facility with Ziggo Secured Finance as the borrower (the **New Ziggo Credit Facility**). This transaction (the **Term Loan Roll**) is reflected as a non-cash distribution in connection with the novation of third-party debt from another subsidiary of Liberty Global in our consolidated statement of owners' equity. As a result of the Term Loan Roll, the SPV Term Loans rolled into the New Ziggo Credit Facility on a cashless basis, and a receivable was created owing from Ziggo Services to Ziggo Secured Finance. This receivable was funded on a cashless basis as one facility (the **Rollover Loan**) subject to the terms of the Ziggo Senior Secured Proceeds Loan Facility, as defined below. The New Ziggo Credit Facility ranks equally with the Ziggo 2025 Senior Secured Notes, as defined below, including with respect to the proceeds of enforcement of the notes collateral, as specified in the indenture, and the Rollover Loan ranks equally with the Ziggo Senior Secured Proceeds Loan, as defined below.
- (h) The Ziggo Revolving Facilities include (i) a €750.0 million facility that bears interest at EURIBOR plus a margin of 2.75% and has a fee on unused commitments of 1.1% per year and (ii) a €50.0 million facility that bears interest at EURIBOR plus a margin of 2.00% and has a fee on unused commitments of 0.8% per year.

On January 27, 2014, in connection with Liberty Global's then pending acquisition of Ziggo Holding, Ziggo B.V. and certain of its subsidiaries entered into (i) the Ziggo Dollar Facility, (ii) the Ziggo Euro Facility and (iii) an aggregate €650.0 million under the Ziggo Revolving Facilities, which increased to €800.0 million in July 2015, as further described below. The Ziggo Dollar Facility, the Ziggo Euro Facility and the Ziggo Revolving Facilities are collectively referred to herein as the "**Ziggo Credit Facility**."

Also on January 27, 2014, HoldCo VII entered into (i) a €434.0 million term loan facility (the **Ziggo Acquisition Facility**) and (ii) a euro-denominated revolving credit facility in an aggregate principal amount of €650.0 million (the **Ziggo Acquisition Revolving Facility**). Upon completion of the Ziggo Acquisition, (a) the Ziggo Acquisition Facility was rolled into the Ziggo Euro Facility and (b) the Ziggo Acquisition Revolving Facility was cancelled.

**Ziggo SPE Notes**

The details of the Ziggo SPE Notes as of December 31, 2015 are summarized in the following table:

<u>Ziggo SPE Notes</u>	<u>Maturity</u>	<u>Interest rate</u>	<u>Outstanding principal amount</u>		<u>Estimated fair value</u>	<u>Carrying value</u>
			<u>Borrowing currency</u>	<u>Euro equivalent</u>		
			in millions			
Ziggo 2025 Senior Secured Notes . . . . .	January 15, 2025	3.750%	€ 800.0	€ 800.0	€ 741.0	€ 800.0
Ziggo 2025 Euro Senior Notes . . .	January 15, 2025	4.625%	€ 400.0	400.0	372.8	400.0
Ziggo 2025 Dollar Senior Notes . . . . .	January 15, 2025	5.875%	\$ 400.0	368.1	342.8	368.1
Total . . . . .				€ 1,568.1	€1,456.6	€1,568.1

Subject to the circumstances described below, the Ziggo SPE Notes are non-callable until January 15, 2020. If, however, at any time prior to January 15, 2020, all or a portion of the loans under the related Ziggo Proceeds Loans are voluntarily prepaid (a **Ziggo Early Redemption Event**), then the applicable Ziggo SPE will be required to redeem an aggregate principal amount of its Ziggo SPE Notes equal to the aggregate principal amount of the loans so prepaid under the relevant Ziggo Proceeds Loan. In general, the redemption price payable will equal 100% of the principal amount of the applicable Ziggo SPE Notes to be redeemed and a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the first call date using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Upon the occurrence of a Ziggo Early Redemption Event on or after January 15, 2020, the applicable Ziggo SPE will redeem an aggregate principal amount of its Ziggo SPE Notes equal to the principal amount of the related Ziggo Proceeds Loans prepaid at the following redemption prices (expressed as a percentage of the principal amount), plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the redemption date, as set forth below:

	Redemption price		
	<u>Ziggo 2025 Dollar Senior Notes</u>	<u>Ziggo 2025 Euro Senior Notes</u>	<u>Ziggo 2025 Senior Secured Notes</u>
12-month period commencing January 15:			
2020 .....	102.938%	102.313%	101.875%
2021 .....	101.958%	101.542%	101.250%
2022 .....	100.979%	100.771%	100.625%
2023 and thereafter .....	100.000%	100.000%	100.000%

*2015 Refinancing Transactions.* On January 29, 2015, Ziggo Bond Finance issued (i) the Ziggo 2025 Dollar Senior Notes and (ii) the Ziggo 2025 Euro Senior Notes, the proceeds of which were used to fund the Ziggo Senior Proceeds Loans, with UPC Nederland Holding I B.V. as the borrower.

On February 4, 2015, Ziggo Secured Finance issued the Ziggo 2025 Senior Secured Notes and used such proceeds to fund the Ziggo Senior Secured Proceeds Loans, with UPC Nederland Holding III B.V. as the borrower. UPC Nederland Holding I B.V. and UPC Nederland Holding III B.V. are collectively referred to as the “**Ziggo Proceeds Loan Borrowers**”.

The net proceeds of the Ziggo SPE Notes, and ultimately the net proceeds from the Ziggo Proceeds Loans, were placed into certain escrow accounts and were released from escrow on March 5, 2015, upon the Ziggo Services Transfer being consummated. The proceeds from the issuance of the Ziggo 2025 Euro Senior Notes and the Ziggo 2025 Senior Secured Notes, and ultimately the aggregate €1,200.0 million of proceeds from the Ziggo Euro Senior Proceeds Loan and the Ziggo Senior Secured Proceeds Loan, were released from the escrow account and distributed directly to UPC Financing Partnership, a subsidiary of UPC Broadband Holding and, as such, represents a non-cash issuance of debt. The proceeds from the Ziggo 2025 Dollar Senior Notes, and ultimately the Ziggo Dollar Senior Proceeds Loan, were received by Ziggo Bond Finance with €334.5 million being distributed to UPC Financing Partnership upon being released from escrow. This distribution, together with the distribution of the Ziggo Euro Senior Proceeds Loan and the Ziggo Senior Secured Proceeds Loan, were used to redeem a portion of the outstanding indebtedness of a subsidiary of UPC Broadband Holding. Prior to the Ziggo Services Transfer, UPC Broadband Holding indirectly owned 100% of Ziggo Services. In consideration for the distribution of the Ziggo Proceeds Loans to UPC Financing Partnership, we entered into the Liberty Global Europe Holding Receivable, as defined and described in note 12.

***Ziggo Notes***

The details of the Ziggo Notes as of December 31, 2015 are summarized in the following table:

<u>Ziggo Notes</u>	<u>Maturity</u>	<u>Interest rate</u>	<u>Borrowing currency</u>	<u>Estimated fair value</u>	<u>Carrying value (a)</u>
				<u>in millions</u>	
Ziggo 2020 Euro Senior Secured Notes ..	March 27, 2020	3.625% €	71.7 €	71.3 €	73.5
Ziggo 2024 Euro Senior Notes .....	May 15, 2024	7.125% €	743.1	807.7	810.1
Total .....			€	<u>879.0 €</u>	<u>883.6</u>

(a) Amounts include the impact of premiums.

The Ziggo 2020 Euro Senior Secured Notes are non-callable. At any time prior to maturity, Ziggo B.V. may redeem some or all of the Ziggo 2020 Euro Senior Secured Notes by paying a “make-whole” premium, which is the present value at such redemption date using the discount rate (as specified in the applicable indenture) as of the redemption date plus 50 basis points.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

The Ziggo 2024 Euro Senior Notes are non-callable until May 15, 2019. At any time prior to May 15, 2019, Ziggo Bondco may redeem some or all of the Ziggo 2024 Euro Senior Notes by paying a “make-whole” premium. Ziggo Bondco may redeem some or all of the Ziggo 2024 Euro Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the redemption date, as set forth below:

	<b>Redemption price</b>
12-month period commencing May 15:	
2019 .....	103.563%
2020 .....	102.375%
2021 .....	101.188%
2022 and thereafter .....	100.000%

***Ziggo Margin Loan***

On April 26, 2013, HoldCo V entered into the Ziggo Margin Loan with a financial institution. The initial facility under the Ziggo Margin Loan provided for borrowings of up to 65.0% of the value of the Ziggo Holding shares pledged on the date prior to the date of utilization. The initial facility had a maturity date of April 26, 2016 and bore interest at a rate of EURIBOR plus 2.85% per annum. The initial facility had a requirement for repayment of the initial facility if the loan-to-value ratio was equal to or greater than 80.0% (after taking into account any cash collateral deposited on account for the lenders). On May 30, 2013, the full amount of the initial tranche of the Ziggo Margin Loan was drawn in the amount of €460.0 million and secured with a pledge of 25,300,000 Ziggo Holding shares. On July 24, 2013, an additional 2,000,000 of Ziggo Holding shares were pledged as security for the Ziggo Margin Loan. The net proceeds of €458.4 million from the issuance of the Ziggo Margin Loan were loaned by HoldCo V to a Liberty Global subsidiary outside of Ziggo Group Holding pursuant to a promissory note (the **HoldCo V Note Receivable**). In December 2013, the principal and interest due under the HoldCo V Note Receivable were converted to equity, resulting in a €493.6 million non-cash decrease to parent’s equity in our consolidated statement of owners’ equity.

During the first quarter of 2014, we repaid the full amount of the Ziggo Margin Loan. In connection with this transaction, we recognized a €1.9 million loss on extinguishment of debt related to the write-off of deferred financing costs.

***Related-party Debt***

***Liberty Global Europe Note***

In July 2015, we issued a note payable to Liberty Global Europe (the **Liberty Global Europe Note**). The Liberty Global Europe Note matures on July 1, 2020 and has a fixed interest rate of 4.48%. Accrued interest is included in other long-term liabilities until it is transferred to the loan balance on January 1 of each year. As of December 31, 2015, accrued interest on the Liberty Global Europe Note was €53.9 million. The net increase in the principal balance during 2015 includes (i) an increase of €3,926.0 million related to a transfer of principal from the Liberty Global Broadband Note, (ii) a decrease of €1,640.5 million related to a non-cash settlement against the Liberty Global Europe Holding Receivable (as defined and described in note 12), (iii) a net decrease €290.5 million related to cash payments and (v) a decrease of €0.4 million related to other non-cash settlements. During 2015, none of the debt repayments were payments of interest.

***Liberty Global Broadband Note***

During 2014, we issued a note payable to Liberty Global Broadband Limited (the **Liberty Global Broadband Note**). The Liberty Global Broadband Note matures on May 15, 2025 and has a fixed interest rate of 5.13%. Accrued interest is included in other long-term liabilities until it is transferred to the loan balance on January 1 of each year. As of December 31, 2015 and 2014, accrued interest on the Liberty Global Broadband Note was €167.8 million and €30.9 million, respectively. The net decrease in the principal balance during 2015 includes (i) a decrease of €3,926.0 million related to a non-cash transfer of principal to the Liberty Global Europe Note, (ii) a decrease of €207.2 million related to non-cash settlements, as further described in note 12, (iii) a

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

decrease of €172.5 million representing the then fair value of certain derivative instruments that were novated to us from UPC Broadband Holding and (iv) an increase of €30.9 million resulting from the transfer of accrued interest. The net increase in the principal balance during 2014 includes (a) a non-cash increase of €3,936.1 million related to the Ziggo Acquisition, as further described in note 4, (b) cash advances of €1,050.9 million, (c) a non-cash increase of €553.3 million related to the Ziggo NCI Acquisition, (d) repayments of €355.0 million, (e) a non-cash increase of €191.9 million related to the acquisition of Ziggo Holding shares from another Liberty Global subsidiary outside of Ziggo Group Holding prior to the Ziggo Acquisition and (f) other non-cash increases aggregating €20.5 million, primarily related to settlement of accrued interest on other related-party payables. During 2014, none of the debt repayments were payments of interest.

*Liberty Global Services Note*

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 a note payable to Liberty Global Services (the **Liberty Global Services Note**). In addition, in connection with the Network Transfer, UPC Western Europe issued to our company the UPC Western Europe Loan Receivable, as defined and described in note 12. The original principal balance of the Liberty Global Services Note and the UPC Western Europe Loan Receivable were equivalent and, therefore, no cash was exchanged between the related parties involved in the transaction. The Liberty Global Services Note bore interest at 7.72%.

Beginning in 2014, accrued interest on the Liberty Global Services Note was included in other long-term liabilities until January 1 of each fiscal year when it was transferred to the loan balance. As of December 31, 2014, accrued interest on the Liberty Global Services Note was €80.2 million.

During the first quarter of 2015 and in connection with the Ziggo Services Transfer and the HoldCo VI Transfer, €881.5 million of the outstanding principal under the Liberty Global Services Note was settled against the UPC Western Europe Loan Receivable, as defined and described in note 12. In addition, the remaining outstanding principal and interest of €120.8 million was converted to equity. This conversion resulted in an increase to parent's equity in our consolidated statement of owners' equity. The decrease in the principal balance during 2014 relates to a €102.5 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Western Europe Loan Receivable. The decrease in the principal balance during 2013 includes (i) a €109.2 million non-cash settlement of principal against amounts outstanding pursuant to the UPC Western Europe Loan 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. Additionally, in December 2013, accrued interest of (a) €77.8 million was settled against accrued interest outstanding pursuant to the UPC Western Europe Loan Receivable and (b) €10.8 million, representing the interest rate differential between the Liberty Global Services Note and the UPC Western Europe Loan Receivable, was settled against the UPC Broadband Loan Receivable.

*2012 Liberty Global Europe Note*

On March 16, 2012, UPC Equipment entered into a loan agreement with Liberty Global Europe (the **2012 Liberty Global Europe Note**). As further described in note 1, we no longer consolidate UPC Equipment subsequent to December 31, 2014. As a result, effective January 1, 2015, the 2012 Liberty Global Europe Note is no longer included in our consolidated financial statements. The 2012 Liberty Global Europe Note bore interest at 9.29%. Accrued interest of €5.7 million as of December 31, 2014 on the 2012 Liberty Global Europe Note was included in other long-term liabilities in our consolidated balance sheet. The net increase in the principal balance during 2014 includes (i) cash borrowings of €34.4 million, (ii) the transfer of €2.4 million in non-cash accrued interest to the loan balance and (iii) cash payments of €0.1 million. The net increase in the principal balance during 2013 includes (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. During 2014 and 2013, none of the debt repayments were payments of interest.

*Unitymedia Hessen Note*

On August 2, 2013, UMI entered into a loan agreement with Unitymedia Hessen (the **Unitymedia Hessen Note**). As further described in note 1, we no longer consolidate UMI subsequent to December 31, 2014. As a

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

result, effective January 1, 2015, the Unitymedia Hessen Note is no longer included in our consolidated financial statements. The Unitymedia Hessen Note bore interest at 2.47%. Accrued interest of €0.8 million as of December 31, 2014 on the Unitymedia Hessen Note was included in other long-term liabilities in our consolidated balance sheet. The net decrease in the principal balance during 2014 includes (i) cash payments of €38.6 million, (ii) cash borrowings of €33.0 million and (iii) the transfer of €0.1 million in non-cash accrued interest to the loan balance. The net increase in the principal balance during 2013 includes (a) cash borrowings of €43.3 million and (b) cash payments of €10.3 million. During 2014 and 2013, none of the debt repayments were payments of interest.

***Maturities of Debt and Capital Lease Obligations***

The euro equivalents of the maturities of our debt and capital lease obligations as of December 31, 2015 are presented below:

*Debt:*

	<b>Third-party debt (a)</b>	<b>Related-party debt</b>	<b>Total</b>
	<b>in millions</b>		
Year ending December 31:			
2016 .....	€ 115.7	€ —	€ 115.7
2017 .....	0.4	—	0.4
2018 .....	—	—	—
2019 .....	—	—	—
2020 .....	71.7	—	71.7
Thereafter .....	7,163.1	3,126.4	10,289.5
Total debt maturities .....	7,350.9	3,126.4	10,477.3
Unamortized premium, net .....	23.2	—	23.2
Total debt .....	€ 7,374.1	€ 3,126.4	€ 10,500.5
Current portion .....	€ 115.7	€ —	€ 115.7
Noncurrent portion .....	€ 7,258.4	€ 3,126.4	€ 10,384.8

- (a) Amounts include the Ziggo SPE Notes issued by the Ziggo SPEs. As described above, we consolidate the Ziggo SPEs.

*Capital Lease Obligations (in millions):*

Year ending December 31:		
2016 .....	€	4.2
2017 .....		2.3
2018 .....		1.0
2019 .....		0.2
2020 .....		—
Thereafter .....		—
Total principal and interest payments .....		7.7
Amounts representing interest .....		(0.6)
Present value of net minimum lease payments .....	€	7.1
Current portion .....	€	3.9
Noncurrent portion .....	€	3.2

**(11) Income Taxes**

Our consolidated financial statements include the income taxes on a separate return basis (i) of Ziggo Group Holding, along with UPC Nederland Holding and its Dutch subsidiaries, (ii) of HoldCo VI Dutch Fiscal Unity and (iii) during 2014 and 2013, of (a) UPC Equipment, (b) UPC International and (c) UMI based on the local tax law.



**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

Ziggo Group Holding, along with UPC Nederland Holding and its Dutch subsidiaries, is part of the Liberty Global Holding Dutch Fiscal Unity. The Liberty Global Holding Dutch Fiscal Unity combines individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch tax purposes. Related-party tax allocations to our company from other Liberty Global Holding subsidiaries within the Liberty Global Holding 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, related-party tax allocations are reflected as an adjustment of parent's equity in our consolidated statements of owners' equity.

Furthermore, UMI has entered into a tax integration agreement and a profit-sharing agreement with its immediate parent, Unitymedia Hessen, which 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 on a separate return basis for the years ended December 31, 2014 and 2013. Effective January 1, 2015, we no longer consolidate UMI. For more information regarding the deconsolidation of UMI, see note 1.

The details of our current and deferred income tax benefit (expense) consists of:

<b>Year ended December 31,</b>			
	<b>2015</b>	<b>2014 (a)</b>	<b>2013 (a)</b>
	<b>in millions</b>		
Deferred income tax benefit (expense) . . . . .	€ 108.8	€ 39.4	€ (18.6)
Related-party allocation of current tax benefit (expense) . . . . .	12.4	(73.1)	(59.0)
Current income tax receivable . . . . .	2.8	—	—
Total income tax benefit (expense) . . . . .	<u>€ 124.0</u>	<u>€ (33.7)</u>	<u>€ (77.6)</u>

(a) As retrospectively revised – see note 1.

Income tax benefit (expense) attributable to our earnings (loss) before income taxes differs from the amounts computed using the Dutch income tax rate of 25.0% as a result of the following:

<b>Year ended December 31,</b>			
	<b>2015</b>	<b>2014 (a)</b>	<b>2013 (a)</b>
	<b>in millions</b>		
Computed “expected” tax benefit (expense) . . . . .	€ 110.9	€ (51.4)	€ (123.6)
Tax benefit associated with technology innovations . . . . .	19.0	2.1	—
Non-deductible or non-taxable interest and other expenses . . . . .	(11.8)	(21.8)	(1.7)
Recognition of previously unrecognized tax benefits . . . . .	8.4	1.3	—
Basis and other differences in the treatment of items associated with investment in subsidiaries and affiliates . . . . .	(2.6)	37.6	49.1
Other, net . . . . .	0.1	(1.5)	(1.4)
Total income tax benefit (expense) . . . . .	<u>€ 124.0</u>	<u>€ (33.7)</u>	<u>€ (77.6)</u>

(a) As retrospectively revised – see note 1.

The current and non-current components of our deferred tax liabilities are as follows:

<b>December 31,</b>			
	<b>2015 (a)</b>	<b>2014 (b)</b>	
	<b>in millions</b>		
Current deferred tax assets . . . . .	€ —	€ 18.7	
Non-current deferred tax assets (c) . . . . .	128.2	143.5	
Non-current deferred tax liabilities . . . . .	(694.9)	(863.7)	
Net deferred tax liabilities . . . . .	<u>€ (566.7)</u>	<u>€ (701.5)</u>	

(a) In accordance with ASU 2015-17, all of our deferred tax balances are reflected as noncurrent in our December 31, 2015 balance sheet. Our December 31, 2014 deferred tax balances have not been retroactively revised. For further information, see note 2.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

- (b) As retrospectively revised – see note 1.
- (c) Our non-current deferred tax assets are included in other assets, net, in our consolidated balance sheets.

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,			
	2015		2014 (a)	
	in millions			
Deferred tax assets:				
Property and equipment, net	€	126.4	€	124.9
Debt		121.3		86.8
Net operating loss and other carryforwards		80.4		146.6
Derivative instruments		11.7		16.4
Other future deductible amounts		2.2		0.1
Deferred tax assets		342.0		374.8
Valuation allowance		(0.5)		(3.8)
Deferred tax assets, net of valuation allowance		341.5		371.0
Deferred tax liabilities:				
Intangible assets		(853.5)		(958.7)
Property and equipment, net		(50.7)		(111.7)
Other future taxable amounts		(4.0)		(2.1)
Deferred tax liabilities		(908.2)		(1,072.5)
Net deferred tax liabilities	€	(566.7)	€	(701.5)

- (a) As retrospectively revised – see note 1.

Although we intend to take reasonable tax planning measures to limit our tax exposures, no assurance can be given that we will be able to do so.

We and our subsidiaries file consolidated and standalone income tax returns in various jurisdictions. In the normal course of business, our income tax filings are subject to review by various taxing authorities. In connection with such reviews, disputes could arise with the taxing authorities over the interpretation or application of certain income tax rules related to our business in that tax jurisdiction. Such disputes may result in future tax and interest and penalty assessments by these taxing authorities. The ultimate resolution of tax contingencies will take place upon the earlier of (i) the settlement date with the applicable taxing authorities in either cash or agreement of income tax positions or (ii) the date when the tax authorities are statutorily prohibited from adjusting the company's tax computations.

In general, tax returns filed by our company or our subsidiaries for years prior to 2013 are no longer subject to examination by tax authorities.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

The changes in our unrecognized tax benefits are summarized below:

	2015	2014 (a)	2013 (a)
	in millions		
Balance at January 1 .....	€ 8.4	€ 1.3	€ —
Additions based on tax positions related to the current year .....	—	8.4	1.3
Reductions for tax positions of prior years .....	(8.4)	(1.3)	—
Balance at December 31 .....	€ —	€ 8.4	€ 1.3

(a) As retrospectively revised – see note 1.

**(12) Related-party Transactions**

Our related-party transactions are as follows:

	Year ended December 31,		
	2015	2014 (a)	2013 (a)
	in millions		
Revenue .....	€ 1.9	€ 2.3	€ 1.6
Operating expenses .....	(36.7)	(28.7)	(29.4)
SG&A expenses .....	(3.4)	0.1	(1.8)
Allocated share-based compensation expense:			
Included in operating expenses .....	—	(0.3)	(0.2)
Included in SG&A expenses .....	(6.5)	(5.3)	(1.1)
Fees and allocations:			
Operating and SG&A related (exclusive of depreciation and share-based compensation) .....	(63.5)	(40.8)	(31.8)
Depreciation .....	(35.1)	(22.0)	(17.2)
Share-based compensation .....	(26.6)	(5.3)	(2.8)
Management fee .....	(27.2)	(20.3)	(32.5)
Total fees and allocations .....	(152.4)	(88.4)	(84.3)
Included in operating income .....	(197.1)	(120.3)	(115.2)
Interest expense .....	(222.9)	(146.5)	(91.7)
Interest income .....	16.3	132.7	123.2
Related-party allocation of current tax benefit (expense) .....	12.4	(73.1)	(59.0)
Included in net earnings .....	€ (391.3)	€ (207.2)	€ (142.7)
Property and equipment additions, net .....	€ 121.6	€ 58.8	€ 82.1

(a) As retrospectively revised – see note 1.

*General.* Certain Liberty Global subsidiaries 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 a subsidiary of Liberty Global, which amounts were recorded during the first quarters of 2014 and 2013, respectively. The revisions to reflect actual costs for our related-party

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

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 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 a subsidiary of Liberty Global to reflect the impact of this change in methodology as of January 1, 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 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.

During the first quarter of 2015, Liberty Global transferred certain entities that incur central and other administrative costs (the **Corporate Entities Transfer**) from one subsidiary to certain other Liberty Global subsidiaries that are outside of Liberty Global's borrowing groups. In connection with the Corporate Entities Transfer, Liberty Global changed the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another. This new methodology, which 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, impacts the calculation of the "EBITDA" metric specified by our debt agreements (**Covenant EBITDA**). In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (i) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (ii) the allocation methodologies in effect during the period and (iii) 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 amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was 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 our company would decrease (increase).

*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. Such amounts consist of (i) charges of €30.6 million, €22.2 million and €25.2 million during 2015, 2014 and 2013, respectively, for programming and related services provided to our company, (ii) charges of €4.0 million, €6.5 million and €4.2 million during 2015, 2014 and 2013, respectively, for certain customer premises equipment, backbone and other network-related services provided to our company and (iii) charges of €2.1 million during 2015, primarily for outsourced labor and professional services provided to our company.

*SG&A expenses.* Amounts consist primarily of charges for information technology-related and other services provided to our company by 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 employees of our subsidiaries.

*Fees and allocations.* These amounts represent fees charged to our company that originate with Liberty Global and certain other Liberty Global subsidiaries, and include charges for management, finance, legal, technology, marketing and other services that support our company's operations, including, during 2014 and 2013, the use of the UPC trademark. These charges may be cash or loan settled. The categories of our fees and allocations are as follows:

- *Operating and SG&A related (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally cash settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global's European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up. Amounts in this category are generally deducted to arrive at our Covenant EBITDA.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

- *Depreciation.* The amounts included in this category, which are generally cash settled, represent our estimated share of depreciation of assets not owned by our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Share-based compensation.* The amounts included in this category, which are generally loan settled, represent our estimated share of share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.
- *Management fee.* The amounts included in this category, which are generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

During the first three quarters of 2014, a subsidiary of Liberty Global allocated technology-based costs to our company and other Liberty Global subsidiaries based on each subsidiaries' estimated proportionate share of these costs. During the fourth quarter of 2014, the approach used to charge technology-based fees was changed to a royalty-based method. For 2015 and 2014, our proportional share of the technology-based costs of €85.5 million and €50.5 million, respectively, was €25.0 million and €37.0 million, respectively, more than the royalty-based technology fee charged under the new approach. Accordingly, these excess amounts have been reflected as deemed contributions of technology-related services in our consolidated statements of owners' equity. The charges under the new royalty-based fee are expected to escalate in future periods. Any excess of these charges over our estimated proportionate share of the underlying technology-based costs will be classified as a management fee and added back to arrive at Covenant EBITDA.

*Interest expense.* Amounts primarily relate to (i) during 2015, the Liberty Global Broadband Note and the Liberty Global Europe Note, (ii) during 2014, the Liberty Global Services Note, the Liberty Global Broadband Note and the 2012 Liberty Global Europe Note and (iii) during 2013, the Liberty Global Services Note and the 2012 Liberty Global Europe Note. For additional information, see note 10.

*Interest income.* Amounts primarily relate to the UPC Western Europe Loan Receivable, the UPC Broadband Loan Receivable and the 2013 UPC Broadband Loan Receivable (each as defined and described below). In addition, the 2013 amount includes interest income on the HoldCo V Note Receivable (as defined and described in note 10).

*Related-party allocation of current tax benefit (expense).* Amounts represent related-party tax allocations from other Liberty Global Holding subsidiaries within the Liberty Global Holding Dutch Fiscal Unity. For additional information, see note 11.

*Property and equipment additions, net.* These amounts, which are generally cash settled, represent the net carrying values of (i) customer premises and network-related equipment acquired from other Liberty Global subsidiaries, which subsidiaries centrally procure equipment on behalf of our company and various other Liberty Global subsidiaries, and (ii) equipment transferred to other Liberty Global subsidiaries outside of Ziggo Group Holding. The excess of the consideration received over the aggregate carrying values of the equipment transferred to Liberty Global subsidiaries outside of Ziggo Group Holding is recorded as an increase to parent's equity in our consolidated statements of owners' equity. Conversely, the excess of the carrying value over consideration received for property and equipment transferred to Liberty Global subsidiaries outside of Ziggo Group Holding is recorded as a decrease to parent's equity in our consolidated statements of owners' equity.



**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

The following table provides details of our related-party balances:

	<b>December 31,</b>	
	<b>2015</b>	<b>2014 (a)</b>
	<b>in millions</b>	
<b>Assets:</b>		
Related-party receivables (b) . . . . .	€ 8.4	€ 8.7
Loans receivable:		
UPC Western Europe Loan Receivable (c) . . . . .	—	922.1
UPC Broadband Loan Receivable (d) . . . . .	—	853.1
Total loans receivable . . . . .	—	1,775.2
Other assets, net (e) . . . . .	—	132.7
Total assets . . . . .	<u>€ 8.4</u>	<u>€ 1,916.6</u>
<b>Liabilities:</b>		
Accounts payable (f) . . . . .	€ 83.5	€ 17.5
Accrued and other current liabilities (f) . . . . .	73.4	35.7
Accrued interest . . . . .	0.2	0.3
Debt and capital lease obligations (g) . . . . .	3,133.3	6,449.5
Other long-term liabilities (h) . . . . .	222.3	117.6
Total liabilities . . . . .	<u>€ 3,512.7</u>	<u>€ 6,620.6</u>

(a) As retrospectively revised – see note 1.

(b) Includes current receivables from other Liberty Global subsidiaries, including amounts that result from cash advances to Liberty Global Europe and other Liberty Global subsidiaries. The receivable balances resulting from these cash advances are periodically transferred to existing note receivable balances or settled against existing note payable balances, each on a non-cash basis. These cash advances are included in related-party receipts (payments), net, in our consolidated statements of cash flows.

(c) Represents loans receivable from UPC Western Europe (collectively, the **UPC Western Europe Loan Receivable**) issued in connection with the Network Transfer and the related issuance of the Liberty Global Services Note. The interest rate on the UPC Western Europe Loan Receivable was 6.80%. Beginning in 2014, accrued interest on the UPC Western Europe Loan Receivable was included in other assets, net, until January 1 of each fiscal year and then it was transferred to the loan balance. At December 31, 2014, accrued interest of €70.6 million on the UPC Western Europe Loan Receivable was included in other assets, net, in our consolidated balance sheet. During 2015, 2014 and 2013, interest income earned on the UPC Western Europe Loan Receivable was €1.4 million, €70.6 million and €77.8 million, respectively. During the first quarter of 2015, (i) €881.5 million of principal due under the UPC Western Europe Loan Receivable was non-cash settled against the Liberty Global Services Note, as further described in note 10, and (ii) the remaining amount outstanding of €112.6 million, which represents €111.2 million of principal and €1.4 million of accrued interest, was converted to equity, resulting in a non-cash decrease to parent's equity in our consolidated statement of owners' equity. The decreases in the principal amounts of the UPC Western Europe Loan Receivable during 2014 and 2013 relate to non-cash settlements of amounts outstanding pursuant to the Liberty Global Services Note of €102.5 million and €109.2 million, respectively. Additionally, in December 2013, accrued interest of €77.8 million was settled against accrued interest outstanding pursuant to the Liberty Global Services Note.

(d) Represents a loan receivable from UPC Broadband Holding (the **UPC Broadband Loan Receivable**) that originated in 2012. The interest rate on the UPC Broadband Loan Receivable was 9.29%. Accrued interest on the UPC Broadband Loan Receivable was included in other assets, net, until January 1 of each fiscal year when it was transferred to the loan balance. At December 31, 2014, accrued interest of €62.1 million on the UPC Broadband Loan Receivable was included in other assets, net, in our consolidated balance sheet. During 2015, 2014 and 2013, interest income earned on the UPC Broadband Loan Receivable was €14.9 million, €62.1 million and €30.7 million, respectively. During the first quarter of 2015, (i) €89.3 million of cash repayments were received on the outstanding principal balance of the UPC Broadband Loan Receivable and (ii) the remaining €840.8 million, which represents €825.9 million of

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

principal and €14.9 million of accrued interest, was converted to equity and is reflected as a non-cash decrease to parent's equity in our consolidated statement of owners' equity. The net increase in the principal balance of the UPC Broadband Loan Receivable during 2014 includes (a) cash loaned of €908.0 million, (b) cash received of €574.0 million and (c) 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 (1) cash loaned of €995.7 million, (2) cash received of €653.6 million, (3) a €62.2 million non-cash decrease related to the settlement of related-party charges and allocations, (4) Liberty Global Services Note loan settlements of €10.8 million, representing the interest rate differential between the Liberty Global Services Note and the UPC Western Europe Loan Receivable, (5) Liberty Global Services Note loan settlements of €4.6 million of principal, (6) the transfer of €4.3 million in non-cash accrued interest payable related to a previously settled loan agreement with UPC Broadband Holding to the loan receivable balance, (7) the transfer of €2.7 million in non-cash accrued interest to the loan receivable balance and (8) individually insignificant non-cash decreases aggregating €0.8 million. During 2014 and 2013, none of the repayments were payments of interest.

- (e) Represents accrued interest income related to the UPC Western Europe Loan Receivable and the UPC Broadband Loan Receivable, each of which were non-cash settled during the first quarter of 2015.
- (f) Represents 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. These balances also include amounts that result from cash advances from Liberty Global Europe and other Liberty Global subsidiaries. The payable balances resulting from these cash advances are periodically transferred to existing note payable balances or settled against existing note receivable balances, each on a non-cash basis. These cash advances are included in related-party receipts (payments), net, in our consolidated statements of cash flows.
- (g) Represents debt and capital lease obligations, as further described in note 10.
- (h) The 2015 amount represents accrued interest related to the Liberty Global Broadband Note and the Liberty Global Europe Note. The 2014 amount represents accrued interest related to the Liberty Global Services Note, the Liberty Global Broadband Note, the 2012 Liberty Global Europe Note and the Unitymedia Hessen Note.

During 2015, 2014 and 2013, we recorded aggregate capital charges of €4.4 million, €1.9 million and €1.3 million, respectively, in our consolidated statements of owners' equity in connection with the exercise of Liberty Global share appreciation rights and the vesting of Liberty Global restricted share awards held by certain employees of our subsidiaries. We and Liberty Global have agreed that these capital charges will be based on the fair value of the underlying Liberty Global shares associated with share-based incentive awards that vest or are exercised during the period, subject to any reduction that is necessary to ensure that the capital charge does not exceed the amount of share-based compensation expense recorded by our company with respect to Liberty Global share-based incentive awards.

In March 2015, we entered into a non-interest bearing loan receivable with Liberty Global Europe (the **Liberty Global Europe Holding Receivable**). The Liberty Global Europe Holding Receivable was settled during the third quarter of 2015, as further described below. Prior to its settlement, activity on the Liberty Global Europe Holding Receivable during 2015 included (i) a €1,544.1 million increase in connection with the March 2015 issuance of the Ziggo Proceeds Loans, as further described in note 10, including (a) a €1,200.0 million non-cash increase and (b) a €344.1 million cash advance, (ii) an increase of €125.3 million related to transfers, as further described above, and (iii) a decrease of €28.9 million related to non-cash settlements of certain related-party fees and allocations. During the third quarter of 2015, the outstanding principal balance of €1,640.5 million under the Liberty Global Europe Holding Receivable was non-cash settled against the Liberty Global Europe Note. Cash advances on the Liberty Global Europe Holding Receivable were included as a component of related-party receipts (payments), net, within financing activities in our consolidated statement of cash flows.

During the third quarter of 2013, UPC International entered into a loan receivable from UPC Broadband Holding (the **2013 UPC Broadband Loan Receivable**), which was settled during 2014, and bore interest at 5.81%. The activity of the 2013 UPC Broadband Loan Receivable during 2014 includes (i) cash loaned of €41.7 million, (ii) a non-cash settlement of €7.8 million and (iii) the transfer of €0.3 million in non-cash accrued

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

interest to the loan receivable balance. During the fourth quarter of 2014, the outstanding balance of €54.3 million was converted to equity, resulting in a €54.3 million decrease to noncontrolling interests in our consolidated statement of owners' equity. 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.

UMI had a loan receivable from Unitymedia Hessen that originated in 2012 and was settled in 2013. This note bore interest at 10.0% per year. The net decrease in the principal balance of the loan receivable during 2013 included (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 accrued interest to the loan receivable balance.

As further described in note 1, subsequent to December 31, 2014, the leasing transactions between Ziggo Services and UMI, UPC Equipment and UPC International were unwound and, as such, effective January 1, 2015, we no longer consolidate UMI, UPC Equipment and UPC International. As a result of the deconsolidation of these entities, Ziggo Group Holding paid an aggregate €89.5 million during 2015 to settle related-party capital lease obligations due to these entities, which, prior to January 1, 2015, were eliminated in consolidation. We have reported these cash payments as a component of related-party receipts (payments), net, within financing activities in our consolidated statement of cash flows.

During 2014 and 2013, Ziggo Holding shares were transferred to HoldCo V by Liberty Global subsidiaries outside of Ziggo Group Holding. For additional information, see note 6.

**(13) Restructuring Liabilities**

A summary of the changes to our restructuring liability during 2015 is set forth in the table below:

	<b>Employee severance and termination</b>	<b>Office closures</b>	<b>Contract termination and other</b>	<b>Total</b>
	<b>in millions</b>			
Restructuring liability as of January 1, 2015 (a) . . . . .	€ 12.2	€ —	€ —	€ 12.2
Restructuring charges (b) . . . . .	56.4	(0.4)	0.5	56.5
Cash paid . . . . .	(25.8)	(1.0)	(0.1)	(26.9)
Other . . . . .	3.6	0.5	—	4.1
Restructuring liability as of December 31, 2015 . . . . .	<u>€ 46.4</u>	<u>€ (0.9)</u>	<u>€ 0.4</u>	<u>€ 45.9</u>
Current portion . . . . .	€ 42.0	€ (0.9)	€ 0.4	€ 41.5
Noncurrent portion . . . . .	4.4	—	—	4.4
Total . . . . .	<u>€ 46.4</u>	<u>€ (0.9)</u>	<u>€ 0.4</u>	<u>€ 45.9</u>

(a) As retrospectively revised – see note 1.

(b) Restructuring charges primarily relate to certain reorganization and integration activities following the Ziggo Acquisition.

We expect to record further restructuring charges during 2016, due primarily to ongoing reorganization activities following the Ziggo Acquisition.

During 2014 and 2013, we incurred restructuring charges of €9.1 million and €3.2 million, respectively, for employee severance and termination costs.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

**(14) 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-cancellable operating leases, purchases of customer premises and other equipment and other items. The following table sets forth these commitments as of December 31, 2015:

	Payments due during:						Total
	2016	2017	2018	2019	2020	Thereafter	
	in millions						
Programming commitments . . . . .	€ 74.3	€ 41.5	€ 18.6	€ 9.3	€ —	€ —	€ 143.7
Operating leases . . . . .	18.7	17.1	13.8	8.4	6.1	10.2	74.3
Purchase commitments . . . . .	58.6	3.3	0.4	—	—	—	62.3
Other commitments . . . . .	14.9	7.7	2.7	2.6	2.6	3.7	34.2
Total (a) . . . . .	<u>€ 166.5</u>	<u>€ 69.6</u>	<u>€ 35.5</u>	<u>€ 20.3</u>	<u>€ 8.7</u>	<u>€ 13.9</u>	<u>€ 314.5</u>

(a) The commitments included in this table do not reflect any liabilities that are included in our December 31, 2015 consolidated balance sheet.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us as 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 that are not fixed. 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. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, during 2015, 2014 and 2013, the programming and copyright costs incurred by our operations aggregated €294.9 million, €131.5 million and €109.3 million, respectively.

Purchase commitments include unconditional and legally binding obligations related to the purchase of customer premises and other equipment, including €4.2 million associated with related-party purchase obligations.

Other commitments primarily include sponsorships, certain fixed minimum contractual commitments associated with our agreements with municipal authorities and network and connectivity commitments. Network and connectivity commitments include commitments associated with (i) fiber leasing and (ii) commitments associated with our mobile virtual network operator (MVNO) agreement. The amounts reflected in the above table with respect to our MVNO commitments represent fixed minimum amounts payable under this agreement and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) multiemployer defined benefit plans, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during 2015, see note 7.

We have established multiemployer benefit plans for our subsidiaries' employees. The aggregate expense of our matching contributions under the multiemployer benefit plans was €28.5 million, €14.4 million and €11.8 million during 2015, 2014 and 2013, respectively.

Rental expense under non-cancellable operating lease arrangements amounted to €23.7 million, €14.1 million and €13.8 million during 2015, 2014 and 2013, respectively. It is expected that in the normal course of business, operating leases that expire generally will be renewed or replaced by similar leases.

**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

***Guarantees and Other Credit Enhancements***

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) 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***

***Other Regulatory Issues.*** Video distribution, broadband internet, fixed-line telephony, mobile and content businesses are subject to significant regulation and supervision by various regulatory bodies in the Netherlands, including Dutch and European Union 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.

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 channel 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.

**(15) Segment Reporting**

We have one reportable segment that provides video, broadband internet, fixed-line telephony and mobile services to residential and business customers in the Netherlands.

Our revenue by major category is set forth below:

	<b>Year ended December 31,</b>		
	<b>2015</b>	<b>2014 (a)</b>	<b>2013</b>
	<b>in millions</b>		
Subscription revenue (b):			
Video .....	€ 1,065.9	€ 550.1	€ 459.2
Broadband internet .....	703.7	266.9	221.3
Fixed-line telephony .....	474.0	221.2	169.1
Cable subscription revenue .....	2,243.6	1,038.2	849.6
Mobile subscription revenue (c) .....	28.1	2.8	0.3
Total subscription revenue .....	2,271.7	1,041.0	849.9
B2B revenue (d) .....	162.8	71.8	58.7
Other revenue (e) .....	38.2	30.1	26.7
Total .....	<u>€ 2,472.7</u>	<u>€ 1,142.9</u>	<u>€ 935.3</u>

(a) As retrospectively revised – see note 1.



**ZIGGO GROUP HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2015, 2014 and 2013**

- (b) Subscription revenue includes amounts received from subscribers for ongoing services, excluding late fees and installation 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.
- (c) Mobile subscription revenue excludes mobile interconnect revenue of €2.9 million, €0.3 million and nil during 2015, 2014 and 2013, respectively. Mobile interconnect revenue is included in other revenue.
- (d) B2B revenue includes revenue from business broadband internet, video, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small or home office (**SOHO**) subscribers. SOHO subscribers pay a premium price to receive expanded 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 is included in cable subscription revenue, aggregated €76.6 million, €31.6 million and €17.7 million during 2015, 2014 and 2013, respectively.
- (e) Other revenue includes, among other items, interconnect, late fee and installation revenue.

**(16) Subsequent Events**

On February 15, 2016, Liberty Global announced that Liberty Global Europe and Vodafone International Holding B.V., a wholly-owned subsidiary of Vodafone Group Plc, had reached an agreement to merge their operating businesses in the Netherlands to form a 50-50 joint venture (the **JV**). The JV will operate under both the Vodafone and Ziggo brands and will create a nationwide integrated communications provider. Pursuant to the proposed transaction, Ziggo Group Holding, including its third-party debt and net operating losses, will be contributed to the JV. This transaction is subject to customary closing conditions, including regulatory approval, and is anticipated to close around the end of 2016. This transaction will not trigger a change of control under Ziggo Group Holding's credit facilities.

The JV intends to distribute 100% of its available cash to the shareholders. In addition, the parties expect to raise additional debt financing at the JV to increase the JV's net leverage ratio to 4.5 and 5 times EBITDA (as calculated pursuant to Ziggo Group Holding's existing financing arrangements) and to make a pro rata distribution of capital to Liberty Global and Vodafone.

Upon consummation of this transaction, Liberty Global and Vodafone will enter into a shareholders agreement for the JV. Each of Liberty Global and Vodafone will hold 50% of the issued share capital of the JV. The supervisory board of the JV will be comprised of eight members, with three appointed by each of Liberty Global and Vodafone and two nominated by the works councils of the contributed businesses in accordance with Dutch law. In general, most decisions of the supervisory board will require the assent of individuals appointed by both Liberty Global and Vodafone. Certain decisions, referred to as "Reserved Matters" will require the approval of both JV partners, either directly or through their designees to the supervisory board, including: changes in the constituent documents, capital, executive management or branding of the JV; a merger or sale of all or substantially all of the assets of the JV; the approval of the annual budget of the JV; and certain other material business, investing and financing decisions of the JV. The chairman of the supervisory board will rotate on an annual basis between a member appointed by each respective shareholder group.



**Vodafone Libertel B.V.**

For the year ended March 31, 2016

## Contents

<b>Consolidated Financial Statements FY2016</b> .....	<b>F-103</b>
Consolidated Statement of Total Comprehensive Income .....	F-104
Consolidated Statement of Financial Position .....	F-105
Consolidated Statement of Changes in Equity .....	F-107
Consolidated Statement of Cash Flows (according to the indirect method) .....	F-108
Notes to the Consolidated Financial Statements .....	F-109
<b>Company Financial Statements FY2016</b> .....	<b>F-138</b>
Company Income Statement .....	F-139
Company Balance Sheet .....	F-140
Notes to the Company Financial Statements .....	F-142
<b>Independent Auditor's Report</b> .....	<b>F-146</b>

**Vodafone Libertel B.V.**

Consolidated Financial Statements FY2016

Consolidated Statement of Total Comprehensive Income  
(In thousands of EURO)

	Notes	For the year ended 31 March	
		2016	2015
Revenue . . . . .	1	1,853,521	1,872,453
Cost of sales . . . . .	2, 3	(1,312,643)	(1,321,409)
Gross profit . . . . .		540,878	551,044
Operating expenses:			
Sales and marketing . . . . .	3	(252,176)	(245,549)
General and administrative . . . . .	3, 4	(182,685)	(176,338)
Total operating expenses . . . . .		(434,861)	(421,887)
Operating profit . . . . .		106,017	129,157
Finance income . . . . .	5	—	350
Finance costs . . . . .	5	(15,532)	(21,167)
Profit before taxation . . . . .		90,485	108,340
Income tax . . . . .	6	(24,809)	(34,390)
Result for the year . . . . .		65,676	73,950
Other comprehensive income . . . . .		—	—
<b>Total comprehensive income for the year . . . . .</b>		<b>65,676</b>	<b>73,950</b>

The notes on pages F-109 to F-137 are an integral part of these consolidated financial statements.

Vodafone Libertel B.V.



Consolidated Statement of Financial Position  
(In thousands of EURO, before appropriation of result)

	Notes	At March 31	
		2016	2015
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill .....	7	157,077	154,570
Other intangible assets .....	7	1,365,189	1,481,021
Property, plant and equipment .....	8	1,040,899	976,352
Deferred tax asset .....	6	7,330	6,530
Other non-current receivables .....	9	15,519	12,629
<b>Total non-current assets .....</b>		<b>2,586,014</b>	<b>2,631,102</b>
<b>Current assets</b>			
Trade receivables .....	10	113,449	114,632
Inventory .....	11	31,419	31,433
Prepaid expenses and other receivables .....	12	163,189	126,084
Receivables from affiliated companies .....	12	191,340	196,094
Cash and cash equivalents .....	13	18,233	30,877
Income tax receivable .....		—	306
<b>Total current assets .....</b>		<b>517,630</b>	<b>499,426</b>
<b>Total assets .....</b>		<b>3,103,644</b>	<b>3,130,528</b>

The notes on pages F-109 to F-137 are an integral part of these consolidated financial statements.

Vodafone Libertel B.V.

Consolidated Statement of Financial Position (Continued)  
(In thousands of EURO, before appropriation of result)

	Notes	At March 31	
		2016	2015
<b>Equity and liabilities</b>			
<b>Group equity</b>			
Share capital .....	14	93,750	93,750
Share premium .....	14	108,886	108,886
Legal reserves .....	14	18,259	11,344
Other reserves .....	14	641,920	575,514
Result for the year .....	14	65,676	73,950
<b>Total Group equity</b> .....		<b>928,491</b>	<b>863,444</b>
<b>Non-current liabilities</b>			
Deferred tax liability .....	6	1,525	3,374
Provisions .....	21	17,568	18,190
Loans due to Group companies .....	17	1,596,616	1,661,334
Other non-current liabilities .....	18	8,965	—
<b>Total non-current liabilities</b> .....		<b>1,624,674</b>	<b>1,682,898</b>
<b>Current liabilities</b>			
Trade payables .....	19	117,200	133,739
Deferred revenue .....	20	44,043	42,666
Provisions .....	21	5,106	9,642
Accrued expenses and other liabilities .....	22	234,023	278,997
Payables to affiliated companies .....		150,006	119,142
Income tax payable .....	6	101	—
<b>Total current liabilities</b> .....		<b>550,479</b>	<b>584,186</b>
<b>Total liabilities</b> .....		<b>2,175,153</b>	<b>2,267,084</b>
<b>Total equity and liabilities</b> .....		<b>3,103,644</b>	<b>3,130,528</b>

The notes on pages F-109 to F-137 are an integral part of these consolidated financial statements.

Vodafone Libertel B.V.

Consolidated Statement of changes in Equity  
(In thousands of EURO)

	<u>Share Capital</u>	<u>Share premium</u>	<u>Legal reserves</u>	<u>Other reserves</u>	<u>Result for the year</u>	<u>Total</u>
Balance at March 31, 2014 .....	93,750	108,886	8,155	657,943	121,769	990,503
Total attributable to owners of the company .....	—	—	—	(201,009)	—	(201,009)
Share-based payment costs* .....	—	—	—	2,416	—	2,416
Exercised share based payments .....	—	—	—	(3,425)	—	(3,425)
Dividends paid .....	—	—	—	(200,000)	—	(200,000)
Appropriation of profit for the year .....	—	—	3,189	118,580	(121,769)	—
Profit for the year .....	—	—	—	—	73,950	73,950
Other comprehensive income .....	—	—	—	—	—	—
Balance at March 31, 2015 .....	93,750	108,886	11,344	575,514	73,950	863,444
Total attributable to owners of the company .....	—	—	—	(629)	—	(629)
Share-based payment costs* .....	—	—	—	2,812	—	2,812
Exercised share based payments .....	—	—	—	(3,441)	—	(3,441)
Dividends paid .....	—	—	—	—	—	—
Appropriation of profit for the year .....	—	—	—	73,950	(73,950)	—
Additions to the legal reserves .....	—	—	6,915	(6,915)	—	—
Profit for the year .....	—	—	—	—	65,676	65,676
Other comprehensive income .....	—	—	—	—	—	—
Balance at March 31, 2016 .....	93,750	108,886	18,259	641,920	65,676	928,491

\* this pertains to shares in Vodafone Group Plc.

The notes on pages F-109 to F-137 are an integral part of these consolidated financial statements.

Vodafone Libertel B.V.

Consolidated Statement of Cash Flows (according to the indirect method)  
(In thousands of EURO)

		For the year ended 31 March	
	Note	2016	2015
Operating Profit .....		106,017	129,157
Add back:			
Share based payment costs .....	3, 14	2,812	2,416
Depreciation and amortisation .....	7, 8	405,027	366,383
Loss on disposal .....	7, 8	3,088	17,107
Impairment .....	7, 8	—	14,270
Cash flows from Operating Activities before WC movements .....		516,944	529,333
Inc in trade receivables .....	10	1,718	(18,756)
Dec/(inc) in inventory .....	11	16	(7,631)
(Inc)/dec in deposit with Vodafone International Holdings B.V. ....	12	(16,554)	207,842
(Inc)/dec in prepaid expenses and other receivables .....	9, 12	(18,496)	980
(Dec)/inc in trade payables .....	19	(16,834)	29,039
Inc/(dec) in deferred revenue .....	20	842	(7,911)
Dec in provisions .....	21	(5,159)	(15,689)
(Dec)/inc in accrued expenses and other liabilities .....	18, 22	(5,258)	15,075
Cash generated from Operating Activities .....		457,219	732,282
Income tax paid .....	6	(27,049)	(38,475)
<b>Net cash flows generated by operating activities .....</b>		<b>430,170</b>	<b>693,807</b>
Investing activities			
Net cash outflow on acquisition of subsidiaries .....	26	(2,194)	(3,648)
Payment of intangible assets .....	7	(84,264)	(81,588)
Payment of tangible assets .....	8	(272,429)	(302,728)
<b>Net cash flows used in investing activities .....</b>		<b>(358,887)</b>	<b>(387,964)</b>
Financing activities			
Redemption of loans to third-parties .....	9	(85)	(164)
Redemption of loans due to Group Companies .....	17	(80,000)	(80,000)
Exercised share based payments .....	14	(3,441)	(3,424)
Dividends paid .....		—	(200,000)
Interest paid .....	5	(401)	(2,177)
Interest received .....	5	—	350
<b>Net cash flows used in financing activities .....</b>		<b>(83,927)</b>	<b>(285,415)</b>
<b>Net (decrease)/increase in cash and cash equivalents .....</b>		<b>(12,644)</b>	<b>20,428</b>
Cash and cash equivalents at 1 April .....	13	30,877	10,449
Cash and cash equivalents 31 March .....	13	18,233	30,877

The notes on pages F-109 to F-137 are an integral part of these consolidated financial statements.

Vodafone Libertel B.V.

## Notes to the Consolidated Financial Statements

### General information

Vodafone Libertel B.V. (“the Company” or “Vodafone”), incorporated in the Netherlands, started its activities in 1994. The principal activity of Vodafone is the operation of mobile telecommunication services in the Netherlands. Principal shareholder of the Company is Vodafone International Holdings B.V., a subsidiary of Vodafone Group Plc. (the ultimate parent company, a UK company specialised in mobile communication), who owned 100% of the outstanding shares of Vodafone Libertel B.V. per March 31, 2016 (March 31, 2015: 100%). The registered address of the Company is Avenue Céramique 300,6221 KX Maastricht.

On March 15, 1995, the Company was awarded a licence to operate a GSM network in the Netherlands for a period of 15 years. The network started operations in September 1995 following the completion of the first stage of the installation of the network. National coverage was achieved in October 1996. In August 2000 the Company acquired a license to operate a UMTS network in the Netherlands for a period of 16 years. The network started operations in February 2004. The original plan was that the 2100 frequencies would be auctioned again. However, the government has decided to extend the licenses of all existing licensees until 2020.

On July 1, 2015, Nexxt Group B.V. (a 100% subsidiary) legally merged with Vodafone Libertel B.V., whereby Vodafone Libertel B.V. was the remaining entity.

Vodafone Libertel B.V. is the parent company of Mite Systems B.V., which was acquired on September 30, 2015.

These financial statements have been authorised for issue by the Management Board on July 5, 2016.

### Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and comply with the financial reporting requirements included in Part 9, Book 2 of the Dutch Civil Code. The Financial Statements are prepared on a going concern basis.

IFRS requires the Directors to adopt accounting policies that are the most appropriate to the Company’s circumstances. In determining and applying accounting policies, Directors and management are required to make judgements in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the Company’s reported financial position, results or cash flows; it may later be determined that a different choice may have been more appropriate.

The amounts in the consolidated financial statements are stated in thousands of euro, unless stated otherwise. The financial year covers the period April 1, 2015 – March 31, 2016.

In accordance with article 402 Part 9 of Book 2 of the Dutch Civil Code the Company Income Statement is presented in abbreviated form.

### Comparability

Presentation is in conformity with last year, except for following main changes. Presentation adjustments have been made related to VAT that already has been paid towards the tax authorities for handsets sold to customers, but where the amount has not yet been invoiced to the customers. This unbilled receivable amount of €20.2 million, which was previously reported under Accrued expenses and other liabilities (Note 22), has now been reclassified to Prepaid expenses and other receivables (Note 12) for an amount of €15.0 million and to Other non-current receivables (Note 9) for an amount of €5.2 million.

*For the year 2015*

*Annual Report FY2015    Annual Report FY2016*

Consolidated Statement of Total Comprehensive Income

**(in thousands of EURO)**

Accrued expenses and other liabilities (Note 22) . . . . .	258,767	278,997
Prepaid expenses and other receivables – Unbilled revenue (Note 12) ..	73,131	88,192
Other non-current receivables – Unbilled revenue (Note 9) . . . . .	7,167	12,336



## Significant accounting policies

New accounting pronouncements that have become effective

The following pronouncements which are potentially relevant to the Company have been issued by the IASB or the IFRIC, became effective for annual periods beginning on or after January 1, 2015 and have been endorsed for use in the EU:

- IFRIC 21 'Levies' provides guidance in addition to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on how to account for levies posed by governments other than income taxes, specifically on when to account for the liability.
- IAS 19 'Employee Benefits' has been amended regarding treatment of employee contributions in defined benefit plans. The amendment aims to simplify the calculation of employee contributions.
- The Annual Improvements 2010–2012 and the Annual Improvements 2011–2013 cover amendments to several standards.

These changes had no material impact on the consolidated results, financial position or cash flows of the Company.

New accounting pronouncements to be adopted on or after April 1, 2016

IFRS 9 'Financial Instruments' as issued in July 2014 will replace IAS 39 'Financial Instruments: Recognition and Measurement' and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting of financial instruments. IFRS 9 is effective as of January 1, 2018 and must be applied retrospectively. However, the hedge accounting requirements are generally applied prospectively. Apart from some aspects of hedge accounting, restatement of comparative information is not mandatory and is only permitted if information is available without the use of hindsight. As the standard has not yet been endorsed, it is uncertain when it needs to be applied. IFRS 9 is expected to have an impact on the classification and measurement of Vodafone's financial assets and liabilities.

IFRS 15 'Revenue from Contracts with Customers' was issued in May 2014. In April 2015, the effective date of this standard has been postponed to January 1, 2018. Endorsement is expected in 2017. IFRS 15 introduces new guidance on the recognition and measurement requirements of revenues. The standard applies to revenue from contracts with customers and also provides a model for the sale of some non-financial assets that are not an output of a company's ordinary business activities. IFRS 15 provides more detailed requirements than the current standards. Vodafone anticipates an impact on the timing and allocation of revenue recognition and dealer commissioning costs. Due to expected timing differences between cash flows and recognition based on the contracts with customers, contract assets and contract liabilities will be reflected on the Vodafone's balance. Vodafone will expand disclosures under IFRS 15 to capture required information such as key judgments and estimates applied in recognition and measurement of revenues and commissioning costs.

IFRS 16 'Leases' was issued in January 2016. The standard has an effective date of January 1, 2019. Endorsement has not been scheduled yet. IFRS 16 will replace IAS 17 and introduces on balance sheet accounting for (almost) all leases. Therefore, assets in use under an operating lease contract, reported as off balance sheet obligation under IAS 17, will be recognised on the balance sheet. Paid lease fees will no longer be part of operating expenses but will become part of depreciation and interest expenses. The standard will have an impact on Vodafone's Consolidated Statement of Financial Position due to the recognition of the leased assets and corresponding financial liabilities. Also, an impact is expected on Vodafone's Consolidated Statement of Total Comprehensive Income. EBITDA and Operating profit are expected to increase, but the impact on Profit before tax needs to be determined.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its investees).

Control is achieved when the Company;

- has power over the whole investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including;

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements, and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of an investee begins when the Company obtains control over the investee and ceases when the Company loses control of the investee. Specifically, income and expenses of investee acquired or disposed of during the year are included in the consolidated statement of Total Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the investee.

When necessary, adjustments are made to the financial statements of investees to bring their accounting policies into line with the Group's accounting policies.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

#### Accounting for Investees and Business Combinations

An investee is an entity controlled by the Company. The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of an investee is the fair value of the assets transferred, the liabilities incurred to the former owners and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in the statement of comprehensive income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

#### Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably estimated.

#### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in the comprehensive income when the asset is derecognised.

## Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Vodafone's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (hereafter: CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately and permanently as an expense against the goodwill.

## Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, Intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

## Intangible assets with a finite life

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation and any impairments. The amortisation period and method is reviewed at least annually. 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 are treated as changed in accounting estimates.

## Licence and spectrum fees

License and spectrum fees are stated at acquisition cost, less accumulated amortisation and impairments. Amortisation periods for licence and spectrum fees are determined primarily by reference to the licence period, the conditions for licence renewal and whether licences are dependent on specific technologies. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives from the moment the asset is available for use in the manner intended by management.

## Computer software

Computer software comprises computer software purchased from third parties and internally developed software. Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Software integral to a related item of hardware equipment is accounted for as property, plant and equipment. Costs associated with maintaining computer software programs are recognised as an expense when they are incurred.

Internally developed software is recognised only if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the software asset so that it will be available for use or sale
- The intention to complete the software and use or sell it
- The ability to use or sell the software
- How the software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software
- The ability to measure reliably measured the expenditure attributable to the software during its development

Amortisation is charged to the statement of total comprehensive income on a straight-line basis over the estimated useful lives from the date the software is available for use.

#### Other intangible assets

Other intangible assets including brands are recorded at fair value at the date of acquisition. Amortisation is charged to the statement of total comprehensive income, over the estimated useful lives of intangible assets from the date they are available for use, on a straight-line basis. The amortisation basis adopted for each class of intangible asset reflects the Company's consumption of the economic benefits.

#### Estimated useful lives

The estimated useful lives of intangible assets with a finite life are as follows:

<u>Category</u>	<u>Estimated useful life</u>
Licence fee .....	4-17 years
Software .....	3-5 years
Brand .....	3 years

The amortisation expense on intangible assets is recognised in the statement of total comprehensive income in the expense category consistent with the function of the intangible asset.

#### Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairments if any. Depreciation is calculated on the straight-line method based on the estimated useful lives of the related assets. Assets acquired during the financial year are depreciated from the time of initial use. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The following table presents the estimated useful lives of the Company's property, plant and equipment:

<u>Category</u>	<u>Estimated useful life</u>
Buildings .....	25 years
Network assets:	
Site construction .....	15 years
Computer hardware .....	3 - 5 years
Network fixtures and fittings .....	5 -10 years
Network software and other equipment .....	5 - 8 years
Other assets:	
Office furniture and fittings .....	5 - 8 years
Test equipment and mobile phones .....	2 - 3 years
Other computer hardware and software .....	3 - 5 years

The depreciation expense on property, plant and equipment is recognised in the statement of total comprehensive income in the expense category consistent with the function of the property, plant and equipment. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Land is not depreciated as it is deemed to have an indefinite life.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The impairment charge, if any, is recorded in the statement of comprehensive income consistent with the function of the property, plant and equipment.

### Asset Restoration Obligation

A provision is recorded based on the best estimate of future restoration costs to be incurred in relation to network infrastructure at leased sites. Upon recognition of this provision, a corresponding tangible fixed asset is recorded. This is depreciated over its useful life, which does not exceed the remaining lease term.

### Derecognition of tangible assets

A tangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a tangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in the statement of comprehensive income when the asset is derecognised.

### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Financial leases are recognized as an asset. At the inception of the lease contract and are capitalised at its fair value, or if lower, the present value of the minimum lease payments, together with a corresponding finance lease creditor.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

### Inventory

Inventories consist mainly of handsets and accessories. Inventories are stated at the lower of cost or net realisable value. Cost is determined on the basis of moving average purchase price and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

An inventory provision is calculated using an appropriate and consistently applied methodology based on sales forecast, subject to a minimum level of provision calculated as follows: Four months after the introduction of a handset into a market, all handset inventories in excess of the lower of the previous four months' historical sales and four months' forecast sales demand, are fully provided for, with the carrying value written down to zero.

### Trade receivables and other receivables

Trade and other receivables do not carry any interest and are stated initially at fair value and subsequently measured at amortised cost and reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amounts of trade and other receivables approximate their fair value. Trade receivables and other receivables are expected to be recovered within 12 months after the reporting period and classified as current assets. An allowance for irrecoverable trade and other receivables is established if the collection of a receivable becomes doubtful.

Such receivable becomes doubtful when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and estimated future cash flows. An impairment loss is recognised in the statement of total comprehensive income, as are subsequent recoveries of previous impairments.

### Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist primarily of cash on hand, bank deposits, net of bank overdrafts. In the Statement of Financial Position, the bank overdrafts if any are included in the current liabilities. Cash and cash equivalents are highly liquid with original maturities of three months or less.



## Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation that it will carry out the restructuring by starting to implement the plan or announcing the main features to those affected by it. The measurement of the restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

The legal Provision is based on an estimate of the expected costs to be incurred, taking into account legal advice and information currently available.

## Long-term loans

Long-term loans are recognised initially at fair value, net of transaction costs incurred. Long-term loans are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs such as commitment fees) and the redemption value is recognised in the statement of total comprehensive income over the period of the borrowings using the effective interest method. The commitment fee will be capitalized to the loan.

## Revenue

Revenue is recognised to the extent the Company has delivered goods or rendered services under an agreement, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is measured at the fair value of the consideration received, exclusive of sales taxes and discounts.

The Company principally earns revenue from providing the following telecommunication services: access charges, airtime usage, messaging, interconnect fees, data services, fixed lines services and information provision, triple play, connection fees and equipment sales. Products and services may be sold separately or in bundled packages.

Revenue for access charges, airtime usage and messaging is recognised when services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

Revenue from interconnect fees is recognised at the time the services are performed.

Revenue from data services and information provision is recognised when the Company has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Company as commission for facilitating the service.

Customer connection revenue is recognised together with the related equipment revenue to the extent that the aggregate equipment and connection revenue does not exceed the fair value of the equipment delivered to the customer. Any customer connection revenue not recognised together with related equipment revenue is deferred and recognised over the period in which services are expected to be provided to the customer.

Revenue from device sale is recognised when the device is delivered, being the transfer of significant risks and rewards, to the end customer. For device sales made to intermediaries, revenue is recognised if the significant

risks and awards associated with the device are transferred to the intermediary and the intermediary has no general right of return. If the significant risks are not transferred, revenue recognition is deferred until sale of the device to an end customer by the intermediary or the expiry of the right of return.

In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met: (1) the deliverable has value to the customer on a stand-alone basis and (2) there is evidence of the fair value of the item. The arrangement consideration is allocated to each separate unit of accounting based on its relative fair value.

#### Gross versus net presentation

When the Company sells goods or services as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Company sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned. The assessment of gross or net presentation is performed by the Company based on the best judgment of the relevant facts and circumstances.

Whether the Company is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Company and its business.

#### Cost of Sales

Expenditure on cost of sales activities are recognised as an expense in the period in which they are incurred.

#### Commissions

Intermediaries are given cash incentives by the Company to connect new customers and retain existing customers. For intermediaries who do not purchase products and services from the Company, such cash incentives are accounted for as an expense. Such cash incentives to other intermediaries are also accounted for as an expense if:

- The Company receives an identifiable benefit in exchange for the cash incentive that is separable from sales transactions to that intermediary; and
- The Company can reliably estimate the fair value of that benefit.

Cash incentives that do not meet these criteria are recognised as a reduction of the related revenue.

#### Research expenditure and development expenses

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are capitalized when requirements for capitalization are met otherwise development costs are recognised as an expense in the period in which it is incurred.

#### Operational expenditure

Expenditure on operational activities, including but not limited to payroll are recognised as expenses when they are due.

#### Post-employment benefits

The Company has defined contribution plans for a vast majority (99.9%) of all employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

#### Interest expenses

Interest expenses which arise from interests due on intercompany loans, interests paid to external vendors for overdue payments and interests on taxation charges, are recognised as an expense in the period in which they are incurred.

## Foreign currencies translation

Items included in the consolidated financial statements as well as the financial statements of each entity are measured using the currency of their primary economic environment, which is Euro (= the functional and presentation currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income as part of 'finance costs or income'.

The exchange differences on monetary items are recognised in the statement of Total Comprehensive Income in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the costs of those assets when they are regarded as an adjustment to interest costs on these foreign currency borrowings
- Exchange differences on transactions entered into in order to hedge certain foreign currency risk
- Exchange differences from payable to a foreign operation for which settlement is neither planned nor likely to occur

## Taxation

Income tax expense represents the sum of the current income tax and deferred tax including prior year adjustments.

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date (25% on both March 31, 2016 and March 31, 2015). The above also applies for the deferred tax.

Deferred tax is recognised based on differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. As a result of the fiscal unity Vodafone Libertel B.V. does not pay any corporate income tax directly to the Dutch Tax Authorities and tax related cash flows are settled in a current account with Vodafone Europe B.V., the head of the fiscal unity.

#### Stock option rights, performance share awards

Vodafone Group Plc. has employee equity-settled share-based payment plans (stock option plans, performance share awards) in which employees of the Company are granted equity instruments of Vodafone Group Plc. The arrangements are equity-settled share-based payment plans in the financial statements of the Company.

Vodafone Group Plc. has an intragroup recharge arrangement to allocate the cost of the employee share-based payment plans to the Company at the date of exercise of the equity instruments. The amount of that recharge is offset against the capital contribution arising for the share-based payment in the financial statements of the Company. If the amount of the recharge exceeds the capital contribution, that excess is accounted for as a distribution from the Company to Vodafone Group Plc.

Vodafone Group Plc. issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by deducting the present value of expected dividend cash flows over the life of the awards from the share price as at the grant date.

Some share awards have an attached market condition, based on total shareholder return ('TSR'), which is taken into account when calculating the fair value of the share awards. The valuation for the TSR is based on Vodafone's ranking within the same group of companies, where possible, over the past five years.

For the current stock option plans and share awards, costs relating to the grant of these plans are expensed over the vesting period and credited to the Other Reserves within Shareholders' Equity. At time of exercise the exercise price is debited to the Other Reserves.

### **Financial Risk Management**

#### Financial risk factors

Vodafone's activities are exposed to a variety of financial risks: Credit risk, liquidity risk and market risk (including currency risk). Vodafone's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by a Vodafone Group Plc. treasury department ("Group treasury") under policies approved by the Vodafone Group board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating entities. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and investment of excess liquidity.

#### Financial instruments

Financial instruments carried on the Statement of financial position include cash and cash equivalents, trade receivables, trade payables, other payables, loans, prepaid expenses and other receivables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. It is management's objective to minimise financial risks.

#### Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to business and private individual customers, including outstanding receivables and committed transactions. Pursuant to the policy of managing credit risk to certain counterparties, the Company tries to limit the maximum exposure, based on the financial

strength and risk of non-payment of those counterparties. Credit risk on trade receivables is controlled based on restrictive policies for customer acceptance. If business customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, credit assessment evaluates the credit quality of these customers, taking into account past experience and other factors. Individual risk limits are set based on internal or external credit bureaus ratings in accordance with our Credit Policy. High and abnormal usage is continuously monitored. Sales to private individual customers are settled in cash (prepaid) or mainly by direct debit (postpaid).

The receivables from the private individual customers that are in default are closely monitored, managed and communicated to customers, and customers that continue not to pay, are in the end disconnected.

#### Concentration of credit risk

Due to the large volume and diversity of Vodafone's customer base, concentrations of credit risk with respect to trade receivables are limited. The management board believes there is no additional credit risk provision required in excess of the provision for doubtful debtors (see Note 10).

#### Maximum exposure to credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets including cash, which amounts to €502 million as per March 31, 2016 (€437 million as per March 31, 2015). Vodafone does not hold any collateral as security.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Vodafone Group treasury's approach to manage liquidity is to ensure to have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Vodafone's reputation.

For Vodafone Libertel B.V., sufficient intercompany loan facilities are available.

#### Market Risk Management

##### Foreign exchange risk

Vodafone mainly operates on the Dutch market, but is exposed to foreign exchange risk arising from various currency exposures from transactions with Group companies.

Management believes the maximum exposure to foreign exchange risk for Vodafone is not material.

No hedging of foreign exchange risk is applicable.

#### Capital risk management

Vodafone's objectives when managing capital is to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Vodafone's overall strategy remains unchanged from the previous year.

In order to maintain or adjust the capital structure, Vodafone may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Vodafone is subject to one externally imposed capital requirement, which is following financial covenant incorporated in the loan with Vodafone Europe B.V: the interest cover at the last day of the financial year should not be less than 3. Vodafone complies with this financial covenant.

#### Critical accounting estimates

The Company prepares its consolidated financial statements in accordance with IFRS as adopted by the EU and part 9 of the Dutch Civil code, the application of which often requires judgements to be made by management when determining the Company's financial position and results. Under IFRS, the directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.



In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company; it may later be determined that a different choice would have been more appropriate.

Management considers that certain accounting estimates and assumptions relating to revenue, taxation, business combinations, intangible assets (goodwill and finite lived assets), property plant and equipment, provisions and contingent liabilities and impairment are its critical accounting estimates.

#### Revenue recognition

##### Arrangements with multiple deliverables

In revenue arrangements including more than one deliverable, the deliverables are assigned to one of more separate units of accounting and the arrangement consideration is allocated to each unit of accounting based on its relative fair value.

Especially in the enterprise segment and in some cases in the consumer segment, determining the fair value of each deliverable can require complex estimates due to the nature of goods and services provided. The Company generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a standalone basis after considering volume discounts where appropriate.

#### Gross versus net presentation

When the Company sells goods or services as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Company sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned.

Whether the Company is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Company and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows.

#### Taxation

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves, if applicable, a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. Payments in respect of tax liabilities for an accounting period are made by payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the consolidated statement of comprehensive income and tax payments. This is explicitly clarified in Note 6 in the 2nd paragraph if applicable as then the effective tax rate differs from the nominal effective tax rate.

#### Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

#### Impairment of goodwill and other intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management board to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

#### Finite lived intangible assets

Finite lived intangible assets include the Company's aggregate amount spent on the acquisition of licences and spectrum, computer software, customer bases and development costs. These assets arise from both separate

purchases and from acquisition as part of business combinations, and are amortised based on the Companies best estimate of the useful economic lifespan.

#### Estimation of useful life

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the most significant categories of intangible assets is as follows.

#### Licenses and spectrum fees

The estimated useful life is generally the term of the license unless there is a presumption of renewal at negligible cost. The licence term ranges from 4 -17 years. Using the licence term reflect the period over which the Company will receive economic benefit. Historically changes to the estimated useful lives have not resulted in material changes to the Company's amortisation charge.

#### Capitalised software

The useful life is determined by management at the time the software is acquired or internally developed and brought into use and is regularly reviewed for appropriateness. For computer software licenses, the useful life represents management's view of the expected term over which the Company will receive benefits from the software, but not exceeding the licence term. The useful is between 3 - 5 years. Historically changes to the estimated useful lives have not resulted in material changes to the Company's amortisation charge.

#### Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

#### Estimation of useful life

The depreciation charge is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge. The useful lives and residual values of the Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology. Furthermore, network infrastructure is only depreciated over a period that extends beyond the expiry of the associated licence under which the Company provides telecommunication services if there is a reasonable expectation of renewal or an alternative future use for the asset. Historical changes in useful lives and residual values have not resulted in material changes to the Company's depreciation charge.

#### Asset Restoration Obligation

A provision has been recorded based on the best estimate of future restoration costs to be incurred in relation to existing network infrastructure at leased sites. Upon recognition of this provision, a corresponding tangible fixed asset has been recorded. This is depreciated over its useful life, which does not exceed the remaining lease term. The main assumptions of calculation for the asset retirement obligations relate to the estimated costs of removal, discount rate and estimated period of removal. The discount rate for FY2016 is 2% (FY2015: 2%).

#### Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposure to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (see Note 22 to the consolidated financial statements).

The legal provision represents a provision for certain legal claims brought against the company by customers and others.

Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

## Notes to the Consolidated Financial Statements

### Introduction

The Financial Statements and accompanying Notes to the Financial Statements are stated in thousands of Euro, unless indicated otherwise.

### Note 1. Revenue

	For the year ended 31 March	
	2016	2015
Access fees .....	1,139,904	1,130,078
Airtime usage .....	557,085	592,499
Sale of Goods .....	128,687	124,656
Connection fees and other .....	27,845	25,220
Total Revenue .....	1,853,521	1,872,453

### Note 2. Cost of sales

	For the year ended 31 March	
	2016	2015
Interconnect costs .....	134,147	143,716
Leased line rental costs .....	48,065	44,836
Service provider support and dealer commissions .....	196,014	190,409
Equipment and accessories .....	333,596	336,064
Amortisation of license fees and customer related software .....	192,553	193,017
Depreciation of land and buildings and network assets .....	187,078	159,260
Disposal of network assets .....	1,575	18,205
Wages and salaries including contractors and travel ...	61,923	73,483
Fixed line costs .....	60,228	51,917
Other direct costs .....	97,464	110,502
Total Cost of sales .....	1,312,643	1,321,409

The amortisation of licence fees and customer related software contains no impairment (FY2015: €10.5 million). Included in the depreciation of land and buildings and network assets there is also no impairment (FY2015: €3.8 million). The disposals of network assets pertains to losses due to assets in the network which are no longer in use.

### Note 3. Personnel costs

	For the year ended 31 March	
	2016	2015
Salaries and wages .....	126,699	141,824
Social security costs .....	23,286	23,414
Pension costs .....	10,689	11,304
Termination benefits .....	3,293	1,244
Share based payment costs .....	2,812	2,416
Total employee costs .....	166,779	180,202
Costs temporary staff and contractors .....	14,540	16,729
Total personnel costs .....	181,319	196,931

Total personnel costs are included in Cost of sales (€51.5 million included in Wages and salaries including contractors and travel, FY2015: €66.8 million) and in Operating expenses (€99.8 million Sales and marketing expenses, FY2015: €98.2 million and € 23.1 million General and administrative expenses, FY2015 €31.9 million).

The decrease of personnel costs is mainly a result of a decrease in annual bonus for employees in FY2016 compared to FY2015.

The average number of employees including contractors (full-time equivalents) was as follows:

	For the year ended 31 March	
	2016	2015
Sales and Marketing .....	1,691	1,636
Technical .....	648	552
Customer Services .....	825	808
Other .....	266	261
Total Average number of FTE's .....	3,430	3,257

At March 31, 2016 the Company employed 3,197 full-time equivalents excluding contractors (March 31, 2015: 3,069). At March 31, 2016 the Company employed 3,665 people excluding contractors (March 31, 2015: 3,546).

#### Note 4. Remuneration of the Management Board and Supervisory Board

Remuneration Management Board (key management)

The remuneration and pension costs of current and former members of the total Management Board amounted to €4.4 million (FY2015: €4.8 million), of which €1.7 million for the Statutory Management Board (FY2015: €1.6 million).

The overview below provides information on the remuneration of the Management Board in total for FY2016.

	Short-term employee benefits	Post-employment benefits	Share based payments	Total
Statutory Management .....	823	120	756	1,699
Other Management .....	1,598	153	931	2,682
Total Management .....	2,421	273	1,687	4,381

The overview below provides information on the remuneration of the Management Board in total for FY2015.

	Short-term employee benefits	Post-employment benefits	Share based payments	Total
Statutory Management .....	1,016	35	541	1,592
Other Management .....	2,112	195	944	3,251
<b>Total Management</b> .....	3,128	230	1,485	4,843

Stock option rights on ordinary shares of Vodafone Group Plc. for the Management Board

In the financial year FY2016, no stock option rights on ordinary shares Vodafone Group Plc. were granted to members of the Management Board. In previous years members of the Management Board were granted stock option rights on ordinary shares in Vodafone Group Plc. These stock option rights were granted under the Vodafone Group Plc. 1999 Long- Term Stock Incentive Plan. The Vodafone Group Plc. 1999 Long-Term Stock Incentive Plan includes the Global Employee Option Plan.

Under the Vodafone Group Plc. 1999 Long-Term Stock Incentive Plan, options were granted at an exercise price equal to the market value of the shares on the day prior to the date of grant of the options. Exercise of these options is subject to achievement of a performance condition. These stock options have a ten year term and vesting will be after three years with the opportunity to measure performance again after years four and five from a fixed base year. To the extent that the performance condition has not been satisfied at the end of the five-year performance period, the options will forfeit.

At March 31, 2016 current and former members of the Management Board held 18,049 stock option rights on ordinary shares Vodafone Group Plc. at a weighted average exercise price of £1.75 (March 31, 2015: 18,049 stock option rights on ordinary shares Vodafone Group Plc. at a weighted average exercise price of £1.75). The summary below provides information on option holdings of current and former members of the Management Board as a whole.

	<u>Statutory Management</u>		<u>Other Management</u>		<u>Total Management</u>	
	Number of options	Average exercise price (in GBP)	Number of options	Average exercise price (in GBP)	Number of options	Average exercise price (in GBP)
Number of stock options at April 1, 2015 . . . . .	—	—	18,049	1.75	18,049	1.75
Stock options exercised . . . . .	—	—	—	—	—	—
Stock options forfeited . . . . .	—	—	—	—	—	—
Movement former / newly appointed members . .	—	—	—	—	—	—
Number of stock options at March 31, 2016 . . . . .	—	—	18,049	1.75	18,049	1.75

During the year no changes took place. All options are held by members of the management board.

#### Share awards over Vodafone Group Plc. Shares for the Management Board

In the financial year members of the Management Board received share awards of 1,329,302 ordinary shares Vodafone Group Plc. (FY2015 share awards of 864,965 ordinary shares in Vodafone Group Plc.).

Under the Vodafone Group Long-Term Incentive Plan, share awards confer a contingent right to receive Vodafone Group shares after a three-year period.

The summary below provides information on shares awarded under the Vodafone Group Long-Term Stock Incentive Plan over ordinary shares in Vodafone Group Plc.:

	<u>Statutory Management</u>	<u>Other Management</u>	<u>Total Management</u>
Number ordinary shares at April 1, 2015 . . . . .	1,015,462	1,321,812	2,337,274
Granted . . . . .	706,891	622,411	1,329,302
Sold . . . . .	(133,147)	(313,663)	(446,810)
Forfeited . . . . .	(232,766)	(246,941)	(479,707)
Movement former / newly appointed members . . . . .	—	(296,526)	(296,526)
Number of ordinary shares at March 31, 2016 . .	1,356,440	1,087,093	2,443,533

The total P&L effect of the share based payments is €2.8 million (March 31, 2015: €2.4 million). The fair value is recognized as Employee benefits in the Statement of Profit or Loss over the vesting period of the shares against an increase in equity in case of equity-settled share-based compensation plans.

#### Remuneration Supervisory Board

The remuneration of the members of the Supervisory Board amounted to nil (FY2015: nil). At March 31, 2016 the members of the Supervisory Board held no ordinary shares of Vodafone Libertel B.V. (March 31, 2015: nil). Within Vodafone Group no expenses have been recharged to Vodafone Libertel B.V. for the members of the Supervisory Board.

#### Note 5. Finance income and costs

	<u>For the year ended 31 March</u>	
	<u>2016</u>	<u>2015</u>
Finance income:		
External Finance income . . . . .	—	19
Group Companies income . . . . .	—	331
Total Finance income . . . . .	—	350
Finance costs:		
External interest costs . . . . .	(556)	(2,043)
Group Companies interest costs . . . . .	(15,131)	(18,990)
Net Foreign Exchanges gains / (losses) . . . . .	155	(134)
Total Finance costs . . . . .	(15,532)	(21,167)
Net total Finance costs . . . . .	(15,532)	(20,817)



## Note 6. Income tax

Vodafone Libertel B.V., its parent company Vodafone International Holdings B.V., Vodafone Holdings (SA) Proprietary Limited, Vodafone Panafon International Holdings B.V., mITE Systems B.V. (as of January 1, 2016) and Vodafone Europe B.V. form a fiscal unity for Dutch corporate income tax purposes. Vodafone Europe B.V. is head of this fiscal unity. Consequently, the companies included in the fiscal unity are jointly and severally liable for the tax liabilities of the fiscal unity. Vodafone Libertel B.V. reimburses Vodafone Europe B.V. for any tax paid which is attributable to Vodafone Libertel B.V. Likewise if the taxable profits of Vodafone Libertel B.V. are sheltered by utilisation of tax losses attributable to other entities in the fiscal unity then there is a reimbursement for the tax value linked to the losses utilised. As a result of the fiscal unity Vodafone Libertel B.V. does not pay any tax directly to the Dutch Tax Authorities and tax related cash flows are settled in a current account with Vodafone Europe B.V.

The company Nexxt Group B.V. was included in the fiscal unity as per April 1, 2015, but merged on June 30, 2015 as disappearing company with Vodafone Libertel B.V.

The components of income tax as shown in the statement of total comprehensive income are as follows:

	<b>For the year ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2015</b>
Current taxes .....	26,528	39,261
Current taxes prior year .....	930	(930)
Deferred taxes .....	<u>(2,649)</u>	<u>(3,941)</u>
Taxation shown in the statement of comprehensive income ..	24,809	34,390

The reconciliation between income tax as shown in the statement of total comprehensive income, based on the effective tax rate, and the tax expense based on the domestic tax rate, is as follows:

	<b>For the year ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2015</b>
Income tax expense (current and deferred) based on average domestic rate of 25% .....	22,621	27,085
Permanent differences .....	<u>2,188</u>	<u>7,305</u>
Taxation shown in the statement of comprehensive income ..	24,809	34,390

The permanent differences between the nominal and effective tax rate relate mainly to an increase in the taxable profits for corporate income tax as a consequence of finalising transfer pricing with a related party in Luxembourg. As agreed with the Dutch and Luxembourg tax authorities, included in the tax charge is an expense of €0.6 million (FY2015: €0 million). Another reason of the difference is the tax treatment of share based payments which are not deductible for corporate income tax.

Maturity of deferred taxes is as follows:

	<b>At March 31</b>	
	<b>2016</b>	<b>2015</b>
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months .....	5,290	5,101
- Deferred tax assets to be recovered within 12 months .....	<u>2,040</u>	<u>1,429</u>
Total Deferred tax assets .....	<u>7,330</u>	<u>6,530</u>
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months .....	—	(1,530)
- Deferred tax liabilities to be recovered within 12 months ....	<u>(1,525)</u>	<u>(1,844)</u>
Total Deferred tax liabilities .....	<u>(1,525)</u>	<u>(3,374)</u>
Deferred tax (net) .....	5,805	3,156

The movement during the year in the deferred tax liability is as follows:

	<u>2016</u>	<u>2015</u>
At April 1 .....	(3,374)	(5,479)
Deferred income tax recognised in the statement of comprehensive income .....	1,849	2,096
Deferred tax acquired through business combinations ....	<u>—</u>	<u>9</u>
At March 31 .....	(1,525)	(3,374)

The deferred tax liabilities mainly relate to intangible assets (license fee).

The movement during the year in the deferred tax asset is as follows:

	<u>2016</u>	<u>2015</u>
At April 1 .....	6,530	4,649
Deferred income tax recognised in the statement of comprehensive income .....	800	1,843
Deferred tax acquired through business combinations .....	<u>—</u>	<u>38</u>
At March 31 .....	7,330	6,530

The deferred tax assets mainly relate to differences in commercial and fiscal valuation of provisions and depreciation periods for property, plant and equipment.

Deferred tax assets and liabilities (in respect of continuing operations), before offset of balances, as of March 31, 2016, are as follows:

	<u>Gross deferred tax assets</u>	<u>Gross deferred tax liabilities</u>	<u>Net recognised tax assets /liabilities</u>	<u>Amount (credited) in statement of comprehensive income</u>
Mainly different tax depreciation				
UMTS .....	—	(1,525)	(1,525)	(1,525)
Other long-term timing differences .....	5,290	—	5,290	(324)
Other short-term timing differences .....	<u>2,040</u>	<u>—</u>	<u>2,040</u>	<u>(800)</u>
	7,330	(1,525)	5,805	(2,649)

Deferred tax assets and liabilities in respect of continuing operations, before offset of balances, as of March 31, 2015, are as follows:

	<u>Gross deferred tax assets</u>	<u>Gross deferred tax liabilities</u>	<u>Net recognised tax assets /liabilities</u>	<u>Amount (credited) in statement of comprehensive income</u>
Accelerated tax Depreciation				
UMTS .....	—	(3,363)	(3,363)	(1,843)
Other long-term timing differences .....	5,101	(6)	5,095	—
Other short-term timing differences .....	<u>1,429</u>	<u>(5)</u>	<u>1,424</u>	<u>(2,098)</u>
	6,530	(3,374)	3,156	(3,941)

## Note 7. Intangible assets

	<u>Licence fee</u>	<u>Software</u>	<u>Brand</u>	<u>Goodwill</u>	<u>Total</u>
At March 31, 2014					
Balance at cost	2,095,490	627,535	9,200	182,997	2,915,222
Accumulated Amortisation and impairment	(656,687)	(457,515)	(8,178)	(31,892)	(1,154,272)
Net book value	1,438,803	170,020	1,022	151,105	1,760,950
Additions (at cost)	—	81,588	—	—	81,588
Acquisitions through business combinations	—	—	—	3,465	3,465
Amortisation	(137,961)	(59,732)	(1,022)	—	(198,715)
Disposals (at cost)	—	(4,699)	—	—	(4,699)
Amortisation on disposals	—	3,515	—	—	3,515
Impairment (at cost)	—	(18,945)	—	—	(18,945)
Impairment (accumulated depreciation)	—	8,432	—	—	8,432
Net movement	(137,961)	10,159	(1,022)	3,465	(125,359)
At March 31, 2015					
Balance at cost	2,095,490	685,479	9,200	186,462	2,976,631
Accumulated Amortisation and impairment	(794,648)	(505,300)	(9,200)	(31,892)	(1,341,040)
Net book value	1,300,842	180,179	—	154,570	1,635,591
Additions (at cost)	—	84,264	—	—	84,264
Acquisitions through business combinations	—	5	—	2,507	2,512
Amortisation	(137,942)	(61,376)	—	—	(199,318)
Disposals (at cost)	(137)	(300,360)	—	—	(300,497)
Amortisation on disposals	130	299,584	—	—	299,714
Impairment	—	—	—	—	—
Net movement	(137,949)	22,117	—	2,507	(113,325)
At March 31, 2016					
Balance at cost	2,095,353	469,388	9,200	188,969	2,762,910
Accumulated Amortisation and impairment	(932,460)	(267,092)	(9,200)	(31,892)	(1,240,644)
Net book value	1,162,893	202,296	—	157,077	1,522,266

The opening balance of the Balance at costs and Accumulated Depreciation have been adjusted in the categorizations, this has no impact on the net book value.

Intangible assets include assets under construction amounting to €15.8 million for FY2016, relating to software development on IT projects (FY2015: €21.0 million). These assets have not been amortised yet and are presented under software.

Employment costs of Vodafone's employees directly related to internal software development have been partially capitalised for the amount of €5.1 million (FY2015: €6.2 million). These employment costs have a book value of €18.3 million and €11.3 million for the years ended March 31, 2016 and 2015 respectively.

Amortisation of License Fees (FY2016: € 137.9 million, FY2015: €138.0 million) and customer related Software (FY2016: €54.7 million, FY2015: €54.0 million) is included in the line Cost of Sales in the statement of comprehensive income. Amortisation of Brand (FY2016: €0 million, FY2015: €1.0 million) and administrative Software (FY2016: €6.7 million, FY2015: €5.7 million) is included in the line General and administrative expenses in the statement of comprehensive income.

There are no restrictions on titles of intangible assets and intangible assets are not pledged as security for liabilities.

### Impairment test for goodwill

Compared to FY2015, the CGU structure has changed due to organisational changes. Furthermore, due to the intention of Vodafone and Liberty Global to form a joint venture, management expects to further reorganise the activities for internal monitoring purposes as well. In FY2015, goodwill has been allocated for impairment testing purposes to the CGU's Consumer and Enterprise. As a result of the proposed joint venture and its related changes in the level of monitoring, goodwill related to the former CGU's is totally allocated to the new CGU Libertel for FY2016.

The carrying amount of goodwill is allocated to cash-generating units as follows.

	<b>At March 31</b>	
	<b>2016</b>	<b>2015</b>
Libertel .....	157,077	—
Consumer .....	—	99,335
Enterprise .....	—	55,235
Total .....	157,077	154,570

The recoverable amount has been determined on value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management and are also used for internal purposes. Goodwill is impaired if the recoverable amount is lower than the book value. A detailed review has been performed of the recoverable amount.

Key assumptions used in the cash flow projections are long-term growth rate, estimated EBITDA, estimated capital expenditures and the post-tax risk adjusted discount rate used for discounting the cash flow projections. The cash flow projections for the first five years are management's best estimate based on the most recent business plans and historical growth rates and EBITDA margin.

The table below shows the key assumptions used in the value-in-use calculations.

	<b>FY2016</b>	<b>FY2015</b>
Pre-tax risk adjusted discount rate .....	8.7%	8.7%
Long-term growth rate .....	0.5%	0.5%
Budgeted EBITDA .....	1%	1%
Budgeted Capital expenditure .....	11%-14%	10%-17%

## Note 8. Property, plant and equipment

	<u>Land and buildings</u>	<u>Network assets</u>	<u>Other assets</u>	<u>Total</u>
<b>At March 31, 2014</b>				
Balance at costs .....	13,128	1,948,560	142,175	2,103,863
Accumulated depreciation and impairment .....	<u>(6,930)</u>	<u>(1,124,051)</u>	<u>(112,138)</u>	<u>(1,243,119)</u>
Net book value .....	6,198	824,509	30,037	860,744
Additions (at cost) .....	—	302,281	6,804	309,085
Additions ARO (at cost) .....	—	267	—	267
ARO changes in Estimates .....	—	(6,625)	—	(6,625)
Acquisitions through business combinations .....	—	227	—	227
Depreciation .....	(433)	(155,294)	(11,941)	(167,668)
Disposals (at cost) .....	(175)	(200,161)	(1,416)	(201,752)
Depreciation on disposals .....	21	184,724	1,086	185,831
Impairment (at cost) .....	—	(7,466)	—	(7,466)
Depreciation on impairment .....	—	3,709	—	3,709
Net movement .....	<u>(587)</u>	<u>121,662</u>	<u>(5,467)</u>	<u>115,608</u>
<b>At March 31, 2015</b>				
Balance at cost .....	12,953	2,037,084	147,563	2,197,600
Accumulated depreciation and impairment .....	<u>(7,342)</u>	<u>(1,090,913)</u>	<u>(122,993)</u>	<u>(1,221,248)</u>
Net book value .....	5,611	946,171	24,570	976,352
Additions (at cost) .....	232	259,240	13,707	273,179
Additions ARO (at cost) .....	—	217	—	217
ARO changes in Estimates .....	—	(968)	—	(968)
Acquisitions through business combinations .....	—	82	52	134
Depreciation .....	(418)	(195,071)	(10,220)	(205,709)
Disposals (at cost) .....	(1,282)	(162,562)	(72,924)	(236,768)
Depreciation on disposals .....	783	160,990	72,689	234,462
Impairment .....	—	—	—	—
Depreciation on impairment .....	—	—	—	—
Net movement .....	<u>(685)</u>	<u>61,928</u>	<u>3,304</u>	<u>64,547</u>
<b>At March 31, 2016</b>				
Balance at cost .....	11,903	2,133,093	88,398	2,233,394
Accumulated depreciation and impairment .....	<u>(6,977)</u>	<u>(1,124,994)</u>	<u>(60,524)</u>	<u>(1,192,495)</u>
Net book value .....	4,926	1,008,099	27,874	1,040,899

The opening balance of the Balance at costs and Accumulated Depreciation have been adjusted in the categorizations, this has no impact on the net book value.

The Company recognised losses on disposals amounting to €2.3 million for the year ended March 31, 2016 (€15.9 million for the year ended March 31, 2015), of which €1.6 million is included in the line Cost of Sales, €0.5 million in the line General and administrative operating expenses and €0.2 million in the line Sales and marketing in the statement of total comprehensive income.

Property, plant and equipment include assets under construction amounting to €27.5 million for the year ended March 31, 2016, relating to IT projects and investments in the network assets (March 31, 2015: €56.5 million). These assets have not been depreciated yet. Other assets include leasehold improvements, furniture in shops, computers and staff phones.

In FY2016 an amount of €7.4 million (FY2015: €7.2 million) of employment costs of Vodafone's employees directly related to the rollout of the network and IT projects have been capitalised.

Depreciation is included in the line Cost of Sales for Land and Buildings (FY2016: €0.4 million, FY2015: €0.4 million) and Network Assets (FY2016: €170.7 million, FY2015: €147.3 million) and in the line General and administrative expenses for Network Assets (FY2016: €24.4 million, FY2015: €8.1 million) and Other Assets (FY2016: €10.2 million, FY2015: €11.9 million) in the statement of total comprehensive income.



Not included is the inter-company depreciation in the Cost of Sales (FY2016: €16.0 million, FY2015: €11.6 million) or in the General and administrative expenses (FY2016: €17.1 million, FY2015: €24.7 million).

There are no restrictions on title of property, plant and equipment and property, plant and equipment is not pledged as security for liabilities.

#### Financial leases

Vodafone Libertel B.V. has two financial lease framework contracts for dark fibre connections to sites. Both of these leases have been prepaid fully at inception of the lease contract, therefore Vodafone Libertel B.V. has not recorded lease liabilities. The carrying value of these assets is €14.9 million and €11.5 million for the years ended March 31, 2016 and 2015 respectively. The residual economic life is 8 years for one contract and 3 years for the other contract. The renewal option is for 5 years after the end of the contract.

#### Note 9. Other non-current receivables

	At March 31 2016	2015
Unbilled revenue .....	15,141	12,336
Other .....	378	293
Total other non-current receivables .....	15,519	12,629

#### Note 10. Trade receivables

	At March 31 2016	2015
Customers .....	101,221	99,605
Service Providers, interconnect parties and roaming partners .....	5,507	7,677
Dealers and retailers .....	6,721	7,350
Total .....	113,449	114,632

The Company's trade receivables are stated after allowances for bad and doubtful debts based on management's assessment of creditworthiness.

The average credit period on sales of goods and services taken is 0.68 months' sales (FY2015: 0.65 months' sales). No interest is charged on trade receivables.

As of March 31, 2016, the total amount of trade receivables is €113.4 million (March 31, 2015: €114.6 million). The amount of the provision for these receivables was €49.4 million as of March 31, 2016 (March 31, 2015: €21.0 million). The aging of these receivables including the provision is as follows:

	At March 31 2016	2015
Current .....	75,740	69,062
01-30 days overdue .....	13,504	17,636
31-60 days overdue .....	11,462	6,551
61-180 days overdue .....	5,501	12,035
> 180 days overdue .....	7,242	9,348
Total .....	113,449	114,632

Movements in the provision for doubtful debtors are as follows:

	2016	2015
At April 1 .....	20,991	15,902
Addition for doubtful debt .....	39,436	23,640
Receivables written off during the years uncollectible .....	(8,209)	(13,951)
Provision released to the statement of comprehensive income .....	(2,787)	(4,600)
At March 31 .....	49,431	20,991

The addition and release of the provision for doubtful receivables have been included in cost of sales in the statement of comprehensive income.

The maximum exposure to credit risk at the reporting date is the book value of the receivables mentioned above. Vodafone does not hold any collateral as security.

#### Note 11. Inventory

	At March 31	
	2016	2015
Inventories .....	36,146	37,243
Provision for obsolete inventory .....	(4,727)	(5,810)
Net value of Inventories .....	31,419	31,433

The inventory per March 31, 2016 with value of €31.4 million (March 31, 2015: € 31.4 million) consists of handsets, accessories, sim cards and other hardware.

As of March 31, 2016 inventories with a gross value of €16.4 million (March 31, 2015: €17.3 million) were impaired and partly provided for.

The amount of the provision was €4.7 million as of March 31, 2016 (March 31, 2015: €5.8 million). The addition and release of provisions for obsolete inventories have been included in Cost of sales in the statement of total comprehensive income.

The cost of inventories recognised as an expense and included in Cost of sales amounted to €333.6 million (FY2015: €336.1 million). The inventory is not pledged as security for liabilities.

#### Note 12. Prepaid expenses, other receivables and amounts due from affiliated companies

	At March 31	
Prepaid expenses and other receivables	2016	2015
Prepayments .....	51,007	26,674
Unbilled revenue .....	104,969	88,192
Capitalised future discounts .....	940	3,571
Other .....	6,273	7,647
Total .....	163,189	126,084

Amounts due from Group Companies, amounting to €191.3 million (FY2015: €196.1 million), includes a deposit held with Vodafone International Holdings B.V. for an amount of €166.8 million (FY2015: €150.3 million). The deposit is interest bearing and is rolled over on a monthly basis. The interest rate per March 31, 2016 was -0.332% (March 31, 2015: -0.004%). The average 1 month Euribor interest rate for FY2016 was -0.11992% (FY2015: 0.08925%).

The prepayments include €17.7 million which Vodafone paid for the four-year extension of 2100 MHz licenses from 2000 and €5,907 million for the extension of the additional 2100 MHz frequencies acquired in 2012.

#### Note 13. Cash and cash equivalents

Vodafone has credit facilities under which it can borrow up to €540.0 million at March 31, 2016 (March 31, 2015: a credit facility of €460.0 million). This total facility consist out of a facility of €250.0 million (FY2015: €250.0 million) with Vodafone Operations Centre Hungary, with a termination date of 10 working days following receipt of notice, and a facility of €290.0 million (FY2015: €210.0 million) with Vodafone Europe B.V., until March 26, 2018. There are no securities in relation to these facilities, and these are classified as level 3 fair value category. The carrying amounts approximate their fair value. Vodafone has given bank guarantees for an amount of €1.7 million (March 31, 2015: €2.0 million), these guarantees are secured by pledge of cash at bank.

#### Note 14. Equity

Reference is made to the Statement of changes in equity in which the movements in the components of Equity are shown.

## Share capital / share premium

At March 31, 2016 and March 31, 2015 the par value of the ordinary shares of Vodafone Libertel B.V. is €0.30 per ordinary share. All issued shares (312,500,002) are fully paid up.

## Stock option rights

The following table summarises the grant dates and the exercise prices (exercise prices were equal to the opening price at the stock exchange at the grant date):

<u>Grant date</u>	<u>Exercise price in GBP</u>
<b>December-02</b> .....	0.730 - 1.220
<b>July-03</b> .....	1.193
<b>July-04</b> .....	1.190
<b>July-05</b> .....	1.360
<b>July-06</b> .....	1.153
<b>July-07</b> .....	1.678 - 1.753
<b>July-08</b> .....	1.753

## Note 15. Stock option rights on ordinary shares Vodafone Group Plc.

All stock options on ordinary shares are held by current and/or former members of the management Board. Details can therefore be found in Note 4 'Remuneration of the Management Board and Supervisory Board'.

## Note 16. Share awards over Vodafone Group Plc. shares

In the financial year certain permanent employees of Vodafone, including members of the Management Board received share awards over 1,381,482 (March 31 2015: 1,194,121) ordinary shares in Vodafone Group Plc. At March 31, 2016 certain employees of Vodafone, including members of the Management Board, held share awards over 3,229,844 (March 31 2015: 3,225,832) ordinary shares in Vodafone Group Plc.

Under the Vodafone Group Long-Term Incentive Plan, share awards confer a contingent right to receive Vodafone Group shares after a three-year period. The shares are held in a trust for the three years and will only be released to the extent that the company's targets, set at the date of grant, have been achieved. A summary of the status of the shares of Vodafone Group Plc. for both members of the Management Board and other employees of the company at March 31, 2016 and changes during the year then ended is presented below:

<u>Year</u>	<u>Number of granted shares</u>	<u>Award price GBP</u>	<u>Number of all shares outstanding at April 1, 2015</u>	<u>Number of shares granted</u>	<u>Number of shares exercised</u>	<u>Number of shares forfeited</u>	<u>Number of outstanding shares at March 31, 2016</u>	<u>Latest vesting date</u>
FY2013 .....	1,760,724	1.79	1,187,221	—	750,216	437,005	—	3-jul-15
FY2014 .....	1,203,326	1.56	939,265	—	53,525	31,279	854,461	26-jun-16
FY2015 .....	1,194,121	1.89 – 2.25	1,099,346	—	22,585	44,521	1,032,240	14-nov-17
FY2016 .....	<u>1,381,482</u>	<u>2.21 – 2.39</u>	<u>—</u>	<u>1,381,482</u>	<u>851</u>	<u>37,488</u>	<u>1,343,143</u>	<u>13-nov-18</u>
Total .....	5,539,653		3,225,832	1,381,482	827,177	550,293	3,229,844	

## Note 17. Loans

The loans due to affiliated companies mature until March 26, 2018 and bear an interest of Euribor plus 0.55% to 0.8% annually. The loans have been granted by affiliated companies mainly to finance the acquisition of the licence in the auction in 2013.

The carrying amounts and level 3 fair values of the non-current borrowings which are denominated in Euro are as follows:

	<u>Carrying Amount at March 31 2016</u>	<u>Carrying Amount at March 31 2015</u>	<u>Fair Value at March 31 2016</u>	<u>Fair Value at March 31 2015</u>
Vodafone Investments Luxembourg S.à.r.l. ....	1,422,403	1,411,026	1,422,403	1,411,689
Vodafone Europe B.V. ....	<u>174,213</u>	<u>250,308</u>	<u>174,504</u>	<u>250,532</u>
Total .....	1,596,616	1,661,334	1,596,907	1,662,221

Movements in the loans due to affiliated companies are as follows:

	<u>2016</u>	<u>2015</u>
At April 1 .....	1,661,334	1,721,962
Accrued Interest .....	15,282	19,372
Redemption loan Vodafone Europe B.V. ....	<u>(80,000)</u>	<u>(80,000)</u>
At March 31 .....	1,596,616	1,661,334

Financial Covenants included in both loan agreements contain the following restrictions:

The Borrower shall ensure that from the Effective Date for as long as the Facility is available, the Interest Cover at the last day of the Measurement Period is not less than 3. Vodafone Libertel B.V. complies with this condition.

No guarantees have been given for these loans.

#### **Note 18. Other non-current liabilities**

The amount of other non-current liabilities is the non-current part of the deferred revenue and consists of fixed line revenue deferrals.

#### **Note 19. Trade payables**

The trade and other payables mainly consist of amounts we owe to our suppliers that have been invoiced or are accrued.

Trade payables are not interest bearing and are stated at their nominal value. The carrying amounts approximate their fair value, which is classified as level 3.

The average credit period on purchases is 60.3 days (FY2015: 64.5 days). In some cases interest is charged on overdue trade payables.

#### **Note 20. Deferred revenue**

	<u>At March 31</u>	<u>2015</u>
	<u>2016</u>	<u>2015</u>
Bundle-roll-over .....	1,918	2,669
Unused portion of prepaid airtime cards .....	23,100	31,616
Other .....	<u>19,025</u>	<u>8,381</u>
Total Deferred revenue .....	44,043	42,666

#### **Note 21. Provisions**

A provision is a liability recorded in the statement of financial position, where there is uncertainty over the timing or amount that will be paid, and is therefore often estimated. The main provisions we hold are in relation to restructuring, claims for legal and regulatory matters, asset restoration obligations, which include the cost of returning network infrastructure sites to their original condition at the end of the lease, and other (onerous shop rental contracts).

	<u>Restructuring</u>	<u>Legal</u>	<u>ARO</u>	<u>Other Provisions</u>	<u>Total</u>
At April 1, 2015 .....	5,533	2,839	18,536	924	27,832
Additions .....	4,184	—	217	169	4,570
Used .....	(2,126)	(1,100)	(217)	(83)	(3,526)
Released .....	(3,296)	(1,097)	—	(841)	(5,234)
Changes in estimates .....	<u>—</u>	<u>—</u>	<u>(968)</u>	<u>—</u>	<u>(968)</u>
At March 31, 2016 .....	4,295	642	17,568	169	22,674

Of the total provisions €5.1 million (March 31, 2015: €9.6 million) is expected to be settled within one year and €17.6 million (March 31, 2015: €18.2 million) is expected to be settled thereafter.

## Restructuring

The addition to the restructuring provision mainly relates to individual cases. The usage of the restructuring provision mainly relates to severance payments for employees who left Vodafone as a result of previous restructuring programmes. The restructuring release pertains largely to a redundancy related provision for which the legal term expired in FY2016 and the provision was not used.

Of the restructuring provision, an amount of €4.3 million has a term of less than one year (FY2015: €5.4 million), €0 million of provisions has a term of between one and five years (FY2015: €0.1 million).

## Legal

The legal provision represents a provision for certain legal claims brought against the company by customers and others. During the year the Company settled legal claims for an amount of €1.1 million including legal and interest costs. In the management's opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at March 31, 2016.

Of the legal provision, an amount of €0 million has a term of less than one year (FY2015: €1.9 million), €0.6 million of provisions has a term of between one and five years (FY2015: €0.9 million).

## Asset retirement obligations

In the course of the Companies activities, a number of sites and other assets are utilised which are expected to have costs associated with de-commissioning. The associated cash outflows are substantially expected to occur at the dates of exit of the assets to which they relate, which are long-term in nature, primarily in periods up to 25 years from when the asset is brought into use.

The Asset Retirement Obligations provision (ARO) recognised represents the best estimate of the expenditure required to settle the present obligation at the current balance sheet date. Based on the current business conditions and market developments, the assumptions on the estimated cost of removal and the discount rate (FY2016: 2.0%, FY2015: 2.0 %) for the ARO provision have been updated. The main assumptions of calculation for the asset retirement obligations relate to the estimated costs of removal, discount rate and estimated period of removal, which vary per type of asset. Each of these parameters has an impact on the change in estimates.

The asset retirement obligations at March 31, 2016 amounted to €17.6 million (FY2015: €18.5 million), of which €0.6 million (FY2015: €1.4 million) has a term of less than one year.

## Other provisions

Of the Other provision, the entire amount of €0.2 million has a term of less than one year (FY2015: €0.9 million).

## Note 22. Accrued expenses and other liabilities

	At March 31 2016	2015
Accrued compensation and related benefits .....	24,808	35,086
Accrued capital expenditure .....	34,820	25,708
Accrued customer and dealer bonuses and promotions .....	36,100	37,554
Network operating accruals .....	19,942	33,493
Value added taxes and other taxes payable .....	55,320	54,956
Other .....	63,033	92,200
Total .....	234,023	278,997

## Note 23. Commitments and contingencies

### Guarantees

At March 31, 2016 Vodafone had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business Vodafone has given, as at March 31, 2016, guarantees amounting to €1.7 million (March 31, 2015: €2.0 million).



## Operating lease commitments

Vodafone leases its facilities, fixed lines, cars and certain (computer) equipment under operating contracts. At March 31, the minimum lease commitments are as follows:

	<b>At March 31</b>	
	<b>2016</b>	<b>2015</b>
<b>Lease commitments</b>		
Within one year . . . . .	46,731	46,454
In more than one year but less than five years . . . . .	102,395	106,846
In more than five years . . . . .	<u>59,695</u>	<u>54,479</u>
Total Lease commitments . . . . .	208,821	207,779

Operating lease and rental expenses amounted to €68.1 million for the year ended March 31, 2016 (March 31, 2015: €65.4 million) and are included in Cost of sales and Operating expenses. Renewal options exist and they depend upon the contractual agreements. There are no restrictions imposed on dividends, borrowings or further leasing nor the obligation or option to purchase.

## Commitments for handset purchases, operating expenditure and capital expenditure

Handset purchase committed to at the statement of financial position date but not recognised in the Financial Statements at March 31, 2016 totalled €311.7 million (March 31, 2015: €506.2 million).

Operating expenditure committed to at the statement of financial position date but not recognised in the Financial Statements at March 31, 2016 totalled €80.0 million (March 31, 2015: €79.0 million).

Capital expenditure committed to at the statement of financial position date but not recognised in the Financial Statements at March 31, 2016 totalled €50.0 million (March 31, 2015: €98.0 million).

All these commitments are expected to materialise within one year.

## Litigation

Vodafone is, from time to time, involved as plaintiff or defendant in litigation arising in the normal course of business. Except for litigation for which provisions have been made, the Management Board feels that there is no reason to assume that other claims will entail any material risk to the financial position of Vodafone.

Vodafone Libertel B.V. has claimed damages from KPN for damages due to delaying the introduction of nationwide Vodafone Thuis.

## Fiscal unity

Vodafone Libertel B.V., its parent company Vodafone International Holdings B.V., Vodafone Holdings (SA) Proprietary Limited, Vodafone Panafon International Holdings B.V., mITE Systems B.V. (as of January 1, 2016) and Vodafone Europe B.V. form a fiscal unity for Dutch corporate income tax purposes. Vodafone Europe B.V. is head of this fiscal unity. Consequently, the companies included in the fiscal unity are jointly and severally liable for the tax liabilities in the fiscal entity. As for the VAT there is no fiscal unity applicable.

## Note 24. Related party transactions

Balances and transactions between Vodafone Libertel B.V. and its subsidiary, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

## Related party transactions

As at March 31, 2016 the shareholder of the Company is Vodafone International Holdings B.V. (100%), an affiliate of Vodafone Group Plc., a UK company specialised in mobile communication. Vodafone Group Plc. is the Company's ultimate controlling party.

Transactions were carried out with related parties relating to purchases of network assets, maintenance, equipment, roaming agreements, IT-services and insurance. During the financial year (affiliates of) Vodafone Group Plc. charged an amount of €433.3 million (FY2015: €448.1 million). The transactions were carried out at arm's length.

During the financial year the Company charged an amount of €49.2 million to (affiliates of) Vodafone Group Plc. (FY2015: €29.0 million), relating to research and development costs, seconded personnel and the global IP network. These transactions were carried out at arm's length.

As at March 31, 2016 the Company had debtors of €191.3 million (March 31, 2015: €196.1 million), creditors of €150.0 million (March 31, 2015: €119.1 million) and long-term loans of €1,596.6 million (March 31, 2015: €1,661.3 million) with (affiliates of) Vodafone Group Plc.

#### Remuneration of the Management board and Supervisory Board

For the remuneration of the members of the Management Board and Supervisory Board reference is made to Note 4 (Remuneration of the Management Board and Supervisory Board).

#### Loans to the Management Board and Supervisory Board

No loans were granted to members of the Management Board and the Supervisory Board during the years ended March 31, 2016 and 2015 respectively.

#### Loans to employees

No loans have been granted to current or former employees of the company during the years ended March 31, 2016 and 2015 respectively.

### Note 25. Financial instruments

The carrying amount of the following financial assets and liabilities approximate their fair value and are classified as level 3: cash and cash equivalents, trade receivables, trade payables, loans, prepaid expenses and other receivables.

### Note 26. Business Combinations

On September 30, 2015, the Company acquired 100% of the outstanding ordinary shares and obtained control of mITE Systems B.V. mITE specialises in the consultancy, sales, implementation and support of Enterprise Mobility Management (EMM). EMM is the overarching term for managing and securing mobile devices in a corporate environment, for instance using software such as Airwatch. With this acquisition, Vodafone wants to strengthen its position in the enterprise market for mobile and integrated telecom services. Enterprise customers can now turn to one provider for the combination of all these services with one single point of contact, one service agreement and one invoice. The acquisition of mITE fits in our Enterprise mission to unleash the potential of Mobile Working to the fullest. mITE focuses on sme as well as large enterprises.

As a result of the acquisition Vodafone has become owner of mITE Systems B.V.. At this point in time mITE Systems B.V. will continue as a separate legal entity, controlled by Vodafone Libertel B.V., to keep focus on putting the technical building blocks in place to deliver the Vodafone ambitions in EMM.

The total consideration paid in cash for mITE Systems B.V. is €2.8 million.

The table below presents the fair value of the assets acquired and the liabilities assumed at the acquisition date.

	<u>At Sept 30, 2015</u>
Deferred tax assets . . . . .	—
Inventory . . . . .	—
Property, plant and equipment . . . . .	134
Identifiable intangible assets . . . . .	5
Receivables . . . . .	641
Cash . . . . .	580
Financial liabilities . . . . .	<u>(1,093)</u>
Total identifiable net assets . . . . .	267

Based on the aforementioned the goodwill amounts to €2.5 million. The goodwill is primarily related to the acquisition of the workforce of mITE and synergies expected to be achieved from integrating mITE within the Telecom sector. The fair value is represented as above.

Furthermore, the net cash outflow can be retrieved as follows:

	<u>At Sept 30, 2015</u>
Goodwill .....	2,507
Net assets acquired including Cash .....	267
Cash acquired in mITE Systems B.V. ....	<u>(580)</u>
Net cash outflow for acquisition .....	2,194

The revenue included in the consolidated statement of total comprehensive income since September 30, 2015 contributed by mITE Systems B.V. was €1.3 million. mITE Systems B.V. contributed a profit of €0.6 million over the same period. The earn-out FY16 regarding mITE Systems B.V. is €0.3 million.

#### **Note 27. Independent auditor's remuneration**

The company used the exemption from disclosing the independent auditor's remuneration based on Dutch law article 382a paragraph 3. The financial statements of the company and its group companies are included in the consolidated financial statements of Vodafone Group Plc. which include the independent auditor's remuneration and are available on the company's website ([www.vodafone.com](http://www.vodafone.com)).

Vodafone Libertel B.V.

Company Financial Statements FY2016

Company Income Statement  
(In thousands of EURO)

	For the year ended 31 March	
	2016	2015
Net profit/(loss) from Subsidiaries after taxation . . . . .	728	(3,783)
Other income and expenses after taxation . . . . .	64,948	77,733
<b>Result for the year . . . . .</b>	<b>65,676</b>	<b>73,950</b>



Company Balance Sheet  
(In thousands of EURO, before appropriation of result)

	Notes	At March 31	
		2016	2015
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill .....		157,077	154,570
Other intangible assets .....		1,365,185	1,481,021
Property, plant and equipment .....		1,040,772	976,205
Deferred tax asset .....		7,330	6,513
Other receivables .....		15,519	12,630
Investments in Subsidiaries .....	3	860	601
Total non-current assets .....		<b>2,586,743</b>	<b>2,631,540</b>
<b>Current assets</b>			
Trade receivables .....		112,458	113,725
Inventory .....		31,260	31,278
Prepaid expenses and other receivables .....	4	162,874	126,084
Receivables from affiliated companies .....		191,340	196,094
Cash and cash equivalents .....		17,441	30,567
Income tax receivable .....		—	306
Total current assets .....		<b>515,373</b>	<b>498,054</b>
<b>Total assets</b> .....		<b><u>3,102,116</u></b>	<b><u>3,129,594</u></b>

Company Balance Sheet (Continued)  
(In thousands of EURO, before appropriation of result)

		At March 31	
	Notes	2016	2015
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	5	93,750	93,750
Share premium	5	108,886	108,886
Legal reserves	5	18,259	11,344
Other reserves	5	641,920	575,514
Result for the year	5	65,676	73,950
<b>Total Group equity</b>		<b>928,491</b>	<b>863,444</b>
<b>Provisions</b>			
Deferred tax liability		1,525	3,373
Other Provisions	6	22,674	27,833
Total Provisions		24,199	31,206
<b>Long-Term liabilities</b>			
Loan due to Group companies		1,596,616	1,661,334
Non-current liabilities		8,964	—
Total Long-Term liabilities		1,605,580	1,661,334
<b>Current liabilities</b>			
Trade payables		116,904	133,361
Deferred revenue		43,378	42,666
Accrued expenses and other liabilities	7	233,558	278,552
Income tax payable		—	(110)
Payables to affiliated companies		150,006	119,141
Total current liabilities		543,846	573,610
<b>Total liabilities</b>		<b>2,173,625</b>	<b>2,266,150</b>
<b>Total equity and liabilities</b>		<b>3,102,116</b>	<b>3,129,594</b>

## **Notes to the Company Financial Statements**

### **General information**

In accordance with article 362 sub 8 Part 9 of Book 2 of the Dutch Civil Code, we have prepared our Company financial statements in accordance with the accounting principles as applied in the consolidated financial statements, except for the accounting for investments in subsidiaries. Investment in subsidiaries is stated at net equity value as the Company effectively exercises control over the operational and financial activities of these investments. The net equity value is determined on the basis of the IFRS accounting principles applied by the Company in its consolidated financial statements.

In accordance with article 402 Part 9 of Book 2 of the Dutch Civil Code the Company Income Statement is presented in abbreviated form.

## Notes to the Company Financial Statements

### Note 1. Remuneration of the Management Board and Supervisory Board

Reference is made to Note 4 of the Consolidated Financial Statements.

### Note 2. Personnel costs

At March 31, 2016 the Company employed 3,176 full-time equivalents excluding contractors (March 31, 2015: 3,036). At March 31, 2016 the Company employed 3,643 people excluding contractors (March 31, 2015: 3,512).

### Note 3. Investments in Subsidiaries

For the Accounting for Subsidiaries, reference is made to the Significant accounting policies in the Consolidated Financial Statements.

A summary of the movements in the investments in subsidiaries is given below:

	2016	2015
At April 1, 2015 .....	601	—
Acquisition Nexxt Group B.V. ....	—	344
Acquisition mITE Systems B.V. ....	267	—
Legal Merger Wiericke B.V. ....	—	4,040
Legal Merger Nexxt Group B.V. ....	(736)	—
Profit/(loss) for the year .....	728	(3,783)
At March 31, 2016 .....	860	601

At March 31, 2016 the Company had the following principal subsidiaries:

Name	Principal activity	Country	% shareholding
mITE Systems B.V. ...	Operating company mobile device management	Netherlands	100%

mITE Systems B.V.

On 30 September 2015, Vodafone Libertel B.V. acquired the entire share capital of mITE Systems B.V. for cash consideration of € 2.8 million. The acquisition of mITE fits in our Enterprise mission to unleash the potential of Mobile Working to the fullest

The net identifiable assets of mITE Systems B.V. at acquisition date amount to €0.3 million. During the remainder of the financial year mITE Systems B.V. realised a profit of €0.6 million. This profit is added to the 'investments in subsidiaries'.

### Note 4. Prepaid expenses and other receivables

	At March 31	
	2016	2015
Prepayments .....	50,727	26,674
Unbilled revenue .....	104,882	88,192
Capitalised future discounts .....	940	3,571
Other .....	6,325	7,647
Total .....	162,874	126,084

**Note 5. Company Statement of changes in Shareholders' Equity**

	Share Capital	Share premium	Legal reserves	Other reserves	Result for the year	Total
Balance at March 31, 2014	93,750	108,886	8,155	657,943	121,769	990,503
Total attributable to owners of the company	—	—	—	(201,009)	—	(201,009)
Share-based payment costs	—	—	—	2,416	—	2,416
Exercised share based payments	—	—	—	(3,425)	—	(3,425)
Dividends paid	—	—	—	(200,000)	—	(200,000)
Appropriation of profit for the year	—	—	3,189	118,580	(121,769)	—
Profit for the year	—	—	—	—	73,950	73,950
Other comprehensive income	—	—	—	—	—	—
Balance at March 31, 2015	93,750	108,886	11,344	575,514	73,950	863,444
Total attributable to owners of the company	—	—	—	(629)	—	(629)
Share-based payment costs	—	—	—	2,812	—	2,812
Exercised share based payments	—	—	—	(3,441)	—	(3,441)
Dividends paid	—	—	—	—	—	—
Appropriation of profit for the year	—	—	—	73,950	(73,950)	—
Additions to the legal reserves	—	—	6,915	(6,915)	—	—
Profit for the year	—	—	—	—	65,676	65,676
Other comprehensive income	—	—	—	—	—	—
Balance at March 31, 2016	93,750	108,886	18,259	641,920	65,676	928,491

At March 31, 2016 and March 31, 2015 the par value of the ordinary shares of Vodafone Libertel B.V. is €0.30 per ordinary share. All issued shares (312,500,002) are fully paid up.

**Note 6. Other provisions**

Of the total other provisions €5.1 million (March 31, 2015: €9.6 million) is expected to be settled within one year and €17.6 million (March 31, 2015: €18.2 million) is expected to be settled thereafter. The nature of the provisions is disclosed in note 21 in the consolidated annual report.

**Note 7. Accrued expenses and other liabilities**

	At March 31	
	2016	2015
Accrued compensation and related benefits	24,729	34,899
Accrued capital expenditure	34,820	25,708
Accrued customer and dealer bonuses and promotions	36,100	37,554
Network operating accruals	19,800	33,493
Value added taxes and social securities	55,056	54,792
Other	63,053	92,106
Total	233,558	278,552

**Note 8. Commitments and contingencies****General**

Reference is made to Note 23 of the consolidated financial statements.

**Guarantees**

A declaration of liability as referred to in Article 403, Book 2, Title 9 of the Netherlands Civil Code has been issued by Vodafone Libertel B.V. on behalf of mITE Systems B.V. per September 30, 2015. On this basis, Vodafone Libertel B.V. is jointly and severally liable for any commitments ensuing from legal transactions of mITE systems B.V.

**Fiscal unity**

Vodafone Libertel B.V., its parent company Vodafone International Holdings B.V., Vodafone Holdings (SA) Proprietary Limited, Vodafone Panafon International Holdings B.V. and Vodafone Europe B.V. form a fiscal unity for Dutch corporate income tax purposes. Vodafone Europe B.V. is head of this fiscal unity. Consequently, the companies included in the fiscal unity are jointly and severally liable for the tax liabilities in the fiscal entity. As for the VAT there is no fiscal unity applicable.



## **Signing of the Financial Statements**

Maastricht, July 5, 2016

The Management Board

The Supervisory Board

R. Shuter  
(until June 30, 2016)

E. de Rijk

C. Velthuis

R. Schellekens

B. de Ridder-Jongerden

E. Tournon

## **Other Information**

### **Independent Auditor's Report**

Reference is made to the independent auditor's report as included on page 76.

### **Subsequent Events**

Subsequent events have been evaluated by the Company until the date of issuance of this annual report FY2016. There are no material subsequent events at the date of issuance of this annual report FY2016.

### **Result Appropriation Provision**

The appropriation of results takes place in accordance with Article 32 of the Articles of Association. Under this provision the Management Board, under approval of the Supervisory Board is authorised to reserve amounts of the result for the year as stated in the statement of comprehensive income. The remaining amount is at the disposal of the General Meeting of Shareholders.

### **Appropriation of the Result for the year ended March 31, 2015**

The annual report FY2015 was approved in the general meeting of shareholders held on October 29, 2015. The general meeting of shareholders has approved the proposed appropriation of the result for the year ended March 31, 2015 to the other reserves.

### **Proposed appropriation of the Result for the year ended March 31, 2016**

The Management Board proposed, with approval of the Supervisory Board, to add the result for the year ended March 31, 2016 to the other reserves. This proposal has not yet been incorporated in the Financial Statements.

### **Registered Office Address**

The registered office address of Vodafone Libertel B.V. is:

Avenue Céramique 300  
6221 KX Maastricht  
The Netherlands



### *Independent auditor's report*

To: the general meeting of Vodafone Libertel B.V.

### *Report on the financial statements 2015/2016*

#### *Our opinion*

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Vodafone Libertel B.V. as at 31 March 2016 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Vodafone Libertel B.V. as at 31 March 2016 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### *What we have audited*

We have audited the accompanying financial statements 2015/2016 of Vodafone Libertel B.V., Maastricht ('the company'). The financial statements include the consolidated financial statements of Vodafone Libertel B.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2016;
- the following statements for 2015/2016: the consolidated statement of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 March 2016;
- the company profit and loss account for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

*Ref.: eo383356*

*PricewaterhouseCoopers Accountants N.V., Flight Forum 840, 5657 DV Eindhoven, P.O. Box 6365,  
5600 HJ Eindhoven, The Netherlands*

*T: +31 (0) 88 792 00 40, F: +31 (0) 88 792 94 13, [www.pwc.nl](http://www.pwc.nl)*

'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At [www.pwc.nl](http://www.pwc.nl) more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.



### ***The basis for our opinion***

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section ‘Our responsibilities for the audit of the financial statements’ of our report.

We are independent of Vodafone Libertel B.V. in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten’ (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Responsibilities of the management board and the supervisory board***

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company’s financial reporting process.

### ***Our responsibilities for the audit of the financial statements***

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

### ***Report on other legal and regulatory requirements***

#### ***Our report on the management board report and the other information***

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and the other information):

- we have no deficiencies to report as a result of our examination whether the management 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 by Part 9 of Book 2 of the Dutch Civil Code has been annexed;
- we report that the management board report, to the extent we can assess, is consistent with the financial statements.

Eindhoven, 5 July 2016

PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.H.M. van Bree RA

Vodafone Libertel B.V. – Ref.: e0383356



***Appendix to our auditor's report on the financial statements 2015/2016 of Vodafone Libertel B.V.***

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

***The auditor's responsibilities for the audit of the financial statements***

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.

- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Vodafone Libertel B.V.**

For the year ended March 31, 2015



## Contents

<b>Consolidated Financial Statements FY2015</b> .....	<b>F-151</b>
Consolidated Statement of Total Comprehensive Income .....	<b>F-152</b>
Consolidated Statement of Financial Position .....	F-153
Consolidated Statement of Changes in Equity .....	F-155
Consolidated Statement of Cash Flows (according to the indirect method) .....	F-156
Notes to the Consolidated Financial Statements .....	F-157
<b>Company Financial Statements FY2015</b> .....	<b>F-190</b>
Company Income Statement .....	F-191
Company Balance Sheet .....	F-192
Notes to the Company Financial Statements .....	F-194
<b>Independent Auditor's Report</b> .....	<b>F-199</b>

**Vodafone Libertel B.V.**

Consolidated Financial Statements FY2015

Consolidated Statement of Total Comprehensive Income  
(In thousands of EURO)

	Notes	2015	2014*
Revenue .....	1	1,872,453	1,892,602
Cost of sales .....	2,3	(1,321,409)	(1,305,576)
Gross profit .....		551,044	587,026
Operating expenses			
Sales and marketing .....	3	(245,549)	(196,916)
General and administrative .....	3,4	(176,338)	(185,192)
Total operating expenses .....		(421,887)	(382,108)
Operating profit .....		129,157	204,918
Finance income .....	5	350	428
Finance costs .....	5	(21,167)	(20,802)
Profit before taxation .....		108,340	184,544
Income tax .....	6	(34,390)	(62,775)
Results for the year .....		73,950	121,769
Other comprehensive income .....		—	—
<b>Total comprehensive income for the year .....</b>		<b>73,950</b>	<b>121,769</b>

\* Changes were made to 2014, Refer to the Significant Accounting Policies in the Notes to the Financial Statements

The notes on page F-173 to F-189 are an integral part of these consolidated financial statements.

Vodafone Libertel B.V.

Consolidated Statement of Financial Position  
(In thousands of EURO, before appropriation of result)

	Notes	At March 31	
		2015	2014*
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill .....	7	154,570	151,105
Other intangible assets .....	7	1,481,021	1,609,845
Property, plant and equipment .....	8	976,352	860,744
Deferred tax asset .....	6	6,530	4,649
Other non-current receivables .....	9	7,460	10,115
<b>Total non-current assets .....</b>		<b>2,625,933</b>	<b>2,636,458</b>
<b>Current assets</b>			
Trade receivables .....	10	114,632	95,876
Inventory .....	11	31,433	23,728
Prepaid expenses and other receivables .....	12	111,023	142,872
Receivables from affiliated companies .....	12	196,094	389,707
Cash and cash equivalents .....	13	30,877	10,449
Income tax receivable .....		306	307
<b>Total current assets .....</b>		<b>484,365</b>	<b>662,939</b>
<b>Total assets .....</b>		<b>3,110,298</b>	<b>3,299,397</b>

\* Changes were made to positions at March 31, 2014 Refer to the Significant Accounting Policies in the Notes to the Financial Statements

The notes on page F-173 to F-189 are an integral part of these consolidated financial statements.

Vodafone Libertel B.V.

Consolidated Statement of Financial Position (Continued)  
(In thousands of EURO, before appropriation of result)

	Notes	At March 31	
		2015	2014*
<b>Equity and liabilities</b>			
<b>Group equity</b>			
Share capital	14	93,750	93,750
Share premium	14	108,886	108,886
Legal reserves	14	11,344	8,155
Other reserves	14	575,514	657,943
Result for the year	14	73,950	121,769
<b>Total Group equity</b>		<b>863,444</b>	<b>990,503</b>
<b>Non-current liabilities</b>			
Deferred tax liability	6	3,374	5,479
Provisions	20	18,190	26,240
Loans due to Group companies	17	1,661,334	1,721,962
Other non-current liabilities		—	38
<b>Total non-current liabilities</b>		<b>1,682,898</b>	<b>1,753,719</b>
<b>Current liabilities</b>			
Trade payables	18	133,739	103,908
Deferred revenue	19	42,666	50,577
Provisions	20	9,642	17,282
Accrued expenses and other liabilities	21	258,767	259,268
Payables to affiliated companies		119,142	124,140
<b>Total current liabilities</b>		<b>563,956</b>	<b>555,175</b>
<b>Total liabilities</b>		<b>2,246,854</b>	<b>2,308,894</b>
<b>Total equity and liabilities</b>		<b>3,110,298</b>	<b>3,299,397</b>

\* Changes were made to positions at March 31, 2014 Refer to the Significant Accounting Policies in the Notes to the Financial Statements

The notes on page F-173 to F-189 are an integral part of these consolidated financial statements.

Vodafone Libertel B.V.



Consolidated Statement of changes in Equity  
(In thousands of EURO)

	<u>Share Capital</u>	<u>Share premium</u>	<u>Legal reserves</u>	<u>Other reserves</u>	<u>Result for the year</u>	<u>Total</u>
Balance at March 31, 2013 .....	93,750	108,886	4,351	395,993	267,255	870,235
Total attributable to owners of the company .....	—	—	—	(1,501)	—	(1,501)
Share-based payment costs* .....	—	—	—	3,062	—	3,062
Exercised share based payments .....	—	—	—	(4,563)	—	(4,563)
Dividends paid .....	—	—	—	—	—	—
Appropriation of profit for the year .....	—	—	3,804	263,451	(267,255)	—
Profit for the year .....	—	—	—	—	121,769	121,769
Other comprehensive income .....	—	—	—	—	—	—
Balance at March 31, 2014** .....	93,750	108,886	8,155	657,943	121,769	990,503
Total attributable to owners of the company .....	—	—	—	(201,009)	—	(201,009)
Share-based payment costs* .....	—	—	—	2,416	—	2,416
Exercised share based payments .....	—	—	—	(3,425)	—	(3,425)
Dividends paid .....	—	—	—	(200,000)	—	(200,000)
Appropriation of profit for the year .....	—	—	3,189	118,580	(121,769)	—
Profit for the year .....	—	—	—	—	73,950	73,950
Other comprehensive Income .....	—	—	—	—	—	—
Balance at March 31, 2015 .....	93,750	108,886	11,344	575,514	73,950	863,444

\* this pertains to shares in Vodafone Group Plc

\*\* Changes were made to the balance at March 31 2014 Refer to the Significant Accounting Policies in the Notes to the Financial Statements

The notes on page F-173 to F-189 are an Integral part of these consolidated financial statements.

Vodafone Libertel B.V.

Consolidated Statement of Cash Flows (according to the indirect method)  
(In thousands of EURO)

	Note	At March 31	
		2015	2014
Operating Profit .....		129,157	204,918
Add back			
Share based payment costs .....	3, 14	2,416	3,062
Depreciation and amortisation .....	7, 8	366,383	355,057
Loss on disposal .....	7, 8	17,107	6,632
Impairment .....	7, 8	14,270	—
Cash flows from Operating Activities before WC movements .....		529,333	569,669
(Inc)/dec in trade receivables .....	10	(18,756)	19,023
(Inc)/dec in inventory .....	11	(7,631)	12,772
Dec/(Inc) in deposit with Vodafone International Holdings BV. ....	12	207,842	(152,880)
Dec/(Inc) in prepaid expenses and other receivables .....	9, 12	21,210	(3,220)
Inc/(dec) in trade payables .....	18	29,038	(8,366)
(Dec)/inc in deferred revenue .....	19	(7,911)	2,620
(Dec)/inc in provisions .....	20	(15,689)	(8,459)
(Dec)/inc in accrued expenses and other liabilities .....	21	(5,154)	(12,069)
Cash generated from Operating Activities .....		732,282	419,090
Income tax paid .....	6	(38,475)	(54,032)
<b>Net cash flows generated by operating activities .....</b>		<b>693,807</b>	<b>365,058</b>
Investing activities			
Net cash outflow on acquisition of subsidiaries .....	25	(3,648)	(5,098)
Payment of intangible assets .....	7	(81,588)	(70,933)
Payment of tangible assets .....	8	(302,728)	(200,448)
<b>Net cash flows used in investing activities .....</b>		<b>(387,964)</b>	<b>(276,479)</b>
Financing activities			
Redemption of loans to third-parties .....	9	(164)	(1,283)
Redemption of loans due to Group Companies .....	17	(80,000)	(80,000)
Exercised share based payments .....	14	(3,424)	(4,563)
Dividends paid .....		(200,000)	—
Interest paid .....	5	(2,177)	162
Interest received .....	5	350	428
<b>Net cash flows used in financing activities .....</b>		<b>(285,415)</b>	<b>(85,256)</b>
<b>Net increase in cash and cash equivalents .....</b>		<b>20,428</b>	<b>3,323</b>
Cash and cash equivalents at 1 April .....	13	10,449	7,126
Cash and cash equivalents 31 March .....	13	30,877	10,449

The notes on page F-173 to F-189 are an integral part of these consolidated financial statements.

Vodafone Libertel B.V.

## **Notes to the Consolidated Financial Statements**

### **General information**

Vodafone Libertel B.V. (“the Company” or “Vodafone”), incorporated in the Netherlands, started its activities in 1994. The principal activity of Vodafone is the operation of mobile telecommunication services in the Netherlands. Principal shareholder of the Company is Vodafone International Holdings B.V., a subsidiary of Vodafone Group Plc. (the ultimate parent company, a UK company specialised in mobile communication), who owned 100% of the outstanding shares of Vodafone Libertel B.V. per March 31, 2015 (March 31.2014: 100%). The registered address of the Company is Avenue Céramique 300,6221 KX Maastricht.

On March 15, 1995, the Company was awarded a licence to operate a GSM network in the Netherlands for a period of 15 years. The network started operations in September 1995 following the completion of the first stage of the installation of the network. National coverage was achieved in October 1996. In August 2000 the Company acquired a license to operate a UMTS network in the Netherlands for a period of 16 years. The network started operations in February 2004.

In December 2012 the Company participated in the Telecom licence auction and successfully acquired the licence to continue its operation of the network for a period of 17 years.

On March 12, 2015, Wiericke B.V. (a 100% subsidiary) legally merged with Vodafone Libertel B.V., whereby Vodafone Libertel B.V. was the remaining entity. Wiericke B.V., and its subsidiaries operate under the brand names Multivisie.TV, GlasOperator, IGilde, Winitu and Wisper, is a service provider offering triple play fibre broadband services (internet, television, telephony) for consumers.

Vodafone Libertel B.V. is the parent company of Nexct Group B.V.

These financial statements have been authorised for issue by the Management Board on September 30, 2015.

### **Statement of Compliance**

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and comply with the financial reporting requirements included in Part 9, Book 2 of the Dutch Civil Code. The Financial Statements are prepared on a going concern basis.

### **Basis of preparation**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. A discussion on the Group’s critical accounting judgements and key sources of estimation uncertainty is detailed below. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The accounts in the consolidated financial statements are stated in thousands of euro, unless stated otherwise. The financial year covers the period April 1, 2014 – March 31, 2015.

IFRS requires the Directors to adopt accounting policies that are the most appropriate to the Company’s circumstances. In determining and applying accounting policies, Directors and management are required to make judgements in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the Company’s reported financial position, results or cash flows; it may later be determined that a different choice may have been more appropriate.

Management has identified accounting estimates and assumptions relating to revenue recognition, taxation, business combinations and goodwill, finite lived intangible assets, property, plant and equipment, post-employment benefits, provisions and contingent liabilities and impairment that it considers to be critical due to their impact on the Company’s financial statements. These critical accounting judgements, assumptions and related disclosures have been discussed with the Company’s Audit and Risk Committee.

In accordance with article 402 Part 9 of Book 2 of the Dutch Civil Code the Company Income Statement is presented in abbreviated form.

## Significant accounting policies

### Comparability

In FY2015, Vodafone noted that certain supplier rebates received had previously not been recorded in the appropriate period. These rebates relate to purchase discounts received from suppliers for handhels sold and contribution to marketing expenses. Adjustment of the timing of recognition of these rebates to the period in which the related handhels were sold or the marketing expenses had been incurred has resulted in adjustments being made to the comparable FY2014 figures. The impact is shown in the table below:

<i>For the year 2014</i>	<i>Annual Report FY2014</i>	<i>Annual Report FY2015</i>
<b>Consolidated Statement of Total Comprehensive Income</b>		
<b>(In thousands of EURO)</b>		
Cost of Sales .....	(1,317,534)	(1,305,576)
Sales and marketing .....	(199,821)	(196,916)
Income tax .....	(59,059)	(62,775)
Profit for the year .....	110,620	121,769
<b>Consolidated Statement of Financial Position</b>		
Accrued expenses and other liabilities .....	270,417	259,268
Total shareholders' equity .....	979,354	990,503

Please note the the Consolidated Statement of Financial Position at April. 1 2013 has not changed.

An amount of €0.4 million related to foreign exchange gains. which was previously reported under General and administrative, is now presented under Finance costs in the Consolidated Statement of Total Comprehensive Income in the comparative FY2014 figures.

Within the Consolidated Statement of Financial Position, Trade payables decreased with €0.3 million in the comparative FY2014 figures as a result of the following two reclassifications. An amount of €12.7 million has been reclassified from trade payable to payables to affiliated companies, while an amount of €12.3 million has been reclassified from trade payable to receivables from affiliated companies.

To provide increased insight into the nature of Vodafone activities, the following presentation adjustments have been made in relation to Note 2 in FY2014. An amount of €65.3 million has been reclassified from Other direct costs to Wages and salaries including contractors. an amount of €43.3 million has been reclassified from Other direct costs to Fixed Line costs and an amount of € 26.6 million has been reclassified from Other direct costs to equipment and accessories.

The following presentation adjustment has been made in relation to Note 17 regarding loans. The fair value of the non-current borrowings related to Vodafone Europe B.V. at March 31 FY2014 has been adjusted from €405.4 million to €325.4 million. The carrying amount of the non-current borrowings at March 31 FY2014 remained unchanged (€ 325.2 million).

In relation to the legal reserves in the Consolidated Statement of changes in Equity, the following presentation reclassification has been made. The legal reserve has been specified for €11.3 million and €8.2 million for FY2015 and FY2014 respectively. Previously this was included in the Other Reserves. The other reserves have therefore been updated from €666.1 million to € 657.9 million in the comparative FY2014 figures.

### New accounting pronouncements adopted

On April 1, 2014, the Company adopted new accounting policies to comply with amendments to: The following pronouncements which are potentially relevant to the Company have been issued by the IASB or the IFRIC, are effective for annual periods beginning on or after January 1, 2014 and have been endorsed for use in the EU unless otherwise stated:

- Amendment to IAS 32. "Offsetting financial assets and financial liabilities".
- Amendment to IAS 36 'Impairment of Assets' has been amended regarding disclosure requirements for the recoverable amount of non-financial assets. Certain disclosure requirements of the recoverable amount of the cash-generating units have been removed from IAS 36 since these are now covered by IFRS 13. The impact was limited and isolated to disclosures only.

- Amendments to IAS 39 “Novation of derivatives and continuation of hedge accounting”.
- Amendments to IFRS 10 ‘Consolidated Financial Statements’ establishes a single control model that applies to all entities including special purpose entities. This new standard had no impact on Vodafone.
- Amendments to IFRS 11 ‘Joint Arrangements’ classifies joint arrangements either as joint operation or joint venture by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. This new standard had no impact on Vodafone.
- Amendments to IFRS 12 ‘Disclosures of interests in Other Entities’ includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. It is the complement of IFRS 10 and IFRS 11. The impact was limited and isolated to disclosures only.

These changes have no material impact on the consolidated results, financial position or cash flows of the Company.

New accounting pronouncements to be adopted on April 1, 2015

The following pronouncements which are potentially relevant to the Company have been issued by the IASB or the IFRIC, are effective for annual periods beginning on or after 1 January 2015 and have been endorsed for use in the EU unless otherwise stated:

- Amendments to “Improvements to IFRS 2010 to 2012 cycle” and “Annual Improvements to IFRSs 2011-2013 Cycle”, elements are effective for the annual period beginning on or after July 1, 2014. All the amendments will be adopted by the Company from April 1, 2015.

For periods commencing on or after April 1, 2015, the Company’s financial reporting will be presented in accordance with the new standards above which are not expected to have a material impact on the consolidated results, financial position or cash flows of the Company.

New accounting pronouncements to be adopted on or after April 1, 2016

The following pronouncements which are potentially relevant to the Company have been issued by the IASB or the IFRIC, are effective for annual periods beginning on or after January 1, 2016 and which have not yet been endorsed by the EU:

- Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Arrangements”
- Amendment to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation”
- Amendment to IAS 10 & IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- “Improvements to IFRS 2012-2014 Cycle”
- Amendment to IAS 1 “Disclosure initiative”
- IFRS 9 “Financial Instruments - replaces IAS 39”

The Company is currently assessing the impact of the above new pronouncements on its results, financial position and cash flows.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

Control is achieved when the Company;

- has power over the whole investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.



The company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including;

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements, and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or Loss and comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

#### Accounting for Subsidiaries and Business Combinations

A subsidiary is an entity controlled by the Company.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in the statement of comprehensive income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of 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 statement of comprehensive income.

In the case of negative equity at a subsidiary, Vodafone provides for the negative investment

#### Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably estimated.

## Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss when the asset is derecognised.

## Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Vodafone's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (hereafter, CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill Impairment reviews are undertaken annually or more frequently If events or changes in circumstances indicate a potential impairment. The carrying value of the CGU is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately and permanently as an expense against the goodwill.

## Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, Intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

## Intangible assets with a finite life

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation and any impairments. The amortisation period and method is reviewed at least annually. 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 are treated as changed in accounting estimates.

## Licence and spectrum fees

License and spectrum fees are stated at acquisition cost, less accumulated amortisation and impairments. Amortisation periods for licence and spectrum fees are determined primarily by reference to the unexpired licence period, the conditions for licence renewal and whether licences are dependent on specific technologies. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives from the moment the asset is available for use in the manner intended by management.

## Computer software

Computer software comprises computer software purchased from third parties and internally developed software. Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Software integral to a related item of hardware equipment is accounted for as property, plant and equipment. Costs associated with maintaining computer software programs are recognised as an expense when they are incurred.

Internally developed software is recognised only if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the software asset so that it will be available for use or sale
- The intention to complete the software and use or sell it

- The ability to use or sell the software
- How the software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software
- The ability to measure reliably measured the expenditure attributable to the software during its development

Amortisation is charged to the statement of total comprehensive income on a straight-line basis over the estimated useful lives from the date the software is available for use.

#### Brands

Other intangible assets including brands and customer bases are recorded at fair value at the date of acquisition. Amortisation is charged to the statement of total comprehensive income, over the estimated useful lives of intangible assets from the date they are available for use, on a straight-line basis. The amortisation basis adopted for each class of intangible asset reflects the Company's consumption of the economic benefits.

#### Estimated useful lives

The estimated useful lives of intangible assets with a finite life are as follows:

<u>Category</u>	<u>Estimated useful life</u>
Licence fee .....	4 - 17 years
Software .....	3 - 5 years
Brand .....	3 years

The amortisation expense on intangible assets is recognised in the statement of total comprehensive income in the expense category consistent with the function of the intangible asset.

#### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairments if any. Depreciation is calculated on the straight-line method based on the estimated useful lives of the related assets. Assets acquired during the financial year are depreciated from the time of initial use. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The following table presents the estimated useful lives of the Company's property, plant and equipment:

<u>Category</u>	<u>Estimated useful life</u>
Buildings .....	25 years
Network assets	
Site construction .....	15 years
Computer hardware .....	3 - 5 years
Network fixtures and fittings .....	5 - 10 years
Network software and other equipment .....	5 - 8 years
Other assets	
Office furniture and fittings .....	5 - 8 years
Test equipment and mobile phones .....	2 - 3 years
Other computer hardware and software .....	3 - 5 years

The depreciation expense on property, plant and equipment is recognised in the statement of total comprehensive income in the expense category consistent with the function of the property, plant and equipment.

Land is not depreciated as it is deemed to have an indefinite life.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

The gain and loss arising on disposal or retirement of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of total comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The impairment charge, if any, is recorded in the statement of comprehensive income consistent with the function of the property, plant and equipment.

#### Asset Restoration Obligation

A provision has been recorded based on the best estimate of future restoration costs to be incurred in relation to existing network infrastructure of site leases. Upon recognition of this provision, a corresponding tangible fixed asset has been recorded. This is depreciated over its useful life, which does not exceed the remaining lease term.

#### Derecognition of tangible assets

A tangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a tangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss when the asset is derecognised.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

#### Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the

carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

#### Inventory

Inventories consist mainly of handsets and related equipment. Inventories are stated at the lower of cost or net realisable value. Cost is determined on the basis of moving average price and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventory provision is calculated using an appropriate and consistently applied methodology based on forecast handset sales, subject to a minimum level of provision calculated as follows: Four months after the introduction of a handset into a market, all handset inventories in excess of the lower of the previous four months' historical sales and four months' forecast sales demand, are fully provided for, with the carrying value written down to zero.

#### Trade receivables and other receivables

Trade and other receivables do not carry any interest and are stated initially at fair value and subsequently measured at amortised cost and reduced by appropriate allowances for estimated irrecoverable amounts. An allowance for irrecoverable trade and other receivables is established if the collection of a receivable becomes doubtful. The carrying amounts of trade and other receivables approximate their fair value and are predominantly non-interest bearing.

Such receivable becomes doubtful when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and estimated future cash flows. An impairment loss is recognised in the statement of total comprehensive income, as are subsequent recoveries of previous impairments.

Trade receivables and other receivables are expected to be recovered within 12 months after the reporting period and classified as current assets.

Since April 2008, the Company started factoring certain accounts receivable balances. The accounts receivable balances are de-recognised when the rights to receive cash flows have been transferred and the Company has transferred substantially all risks and rewards of ownership. This has been in place till December 2014.

#### Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist primarily of cash on hand, bank deposits, net of bank overdrafts. In the Statement of Financial Position, the bank overdrafts if any are included in the current liabilities. Cash and cash equivalents are highly liquid with original maturities of three months or less.

#### Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.



A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing the main features to those affected by it. The measurement of the restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

The legal Provision is based on an estimate of the costs, taking into account legal advice and information currently available.

#### Long-term loans

Long-term loans are recognised initially at fair value, net of transaction costs incurred. Long-term loans are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of total comprehensive income over the period of the borrowings using the effective interest method. The commitment fee will be added to the balance as if it were an advance quarterly in arrears during the term of the facility if not paid when due, the first such payment to be made within 30 days of the next calendar quarter-end date.

#### Revenue

Revenue is recognised to the extent the Company has delivered goods or rendered services under an agreement, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is measured at the fair value of the consideration received, exclusive of sales taxes and discounts.

The Company principally obtains revenue from providing the following telecommunication services: access charges, airtime usage, messaging, interconnect fees, data services, fixed lines services and information provision, triple play, connection fees and equipment sales. Products and services may be sold separately or in bundled packages.

Revenue for access charges, airtime usage and messaging by contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

Revenue from interconnect fees is recognised at the time the services are performed.

Revenue from data services and information provision is recognised when the Company has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Company as commission for facilitating the service.

Customer connection revenue is recognised together with the related equipment revenue to the extent that the aggregate equipment and connection revenue does not exceed the fair value of the equipment delivered to the customer. Any customer connection revenue not recognised together with related equipment revenue is deferred and recognised over the period in which services are expected to be provided to the customer.

Revenue from device sale is recognised when the device is delivered, being the transfer of significant risks and rewards, to the end customer. For device sales made to intermediaries, revenue is recognised if the significant risks and awards associated with the device are transferred to the intermediary and the intermediary has no general right of return. If the significant risks are not transferred, revenue recognition is deferred until sale of the device to an end customer by the intermediary or the expiry of the right of return.

In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met: (1) the deliverable has value to the customer on a stand-alone basis and (2) there is evidence of the fair value of the item. The arrangement consideration is allocated to each separate unit of accounting based on its relative fair value.

### Gross versus net presentation

When the Company sells goods or services as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Company sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned. The assessment of gross or net presentation is performed by the Companies based on the best judgment of the relevant facts and circumstances.

Whether the Company is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Company and its business.

### Cost of Sales

Expenditure on cost of sales activities are recognised as an expense in the period in which they are incurred.

### Commissions

Intermediaries are given cash incentives by the Company to connect new customers and retain existing customers. For intermediaries who do not purchase products and services from the Company, such cash incentives are accounted for as an expense. Such cash incentives to other intermediaries are also accounted for as an expense if:

- The Company receives an identifiable benefit in exchange for the cash incentive that is separable from sales transactions to that intermediary; and
- The Company can reliably estimate the fair value of that benefit.

Cash incentives that do not meet these criteria are recognised as a reduction of the related revenue.

### Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

### Operational expenditure

Expenditure on operational activities, including but not limited to payroll are recognised as expenses in the period in which the costs are incurred.

### Post-employment benefits

The Company operates various pension schemes. The schemes are generally funded through payment to insurance companies or trustee administered funds, determined by periodic actuarial calculations. The Company has defined contribution plans for a vast majority (99.9%) of all employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

### Interest expenses

Interest expenses which arise from interests due on intercompany loans, interests paid to external vendors for overdue payments and interests on taxation charges, are recognised as an expense in the period in which it they incurred.

### Foreign currencies translation

Items included in the consolidated financial statements as well as the financial statements of each entity are measured using the currency of their primary economic environment, which is Euro (=the functional and presentation currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income as part of 'finance costs or income'.

The exchange differences on monetary items are recognised in the statement of Total Comprehensive Income in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the costs of those assets when they are regarded as an adjustment to interest costs on these foreign currency borrowings
- Exchange differences on transactions entered into in order to hedge certain foreign currency risk

Exchange differences from or payable to a foreign operation for which settlement is neither planned nor likely to occur.

#### Derivative financial instruments

The Company's activities expose it to the financial risks of changes in foreign exchange rates which it manages using derivative financial instruments.

The use of financial derivatives, mainly forward contracts, is limited and governed by Vodafone Group's policies approved by the Board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. Changes in values of all derivatives of a financing nature are included in the statement of comprehensive income. The Company does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date.

#### Taxation

Income tax expense represents the sum of the current income tax and deferred tax including prior year adjustments.

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date (25% on both March 31, 2015 and March 31, 2014). The above also applies for the deferred tax.

Deferred tax is recognised based on differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. As a result of the fiscal unity Vodafone Libertel B.V. does not pay any corporate income tax directly to the Dutch Tax Authorities and tax related cash flows are settled in a current account with Vodafone Europe B.V., the head of the fiscal unity.

Stock option rights, performance share awards

Vodafone Group Plc. has employee equity-settled share-based payment plans (stock option plans, performance share awards) in which employees of the Company are granted equity instruments of Vodafone Group Plc. The arrangements are equity-settled share-based payment plans in the financial statements of the Company.

Vodafone Group Plc. has an intragroup recharge arrangement to allocate the cost of the employee share-based payment plans to the Company at the date of exercise of the equity Instruments. The amount of that recharge is offset against the capital contribution arising for the share-based payment in the financial statements of the Company. If the amount of the recharge exceeds the capital contribution, that excess is accounted for as a distribution from the Company to Vodafone Group Plc.

Vodafone Group Plc. issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by deducting the present value of expected dividend cash flows over the life of the awards from the share price as at the grant date.

Some share awards have an attached market condition, based on total shareholder return ('TSR'), which is taken into account when calculating the fair value of the share awards. The valuation for the TSR is based on Vodafone's ranking within the same group of companies, where possible, over the past five years.

For current stock option plans and share awards, costs relating to the grant of these plans are expensed over the vesting period and credited to the Other Reserves within Shareholders' Equity. At time of exercise the exercise price is debited to the Other Reserves.

## **Financial Risk Management**

Financial risk factors

Vodafone's activities are exposed to a variety of financial risks: Credit risk, liquidity risk and market risk (including currency risk).

Vodafone's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by a Vodafone Group Plc. treasury department ("Group treasury") under policies approved by the Vodafone Group board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating entities. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and investment of excess liquidity

## Financial instruments

Financial instruments carried on the Statement of financial position include cash and cash equivalents, trade receivables, trade payables, other payables, loans, prepaid expenses and other receivables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. It is management's objective to minimize financial risks.

### Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to business and private individual customers, including outstanding receivables and committed transactions. Pursuant to the policy of managing credit risk to certain counterparties, we try to limit our maximum exposure, based on the financial strength and risk of non-payment of those counterparties. Credit risk on our trade receivables is controlled based on restrictive policies for customer acceptance. If business customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, credit assessment assesses the credit quality of these customers, taking into account past experience and other factors. Individual risk limits are set based on internal or external credit bureaus ratings in accordance with our Credit Policy. High and abnormal usage is regularly monitored. Sales to private individual customers are settled in cash (prepaid) or mainly by direct debit (Postpaid).

The receivables from the private individual customers that are in default are treated according to the credit policy. Customers that continue not to pay, are in the end disconnected and sold to an external debt collection agency.

### Concentration of credit risk

Financial Instruments that potentially subject Vodafone to credit risk consist primarily of cash and cash equivalents and trade receivables. Vodafone grants credit to customers in the ordinary course of business. Due to the large volume and diversity of Vodafone's customer base, concentrations of credit risk with respect to trade receivables are limited. The management board believes there is no additional credit risk provision required in excess of the provision for doubtful debtors (see Note 10).

### Maximum exposure to credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets including cash, which amounts to €437.0 million as per March 31, 2015 (€637.0 million as per March 31, 2014). Vodafone does not hold any collateral as security.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Vodafone Group treasury's approach to manage liquidity is to ensure to have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Vodafone's reputation.

## Market Risk Management

### Foreign exchange risk

Vodafone mainly operates on the Dutch market, but is exposed to foreign exchange risk arising from various currency exposures from transactions with Group companies.

Management believes the maximum exposure to foreign exchange risk for Vodafone is not material.

No hedging of foreign exchange risk is applicable.

### Capital risk management

Vodafone's objectives when managing capital is to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Vodafone's overall strategy remains unchanged from the previous year.



In order to maintain or adjust the capital structure, Vodafone may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Vodafone is not subject to any externally imposed capital requirements.

### **Critical accounting estimates**

The Company prepares its consolidated financial statements in accordance with IFRS as adopted by the EU and part 9 of the Dutch Civil code, the application of which often requires judgements to be made by management when formulating the Company's financial position and results. Under IFRS, the directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company; it may later be determined that a different choice would have been more appropriate.

Management considers that certain accounting estimates and assumptions relating to revenue, taxation, business combinations, intangible assets (goodwill and finite lived assets), property plant and equipment, provisions and contingent liabilities and impairment are its critical accounting estimates.

#### **Impairment of goodwill and other intangible assets**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management board to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

#### **Revenue recognition**

##### **Arrangements with multiple deliverables**

In revenue arrangements including more than one deliverable, the deliverables are assigned to one of more separate units of accounting and the arrangement consideration is allocated to each unit of accounting based on its relative fair value.

Determining the fair value of each deliverable can require complex estimates due to the nature of goods and services provided. The Company generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a standalone basis after considering volume discounts where appropriate.

#### **Gross versus net presentation**

When the Group sells goods or services as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned.

Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows.

#### **Taxation**

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves, if applicable, a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits, losses and/or cash flows. Payments in respect of tax liabilities for an accounting period are made by payments on account and on the final resolution of open items.

As a result there can be substantial differences between the tax charge in the consolidated statement of comprehensive income and tax payments. This is explicitly clarified in Note 6 in the 2<sup>nd</sup> paragraph if applicable as then the effective tax rate differs from the nominal effective tax rate.

#### Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

#### Goodwill

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Allocation of the purchase price affects the results of the Company as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

#### Finite lived intangible assets

Finite lived intangible assets include the Company's aggregate amount spent on the acquisition of licences and spectrum, computer software, customer bases and development costs. These assets arise from both separate purchases and from acquisition as part of business combinations, and are amortised based on the Companies best estimate of the useful economic lifespan.

#### Estimation of useful life

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the most significant categories of intangible assets is as follows:

##### Licenses and spectrum fees

The estimated useful life is generally the term of the license unless there is a presumption of renewal at negligible cost. The licence term ranges from 4-17 years. Using the licence term reflect the period over which the Company will receive economic benefit. Historically changes to the estimated useful lives have not resulted in material changes to the Company's amortisation charge.

##### Capitalised software

The useful life is determined by management at the time the software is acquired or internally developed and brought into use and is regularly reviewed for appropriateness. For computer software licenses, the useful life represents management's view of the expected term over which the Company will receive benefits from the software, but not exceeding the licence term. The useful is between 3-5 years. Historically changes to the estimated useful lives have not resulted in material changes to the Company's amortisation charge.

##### Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

#### Estimation of useful life

The depreciation charge is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result

in a reduced depreciation charge. The useful lives and residual values of the Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology. Furthermore, network infrastructure is only depreciated over a period that extends beyond the expiry of the associated licence under which the Company provides telecommunication services if there is a reasonable expectation of renewal or an alternative future use for the asset. Historical changes in useful lives and residual values have not resulted in material changes to the Company's depreciation charge.

#### Asset Restoration Obligation

A provision has been recorded based on the best estimate of future restoration costs to be incurred in relation to existing network infrastructure of site leases. Upon recognition of this provision, a corresponding tangible fixed asset has been recorded. This is depreciated over its useful life, which does not exceed the remaining lease term.

#### Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposure to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (see Note 22 to the consolidated financial statements).

The legal provision represents a provision for certain legal claims brought against the company by customers and others. Vodafone has prevailed itself to use the provision in IAS 37, paragraph 92 not to disclose the legal provisions specifically due to the sensitive nature.

Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

## Notes to the Consolidated Financial Statements

### Introduction

The Financial Statements and accompanying Notes to the Financial Statements are stated in thousands of Euro, unless indicated otherwise.

### Note 1. Revenue

	At March 31	
	2015	2014
Access fees .....	1,130,078	1,044,155
Airtime and usage .....	592,499	674,258
Sale of Goods .....	124,656	148,698
Connection fees and other .....	25,220	25,491
Total Revenue .....	1,872,453	1,892,602

### Note 2. Cost of sales

	At March 31	
	2015	2014
Interconnect costs .....	143,716	158,959
Leased line rental costs .....	44,836	42,758
Service provider support and dealer commissions .....	190,409	181,357
Equipment and accessories .....	336,064	368,302
Amortisation of license fees and customer related software .....	193,017	186,983
Depreciation of land and buildings and network assets .....	159,260	144,768
Disposal of network assets .....	18,205	4,549
Wages and salaries including contractors and travel ...	73,483	65,279
Fixed line costs .....	51,917	43,280
Other direct costs .....	110,502	109,341
	1,321,409	1,305,576

The amortisation of licence fees and customer related software Includes an impairment of customer related software of €10.5 million (FY2014: no impairment). Included In the depreciation of land and buildings and network assets there is also an impairment of Euro €3.8 million (FY2014: no impairment). The disposals of network assets pertains to losses due to assets in the network which are no longer in use.

As a result of applying the supplier rebates to the appropriate period, Cost of sales (equipment and accessories) have been decreased in FY14 with €11,9 million.

### Note 3. Personnel costs

	At March 31	
	2015	2014
Salaries and wages .....	141,824	135,415
Social security costs .....	23,414	22,035
Pension costs .....	11,304	9,352
Termination benefits .....	1,244	6,326
Share based payment costs .....	2,416	3,062
Total employee costs .....	180,202	176,190
Costs temporary staff and contractors .....	16,729	9,001
Total personnel costs .....	196,931	185,191

Total personnel costs are included in Cost of sales (€66.8 million included in Wages and salaries including contractors and travel, FY2014: €59.8 million) and In Operating expenses (€98.2 million Sales and marketing expenses, FY2014: €95.7 million and €31.9 million General and administrative expenses, FY2014 €29.7 million).

The average number of employees excluding contractors (full-time equivalents) was as follows:

	At March 31	
	2015	2014
Sales and Marketing .....	1,636	1,594
Technical .....	552	433
Customer Services .....	808	739
Other .....	261	234
Total Average number of FTE's .....	3,257	3,000

At March 31, 2015 the Company employed 3,069 full-time equivalents excluding contractors (March 31, 2014: 2,931). At March 31, 2015 the Company employed 3,546 people excluding contractors (March 31, 2014: 3,486).

#### Note 4. Remuneration of the Management Board and Supervisory Board

Remuneration Management Board (key management)

The remuneration and pension costs of current and former members of the total Management Board amounted to €4.8 million (FY2014: €4.2 million), of which €1.6 million for the Statutory Management Board (FY2014: €1.4 million).

The overview below provides information on the remuneration of the Management Board in total for FY 2015.

	Short-term employee benefits	Post-employment benefits	Share based payments	Total
Statutory Management .....	1,016	35	541	1,592
Other Management .....	2,112	195	944	3,251
Total Management .....	3,128	230	1,485	4,843

The overview below provides information on the remuneration of the Management Board in total for FY 2014.

	Short-term employee benefits	Post-employment benefits	Share based payments	Total
Statutory Management .....	948	47	443	1,438
Other Management .....	1,924	226	587	2,737
Total Management .....	2,872	273	1,030	4,175

The crisis tax is excluded in the remuneration of the Management Board over FY2015 as this is no longer imposed by the Dutch tax authorities. In FY2014 the crisis tax was €0.3 million, of which €0.2 million was related to the Statutory Management Board.

Stock option rights on ordinary shares of Vodafone Group Plc for the Management Board

In the financial year FY2015, no stock option rights on ordinary shares Vodafone Group Plc. were granted to members of the Management Board. In previous years members of the Management Board were granted stock option rights on ordinary shares in Vodafone Group Plc. These stock option rights were granted under the Vodafone Group 1998 Share save Scheme and the Vodafone Group Plc. 1999 Long-Term Stock Incentive Plan. The Vodafone Group Plc. 1999 Long-Term Stock Incentive Plan includes the Global Employee Option Plan.

Under the Vodafone Group Plc. 1999 Long-Term Stock Incentive Plan, options were granted at an exercise price equal to the market value of the shares on the day prior to the date of grant of the options. Exercise of these options is subject to achievement of a performance condition. These stock options have a ten year term and vesting will be after three years with the opportunity to measure performance again after years four and five from a fixed base year. To the extent that the performance condition has not been satisfied at the end of the five-year performance period, the options will forfeit.

At March 31, 2015 current and former members of the Management Board held 18,049 stock option rights on ordinary shares Vodafone Group Plc. at a weighted average exercise price of £1.75 (March 31, 2014: 18,049 stock option rights on ordinary shares Vodafone Group Plc. at a weighted average exercise price of £1.75).



The summary below provides information on option holdings of current and former members of the Management Board as a whole.

	<u>Statutory Management</u>		<u>Other Management</u>		<u>Total Management</u>	
	<u>Number of options</u>	<u>Average exercise price (in GBP)</u>	<u>Number of options</u>	<u>Average exercise price (in GBP)</u>	<u>Number of options</u>	<u>Average exercise price (in GBP)</u>
Number of stock options at April 1, 2014 . . . . .	—	—	18,049	1.75	18,049	1.75
Stock options exercised . . . . .	—	—	—	—	—	—
Stock options forfeited . . . . .	—	—	—	—	—	—
Movement former / newly appointed members . . .	—	—	—	—	—	—
Number of stock options at March 31, 2015 . . . . .	—	—	18,049	1.75	18,049	1.75

#### Share awards over Vodafone Group Plc. Shares for the Management Board

In the financial year members of the Management Board received share awards of 864,965 ordinary shares Vodafone Group Plc. (FY2014 share awards of 569,930 ordinary shares in Vodafone Group Plc.).

Under the Vodafone Group Long-Term Incentive Plan, share awards confer a contingent right to receive Vodafone Group shares after a three-year period.

The summary below provides information on shares awarded under the Vodafone Group Long-Term Stock Incentive Plan over ordinary shares in Vodafone Group Plc.:

	<u>Statutory Management</u>	<u>Other Management</u>	<u>Total Management</u>
Number ordinary shares at April 1, 2014 . . . . .	999,132	1,147,305	2,146,437
Granted . . . . .	469,057	476,304	945,361
Sold . . . . .	(70,541)	(374,164)	(444,705)
Forfeited . . . . .	(245,700)	(165,853)	(411,553)
Movement former / newly appointed members . . . .	(136,486)	238,220	101,734
Number of ordinary shares at March 31, 2015 . . . . .	1,015,462	1,321,812	2,337,274

The total P&L effect of the share based payments is €2.4 million (March 31, 2014: €3.1 million).

#### Remuneration Supervisory Board

The remuneration of the members of the Supervisory Board amounted to nil (FY2014: nil). At March 31, 2015 the members of the Supervisory Board held no ordinary shares of Vodafone Libertel B.V. (March 31, 2014: nil). Within Vodafone Group no expenses have been recharged to Vodafone Libertel B.V. for the members of the Supervisory Board.

#### Note 5. Finance income and costs

	<u>At March 31</u>	
	<u>2015</u>	<u>2014</u>
Finance income		
External Finance income . . . . .	19	6
Group Companies income . . . . .	331	422
Total Finance Income . . . . .	350	428
Finance costs		
External interest costs . . . . .	(2,043)	(517)
Group Companies interest costs . . . . .	(18,990)	(20,691)
Net Foreign Exchanges (losses) / gains . . . . .	(134)	406
Total Finance costs . . . . .	(21,167)	(20,802)
Net total Finance costs . . . . .	(20,817)	(20,374)

## Note 6. Income tax

Vodafone Libertel B.V., its parent company Vodafone International Holdings B.V., Vodafone Holdings (SA) Proprietary Limited, Vodafone Holdings Europe B.V., Vodafone Panafon International Holdings B.V. and Vodafone Europe B.V. form a fiscal unity for corporate Income tax purposes. Vodafone Europe B.V. is head of this fiscal unity. Consequently, the companies included in the fiscal unity are jointly and severally liable for the tax liabilities in the fiscal unity. Vodafone Libertel B.V. reimburses Vodafone Europe B.V. for any tax paid which is attributable to Vodafone Libertel B.V. Likewise if the taxable profits of Vodafone Libertel B.V. are sheltered by utilisation of tax losses attributable to other entities in the fiscal unity then there is a reimbursement for the tax value linked to the losses utilised. As a result of the fiscal unity Vodafone Libertel B.V. does not pay any tax directly to the Dutch Tax Authorities and tax related cash flows are settled in a current account with Vodafone Europe B.V. Please note that Nexct Group B.V. is not included in the fiscal unity for corporate income tax purposes although on 1 July 2015, a request has been granted to include Nexct Group B.V. in the fiscal unity as per 1 April 2015.

The company Wiericke B.V. was included in the fiscal unity as per 1 April 2014, but merged as disappearing company with Vodafone Libertel B.V. retroactively with effect from the same date.

The components of income tax as shown in the statement of total comprehensive income are as follows:

	<b>At March 31</b>	
	<b>2015</b>	<b>2014</b>
Current taxes .....	39,261	64,611
Current taxes prior year .....	(930)	(42)
Deferred taxes .....	<u>(3,941)</u>	<u>(1,794)</u>
Taxation shown in the statement of comprehensive income ..	34,390	62,775

As a result of applying the supplier rebates to the appropriate period, current taxes in FY14 increased with €3.7 million.

The reconciliation between income tax as shown in the statement of total comprehensive income, based on the effective tax rate, and the tax expense based on the domestic tax rate, is as follows:

	<b>At March 31</b>	
	<b>2015</b>	<b>2014</b>
Income tax expense (current and deferred) based on average domestic rate of 25% .....	27,085	46,136
Permanent differences .....	<u>7,305</u>	<u>16,639</u>
Taxation shown in the statement of comprehensive income ..	34,390	62,775

The permanent differences between the nominal and effective tax rate relate mainly to a transfer pricing adjustment regarding transactions with a related party in Luxemburg and the tax treatment of share based payments.

Maturity of deferred taxes is as follows:

	<b>At March 31</b>	
	<b>2015</b>	<b>2014</b>
Deferred tax assets		
- Deferred tax assets to be recovered after more than 12 months .....	5,101	3,945
- Deferred tax assets to be recovered within 12 months .....	<u>1,429</u>	<u>704</u>
Total Deferred tax assets .....	<u>6,530</u>	<u>4,649</u>
Deferred tax liabilities		
- Deferred tax liabilities to be recovered after more than 12 months .....	(1,530)	(3,367)
- Deferred tax liabilities to be recovered within 12 months ....	<u>(1,844)</u>	<u>(2,112)</u>
Total Deferred tax liabilities .....	<u>(3,374)</u>	<u>(5,479)</u>
Deferred tax (net) .....	3,156	(830)

The movement during the year in the deferred tax liability is as follows:

	<u>2015</u>	<u>2014</u>
At April 1 .....	(5,479)	(8,772)
Deferred income tax recognised in the statement of comprehensive income .....	2,096	3,293
Deferred tax acquired through business combinations .....	<u>9</u>	<u>—</u>
At March 31 .....	(3,374)	(5,479)

The deferred tax liabilities mainly relate to intangible assets (license fee).

The movement during the year in the deferred tax asset is as follows:

	<u>2015</u>	<u>2014</u>
At April 1 .....	4,649	5,412
Deferred income tax recognised in the statement of comprehensive income .....	1,843	(1,499)
Deferred tax acquired through business combinations .....	<u>38</u>	<u>736</u>
At March 31 .....	6,530	4,649

The deferred tax assets mainly relate to differences in commercial and fiscal valuation of provisions, depreciation periods for property, plant and equipment.

Deferred tax assets and Liabilities in respect of continuing operations, before offset of balances, as of March 31, 2015, are as follows:

	<u>Gross deferred tax assets</u>	<u>Gross deferred tax liabilities</u>	<u>Net recognised tax assets / liabilities</u>	<u>Amount (credited) in statement of comprehensive income</u>
Mainly different tax depreciation				
UMTS .....	—	(3,363)	(3,363)	(1,843)
Other long-term timing differences .....	5,101	(6)	5,095	—
Other short-term timing differences .....	<u>1,429</u>	<u>(5)</u>	<u>1,424</u>	<u>(2,098)</u>
	6,530	(3,374)	3,156	(3,941)

Deferred tax assets and liabilities in respect of continuing operations, before offset of balances, as of March 31, 2014, are as follows:

	<u>Gross deferred tax assets</u>	<u>Gross deferred tax liabilities</u>	<u>Net recognised tax assets / liabilities</u>	<u>Amount (credited) in statement of comprehensive income</u>
Accelerated tax Depreciation				
UMTS .....	—	(5,204)	(5,204)	(2,527)
Other long-term timing differences .....	3,945	(275)	3,670	(767)
Other short-term timing differences .....	<u>704</u>	<u>—</u>	<u>704</u>	<u>1,500</u>
	4,649	(5,479)	(830)	(1,794)

## Note 7. Intangible assets

	<u>Licence fee</u>	<u>Software</u>	<u>Brand</u>	<u>Goodwill</u>	<u>Total</u>
At March 31, 2013					
Balance at cost .....	2,171,051	557,997	9,200	178,498	2,916,746
Accumulated Amortisation and impairment .....	<u>(594,393)</u>	<u>(398,801)</u>	<u>(5,111)</u>	<u>(31,892)</u>	<u>(1,030,197)</u>
Net book value .....	1,576,658	159,196	4,089	146,606	1,886,549
Additions (at cost) .....	—	70,933	—	—	70,933
Acquisitions through business combinations .....	—	906	—	4,499	5,405
Amortisation .....	(137,855)	(60,448)	(3,067)	—	(201,370)
Disposals (at cost) .....	(75,561)	(567)	—	—	(76,128)
Amortisation on disposals .....	75,561	—	—	—	75,561
Impairment .....	—	—	—	—	—
Net movement .....	<u>(137,855)</u>	<u>10,824</u>	<u>(3,067)</u>	<u>4,499</u>	<u>(125,599)</u>
At March 31, 2014					
Balance at cost .....	2,095,490	629,269	9,200	182,997	2,916,956
Accumulated Amortisation and impairment .....	<u>(656,687)</u>	<u>(459,249)</u>	<u>(8,178)</u>	<u>(31,892)</u>	<u>(1,156,006)</u>
Net book value .....	1,438,803	170,020	1,022	151,105	1,760,950
Additions (at cost) .....	—	81,588	—	—	81,588
Acquisitions through business combinations .....	—	—	—	3,465	3,465
Amortisation .....	(137,961)	(59,732)	(1,022)	—	(198,715)
Disposals (at cost) .....	—	(4,699)	—	—	(4,699)
Amortisation on disposals .....	—	3,515	—	—	3,515
Impairment (at cost) .....	—	(18,945)	—	—	(18,945)
Impairment (accumulated depreciation) .....	—	8,432	—	—	8,432
Net movement .....	<u>(137,961)</u>	<u>10,159</u>	<u>(1,022)</u>	<u>3,465</u>	<u>(125,359)</u>
At March 31, 2015					
Balance at cost .....	2,095,490	687,213	9,200	186,462	2,978,365
Accumulated Amortisation and impairment .....	<u>(794,648)</u>	<u>(507,034)</u>	<u>(9,200)</u>	<u>(31,892)</u>	<u>(1,342,774)</u>
Net book value .....	1,300,842	180,179	(0)	154,570	1,635,591

The opening balance of the Balance at costs and Accumulated Depreciation have been adjusted in the categorizations, this has no impact on the net book value.

Intangible assets include assets under construction amounting to €21.0 million for FY2015, relating to software development on IT projects (FY2014: €61.0 million). These assets have not been amortised yet and are presented under software.

Employment costs of Vodafone's employees directly related to internal software development have been partially capitalised for the amount of €6.2 million. These employment costs have a book value of €11.3 million and €8.2 million for the years ended March 31, 2015 and 2014 respectively.

Amortisation of License Fees (FY2015: €138.0 million, FY2014: €137.9 million) and customer related Software (FY2015: €54.0 million, FY2014: €49.0 million) is included in the line Cost of Sales in the statement of comprehensive income. Amortisation of Brand (FY2015: €1.0 million, FY2014: €3.1 million) and administrative Software (FY2015: €5.7 million, FY2014: €11.4 million) is Included in the line General and administrative expenses in the statement of comprehensive income

The amortisation of Licence fees and customer related software includes an impairment of customer related software of € 10.5 million (FY2014: no impairment).

There are no restrictions on titles of intangible assets and intangible assets are not pledged as security for liabilities.

## Impairment test for goodwill

Goodwill has been allocated for impairment testing purposes to the following cash-generating units (hereafter: CGU's):

- Consumer
- Enterprise

The CGUs correspond to the different business units.

The carrying amount of goodwill is allocated to cash-generating units as follows.

	<b>At March 31</b>	
	<b>2015</b>	<b>2014</b>
Consumer (hereafter CBU) . . . . .	99,335	99,335
Enterprise (hereafter EBU) . . . . .	55,235	51,770
Total . . . . .	154,570	151,105

Goodwill arising on the acquisition of Next Group B.V. (€3.464 million) is fully allocated to Enterprise (see also note 25).

The recoverable amount of all CGUs has been determined on value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management and are also used for internal purposes. Goodwill is impaired if the recoverable amount of the cash-generating unit to which it is allocated is lower than the book value of the cash-generating unit concerned including goodwill. A detailed review has been performed of the recoverable amount of each cash-generating unit.

Key assumptions used in the cash flow projections are long-term growth rate, estimated EBITDA, estimated capital expenditures and the post-tax risk adjusted discount rate used for discounting the cash flow projections. The cash flow projections for the first five years are management's best estimate based on the most recent business plans and historical growth rates and EBITDA margin.

The table below shows<sup>2</sup> the key assumptions used in the value-in-use calculations.

	<b>Consumer %</b>	<b>Enterprise %</b>
Pre-tax risk adjusted discount rate . . . . .	8.7	8.7
Long-term growth rate . . . . .	0.5	0.5
Budgeted EBITDA <sup>1</sup> . . . . .	-0.6	1.1
Budgeted Capital expenditure <sup>2</sup> . . . . .	10.5-16.5	12.3-19.6

### Notes

- 1) Budgeted EBITDA is expressed as the compound growth rates in the initial five years used for impairment testing
- 2) Budgeted capital expenditure is expressed as the range of capital expenditure as a percentage of revenues in the initial five years used for impairment testing



## Note 8. Property, plant and equipment

	<u>Land and buildings</u>	<u>Network assets</u>	<u>Other assets</u>	<u>Total</u>
<b>At March 31, 2013</b>				
Balance at costs .....	13,131	1,805,100	143,712	1,961,943
Accumulated depreciation and impairment .....	(6,494)	(1,026,297)	(112,728)	(1,145,519)
Net book value .....	6,637	778,803	30,984	816,424
Additions (at cost) .....	—	191,754	8,694	200,448
Additions ARO (at cost) .....	—	2,684	—	2,684
Acquisitions through business combinations .....	—	20	921	941
Depreciation .....	(436)	(144,332)	(8,919)	(153,687)
Disposals (at cost) .....	(3)	(51,638)	(10,205)	(61,846)
Depreciation on disposals .....	—	47,217	8,563	55,780
Impairment .....	—	—	—	—
Net movement .....	(439)	45,705	(946)	44,320
<b>At March 31, 2014</b>				
Balance at cost .....	13,128	1,947,920	143,122	2,104,170
Accumulated depreciation and impairment .....	(6,930)	(1,123,412)	(113,084)	(1,243,426)
Net book value .....	6,198	824,508	30,038	860,744
Additions (at cost) .....	—	302,281	6,804	309,085
Additions ARO (at cost) .....	—	267	—	267
ARO changes in Estimates .....	—	(6,625)	—	(6,625)
Acquisitions through business combinations .....	—	227	—	227
Depreciation .....	(433)	(155,294)	(11,941)	(167,668)
Disposals (at cost) .....	(175)	(200,161)	(1,416)	(201,752)
Depreciation on disposals .....	21	184,724	1,086	185,831
Impairment (at cost) .....	—	(7,466)	—	(7,466)
Depreciation on impairment .....	—	3,709	—	3,709
Net movement .....	(587)	121,662	(5,467)	115,608
<b>At March 31, 2015</b>				
Balance at cost .....	12,953	2,036,443	148,510	2,197,906
Accumulated depreciation and impairment .....	(7,342)	(1,090,273)	(123,939)	(1,221,554)
Net book value .....	5,611	946,170	24,571	976,352

The opening balance of the Balance at costs and Accumulated Depreciation have been adjusted to correctly represent disposals from prior years. This has no impact on the net book value.

The Company recognised losses on disposals amounting to €15.9 million for the year ended March 31, 2015 (€6.1 million for the year ended March 31, 2014), of which €14.5 million is included in the line Cost of Sales, €1.1 million in the line General and administrative operating expenses and €0.3 million in the line Sales and marketing in the statement of total comprehensive income.

Property, plant and equipment include assets under construction amounting to €56.5 million for the year ended March 31, 2015, relating to IT projects and investments in the network assets (March 31, 2014: €47.7 million). These assets have not been depreciated yet. Other assets include Leasehold improvements, Inventory, furniture in shops, Computers and Staff phones.

In FY2015 an amount of €7.2 million (FY2014: €3.8 million) of employment costs in relation to Vodafone's employees directly related to the rollout of the network and IT projects have been capitalised.

Depreciation is included in the line Cost of Sales for Land and Buildings (FY2015: €0.4 million, FY2014: €0.4 million) and Network Assets (FY2015: €155.3 million, FY2014: €144.3 million) and in the line General and administrative expenses for Other Assets (FY2015: €11.9 million, FY2014: €8.9 million) in the statement of total comprehensive income.

Included in the network assets there is also an impairment of Euro €3.8 million (FY2014: no impairment) for hardware related to the impaired customer related software. The disposals of network assets pertains to losses due to assets in the network which are no longer in use.

There are no restrictions on title of property, plant and equipment and property, plant and equipment is not pledged as security for liabilities.

#### Financial leases

Vodafone Libertel B.V. has two financial leases for dark fiber connections to sites. Both of these leases have been prepaid fully at inception of the lease contract, therefore Vodafone Libertel B.V. has no liabilities recorded. The carrying value of these assets is €11.5 million and €6.7 million for the years ended March 31, 2015 and 2014 respectively. The residual economic life is 8 years for one contract and 3 years for the other contract. The renewal option is for 5 years after the end of the contract. There are no restrictions imposed on dividends, borrowings or further leasing nor the obligation or option to purchase.

#### Note 9. Other non-current receivables

	At March 31 2015	2014
Unbilled revenue .....	7,167	6,500
Capitalised future discounts .....	—	3,485
Other .....	293	130
Total Accrued expenses and other liabilities .....	7,460	10,115

Included in the unbilled revenue is a provision for doubtful debts for Hollandsnieuwe customers for an amount of €0.3 million (FY2014: €0.3 million), based upon management's assessment of creditworthiness.

#### Note 10. Trade receivables

	At March 31 2015	2014
Customers .....	99,605	83,755
Service Providers, interconnect parties and roaming partners .....	7,677	4,155
Dealers and retailers .....	7,350	7,966
Total .....	114,632	95,876

The Company's trade receivables are stated after allowances for bad and doubtful debts based on management's assessment of creditworthiness. These receivables are classified as level 3 fair value category.

The average credit period on sales of goods and services taken is 0.65 months' sales (FY2014: 0.63 months' sales). No interest is charged on trade receivables.

As of March 31, 2015, the total amount of trade receivables past due was €55.0 million (March 31, 2014: €42.9 million). The amount of the provision for these receivables was €21.0 million as of March 31, 2015 (March 31, 2014: €15.9 million). The ageing of these receivables is as follows:

	At March 31 2015	2014
31-60 days .....	16,387	19,512
61-90 days .....	7,547	8,414
91-120 days .....	6,330	753
120-210 days .....	12,620	5,249
> 210 days .....	12,106	8,985
Total .....	54,990	42,913

Trade receivables that are not past due are partly provided for. The related provision amounts to €0.5 million. As of March 31, 2015, trade receivables of €11.1 million (March 31, 2014: €11.4 million) were past due but not provided for. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables past due but not impaired is as follows:

	<b>At March 31</b>	
	<b>2015</b>	<b>2014</b>
31-60 days .....	1,816	3,616
61-90 days .....	1,097	3,121
91-120 days .....	2,209	(709)
120-210 days .....	766	1,146
> 210 days .....	<u>5,225</u>	<u>4,274</u>
Total .....	11,113	11,448

Movements in the provision for doubtful debtors are as follows:

	<b>2015</b>	<b>2014</b>
At April 1 .....	15,902	16,585
Addition for doubtful debt .....	23,640	23,871
Receivables written off during the years uncollectible .....	(13,951)	(21,553)
Provision released to the statement of comprehensive income .....	<u>(4,600)</u>	<u>(3,001)</u>
At March 31 .....	20,991	15,902

The addition and release of the provision for doubtful receivables have been included in cost of sales in the statement of comprehensive income.

The maximum exposure to credit risk at the reporting date is the book value of the receivables mentioned above. Vodafone does not hold any collateral as security.

Transfer of financial assets.

During the year Vodafone Libertel B.V. sold trade receivables with an aggregate nominal value of €18.7 million to collection agencies for cash proceeds of €9.6 million. These trade receivables have been fully derecognised and remaining balance written off through cost of sales (€9.1 million). The carrying amounts of trade and other receivables approximate their fair value and are predominantly non-interest bearing.

## **Note 11. Inventory**

	<b>At March 31</b>	
	<b>2015</b>	<b>2014</b>
Inventories .....	37,243	33,487
Provision for obsolete inventory .....	<u>(5,810)</u>	<u>(9,759)</u>
Net value of Inventories .....	31,433	23,728

The inventory per March 31, 2015 with value of €31.4 million (March 31, 2014: € 23.7 million) consist of handsets, accessories, sim cards and other hardware.

As of March 31, 2015 inventories with a carrying value of €17.3 million (March 31, 2014: €17.5 million) were impaired and partly provided for.

The amount of the provision was €5.8 million as of March 31, 2015 (March 31, 2014: €9.8 million). The addition and release of provisions for obsolete inventories have been included in Cost of sales in the statement of total comprehensive income.

The cost of inventories recognised as an expense and included in Cost of sales amounted to €336.1 million (FY2014: €368.3 million).

The inventory is not pledged as security for liabilities.

**Note 12. Prepaid expenses, other receivables and amounts due from affiliated companies**

	<b>At March 31</b>	
	<b>2015</b>	<b>2014</b>
Prepayments .....	26,674	19,052
Unbilled revenue .....	73,131	82,108
Capitalised future discounts .....	3,571	36,884
Other .....	7,647	4,828
Total .....	111,023	142,872

Included in the unbilled revenue is a provision for doubtful debts for Hollandsnieuwe customers for an amount of €0.85 million, (FY2014: €0.8 million) based upon management's assessment of creditworthiness. These receivables are classified as level 3 fair value category.

Amounts due from Group Companies, amounting to €196.1 million (FY2014: €389.7 million), includes a deposit held with Vodafone International Holdings B.V. for an amount of €150.3 million (FY2014: €358.1 million). The deposit is interest bearing and is rolled over on a monthly basis. The interest rate per March 31, 2015 was - 0.004% (March 31, 2014: 0.219%). The average 1 month Euribor interest rate for FY2015 was 0.08925% (FY2014: 0.15%).

**Note 13. Cash and cash equivalents**

Vodafone has credit facilities under which it can borrow up to €460.0 million at March 31, 2015 (March 31, 2014: a credit facility of €380.0 million). This total facility consist out of a facility of €250.0 million with Vodafone Operations Centre Hungary, with a termination date of 10 working days following receipt of notice, and a facility of €210.0 million with Vodafone Europe B.V., until March 26, 2018. There are no securities in relation to these facilities, and these are classified as level 3 fair value category.

Vodafone has given bank guarantees for an amount of €2.0 million (March 31, 2014: €2.1 million), these guarantee deposits are pledged. The carrying amounts approximates their fair value.

**Note 14. Equity**

Reference is made to the Statement of changes in equity in which the movements in the components of Equity are shown.

**Share capital / share premium**

At March 31, 2015 and March 31, 2014 the total authorised number of ordinary shares amounted to 1,562,500,000 shares. The par value of the ordinary shares of Vodafone Libertel B.V. is €0.30 per ordinary share. All Issued shares (312,500,002) are fully paid up.

**Stock option rights**

The following table summarises the grant dates and the exercise prices (exercise prices were equal to the opening price at the stock exchange at the grant date):

<b>Grant date</b>	<b>Exercise prise in GBP</b>
<b>December-02</b> .....	0.730 - 1.220
<b>July-03</b> .....	1.193
<b>July-04</b> .....	1.190
<b>July-05</b> .....	1.360
<b>July-06</b> .....	1.153
<b>July-07</b> .....	1.678 - 1.753
<b>July-08</b> .....	1.753

See Notes 15 and 16 to the Financial Statements for further Information on stock options and performance shares.

### Note 15. Stock option rights on ordinary shares Vodafone Group Plc.

During the financial year ended March 31, 2015 and financial year ended March 31, 2014, no stock option rights on ordinary shares Vodafone Group Plc. were granted to employees of Vodafone, including members of the Management Board. In financial year ended March 31, 2008 and earlier, stock option rights on ordinary shares of Vodafone Group Plc. were granted to certain permanent employees of Vodafone, including members of the Management Board, under the Vodafone Group Plc. 1999 Long-Term Stock Incentive Plan.

At March 31, 2015 18,049 stock option rights on ordinary shares Vodafone Group Plc. are outstanding with an average exercise price of £1.75 (March 31, 2014: 18,049 stock option rights on ordinary shares Vodafone Group Plc. are outstanding with an average exercise price of £1.75).

The following table summarises information about the stock options rights on ordinary shares Vodafone Group Plc. outstanding at March 31, 2015.

Year	Options outstanding		Options exercisable		Options non exercisable	
	Number of outstanding options March 31, 2015	Exercise price (GBP)	Number of options March 31, 2015	Exercise price (GBP)	Number of conditional options March 31, 2015	Exercise price (GBP)
FY2008 .....	18,049	1.75	18,049	1.75	—	—

A summary of the status of the stock option plans of Vodafone Group Plc. for both members of the Management Board and other employees of the company at March 31, 2015 and changes during the year then ended is presented below:

Year	Number of granted options	Exercise price (GBP)	Number of options exercised	Number of forfeited options	Number of outstanding options at March 31, 2015	Latest expiration date
FY2006 .....	630,648	1.36	342,097	288,551	—	1-jul-15
FY2008 .....	1,065,710	1.68 – 1.75	514,595	533,066	18,049	1-feb-18
Total .....	1,696,358		856,692	821,617	18,049	

### Note 16. Share awards over Vodafone Group Plc. shares

In the financial year certain permanent employees of Vodafone, including members of the Management Board received share awards over 1,194,121 (March 31 2014: 1,203,326) ordinary shares in Vodafone Group Plc. At March 31, 2015 certain permanent employees of Vodafone, including members of the Management Board, held share awards over 3,225,832 (March 31 2014: 4,307,887) ordinary shares in Vodafone Group Plc.

Under the Vodafone Group Long-Term Incentive Plan, share awards confer a contingent right to receive Vodafone Group shares after a three-year period. The shares are held in a trust for the three years and will only be released to the extent that the company's targets, set at the date of grant, have been achieved. A summary of the status of the shares of Vodafone Group Plc. for both members of the Management Board and other employees of the company at March 31, 2015 and changes during the year then ended is presented below:

Year	Number of granted shares	Award price GBP	Number of all shares outstanding at April 1, 2014	Number of shares granted	Number of shares exercised	Number of shares forfeited	Number of outstanding shares at March 31, 2015	Latest vesting date
FY2012 .....	2,272,526	1.64	1,714,356	—	1,306,224	408,132	—	16-nov-14
FY2013 .....	1,760,724	1.794	1,430,259	—	43,566	199,472	1,187,221	3-jul-15
FY2014 .....	1,203,326	1.56	1,163,272	—	17,674	206,333	939,265	26-jun-16
FY2015 .....	1,194,121	1.89 – 2.25	—	1,194,121	—	94,775	1,099,346	14-nov-17
Total .....	6,430,697		4,307,887	1,194,121	1,367,464	908,712	3,225,832	

### Note 17. Loans

The loans due to affiliated companies mature until March 26, 2018 and bear an interest of Euribor plus 0.55% to 0.8% annually. The loans have been granted by affiliated companies mainly to finance the acquisition of the licence in the auction.



The carrying amounts and level 1 fair values of the non-current borrowings which are denominated in Euro are as follows:

	Carrying Amount at March 31 2015	Carrying Amount at March 31 2014	Fair Value at March 31 2015	Fair Value at March 31 2014
Vodafone Investments Luxembourg Sari . . . . .	1,411,026	1,396,792	1,411,689	1,397,717
Vodafone Europe B.V. . . . .	250,308	325,170	251,038	325,449
Total . . . . .	1,661,334	1,721,962	1,662,727	1,723,166

Movements in the loans due to affiliated companies are as follows:

	2015	2014
At April 1 . . . . .	1,721,962	1,782,462
Accrued Interest . . . . .	19,372	19,500
Redemption loan Vodafone Europe B.V. . . . .	(80,000)	(80,000)
At March 31 . . . . .	1,661,334	1,721,962

Financial Covenants included in both loan agreements contain the following restriction:

The Borrower shall ensure that from the Effective Date for as long as the Facility is available, the Interest Cover at the last day of the Measurement Period is not less than 3.

Vodafone Libertel B.V. complies with this condition.

#### Note 18. Trade payables

Trade payables consist of amounts we owe to our suppliers that have been invoiced and are stated at their nominal value, which approximates to their fair value. The average credit period on purchases is 64.5 days (FY2014: 66.5 days). In some cases interest is charged on overdue trade payables.

The carrying amounts approximates their fair value, which is classified as level 3.

#### Note 19. Deferred revenue

	At March 31 2015	At March 31 2014
Bundle-roll-over . . . . .	2,669	6,938
Unused portion of prepaid airtime cards . . . . .	31,616	31,796
Other . . . . .	8,381	11,843
Total Deferred revenue . . . . .	42,666	50,577

#### Note 20. Provisions

A provision is a liability recorded in the statement of financial position, where there is uncertainty over the timing or amount that will be paid, and is therefore often estimated. The main provisions we hold are in relation to restructuring, claims for legal and regulatory matters, asset retirement obligations, which include the cost of returning network infrastructure sites to their original condition at the end of the lease, and other (property restructuring).

	Restructuring	Legal	ARO	Other Provisions	Total
At April 1, 2014 . . . . .	10,933	6,113	25,265	1,211	43,522
Additions . . . . .	2,358	1,752	660	—	4,770
Used . . . . .	(5,112)	(1,053)	(764)	—	(6,929)
Released . . . . .	(2,646)	(3,973)	—	(287)	(6,906)
Changes in estimates . . . . .	—	—	(6,625)	—	(6,625)
At March 31, 2015 . . . . .	5,533	2,839	18,536	924	27,832

Of the total provisions €9.6 million (March 31, 2014: €17.3 million) is expected to be settled within one year and €18.2 million (March 31, 2014: €26.2 million) is expected to be settled thereafter.

## Restructuring

The addition to the restructuring provision mainly relates to individual cases. The usage of the restructuring provision mainly relates to severance payments for employees who left Vodafone as a result of previous restructuring programmes. The restructuring release pertains to related redundancy provisions which were not used.

Of the restructuring provision, an amount of €5.4 million has a term of less than one year (FY2014: €10.9 million), €0.1 million of provisions has a term of between one and five years (FY2014: €0 million).

## Legal

The opening balance is decreased by €1.7 million, due to a reclassification to the ARO provision.

The legal provision represents a provision for certain legal claims brought against the company by customers and others. During the year the Company settled legal claims for an amount of €1.1 million including legal and interest costs. In the management's opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at March 31, 2015.

Of the legal provision, an amount of €1.9 million has a term of less than one year (FY2014: €5.5 million), €0.9 million of provisions has a term of between one and five years (FY2014: €0.6 million) and €0 million has a term of more than five years.

## Asset retirement obligations

The opening balance is increased by €1.7 million, due to a reclassification from the legal provision.

In the course of the Companies activities, a number of sites and other assets are utilised which are expected to have costs associated with de-commissioning. The associated cash outflows are substantially expected to occur at the dates of exit of the assets to which they relate, which are long-term in nature, primarily in periods up to 25 years from when the asset is brought into use.

The Asset Retirement Obligations provision (ARO) recognised represents the best estimate of the expenditure required to settle the present obligation at the current balance sheet date. Based on the current business conditions and market developments, the assumptions on the estimated cost of removal and the discount rate (FY2015: 2.0%, FY2014: 3.15%) for the ARO provision have been updated. The main assumptions of calculation for the asset retirement obligations relate to the estimated costs of removal, discount rate and estimated period of removal, which vary per type of asset. Each of these parameters has an impact on the change in estimates. In FY2015 the change in estimates was significantly impacted by the lower discount rate compared to FY2014.

The asset retirement obligations at March 31, 2015 amounted to €18.5 million (FY2014: €25.3 million), of which €1.4 million (FY2014: €0.7 million) has a term of less than one year.

The Other Provisions pertains largely to the closing of office buildings and retail shops as a result of the continued integration of BelCompany.

Of the Other provision, the entire amount of €0.9 million has a term of less than one year (FY2014: €0.2 million).

## Note 21. Accrued expenses and other liabilities

	At March 31	
	2015	2014
Accrued compensation and related benefits	35,086	20,802
Accrued capital expenditure	25,708	29,128
Accrued customer and dealer bonuses and promotions	37,554	42,057
Network operating accruals	33,493	25,885
Value added taxes and other taxes payable	36,190	65,354
Other	90,736	76,042
Total	258,767	259,268

As a result of applying the supplier rebates to the appropriate period, accrued expenses and other liabilities (Other) in FY2014 decreased with €11.2 million.

## **Note 22. Commitments and contingencies**

### **Guarantees**

At March 31, 2015 Vodafone had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business Vodafone has given, as at March 31, 2015, guarantees amounting to €2.0 million (March 31, 2014: €2.1 million).

### **Operating lease commitments**

Vodafone leases its facilities, fixed lines, cars and certain (computer) equipment under operating leases. At March 31, the minimum lease commitments are as follows:

	<b>At March 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Lease commitments</b>		
Within one year . . . . .	46,454	53,641
In more than one year but less than five years . . . . .	106,846	127,942
In more than five years . . . . .	<u>54,479</u>	<u>55,544</u>
Total Lease commitments . . . . .	207,779	237,127

Operating lease and rental expenses amounted to €65.4 million for the year ended March 31, 2015 (March 31, 2014: €60.6 million) and are included in Cost of sales and Operating expenses. Renewal options exist and they depend upon the contractual agreements. There are no restrictions imposed on dividends, borrowings or further leasing nor the obligation or option to purchase.

### **Commitments for handset purchases, operating expenditure and capital expenditure**

Handset purchase committed to at the statement of financial position date but not recognised in the Financial Statements at March 31, 2015 totalled €506.2 million (March 31, 2014: €40.2 million).

Operating expenditure committed to at the statement of financial position date but not recognised in the Financial Statements at March 31, 2015 totalled €79.0 million (March 31, 2014: €40.0 million).

Capital expenditure committed to at the statement of financial position date but not recognised in the Financial Statements at March 31, 2015 totalled €98.0 million (March 31, 2014: €102.0 million).

All these commitments are expected to materialise within one year.

### **Litigation**

Vodafone is, from time to time, involved as plaintiff or defendant in litigation arising in the normal course of business. Except for litigation for which provisions have been made, the Management Board feels that there is no reason to assume that other claims will entail any material risk to the financial position of Vodafone.

Vodafone Libertel B.V., its parent company Vodafone International Holdings B.V. and Vodafone Europe B.V. form a fiscal unity for corporate income tax purposes. Vodafone Europe B.V. is head of this fiscal unity. Consequently, the companies included in the fiscal unity are jointly and severally liable for the tax liabilities in the fiscal entity. As for the VAT there is no fiscal unity applicable. For the definition of the fiscal unity, we refer to note 6.

## **Note 23. Related party transactions**

Balances and transactions between Vodafone Libertel B.V. and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

#### Related party transactions

As at March 31, 2015 the shareholder of the Company is Vodafone International Holdings B.V. (100%), an affiliate of Vodafone Group Plc., a UK company specialised in mobile communication. Vodafone Group Plc. is the Company's ultimate controlling party.

Transactions were carried out with related parties relating to purchases of network assets, maintenance, equipment, roaming agreements, IT-services and insurance. During the financial year (affiliates of) Vodafone Group Plc. charged an amount of €448.1 million (FY2014: €388.2 million), of which Vodafone Global Products and Services Limited, United Kingdom, charged an amount of €63.8 million (FY2014: €65.8 million), mainly relating to development of new products, a fee for branding royalties and the insurance recharge. The above transactions were carried out at arm's length.

During the financial year the Company charged an amount of €29.0 million to (affiliates of) Vodafone Group Plc. (FY2014: €32.7 million), relating to research and development costs, seconded personnel and the global IP network. These transactions were carried out at arm's length.

As at March 31, 2015 the Company had debtors of €196.1 million (March 31, 2014: €389.7 million), creditors of €119.1 million (March 31, 2014: €124.1 million) and long-term loans of €1.661 million (March 31, 2014: €1.722 million) with (affiliates of) Vodafone Group Plc.

#### Remuneration of the Management board and Supervisory Board

For the remuneration of the members of the Management Board and Supervisory Board reference is made to Note 4 (Remuneration of the Management Board and Supervisory Board).

#### Loans to the Management Board and Supervisory Board

No loans were granted to members of the Management Board and the Supervisory Board during the years ended March 31, 2015 and 2014 respectively.

#### Loans to employees

No loans have been granted to current or former employees of the company during the years ended March 31, 2015 and 2014 respectively.

#### **Note 24. Financial instruments**

The carrying amount of the following financial assets and liabilities approximate their fair value and are classified as level 3: cash and cash equivalents, trade receivables, trade payables, loans, prepaid expenses and other receivables.

#### **Note 25. Business Combinations**

On July 10, 2014, the Company acquired 100% of the outstanding ordinary shares and obtained control of Nexxt Group B.V. Nexxt Group B.V., and its subsidiaries specialize in the implementation of Unified Communication-services, based on Microsoft Lync, like chatting, video conferencing and file-sharing. Its customer base consists of enterprises in various sizes. The company employs about 35 people and has its head office in Amstelveen. As a result of the acquisition Vodafone has become owner of Nexxt Group B.V. and its subsidiaries. At this point in time Nexxt Group B.V. will continue as a separate legal entity, controlled by Vodafone Libertel B.V., to keep focus on putting the technical building blocks in place to deliver the Vodafone ambitions in Fixed. The Company expects to benefit from synergies in the market of fixed and mobile corporate telecom services and specifically Lync-based services.

The total consideration paid for Nexxt Group B.V. is € 3.8 million.

The table below presents the fair value of the assets acquired and the liabilities assumed at the acquisition date.

	<u>At July 10 2014</u>
Deferred tax assets .....	38
Inventory .....	74
Property, plant and equipment .....	227
Identifiable intangible assets .....	0
Receivables .....	772
Cash .....	161
Financial liabilities .....	<u>(928)</u>
Total identifiable net assets .....	344

Based on the aforementioned the goodwill amounts to €3.464 million.

The fair value is represented as above.

Furthermore, the net cash outflow can be retrieved as follows:

	<u>At July 10 2014</u>
Goodwill .....	3,465
Net assets acquired including Cash .....	344
Cash acquired in Nexct Group BV .....	<u>(161)</u>
Net cash outflow for acquisition .....	3,648

The revenue included in the consolidated statement of total comprehensive income since July 10, 2014 contributed by Nexct Group B.V. was €4.8 million. Nexct Group B.V contributed a profit of €0.258 million over the same period. The earn-out regarding Nexct Group B.V. is €0.5 million.

#### **Note 26. Independent auditor's remuneration**

The company used the exemption from disclosing the independent auditor's remuneration based on Dutch law article 382a paragraph 3. The financial statements of the company and its group companies are included in the consolidated financial statements of Vodafone Group Plc. which include the independent auditor's remuneration and are available on the company's website ([www.vodafone.com](http://www.vodafone.com)).



**Vodafone Libertel B.V.**

Company Financial Statements FY2015

Company Income Statement  
(In thousands of EURO)

	<u>2015</u>	<u>2014*</u>
Net loss from Subsidiaries after taxation .....	(3,783)	(17,579)
Other income and expenses after taxation .....	<u>77,733</u>	<u>139,348</u>
<b>Result for the year .....</b>	<b>73,950</b>	<b>121,769</b>

\* Changes were made to 2014 Refer to the Significant Accounting Policies in the Notes to the Financial Statements

Company Balance Sheet  
(In thousands of EURO, before appropriation of result)

	Notes	At March 31	
		2015	2014*
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill .....		154,570	151,105
Other intangible assets .....		1,481,021	1,607,983
Property, plant and equipment .....		976,205	859,482
Deferred tax asset .....		6,513	3,493
Other receivables .....		7,461	11,545
Investments in Subsidiaries .....	2	601	—
Total non-current assets .....		<b>2,626,371</b>	<b>2,633,608</b>
<b>Current assets</b>			
Trade receivables .....		113,725	95,705
Inventory .....		31,278	23,646
Prepaid expenses and other receivables .....	3	111,023	142,975
Receivables from affiliated companies .....		196,094	393,151
Cash and cash equivalents .....		30,567	9,957
Income tax receivable .....		306	—
Total current assets .....		<b>482,993</b>	<b>665,434</b>
<b>Total assets</b> .....		<b>3,109,364</b>	<b>3,299,042</b>

\* Changes were made to 2014 Refer to the Significant Accounting Policies in the Notes to the Financial Statements

Company Balance Sheet (Continued)  
(In thousands of EURO, before appropriation of result)

	Notes	At March 31	
		2015	2014*
<b>Equity and liabilities</b>			
<b>Shareholders equity</b>			
Share capital .....	4	93,750	93,750
Share premium .....	4	108,886	108,886
Legal reserves .....	4	11,344	8,155
Other reserves .....	4	575,514	657,943
Result for the year .....	4	73,950	121,769
<b>Total Group equity</b> .....		<b>863,444</b>	<b>990,503</b>
<b>Provisions</b>			
Deferred tax liability .....		3,373	5,479
Other Provisions .....	5	27,833	44,083
<b>Total Provisions</b> .....		<b>31,206</b>	<b>49,562</b>
<b>Long-Term liabilities</b>			
Loan due to Group companies .....		1,661,334	1,721,962
<b>Current liabilities</b>			
Trade payables .....		133,361	103,585
Deferred revenue .....		42,666	50,384
Accrued expenses and other liabilities .....	6	258,322	258,797
Income tax payable .....		(110)	109
Payables to affiliated companies .....		119,141	124,140
<b>Total current liabilities</b> .....		<b>553,380</b>	<b>537,015</b>
<b>Total liabilities</b> .....		<b>2,245,920</b>	<b>2,308,539</b>
<b>Total equity and liabilities</b> .....		<b>3,109,364</b>	<b>3,299,042</b>

\* Changes were made to 2014 Refer to the Significant Accounting Policies in the Notes to the Financial Statements

## **Notes to the Company Financial Statements**

### **General information**

In accordance with article 362 sub 8 Part 9 of Book 2 of the Dutch Civil Code, we have prepared our Company financial statements in accordance with the accounting principles as applied in the consolidated financial statements, except for the accounting for investments in subsidiaries. Investment in subsidiaries is stated at net equity value as the Company effectively exercises control over the operational and financial activities of these investments. The net equity value is determined on the basis of the IFRS accounting principles applied by the Company in its consolidated financial statements.

In accordance with article 402 Part 9 of Book 2 of the Dutch Civil Code the Company Income Statement is presented in abbreviated form.



## Notes to the Company Financial Statements

### Note 1. Remuneration of the Management Board and Supervisory Board

Reference is made to Note 4 of the Consolidated Financial Statements.

### Note 2. Investments in Subsidiaries

For the Accounting for Subsidiaries, reference is made to the Significant accounting policies in the Consolidated Financial Statements.

A summary of the movements in the investments in subsidiaries is given below:

	At March 31	
	2015	2014
At April 1, 2014	—	93,329
Acquisition Nexct Group B.V.	344	—
Acquisition Wierecke B.V.	—	730
Legal Merger Wierecke B.V.	4,040	—
Legal Merger Telespectrum	—	(1,073)
Legal Merger Retail B.V.	—	(75,967)
Loss for the year	(3,783)	(17,579)
Provision negative investment Wiericke B.V.	—	560
At March 31, 2015	601	—

At March 31, 2015 the Company had the following principal subsidiaries:

Name	Principal activity	Country	% shareholding
Nexct Group B.V.	Operating company fixed line	Netherlands	100%

The Company includes a provision in case the value of a subsidiary becomes negative for this negative portion, to result in a nil value of the subsidiary.

Nexct Group B.V.

On 10 July 2014, Vodafone Libertel B.V. acquired the entire share capital of Nexct Group B.V. for cash consideration of €3.8 million. By acquiring full ownership In Nexct Group B.V. Vodafone Libertel B.V. also becomes the owner of the 100%-subsidiaries of Nexct Group B.V. (Nexct B.V., Nexct Services B.V., Nexct Business Solutions B.V. and Real Time Solutions (Nexct Online)).

The primary reason for acquiring the business is to enable Vodafone Libertel B.V. to take the important next step in Vodafone's strategy to integrate and expand its offer in fixed and mobile corporate telecom services.

The net identifiable assets of Nexct Group B.V. at acquisition date amount to €0.344 million. During the remainder of the financial year Nexct Group B.V. realized a profit of €0.257 million. This profit is added to the 'investments in subsidiaries'.

### Note 3. Prepaid expenses and other receivables

	At March 31	
	2015	2014
Prepayments	26,674	19,051
Unbilled revenue	73,131	82,108
Capitalized future discounts	3,571	36,884
Other	7,647	4,932
Total	111,023	142,975

#### Note 4. Company Statement of changes in Shareholders' Equity

	Share Capital	Share premium	Legal reserves	Other reserves	Result for the year	Total
Balance at March 31, 2013 .....	93,750	108,886	4,351	395,993	267,255	870,235
Total attributable to owners of the company ....	—	—	—	(1,501)	—	(1,501)
Share-based payment costs* .....	—	—	—	3,062	—	3,062
Exercised share based payments .....	—	—	—	(4,563)	—	(4,563)
Dividends paid .....	—	—	—	—	—	—
Appropriation of profit for the year .....	—	—	3,804	263,451	(267,255)	—
Profit for the year .....	—	—	—	—	121,769	121,769
Other comprehensive income .....	—	—	—	—	—	—
Balance at March 31, 2014 .....	93,750	108,886	8,155	657,943	121,769	990,503
Total attributable to owners of the company ....	—	—	—	(201,009)	—	(201,009)
Share-based payment costs* .....	—	—	—	2,416	—	2,416
Exercised share based payments .....	—	—	—	(3,425)	—	(3,425)
Dividends paid .....	—	—	—	(200,000)	—	(200,000)
Appropriation of profit for the year .....	—	—	3,189	118,580	(121,769)	—
Additions .....	—	—	4,163	118,580	—	122,743
Releases .....	—	—	(974)	—	(121,769)	(122,743)
Profit for the year .....	—	—	—	—	73,950	73,950
Other comprehensive income .....	—	—	—	—	—	—
Balance at March 31, 2015 .....	93,750	108,886	11,344	575,514	73,950	863,444

\* this pertains to shares in Vodafone Group Plc

The overview above is in thousands of EURO, except for share data.

The total authorised number of ordinary shares is 1,562,500,000 at March 31, 2015 and 1,562,500,000 at March 31, 2014 with a par value of €0.30 per ordinary share. All issued shares (312,500,002) are fully paid up.

#### Note 5. Provisions

Of the total other provisions €9.6 million (March 31, 2014: €17.3 million) is expected to be settled within one year and €18.2 million (March 31, 2014: €26.8 million) is expected to be settled thereafter. The nature of the provisions is disclosed in note 20 in the consolidated annual report.

#### Note 6. Accrued expenses and other liabilities

	At March 31	
	2015	2014
Accrued compensation and related benefits .....	34,899	20,626
Accrued capital expenditure .....	25,708	29,128
Accrued customer and dealer bonuses and promotions .....	37,554	42,057
Network operating accruals .....	33,493	25,885
Value added taxes and social securities .....	36,025	65,300
Other .....	90,643	75,801
Total .....	258,322	258,797

#### Note 7. Commitments and contingencies

##### General

Reference is made to Note 22 of the consolidated financial statements, in which such commitments are also applicable.

#### Guarantees

Declarations of liability as referred to in Article 403, Book 2, Title 9 of the Netherlands Civil Code have been issued by Vodafone Libertel B.V. on behalf of Nexxt Group B.V. per July 10, 2014. On this basis, Vodafone Libertel B.V. is jointly and severally liable for any commitments ensuing from legal transactions of Nexxt Group B.V.

#### Fiscal unity

Vodafone Libertel B.V., its parent company Vodafone International Holdings B.V. and Vodafone Europe B.V. form a fiscal unity for corporate income tax purposes. Vodafone Europe B.V. is head of this fiscal unity. Consequently, the companies included in the fiscal unity are jointly and severally liable for the tax liabilities in the fiscal entity. As for the VAT there is no fiscal unity applicable.

## **Signing of the Financial Statements**

Maastricht, September 30, 2015

The Management Board

The Supervisory Board

R. Shuter

E. de Rijk

C. Velthuis

R. Schellekens

B. de Ridder-Jongerden

E. Tournon

## **Other Information**

### **Independent Auditor's Report**

Reference is made to the independent auditor's report as included on page 79.

### **Subsequent Events**

#### ***Legal merger Nexxt Group B.V.***

On July 1, 2015, Nexxt Group B.V. legally merged with Vodafone Libertel B.V., whereby Vodafone Libertel B.V. was the remaining entity.

### **Result Appropriation Provision**

The appropriation of results takes place in accordance with Article 32 of the Articles of Association. Under this provision the Management Board, under approval of the Supervisory Board is authorised to reserve amounts of the result for the year as stated in the statement of comprehensive income. The remaining amount is at the disposal of the General Meeting of Shareholders.

#### **Appropriation of the Result for the year ended March 31, 2014**

The annual report FY2014 was approved in the general meeting of shareholders held on August 12, 2014. The general meeting of shareholders has approved the proposed appropriation of the result for the year ended March 31, 2014 to the other reserves.

#### **Proposed appropriation of the Result for the year ended March 31, 2015**

The Management Board proposed, with approval of the Supervisory Board, to add the result for the year ended March 31, 2015 to the other reserves. This proposal has not yet been incorporated in the Financial Statements.

On March 30, 2015 the distribution for an amount of €200 million has been paid to the Company's shareholders.

### **Registered Office Address**

The registered office address of Vodafone Libertel B.V. is:

Avenue Céramique 300  
6221 KX Maastricht  
The Netherlands



### *Independent auditor's report*

To: the general meeting of Vodafone Libertel B.V.

### *Report on the financial statements*

We have audited the accompanying financial statements 2014/2015 of Vodafone Libertel B.V., Maastricht. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statements of total comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 March 2015, the company income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

### *Management board's responsibility*

The management board 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 Report by the management board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management board, as well as evaluating the overall presentation of the financial statements.

*Ref.: eo363782*

---

*PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam,  
P.O. Box 90357, 1006 BJ Amsterdam, The Netherlands  
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, [www.pwc.nl](http://www.pwc.nl)*

'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226388), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At [www.pwc.nl](http://www.pwc.nl) more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.





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 Vodafone Libertel B.V. as at 31 March 2015, and of 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 Vodafone Libertel B.V. as at 31 March 2015, 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 Report of the management board, 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 Report of the management board, 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, 30 September 2015  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.F. Kranenburg RA

*Vodafone Libertel B.V. – Ref.: eo363782*

## **THE ISSUERS**

### **ZIGGO SECURED FINANCE B.V. AND ZIGGO BOND FINANCE B.V.**

Naritaweg 165  
Telestone 8  
1043 BW Amsterdam  
The Netherlands

### **LEGAL ADVISORS TO THE ISSUERS, ZIGGO GROUP AND VODAFONE NETHERLANDS**

*As to U.S. federal, New York and English law*

#### **Ropes & Gray International LLP**

60 Ludgate Hill  
London EC4M 7AW  
United Kingdom

*As to Dutch law*

#### **Allen & Overy LLP**

Apollolaan 15  
1077 AB Amsterdam  
The Netherlands

### **LEGAL ADVISORS TO THE INITIAL PURCHASERS**

*As to U.S. federal, New York and English law*

#### **Latham & Watkins (London) LLP**

99 Bishopsgate  
London EC2M 3XF  
United Kingdom

*As to Dutch law*

#### **Clifford Chance LLP**

Droogbak 1A  
1013 GE Amsterdam  
The Netherlands

#### **TRUSTEE**

##### **Deutsche Trustee Company Limited**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

#### **DOLLAR SENIOR SECURED AND SENIOR NOTES PAYING AGENT, REGISTRAR AND TRANSFER AGENT**

##### **Deutsche Bank Trust Company Americas**

Trust & Agency Services  
60 Wall Street, 16<sup>th</sup> Floor  
MS: NYC60-1630  
New York, NY 10005

#### **EURO SENIOR SECURED NOTES PAYING AGENT, EURO SENIOR SECURED**

##### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

#### **REGISTRAR AND TRANSFER AGENT**

##### **Deutsche Bank Luxembourg S.A.**

2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
Duchy of Luxembourg

**IRISH LISTING AGENT**

**Maples and Calder**  
75 St. Stephen's Green  
Dublin 2  
Ireland

**INDEPENDENT AUDITORS FOR THE ISSUERS AND ZIGGO GROUP HOLDING B.V.**

**KPMG Accountants N.V.**  
Laan Van Langerhuize 1  
1186 DS Amstelveen  
The Netherlands

**INDEPENDENT AUDITORS FOR ZIGGO BOND COMPANY B.V.**

**KPMG Accountants N.V.**  
Laan Van Langerhuize 1  
1186 DS Amstelveen  
The Netherlands

**LEGAL ADVISORS TO THE TRUSTEE**

**Baker McKenzie LLP**  
100 New Bridge Street  
London EC4V GJA

**SECURITY TRUSTEE**

**Deutsche Trustee Company Limited**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

\$ % Senior Secured Notes due 2027  
€ % Senior Secured Notes due 2027

*issued by, but with limited recourse to,*

**ZIGGO SECURED FINANCE B.V.**

\$ % Senior Notes due 2027

*issued by, but with limited recourse to,*

**ZIGGO BOND FINANCE B.V.**



***Global Coordinator and Joint Bookrunner:***

Credit Suisse

***Joint Bookrunners:***

ABN AMRO  
Deutsche Bank  
Mediobanca

Barclays  
Goldman Sachs International  
Nomura

BNP PARIBAS  
HSBC

BofA Merrill Lynch  
ING  
Rabobank

Crédit Agricole CIB  
J.P. Morgan  
Scotiabank