OFFERING MEMORANDUM **NOT FOR GENERAL CIRCULATION IN THE UNITED STATES**

Ziggo B.V.

€750,000,000

3.625% Senior Secured Notes due 2020

Ziggo B.V., incorporated as a private limited company under the laws of the Netherlands (the "Issuer") and indirectly owned 100% by Amsterdamse Beheer- en Consultingmaatschappij B.V., incorporated as a private limited company under the laws of the Netherlands ("ABC B.V.") is offering €750,000,000 aggregate principal amount of its 3.625% Senior Secured Notes due 2020 (the "Notes"). The Issuer will pay interest on the Notes annually on March 27 of each year, commencing on March 27, 2014. The Notes will mature on March 27, 2020.

Some or all of the Notes may be redeemed on one or more occasions by paying 100% of the principal amount of such Notes plus a "make-whole" premium. All, but not less than all, of the Notes may also be redeemed at 100% of their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain change of control events with respect to ABC B.V., each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest.

The Notes will be senior secured obligations of the Issuer and will rank equally in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes and will be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes.

The Notes will be guaranteed (the "Guarantees," and each, a "Guarantee") on a senior secured basis by ABC B.V., Torenspits II B.V. and by the Issuer's subsidiaries Ziggo Netwerk B.V. and Ziggo Netwerk II B.V. (the "Guarantors," and each, a "Guarantor"). The Guarantees will rank equally in right of payment with all existing and future indebtedness of such Guarantor that is not subordinated in right of payment to the Guarantees and will be senior in right of payment to all existing and future indebtedness of such Guarantor that is subordinated in right of payment to the Guarantees.

The Notes will be secured, on a second-priority basis, by all assets that secure on a first-priority basis the obligations of the Issuer and the Guarantors under Facility E (as defined herein) and certain hedging obligations. On the Issue Date, the security interests will consist of the capital stock of the Issuer and each Guarantor (other than ABC B.V.) and certain property and assets (including network assets) of the Issuer and the Guarantors, including certain real estate, bank accounts, intellectual property rights, receivables and moveable and immovable assets. Pursuant to the terms of the Priority Agreement, the holders of the Notes and our other secured creditors will share the proceeds of an enforcement of such collateral on a pari passu basis. For a description of the terms of the Notes, please see "Description of the Notes" and for a description of the Priority Agreement, please see "Description of Other Indebtedness—Priority Agreement."

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission to trading on the Euro MTF market thereof.

Investing in the Notes involves risks that are described in the "Risk Factors" section beginning on page 19 of this Offering Memorandum.

Price: 99.80% plus accrued interest, if any, from the Issue Date

The Notes 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. Unless they are registered, the Notes may be offered only in transactions that are exempt from registration under the U.S. Securities Act or the securities laws of any other jurisdiction. Accordingly, we are offering the Notes only to qualified institutional buyers under Rule 144A and to persons outside the United States in reliance on Regulation S under the U.S. Securities Act. For further details about eligible offerees and resale restrictions, please see "Notice to Investors."

Delivery of the Notes will be made to investors in book-entry form through Euroclear System ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream") on March 28, 2013. Interests in each global note will be exchangeable for the relevant definitive notes only in certain limited circumstances. See "Book-Entry, Delivery and Form."

Joint Global Coordinators and Joint Physical Bookrunners

Goldman Sachs International **J.P. Morgan**

Joint Bookrunners

ABN AMRO **BNP PARIBAS** **Credit Suisse** **ING** **Morgan Stanley** **Rabobank International** **Société Générale Corporate & Investment Banking**

The date of this Offering Memorandum is July 29, 2013.

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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.

If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under "Notice to Investors." You may be required to bear the financial risks of an investment in the Notes for an indefinite period. Neither we nor the Initial Purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited. We are not making any representation to you that the Notes are a legal investment for you. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

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

IN CONNECTION WITH THIS OFFERING, GOLDMAN SACHS INTERNATIONAL (THE "STABILIZING MANAGER") (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, 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 ANY PERSON(S) 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 MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

We have prepared this Offering Memorandum solely for use in connection with the offer of the Notes to qualified institutional buyers under Rule 144A under the U.S. Securities Act and to non-U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) outside the United States under Regulation S under the U.S. Securities Act. This Offering Memorandum may be used only for the purposes for which it has been published. You agree that you will hold the information contained in this Offering Memorandum and the transactions contemplated hereby in confidence. You may not distribute this Offering Memorandum to any person, other than a person retained to advise you in connection with the purchase of the Notes.

Each prospective purchaser of the Notes must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers shall have any responsibility therefor.

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 us and your own assessment of the merits and risks of investing in the Notes. We are not, and the Initial Purchasers are not, making any representations to you regarding the legality of an investment in the Notes by you.

The information contained in this Offering Memorandum has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made and no responsibility or liability is accepted 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 us 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 Luxembourg Listing Agent (as defined below). All summaries of the documents contained herein are qualified in their entirety by this reference. You agree to the foregoing by accepting this Offering Memorandum.

We accept responsibility for the accuracy of the information contained in this Offering Memorandum. We have made all reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in this Offering Memorandum with regard to us, our subsidiaries and affiliates and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that we are not aware of any other acts the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

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 us 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 our affairs since the date of this Offering Memorandum.

We reserve the right to withdraw the offering of the Notes at any time, and we 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 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 applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Please see "Notice to Investors" and "Plan of Distribution."

We have applied for listing particulars to be approved by the Luxembourg Stock Exchange and for the Notes to be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market thereof. In connection with this listing application, we have submitted this Offering Memorandum to be used as the base for such listing particulars. Although the listing particulars are likely to contain substantially the same information as that contained in this Offering Memorandum, it is possible that we may be required (under applicable law, rules, regulations or guidance applicable to the listing of securities or otherwise) to make certain changes or additions to the financial and other information included in this Offering Memorandum and, in particular, we may be required to include additional information, including additional financial information, in respect of the Guarantors. We may also be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects. Following the listing, the relevant listing particulars will be available at the offices of Deutsche Bank Luxembourg S.A., as Luxembourg listing agent (the "Luxembourg Listing Agent"). Any investor or potential investor in the European Economic Area (the "EEA") should not base any investment decision relating to the Notes on the information contained in this Offering Memorandum after publication of the listing particulars and should refer instead to those listing particulars. This Offering Memorandum is an advertisement and not a prospectus for the purposes of the Prospectus Directive.

We cannot guarantee that the application we have made to the Official List of the Luxembourg Stock Exchange for the Notes to be listed and admitted to trading on the Euro MTF market thereof will be approved as of the Issue Date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this admission to trading.

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make any offer in that Relevant Member State of Notes which are the subject of the placement contemplated in this Offering Memorandum may only do so in circumstances in which no obligation arises for the Issuer or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute a final placement of the Notes.

In relation to each 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, 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 except that it may, with effect from and including the relevant implementation date, make an offer of such Notes to the public in the Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in 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) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (a) to (c) above shall require the 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 Prospectus Directive.

For the purposes of the above, 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 for the Notes, as such expression may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. For the purposes of the above, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each subscriber for, or purchaser of, the Notes in this Offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the Initial Purchasers and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgment and agreement.

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 may 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.

France. The Notes have not been and will not be, directly or indirectly, offered or sold to the public in the Republic of France, and no offering or marketing materials relating to the Notes must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public of financial securities (*offre au public de titres financiers*) in the Republic of France within the meaning of Article L. 411-1 of the French Code monétaire et financier and Title I of Book II of the *Réglement Général de l'Autorité des marchés financiers*. The Notes may only be offered or sold in the Republic of France pursuant to article L. 411-2-II of the French Code *monétaire et financier* to (i) providers of third party portfolio management investment services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) or a restricted circle of investors (cercle restreint d'investisseurs) acting for their own account, all as defined in and in accordance with articles L. 411-1, L. 411-2 and D. 411-1 to D. 411-4 of the French Code *monétaire et financier*.

Prospective investors are informed that:

(i) this Offering Memorandum has not been and will not be submitted for clearance to the French financial market authority (*Autorité des marchés financiers*);

(ii) Qualified investors (*investisseurs qualifiés*) and any restricted circle of investors (*cercle restreint d'investisseurs*) referred to in article L. 411-2-II-2 of the French *Code monétaire et financier* may only participate in this Offering for their own account, as provided under articles D. 411-1 to D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier*; and

(iii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with applicable laws and regulations, in particular those relating to an offer to the public (*offre au public de titres financiers*) (which are embodied in articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier*).

Germany. The Notes may not be offered and sold to the public, except in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or any other laws applicable in Germany governing the issue, offering and sale of securities. This Offering Memorandum has not been and will not be submitted to, nor has it been nor will it be approved by, the German Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). The Issuer has not, and does not intend to, obtain a notification to the German Financial Services Supervisory Authority from another competent authority of a member state of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17(3) of the German Securities Prospectus Act. The Notes must not be distributed within Germany by way of a public offer, public advertisement or in any similar manner, and this Offering Memorandum and any other document relating to the Notes, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of Notes to the public in Germany. Consequently, in Germany, the Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes are directed only at, persons who are "qualified investors" (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the German Securities Prospectus Act. This Offering Memorandum and other offering materials relating to the offer of Notes are strictly confidential and may not be distributed to any person or entity other than the recipients hereof.

Italy. The Offering of the Notes has not been registered, and unless and until the Offering of the Notes has been registered, pursuant to Italian securities legislation, no Note may be offered, sold or delivered, nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*) as defined in Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended ("CONSOB Regulation No. 11971"), pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the "Italian Financial Services Act"); or

(b) in other circumstances which are exempted from the rules on offerings of securities to the Italian Financial Services Act and/or CONSOB Regulation No. 11971.

Any offer, sale, resale, or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, Legislative Decree No. 385 of September 1, 1993, as amended, and Regulation No. 16190 of October 29, 2007 (as amended from time to time) (the "Banking Act");

(ii) in compliance with Article 129 of the Consolidated Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Grand Duchy of Luxembourg. This Offering Memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in the Grand Duchy of Luxembourg ("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 offering circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, from or published in, Luxembourg, except for the sole purpose of the admission of the Notes to trading on the Euro MTF and listing on the Official List of the Luxembourg Stock Exchange, and except in circumstances which do not constitute an offer of securities to the public requiring the publication of a prospectus in accordance with the Luxembourg law of July 10, 2005 on prospectuses for securities, as amended, and implementing the Prospectus Directive, as amended. 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 Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended, and (ii) no more than 149 prospective investors, which are not qualified investors.

Netherlands. The Notes (including rights representing an interest in each global note that represents the Notes) which are the subject of this Offering Memorandum, have not been and shall not be offered, sold, transferred or delivered to the public in the Netherlands unless in reliance on Article 3(2) of the Prospectus Directive and provided:

(i) such offer is made exclusively to legal entities which are qualified investors (as defined in the Prospectus Directive and which includes authorized discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in the Netherlands; or

(ii) standard logo and exemption wording is disclosed, as required by article 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the "FSA"); or

(iii) such offer is otherwise made in circumstances in which article 5:20(5) of the FSA is not applicable.

For the purposes of the above, the expressions (i) an "offer of Notes to the public" in relation to any Notes in the Netherlands; and (ii) "Prospectus Directive", have the meaning given to them under "Notice to European Economic Area Investors" above.

Spain. The Offering has not been, and it is not envisaged to be, approved by or registered or filed with the *Comisión Nacional del Mercado de Valores* and therefore the Notes may not be offered or sold or distributed in Spain except in accordance with the requirements set out in the Securities Market Act (*Ley 24/1988, de 28 de julio del Mercado de Valores*) as amended, restated or substituted from time to time, and 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*), or any other regulations that may be in force from time to time. This Offering Memorandum is not intended for the public offering or sale of the Notes in Spain and does not constitute a prospectus (registration document and securities note) for the public offering in Spain.

Switzerland. The Notes 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. The issue and distribution of this Offering Memorandum is restricted by law. This Offering Memorandum is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by, a person authorized under the Financial Services and Markets Act 2000. This Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order")), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Issuer.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CERTAIN DEFINITIONS

Presentation of Financial Information

Financial statements presented

We have included and primarily discussed in this Offering Memorandum the audited consolidated historical financial statements of ABC B.V. as of and for the years ended December 31, 2010, 2011 and 2012. Accordingly, all references to "we," "us" or "our" in respect of historical financial information in this Offering Memorandum are to ABC B.V. and its subsidiaries on a consolidated basis. The audited consolidated financial statements of ABC B.V. included herein and the accompanying notes thereto have been prepared in accordance with IFRS and with Part 9 of Book 2 of the Dutch Civil Code.

We also present in this Offering Memorandum certain financial information on an as adjusted basis to give pro forma effect to the Refinancing (as defined herein), including the issuance of the Notes offered hereby and the application of the net proceeds thereof as described in "Use of Proceeds." See "The Offering—Summary Financial and Operating Information" and "Capitalization." The unaudited pro forma data are provided for illustrative purposes only and do not purport to represent what our actual results of operations or financial position would have been if this Offering had occurred on December 31, 2012. The unaudited pro forma data set forth in this Offering Memorandum are based upon available information and certain assumptions and estimates that we believe are reasonable. The unaudited pro forma financial data have not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma information have been audited or reviewed in accordance with any generally accepted auditing standards.

Other financial measures and ratios

In this Offering Memorandum, we present certain financial measures, including EBITDA, Adjusted EBITDA, operating free cash flow ("OPFCF"), adjusted net income, and certain leverage and coverage ratios that are not required by, or presented in accordance with, IFRS. Our management believes that the presentation of these non-IFRS measures and ratios is helpful to investors because these and other similar measures and ratios are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and liquidity. However, you should not construe these non-IFRS measures and ratios as alternatives to profit and loss from operations determined in accordance with IFRS or to cash flows from operations, investing activities or financing activities, or any other measure or ratio required by, or presented in accordance with, IFRS. In addition, our non-IFRS measures and ratios may not be comparable to similarly-titled measures or ratios used by other companies.

In particular, our EBITDA-based measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for analysis of our results or any performance measures under IFRS as set forth in our financial statements. Some of these limitations are:

- They do not reflect our cash expenditures or future requirements for capital commitments.
- They do not reflect changes in, or cash requirements for, our working capital needs.
- They do not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt.
- They do not reflect any cash income taxes that we may be required to pay.
- They are not adjusted for all non-cash income or expense items that are reflected in our consolidated income statement.
- They do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations.
- Assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements.
- Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

As used in this Offering Memorandum, the following terms have the following meanings:

- We define "EBITDA" as operating income plus depreciation and amortization as included in the consolidated income statement in our financial statements included elsewhere in this Offering Memorandum.
- We define "Adjusted EBITDA" as EBITDA as adjusted to remove the effects of operating expenses incurred in connection with the integration of our predecessor businesses. We did not incur operating expenses in connection with the integration of our predecessor businesses in 2011 or 2012, and currently do not expect to incur such expenses in 2013.
- We define "operating free cash flow," or OPFCF, as Adjusted EBITDA less capital expenditures excluding integration capital expenditure and acquisition capital expenditure.
- We define "adjusted net income" as net result adjusted for amortization of customer lists, amortization of funding costs, impairments, costs related to integration and fair value gains or losses from ineffective hedge contracts under IFRS and the tax effects of these adjustments.

Key performance indicators

In this Offering Memorandum, we also present various key performance indicators, including, among others, ARPU, blended ARPU, churn, RGUs and subscribers. These measures may not be comparable to similarly-titled measures presented by others in our industry. However, while the method of calculation may differ across the industry, we believe that these indicators are helpful in understanding our performance from period to period and facilitate comparison with our peers. These measures have been presented on a consistent basis, with previous years' measures having been adjusted to reflect any changes implemented by us in later years, and as such are directly comparable to each other from year-to-year.

These indicators are not intended to be a substitute for, or superior to, any IFRS measures of performance.

Rounding

Certain data in this Offering Memorandum, including financial, statistical and operating information, has been rounded. As a result, the totals of certain data presented in this Offering Memorandum may vary slightly from the actual arithmetic totals of such data. In addition, certain percentages have been rounded and accordingly may not add up to 100%.

Certain Definitions

Unless indicated otherwise in this Offering Memorandum or the context requires otherwise:

- all references to "Ziggo," the "Group," "we," "us" or "our" are to ABC B.V. and its consolidated subsidiaries;
- all references to the "Issuer" are to Ziggo B.V.;
- all references to the "2017 Senior Secured Notes" are to the €750 million in aggregate principal amount of 6.125% Senior Secured Notes due 2017 issued by Ziggo Finance B.V. in October 2010. Ziggo Finance B.V. loaned the proceeds of the 2017 Senior Secured Notes to Torenspits II B.V. as a Facility E tranche under the Old Senior Credit Agreement;
- all references to the "2018 Senior Notes" are to the €1,208.9 million in aggregate principal amount of 8.0% Senior Notes due 2018 issued by Ziggo Bond Company B.V. in May 2010;
- all references to the "@Home Business" are to the former businesses and assets of Essent Kabelcom B.V., which was merged into the Ziggo business in 2008;
- all references to "ABC B.V." are to Amsterdamse Beheer- en Consultingmaatschappij B.V.;
- all references to "ACM" are to the *Autoriteit Consument en Markt*, the Dutch Authority for Consumers and Markets as well as to any of the predecessors of the Autoriteit Consument en Markt (i.e., the *Nederlandse Mededingingsautoriteit*, the Netherlands Competition Authority, the *Onafhankelijke Post en Telecommunicatie Autoriteit*, the Independent Post and Telecommunications Authority and the *Consumentenautoriteit*, the Netherlands Authority for Consumers);

- all references to "ARPU" refer to average monthly revenue per user of the relevant service for the referenced period, a measure used to calculate how effectively we are in realizing potential revenues from subscribers. ARPU is calculated by dividing total subscription-related revenues for a period excluding installation and carriage fees by the average number of subscribers served in the period and by the number of months in the period, as follows:
  - ARPU for our digital pay TV is calculated by dividing the digital pay TV revenues for the period by the average monthly number of subscribers that have subscribed for one or more of our digital pay TV services and dividing by the number of months in that period.
  - ARPU from broadband internet is calculated by dividing broadband internet consumer revenues, including revenues generated through value-added services subscriptions, for the period by the average monthly number of consumer subscribers and dividing by the number of months in that period. Value- added services subscriptions include online backup, internet security and anti-virus services.
  - ARPU from telephony subscription is calculated by dividing telephony subscription consumer revenues, including value-added services subscriptions, for the period by the average monthly number of consumer subscribers and dividing by the number of months in that period. Value-added services subscriptions include second telephony lines and mobile subscriptions from the former Multikabel business.
  - ARPU from telephony usage is calculated by dividing total telephony usage consumer revenues for the period by the average monthly total telephony consumer RGUs and dividing by the number of months in that period.
  - ARPU from Office Basis is calculated by dividing Office Basis revenues for the period by the average monthly total Office Basis subscribers and dividing by the number of months in that period.
  - ARPU from Internet Plus is calculated by dividing Internet Plus revenues for the period by the average monthly total Internet Plus subscribers and dividing by the number of months in that period.

  Based on the growth of our business revenues, we decided to separate the reporting of consumer and business ARPU for HFC-based products beginning in January 2012;
- all references to "AT" are to Agentschap Telecom (Radiocommunications Agency), a division of the Dutch Ministry of Economic Affairs, which oversees the acquisition, allocation and protection of spectrum;
- all references to "blended ARPU" are to a blended ARPU measure for consumer revenues, which is calculated as the sum of total standard TV, digital pay TV, broadband internet and telephony consumer revenues (including digital pay TV and telephony usage revenues) for the period divided by the period's average monthly total standard TV consumer RGUs and divided by the number of months in that period. Based on the growth of our business revenues, we decided to exclude business RGUs from the calculation of consumer ARPU beginning in January 2012. We do not report blended business ARPU because revenues between different products and different types of business subscribers vary significantly;
- all references to "Business" or "business" are to Ziggo product offerings to which customers subscribe for business or commercial use, and any related statistics and descriptions (for example, "business customers");
- all references to the "Casema Business" are to the former businesses and assets of Casema Holding B.V., which was merged into the Ziggo business in 2008;
- unless otherwise indicated, all references to "churn" are to the voluntary or involuntary discontinuation of the provision of all services to a subscriber (including transfers by subscribers who relocate within our network area and transfers between different service tiers); the churn rate information presented herein is the percentage measure of the number of subscribers who have discontinued all services for which they had subscribed in the respective period divided by the average number of subscribers during that period;

- all references to "Collateral" are to "Collateral" as described in "Description of the Notes—Collateral";
- all references to "Consumer" or "consumer" are to Ziggo product offerings to which customers subscribe for personal use, and any related statistics and descriptions (for example, "consumer RGUs" or "consumer households");
- all references to the "CvdM" or to the "Dutch Media Authority" are to the *Commissariaat voor de Media*, which enforces the rules and regulations promulgated under the Dutch Media Act or based on the Dutch Media Act;
- all references to "our customers" or "customers" in relation to Ziggo refer to households, which can consist of one or more person(s) who use(s) our services; other references to "customers" refer to customers more generally (for example, "potential customers" (including our competitors' customers) or "customer care");
- all references to "Facility E" are to the loan tranche under the Old Senior Credit Agreement pursuant to which the proceeds of the 2017 Senior Secured Notes were borrowed by Torenspits II B.V.;
- all references to the "Guarantees" are to the senior secured guarantees by the Guarantors to guarantee the payment obligations of the Issuer under the Notes offered hereby;
- all references to the "Guarantors" are, collectively, to ABC B.V., Torenspits II B.V., Ziggo Netwerk B.V. and Ziggo Netwerk II B.V.;
- all references to "IFRS" are to International Financial Reporting Standards as adopted by the European Union;
- all references to the "Indenture" are to the indenture governing the Notes;
- all references to the "Initial Purchasers" are to the firms referred to under the "Plan of Distribution" section within this Offering Memorandum;
- all references to the "Issue Date" are to the date on which the Notes offered hereby are issued;
- all references to "KPN" are to KPN N.V., a major telecommunications operator in the Netherlands;
- all references to the "Multikabel Business" are to the former businesses and assets of Multikabel N.V., which was merged into the Ziggo business in 2008;
- all references to the "New Senior Secured Facility" are to the new senior facilities agreement dated as of March 21, 2013 entered into by, among others, the Issuer, ABC B.V. (upon accession) certain other guarantors, ABN AMRO Bank N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International) and ING Bank, a Branch of ING-DiBa AG, as global coordinators, and ING Bank N.V., as agent and security agent and providing for (i) a euro-denominated term loan facility in an amount of €150,000,000, which will be used to refinance all or part of the indebtedness under the Old Senior Credit Agreement (other than Facility E) and to pay transaction costs and (ii) a euro-denominated revolving facility in an amount of up to €400,000,000 as described in "Description of Other Indebtedness—New Senior Secured Facility";
- all references to the "Notes" are to the €750 million in aggregate principal amount of 3.625% Senior Secured Notes due 2020 of the Issuer offered hereby;
- all references to the "Security Documents" are to the "Security Documents" as defined in "Description of the Notes—Certain Definitions";
- all references to the "Offering" are to the offering of the Notes hereby;
- all references to the "Old Senior Credit Agreement" are to the Senior Credit Agreement, dated as of September 12, 2006, as subsequently amended, supplemented, varied, novated, extended or replaced from time to time, among ABC B.V., RBS N.V. (formerly known as ABN AMRO Bank N.V.), Credit Suisse, Goldman Sachs International, ING Bank N.V. and Morgan Stanley Bank International Limited as arrangers, ING Bank N.V., as facility agent and security agent, and the other parties thereto, which, following the Refinancing, will only contain the terms and conditions relating to Facility E;
- all references to the "predecessor businesses" are to the @Home Business, the Casema Business and the Multikabel Business, collectively;

- all references to the "Priority Agreement" are to the priority agreement acceded to by the Trustee and Security Agent on behalf of the holders of the Notes, which governs, among other things, the rights and obligations of the Trustee and Security Agent, the lenders under the New Senior Secured Facility, certain hedging obligations in respect of enforcement of the Collateral and the Guarantees;
- all references to the "Refinancing" are to the repayment in full of tranches B and F under the Old Senior Credit Agreement with the proceeds of the Offering and the loans made under the New Senior Secured Facility as described in "Use of Proceeds";
- all references to the "Revolving Credit Facility" are to the euro-denominated revolving credit facility in an amount of up to €400,000,000 which was entered into by, among others, the Issuer and the Guarantors on March 21, 2013 as part of the New Senior Secured Facility;
- all references to "RGUs" refer to Revenue Generating Units. One RGU represents one service subscription for any of the following services: standard TV, digital pay TV, broadband internet or telephony services over our network. Total RGUs are not equal to the total number of subscribers. For example, one subscriber who receives standard TV and telephony services over our network is counted as two RGUs, and one subscriber who receives standard TV, digital pay-TV, broadband internet and telephony services over our network is counted as four RGUs. Based on the growth of our business revenues, we decided to separate the reporting of consumer and business RGUs for HFC-based products beginning in January 2012;
- all references to the "Security Agent" are to ING Bank N.V., in its capacity as security agent under the Old Senior Credit Agreement, the New Senior Secured Facility, the Notes and other permitted secured indebtedness;
- all references to "standard TV" refer to the standard cable television package we offer to our subscribers;
- all references to "subscribers" are to persons who subscribe for one or more of our services as of a particular date. Subscribers comprise the following:
    - "standard TV subscribers" subscribe for our standard TV services;
    - "broadband internet subscribers" subscribe for our broadband internet services;
    - "digital pay TV subscribers" subscribe for our digital pay TV services;
    - "telephony subscribers" subscribe for our telephony services;
    - "All-in-1 bundle subscribers" subscribe for our All-in-1 bundle of standard TV, broadband internet and telephony as a package;
    - "non-bundle triple-play subscribers" subscribe for standard TV, broadband internet and telephony through individual service subscriptions rather than through our All-in-1 bundle;
    - "triple-play subscribers" are All-in-1 bundle subscribers and non-bundle triple-play subscribers; and
    - "dual-play subscribers" subscribe for two of our services through individual service subscriptions;
- all references to the "Term Loan Facility" are to the euro-denominated term loan facility in an amount of €150,000,000 which was entered into by, among others, the Issuer and the Guarantors on March 21, 2013 as part of the New Senior Secured Facility;
- all references to the "Trustee" are to Deutsche Trustee Company Limited, in its capacity as trustee under the Indenture governing the Notes;
- all references to "UPC" are to UPC Nederland B.V., the second largest cable operator in the Netherlands which operates outside our service area, and with which we have entered into joint ventures; and
- all references to "Voting Deed Poll" are to the voting deed poll executed by Ziggo Finance B.V. on October 21, 2010 in favor of the agents and the other finance parties under the Old Senior Credit Agreement.

In this Offering Memorandum, unless otherwise indicated: all references to the "EU" are to the European Union; all references to "euro" or "€" are to the lawful currency of the European Union; all references to the "United States" or the "U.S." are to the United States of America; and all references to "U.S.$," "U.S. dollars," "dollars" or "$" are to the lawful currency of the United States of America.

We have provided definitions for some of the industry terms used in this Offering Memorandum in the "Glossary of Selected Terms" beginning on page G-1 of this Offering Memorandum.

EXCHANGE RATE INFORMATION

We present our consolidated financial statements in euro. We have set forth in the table below, for the periods and dates indicated, period average, high, low and period end exchange rates as published by Bloomberg. 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 exchange rate of the euro on March 21, 2013 was $1.2978 = €1.00.

	U.S.$ per €1.00			
	Period Average[(1)]	**High**	**Low**	**Period End**
Year				
2008	1.4697	1.5990	1.2452	1.3953
2009	1.3952	1.5094	1.2543	1.4331
2010	1.3211	1.4510	1.1952	1.3366
2011	1.3924	1.4874	1.2925	1.2960
2012	1.2911	1.3357	1.2306	1.3197
Month				
September 2012	1.2871	1.3121	1.2561	1.2876
October 2012	1.2974	1.3119	1.2875	1.2970
November 2012	1.2833	1.3002	1.2710	1.3002
December 2012	1.3126	1.3245	1.2937	1.3197
January 2013	1.3301	1.3584	1.3049	1.3584
February 2013	1.3349	1.3671	1.3052	1.3083
March (through March 21, 2013)	1.2995	1.3097	1.2878	1.2978

(1) Period Average means the average of the exchange rates on the last business day of each month for annual averages and the average of the exchange rates on each business day during the relevant period for monthly averages.

TAX CONSIDERATIONS

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the consequences of purchasing, holding and disposing of the Notes, including, without limitation, the application of U.S. federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the Notes at a price other than the initial issue price in the Offering. See "Certain Tax Considerations."

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains "forward-looking statements" as that term is defined by the U.S. federal securities laws. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this Offering Memorandum, including, but without limitation, those regarding our future financial condition, results of operations and business, our product, acquisition, disposition and finance strategies, our capital expenditure priorities, subscriber growth and retention rates, competitive and economic factors, the maturity of our markets, anticipated cost increases, liquidity, credit risk 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, or, in each case, their negative or other variations or comparable terminology, used in this Offering Memorandum. These forward-looking statements include all matters that are not historical facts.

By their nature, forward-looking statements are subject to numerous assumptions and known and unknown risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond our control. Forward-looking statements are not guarantees of future performance. 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 factors include, among others:

- the competitive environment in which we operate;
- continued demand for information, communication and entertainment products and services;
- general economic trends in the Netherlands and trends in the cable television and telecommunications industries;
- our ability to manage rapid technological changes;
- increases in the churn rate;
- pressures on our customer service;
- our agreements, relationships and cooperation with content providers;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to maintain or increase the number of subscriptions to our standard TV, digital pay television, broadband internet and telephony services and our average monthly revenue per user;
- events that are outside of our control that may disrupt our network and IT infrastructure;

- consumer disposable income and spending levels, including the availability and amount of individual consumer credit;
- leakage of sensitive customer data;
- our agreements, relationships and coopertation with third party providers of hardware, software and other services;
- strikes and industrial actions at our facilities;
- interference with our television service by mobile network operators;
- capital spending for the acquisition and/or development of telecommunications networks and services;
- general economic trends in the Eurozone;
- the outcome of any pending or threatened litigation;
- changes in, or failure or inability to comply with, government regulations in the countries in which we, and the entities in which we have interests, operate and adverse outcomes from regulatory proceedings;
- government intervention that opens our distribution network to competitors;
- determinations by regulators that we have significant market power; and
- adverse decisions or changes in regulation by tax authorities.

These risks and others described under "Risk Factors" are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industries in which we operate. In particular, the television, broadband internet and fixed-line telephony services industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this Offering Memorandum are subject to a significant degree of risk. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or a combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. The forward-looking statements contained within this Offering Memorandum, and such risks, uncertainties and other factors, speak only as at 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. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

In addition, the cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. 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 within 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 Notes.

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this Offering Memorandum belongs to its holder.

HISTORICAL AND CURRENT MARKET AND INDUSTRY DATA

Historical and current market data used throughout this Offering Memorandum, including data with respect to our competitive position, have been obtained from internal company analyses, industry publications and from surveys or studies conducted by third party sources that we believe to be reliable. In particular, certain information has been provided by Bloomberg, CBS, Eurostat, IDC European Telecom Services Database, NLKabel, ACM, Screen Digest, SKO, Telecompaper and TNO. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of the information contained in industry publications or from surveys or studies conducted by third party sources is not guaranteed. Market data and statistics are inherently predictive, subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market research. Neither we nor any of the Initial Purchasers have independently verified such market and industry data. We do, however, accept responsibility for the correct reproduction of this information. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the "Risk Factors" section in this Offering Memorandum.

In addition, while we believe our internal company analyses to be reliable, they have not been verified by any independent sources, and neither we nor any of the Initial Purchasers make any representation as to the accuracy of such information. In this Offering Memorandum we present estimates of our subscription market share within our network area for each of our standard TV, digital TV, broadband internet and telephony services. We estimate our subscription market share within our network service area by making adjustments to national data obtained from industry publications. Such adjustments are based on assumptions that may not be accurate and, as a result, our actual market share within our network area may differ from the estimates we present in this Offering Memorandum. In particular, we assume that per capita subscription rates for standard TV, digital TV, broadband internet and telephony services are the same within our network area as they are nationally.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. It is not complete and may not contain all the information that you should consider before investing in the Notes. You should read the entire Offering Memorandum, including the more detailed information in the financial information and the related notes thereto included elsewhere in this Offering Memorandum, before making an investment decision. See "Risk Factors" for factors that you should consider before investing in the Notes and "Forward-Looking Statements" for information relating to the statements contained in this Offering Memorandum that are not historical facts.

Our Business

Overview

We are the largest cable operator in the Netherlands, with an estimated network coverage of 56% of the country by homes passed as at December 31, 2012. We provide standard TV, digital pay TV, high-speed broadband internet and telephony services to consumers and businesses. A cornerstone of our strategy is to offer a combination of services in packages, in particular our triple-play offering, the "All-in-1" bundle, which offers subscribers the convenience of receiving TV, broadband internet and telephony services from us at a lower price when compared to three individual service subscriptions. According to ACM, the Dutch Authority for Consumers and Markets, we were the number one provider of triple-play offerings in the Netherlands as at June 2012. For the twelve months ended December 31, 2012, we generated revenue of €1.5 billion, EBITDA of €880.9 million and operating free cash flow of €601.2 million.

As at December 31, 2012, we had 4.2 million homes passed and primary product relationships with 2.8 million standard TV subscribers. Our high penetration of homes passed with standard TV allows us to market our other services directly to our subscribers and supports our strong market positions. Based on Telecompaper statistics, we estimate that our service area market shares by subscriptions as at December 31, 2012 for standard TV, digital TV, broadband internet and telephony were 64.4%, 59.3%, 47.7% and 42.7%, respectively. We believe our leading positions are based on the strength of our network, customer focus and our ability to offer a premium combination of content, speed and functionality at attractive prices compared to our competitors.

Our services are delivered over our hybrid fiber coaxial ("HFC") cable network, which we believe is one of the most technically advanced in Europe. Since the start of the merger of our three predecessor businesses in 2006 (the "merger"), we have invested more than €1.2 billion in our network, systems and infrastructure and we intend to continue investing in these areas to maintain and strengthen our competitive position in the market. Our network is fully bi-directional and EuroDocsis 3.0 enabled. Both its spectrum bandwidth capacity of 862 MHz and average fiber distance of within 300 meters from our subscribers' homes and offices are better than the European industry average. These features allow us to offer download speeds of up to 120 Mbps to all our homes passed, and our technology has the potential to offer speeds of up to 400 Mbps using current EuroDocsis 3.0 modems. The spectrum bandwidth capacity and speed of our network are substantially higher for TV and broadband internet services than DSL operators in our service area such as KPN, Tele2 and Online.

We believe our network advantage, high quality services, customer focus and continued innovation have enabled us to achieve strong growth in the number of our standard TV subscribers who also subscribe for our digital pay TV offerings as well as the percentage of standard TV subscribers who also receive broadband internet and telephony services (i.e. "triple-play subscribers") which has increased from 36.3% as at December 31, 2010 to 50.8% as at December 31, 2012. These increases have in turn driven growth in both our revenue generating units ("RGUs") and in our average monthly revenue per user ("ARPU") over the past three years. As a result, our blended consumer ARPU has increased from €33.92 for the year ended December 31, 2010 to €40.44 for the year ended December 31, 2012. Going forward, we believe we are well-positioned to capture further growth through our triple-play and digital pay TV offerings.

We provide the following products and services to our customers:

Standard TV. As at December 31, 2012, we provided our standard TV services to approximately 2.8 million subscribers, or 68.0% of homes passed by our network (excluding third party owned networks). All of our standard TV subscribers have access to 25 analog TV channels and 36 radio channels. Our standard TV subscribers who have installed digital receivers and activated a smart card automatically have access to the same TV channels simulcast in digital, as well as 35 additional digital TV and 24 additional radio channels. Sixteen channels are also available in high definition ("HD") format, for which a HD receiver is required. Our standard TV service ("TV Standaard") also includes "Films on Demand," "Series on Demand" and "Catch-up TV" for subscribers that have installed an interactive receiver or make use of our cloud-based interactive TV service. Of our standard TV subscribers, 2.23 million, or 80.4%, had activated a smart card, compared with approximately 2.15 million as at December 31, 2011, consistent with our goal of increasing our digital subscriber base. We provide our standard TV services under individual contracts with almost all of our subscribers. Our standard TV services generated an ARPU of €13.57 during the year ended December 31, 2012, compared with an ARPU of €13.49 during the year ended December 31, 2011.

Digital Pay TV. As at December 31, 2012, approximately 917,000 of our 2.2 million digital standard TV subscribers, or 41.1%, had purchased digital pay TV packages from us during the year, compared with approximately 940,000 during the year ended December 31, 2011. We offer subscribers who are equipped with digital receivers and who have activated a smart card the option to purchase digital pay TV services, which include both subscription programming as well as on-demand content. Since September 1, 2011, we have offered a three-tier TV proposition, in which two new tiers ("TV Plus" and "TV Extra") have been added next to our standard TV package ("TV Standaard"). Compared to TV Standaard, TV Plus and TV Extra have a higher number of standard digital and HD channels and a greater range of Films on Demand and Series on Demand content. We also offer additional digital TV packages, of which the most popular are our sport and film packages Sport1, HBO, Eredivisie Live and Film1. Our digital pay TV services (including VoD and pay-per-event) generated an ARPU of €14.97 during the year ended December 31, 2012, compared with an ARPU of €13.71 during the year ended December 31, 2011.

Broadband internet. As at December 31, 2012, we provided our broadband internet services to approximately 1.8 million subscribers. During 2009, we fully upgraded our network to EuroDocsis 3.0 technology, which allows us to offer our subscribers significantly higher speeds across our network than any of our competitors. We offer a broadband internet service with download speeds of up to 120 Mbps for All-in-1 Extra bundle subscribers, which is significantly faster than the maximum download speed of 80 Mbps currently offered by KPN over its DSL network. We now offer three tiers of broadband internet service in combination with our standard TV service ("TV + Internet Z1," "TV + Internet Z2" and "TV + Internet Z3") and three tiers of broadband internet service within the All-in-1 bundles ("All-in-1 Basic," "All-in-1 Plus" and "All-in-1 Extra"). Our broadband internet services (including value-added services such as Security) generated an ARPU of €21.50 during the year ended December 31, 2012, compared with an ARPU of €21.60 during the year ended December 31, 2011.

Telephony. As at December 31, 2012, we provided our telephony services to approximately 1.5 million subscribers, or 52.8% of our total subscriber base. We offer telephony services using Voice over Internet Protocol technology ("VoIP"), which allows our customers to make traditional fixed-line telephone calls using a standard telephone handset and provides comparable quality to the PSTN and VoIP telephony services offered by KPN and others. Our telephony services generated an ARPU from subscription of €7.62 during the year ended December 31, 2012, compared with €7.59 during the year ended December 31, 2011, and an ARPU from usage of €10.61 during the year ended December 31, 2012, compared with €11.43 during the year ended December 31, 2011.

"All-in-1" Triple-Play Bundles. In May 2008, we introduced the Ziggo All-in-1 bundle, which is available in "All-in-1 Basic," "All-in-1 Plus" and "All-in-1 Extra" configurations, in order of increasing speed and price, and offers our subscribers standard TV, broadband internet and telephony services together from a single provider at an attractive value proposition. As part of our All-in-1 bundle, we have internet speeds available that are higher than those offered through our standalone internet services. We believe these incentives have been instrumental to increasing our number of All-in-1 bundle subscribers in recent years. We derive substantial benefits from offering bundles to our subscribers, as bundles generate higher monthly ARPU and reduce churn. As at December 31, 2012, we provided All-in-1 bundles to approximately 1.4 million subscribers, an increase of 10.6% from December 31, 2011, and our All-in-1 bundle generated an ARPU of €41.74 during the year ended December 31, 2012, compared with an ARPU of €41.77 during the year ended December 31, 2011.

Our Competitive Strengths

We believe that we benefit from the following key strengths:

Operations in one of Europe's most attractive markets for cable operators.

The Netherlands has very attractive characteristics for cable operators, including the relative prosperity of its population (in 2011, real GDP per capita in the Netherlands amounted to €33,300, which is 42% above the EU-27 average in 2011, according to Eurostat), its high population density and its high cable penetration. Cable networks in the Netherlands pass approximately 98% of all households, which is among the highest rates in Europe, while customer penetration of cable networks at approximately 68% in 2012 compares favorably with most other European markets, according to Screen Digest. We believe that higher disposable income translates into higher potential spending on media and communications services, while high population density, cable network ubiquity and high customer penetration allow for highly efficient cable operations yielding higher profitability and cash flow margins.

The most advanced network in our service area and one of the strongest networks in Europe.

Our HFC network is fully bi-directional, EuroDocsis 3.0 enabled, has a spectrum bandwidth capacity of 862 MHz and has an average fiber distance of within 300 meters from our subscribers' homes and offices. This combination of characteristics makes our HFC network well-positioned within the European cable market and gives us the strongest infrastructure in the majority of our service area. Our HFC network enables us to provide higher quality TV and broadband internet services than those offered by DSL, DTH and DTT operators in our service area such as KPN, Tele2 and Online. For example, we currently provide speeds of up to 120 Mbps to all our homes passed using our EuroDocsis 3.0 high-speed modems. These modems have the potential to support speeds of up to 400 Mbps, giving us significant capacity for future upgrades. We currently have a network advantage in terms of overbuild of Fiber-to-the-Home ("FttH") across at least 82% of our service area and expect to maintain this advantage across approximately 79% of this area through 2013, based on KPN's published plans to roll-out FttH, the only network currently capable of providing equivalent speeds for broadband internet. We are focused on maintaining our competitive network advantage through the continuous upgrading and expansion of our network and equipment. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditure."

Competitive advantage in triple-play, digital TV and broadband internet.

As a result of our network strength, highly competitive service offerings and customer focus, we have developed leading positions in triple-play, digital pay TV and broadband internet services within our service area. We are focused on providing our customers with highly competitive services that offer more content, higher speeds, greater functionality and better quality of service than our competitors. In digital TV, we offer an extensive range of HD channels, full video-on-demand, "Catch-up TV" services and a comprehensive TV library. In broadband internet, we provide the highest speeds, at the most competitive price per download speed tier, in the majority of our service area, which has allowed us to achieve a market share in our service area of 47.7% by number of subscriptions as at December 31, 2012. Our fixed telephony offering includes free on-net calls for all subscribers and attractive pricing plans, which, together with our broadband internet and TV offerings, create an attractive "All-in-1" triple-play proposition.

Significant growth opportunities in the Dutch market.

We believe the strengths above, combined with our direct relationships with subscribers, make us well-positioned to capture growth opportunities within the Dutch telecommunications market, including:

- Triple-Play: We estimate that our penetration for triple-play offerings, measured as a percentage of our total standard TV subscriptions, has the potential to grow over time from 50.8% as at December 31, 2012. In a report for ACM in March 2011, AT Kearney and Telecompaper indicate that they expect the trend of bundling to continue. Other cable operators have achieved higher levels of penetration in triple-play offerings, such as Virgin Media in the United Kingdom, with 64.9% at the end of December 2012. Based on historical performance, we expect further growth in our All-in-1 bundle triple-play subscriber base.
- High-speed Broadband Internet: According to Telecompaper, demand for high-speed broadband internet in the Netherlands is expected to grow further. We believe that we are well positioned to benefit from this growth, given that we offer broadband internet speeds to consumers of up to 120 Mbps throughout our service area. We estimate that in at least 82% of our service area, we are currently the only operator capable of providing broadband speeds of over 80 Mbps.
- Digital Pay TV: According to Screen Digest, the digital pay television market segment in the Netherlands is expected to grow from €0.33 billion in 2012 to approximately €0.53 billion by 2017. We believe we can benefit from this growth by, for example, leveraging our attractive digital pay TV offering and providing innovative digital pay TV services.

Combination of high EBITDA and cash flow margins and growth in recent years.

We have benefited from strong EBITDA and cash flow margin growth in recent years. For the year ended December 31, 2012, we generated Adjusted EBITDA as a percentage of revenues of 57.3% and OPFCF as a percentage of revenues of 39.1%. At the same time, Adjusted EBITDA has grown from €783.4 million for the year ended December 31, 2010 to €880.9 million for the year ended December 31, 2012, representing a compound annual growth rate ("CAGR") of 6.0% and driven, we believe, by the strengths of our market, market position, service offerings, network and operations.

Experienced and proven management team.

With more than 80 years of combined experience in the telecommunications, media and technology ("TMT") sectors, our management team has a proven track record of developing and implementing our growth strategy. Prior to joining Ziggo, members of our management team held senior management positions at a broad range of telecommunications and media businesses, including at two of our predecessor businesses, Essent Kabelcom and Multikabel, as well as at Libertel, PrimaCom, UPC/A2000 and KPN. Bernard Dijkhuizen, our Chief Executive Officer, joined us in the creation of Ziggo, having previously served as general manager of Essent Kabelcom B.V., and has more than 13 years of TMT experience. Our Chief Financial Officer, Bert Groenewegen, joined us in March 2010 and has more than 22 years of TMT experience. Marcel Nijhoff, our Chief Commercial Officer, joined us in 2006, having previously served as Chief Executive Officer of Multikabel N.V. for two years, and has more than 28 years of TMT experience, including 17 years in cable. Paul Hendriks, our Chief Technology Officer, joined us in 2008 and has more than 21 years of TMT experience. The Supervisory Board of Ziggo N.V. announced on March 6, 2013 that it intends to appoint René Obermann, currently CEO of Deutsche Telekom AG, as the new CEO of Ziggo effective January 1, 2014, which will coincide with the previously disclosed retirement of Bernard Dijkhuizen.

Our Strategy

The key components of our strategy are to:

Leverage our superior network and product offering to further increase market share, triple-play bundle penetration and ARPU.

We intend to continue exploiting our network and product offering to enable us to further increase our product market shares. Our strategy is to continue offering higher value services at attractive prices with better content choice, speed, functionality and service quality than those of our competitors. We will also exploit cross selling opportunities to increase penetration of our All-in-1 bundle and digital pay TV services in order to maximize ARPU.

Continue to innovate and to exploit new growth opportunities.

We will continue to innovate to take advantage of growth opportunities in order to further strengthen our leading position in the Dutch telecom and media market. We see these growth opportunities as an extension of our consumer product offerings and intend to pursue them in an incremental manner by leveraging our existing infrastructure. We will continue expanding our comprehensive, high-quality offering of SD and HD channels, and interactive TV ("iTV") services, such as video-on-demand and "Catch-up TV."

Subscribers need an interactive receiver to be able to use interactive TV content. In order to further grow iTV usage, we have created a cloud-based solution for a selection of non-proprietary receivers. In addition, we might decide to migrate our customer base to a new interactive set-top box once it becomes available in order to stimulate the use of digital pay TV and interactive TV while at the same time improving customer loyalty and customer experience. If we decide to do this, we might consider changing our business model in such a way that interactive receivers would be included within our subscriptions and the costs of the receivers capitalized and amortized over their useful lifetime.

In addition we are using a multi-screen approach to provide "TV Everywhere" services for multiple devices, such as tablets, smart phones and computers. Other innovative services we have developed are the music service "Ziggo Music," which allows users to stream music to their mobile devices, and "Ziggo Visual Voicemail," which allows users to receive home phone voicemail messages on their smartphones.

We also aim to add mobility to our current service offering, but do not intend to become a traditional mobile operator. We are in the process of developing a converged mobile proposition that makes use of our own WiFi coverage in and around homes, offices and public hotspots, as complemented by the use of a third party radio access network at other locations in the Netherlands. We have performed a successful trial in the city of Groningen in which Ziggo internet customers can use each others' WiFi hotspot. We will rollout this concept over our service area in the course of 2013 and 2014. As a first step, we also plan to launch a stand-alone MVNO-based mobile offering in the short term targeted at our existing customers, which is planned to evolve into a fully converged mobile proposition once the implementation of this proposition has been finalized. Please see "Business—Mobile" for more information.

Further drive our B2B growth in the SME Small and SoHo segments.

We have repositioned our business-to-business ("B2B") operations to focus on the small and medium size enterprises ("SME") market, in particular small office/home-office ("SoHo") (1-5 employees) and SME Small (6-50 employees) businesses already connected to our network. Because our HFC network is fully EuroDocsis 3.0 enabled, we can deliver high-speed broadband internet services, together with fixed telephony and television, cost effectively and at prices that are competitive. Since we launched our new B2B campaign in May 2010, we have significantly increased our SoHo and SME Small business subscribers from 5,100 as at March 31, 2010 to 36,900 as at December 31, 2012. In addition, add-on acquisitions strengthen our position in the business market and our propositions for the business market.

Increase customer satisfaction by improving all aspects of the customer experience.

We have invested heavily in our customer relations function in order to improve satisfaction and retention at all customer contact points, including at customer service centers, with Ziggo engineers and on our online portal. We continue to respond to feedback from our monthly customer surveys which we believe will enable us to improve customer satisfaction levels and manage and improve churn rates.

Maintain a consistent financial and dividend policy.

We aim to continue to focus on EBITDA growth and strong cash flow generation while maintaining our financial policy. Our current financial policy seeks to maintain a total net leverage ratio of no greater than 3.5 to 1 and to maintain a two tiered capital structure with senior secured and unsecured tranches of debt with the aim of ensuring that our senior secured debt continues to be rated investment grade. Further, the dividend policy of our parent, Ziggo N.V., which is reflected in our own dividend policy, is to distribute approximately 100% of free cash flow to equity. We can give no assurance that our financial and dividend policies will not change in the future nor can there be any assurance that we can or will seek to maintain an investment grade rating for the Notes. The ratings currently assigned to the Notes are dependent upon economic conditions, our business performance in an increasingly competitive market and other factors affecting credit risk that are outside of our control.

Recent Developments and Trading Update

Recent Developments

Announcement of Offering of Ziggo N.V. Shares by Cinven and Warburg Pincus

On March 18, 2013, Cinven and Warburg Pincus, who, together with their co-investors, currently own 74.2 million shares of our parent, Ziggo N.V., representing 37.1% of Ziggo N.V.'s total share capital, announced plans to further reduce their stake in Ziggo N.V. through an accelerated bookbuilt offering of approximately 40 million shares, which represents approximately 20% of Ziggo N.V.'s total share capital. Following the completion of the offering, Cinven, Warburg Pincus and their co-investors will hold a combined 34.2 million shares in Ziggo N.V., which equates to approximately 17.1% of Ziggo N.V.'s total share capital.

Acquisition of Esprit Telecom

On March 14, 2013, we announced the acquisition of Esprit Telecom, a leading provider of voice and data services for the SME market in the Netherlands. Esprit Telecom has an active sales channel of dealers across the Netherlands. The acquisition includes Zoranet, an ICT service provider that focuses on the retail sector. Esprit Telecom will continue to operate independently, under its own name, for the foreseeable future. The acquisition is subject to approval by the Dutch Competition Authority, or NMa. During the year ended December 31, 2012, Esprit Telecom generated revenues of €37 million and a normalized EBITDA of approximately €5 million. The acquisition is valued at €18 million.

Appointment of new CEO

The Supervisory Board of Ziggo N.V. announced on March 6, 2013 that it intends to appoint René Obermann as the new CEO of Ziggo effective January 1, 2014. Mr. Obermann is currently CEO of Deutsche Telekom AG. This planned transition coincides with the previously disclosed retirement of the current CEO, Bernard Dijkhuizen, in January 2014. The intended appointment will be on the agenda of the upcoming annual general meeting of the shareholders of Ziggo N.V., which will take place on April 18, 2013.

Trading Update

There has been no significant change in our financial or trading position since December 31, 2012. Trends for RGUs are currently in line with RGU trends during the fourth quarter of 2012, a period in which we experienced increased churn as a result of a market which has been rapidly developing towards triple-play, and of increased competition from other operators.

In February 2013, we started several new sales and promotions campaigns focused on triple play, dual play and up-sell to iTV. In the second quarter we will start new campaigns focusing on customer loyalty and churn reduction.

Our capital expenditure for 2013 is expected to be in the range of €320–€330 million.

The Refinancing

In connection with the Offering, we will enter into the New Senior Secured Facility, which will provide for a term loan facility in an aggregate amount of €150 million and a revolving credit facility in an aggregate amount not exceeding €400 million. The gross proceeds of the Offering and the gross proceeds of the New Senior Secured Facility will be used to repay in full tranches B and F under the Old Senior Credit Agreement. See “Use of Proceeds,” “Capitalization” and “Description of Other Indebtedness—New Senior Secured Facility.”

The Issuer

The Issuer was incorporated as a private limited company under the laws of the Netherlands on February 15, 1951. The authorized share capital of the Issuer, consisting of 8,858 fully paid-up shares with a nominal value of €100 each, is €885,800.

The Issuer does not currently produce any separate financial statements and does not intend to produce any such separate statements in the future. Pursuant to clauses 2:403(1)(c) and (f) of the Netherlands Civil Code, the financial information of the Issuer has been consolidated at the level of ABC B.V. following a declaration by ABC B.V. (i) that it assumes joint and several liability for any obligations arising from the legal acts of the Issuer and (ii) ABC B.V. has filed the consolidated accounts. As a result, the Issuer has been exempted from the provisions of the Netherlands Civil Code (articles 2:391 to 2:394 (inclusive)) requiring it to prepare and file separate financial statements.

Article 2 of the Issuer’s Articles of Association states that the Issuer’s objects are: to construct and exploit receiving constructions, telecommunications and broadcasting webs and other infrastructure services related to the offering of telecommunications, media, internet, interactive broadcasting, multimedia and data transmission services; to invest funds; to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises and to provide advice and other services; to acquire, use and/or assign industrial and intellectual property rights and real property; to provide guarantees and security for the debts of legal persons or of other companies with which the company is affiliated in a group or for the debts of third parties; and to undertake all that which is connected to the foregoing or in furtherance thereof (all in the broadest sense of the words).

The Guarantors

Each of ABC B.V., Torenspits II B.V., Ziggo Netwerk B.V. and Ziggo Netwerk II B.V. are providing full and unconditional guarantees of the Notes. Each of the above Guarantors is located for business purposes at Atoomweg 100, 3542 AB Utrecht, the Netherlands.

ABC B.V., pursuant to Article 2 of its articles of association, engages in financial holdings and operates as a management and finance company.

Torenspits II B.V., pursuant to Article 2 of its articles of association, engages in financial holdings and operates as a management and finance company.

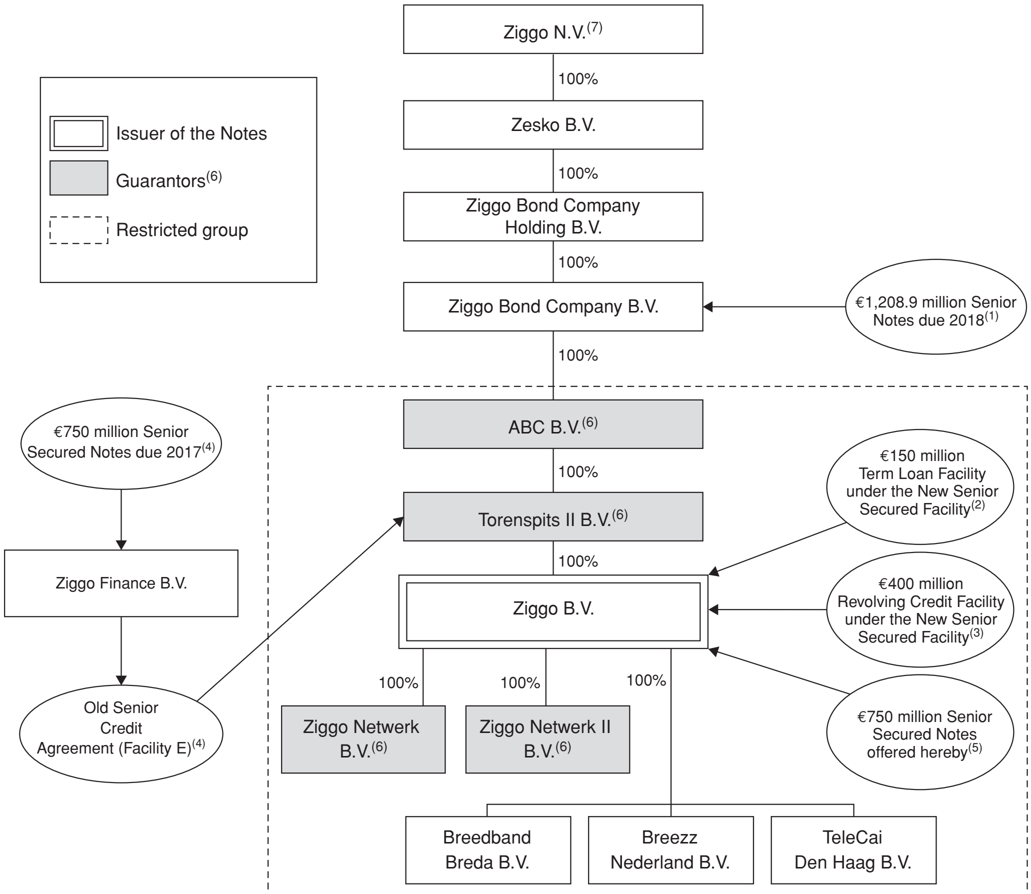
Ziggo Netwerk B.V., pursuant to Article 2 of its articles of association, engages in the building and exploitation of telecommunications networks and other infrastructure services.

Ziggo Netwerk II B.V., pursuant to Article 2 of its articles of association, engages in holding activities as well as the exploitation of cable networks.

The share capital of each of the above Guarantors is fully paid-up.

Summary Corporate and Financing Structure

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving effect to the Offering and the Refinancing as described in "Use of Proceeds." The diagram is intended for illustrative purposes only and does not represent all legal entities or debt obligations of the legal entities actually presented. For a summary of the debt obligations referenced in this diagram, please see "Description of the Notes" and "Description of Other Indebtedness."



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(1) On May 7, 2010, Ziggo Bond Company B.V. issued €1,208.9 million in aggregate principal amount of its 8.0% Senior Notes due 2018 (the "2018 Senior Notes"). The 2018 Senior Notes are secured on a first-ranking basis by pledges over all of the shares of ABC B.V. and over Ziggo Bond Company B.V.'s rights under a loan to ABC B.V. representing the proceeds of the offering of the 2018 Senior Notes. The 2018 Senior Notes are guaranteed on a senior subordinated basis by ABC B.V., Torenspits II B.V., Ziggo B.V., Ziggo Netwerk B.V. and Ziggo Netwerk II B.V. Simultaneously with the issuance of the 2018 Senior Notes, Ziggo Bond Company B.V. loaned the proceeds of the 2018 Senior Notes to ABC B.V. under a proceeds loan received under substantially the same terms and conditions as the 2018 Senior Notes.

(2) The Term Loan Facility within the New Senior Secured Facility will provide for €150 million of borrowings, of which €150.0 million will be drawn as of the Issue Date.

(3) The Revolving Credit Facility within the New Senior Secured Facility will provide for up to €400 million of borrowings, of which €175.3 million will be drawn as of the Issue Date.

(4) On October 21, 2010, Ziggo Finance B.V. issued €750 million in aggregate principal amount of its 6.125% Senior Secured Notes due 2017 (the "2017 Senior Secured Notes"). Ziggo Finance B.V. loaned the proceeds of the 2017 Senior Secured Notes to Torenspits II B.V. as a Facility E tranche under the Old Senior Credit Agreement.

(5) The Notes will be general obligations of the Issuer and will be secured, on a second-priority basis, by all assets that secure on a first-priority basis the obligations of the Issuer and the Guarantors under Facility E and certain hedging obligations. On the Issue Date, the security interests will consist of the capital stock of the Issuer and each Guarantor (other than ABC B.V.) and certain property and assets (including network assets) of the Issuer and the Guarantors, including certain real estate, bank accounts, intellectual property rights, receivables and moveable and immovable assets. Pursuant to the terms of the Priority Agreement, the holders of the Notes and our other secured creditors will share the proceeds of the enforcement of such collateral on a pari passu basis.

(6) The Notes will be guaranteed on a senior secured basis by ABC B.V., Torenspits II B.V., Ziggo Netwerk B.V. and Ziggo Netwerk II B.V. (collectively, the "Guarantors"). During the year ended December 31, 2012, the Issuer and Guarantors generated 99.7% of our consolidated EBITDA and, as at December 31, 2012, held 100% of our consolidated total assets.

(7) Ziggo N.V., the indirect parent company of the Issuer, is listed on the Euronext Amsterdam Stock Exchange.

THE OFFERING

The following summary of the Offering contains basic information about the Notes. It is not intended to be complete and it is subject to important limitations and exceptions. Accordingly, the following summary of the Offering may not contain all of the information that is important to you. For a more complete description of the terms of the Notes, including definitions of certain terms used in this summary, please see the section of this Offering Memorandum entitled "Description of the Notes."

Issuer	Ziggo B.V., a private limited company incorporated under the laws of the Netherlands.
Notes Offered	€750 million aggregate principal amount of the Issuer's 3.625% Senior Secured Notes due 2020.
Issue Date	March 28, 2013.
Maturity Date	March 27, 2020 (at par).
Interest Rate	3.625% per annum.
Interest Payment Dates	Annually in arrears on March 27 of each year, commencing on March 27, 2014. Interest will accrue from the Issue Date of the Notes.
Issue Price	99.80% (plus accrued interest, if any, from the Issue Date).
Denomination and Form	Each Note issued will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof. Euroclear and Clearstream will not be responsible for monitoring such minimum transfer amounts. The Notes will initially be represented by one or more global notes in registered form without interest coupons attached which will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. Please see "Book-Entry, Delivery and Form."
Ranking of the Notes	The Notes will: • be general obligations of the Issuer; • rank *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the Old Senior Credit Agreement and the New Senior Secured Facility and the guarantee of the proceeds loan under the 2017 Senior Secured Notes; • rank senior in right of payment to all existing and future Indebtedness of the Issuer that is subordinated in right of payment to the Notes, including the Issuer's guarantee of the 2018 Senior Notes; • be guaranteed by the Guarantors; • be secured by the Collateral as described below under "—Security"; • 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 effectively subordinated to all obligations of the Issuer's subsidiaries that do not guarantee the Notes.

Guarantees	The Notes will be guaranteed on a senior secured basis (the "Guarantees") by ABC B.V., Torenspits II B.V. and the Issuer's subsidiaries Ziggo Netwerk B.V. and Ziggo Netwerk II B.V. (the "Guarantors") on the Issue Date. On an aggregated basis for the year ended December 31, 2012, the Issuer and the Guarantors generated 99.7% of our consolidated EBITDA and, as at December 31, 2012, held 100% of our consolidated total assets. As of December 31, 2012, on a consolidated basis after giving *pro forma* effect to this Offering as described under "Use of Proceeds:" • we would have had total debt of €3,034.2 million; • we would have had no outstanding debt other than the Notes offered hereby, the 2017 Senior Secured Notes, the 2018 Senior Notes and the New Senior Secured Facility. Please see "Description of Other Indebtedness"; • the Guarantors would have had €3,034.2 million of debt outstanding; and • the subsidiaries of the Issuer that will not guarantee the Notes would have had €0 million of debt outstanding. The obligations of each Guarantor under its Guarantee will be limited to an amount that can be guaranteed under applicable laws, and will not apply to the extent a Guarantee would be illegal or unenforceable under applicable local and bankruptcy laws. Please see "Risk Factors—Risks Relating to the Notes and the Structure—The Guarantees are significantly limited by applicable laws and are subject to certain limitations or defenses" and "—Corporate benefit and other limitations under Dutch corporate law may affect the validity and enforceability of the Notes, the Guarantees and the security interests in the Collateral."
Ranking of the Guarantees	Each Guarantee will: • be a general obligation of that Guarantor; • rank *pari passu* in right of payment with all existing and future Indebtedness of that Guarantor that is not subordinated in right of payment to its Note Guarantee, including the Senior Credit Facilities and the guarantee of the Existing Senior Secured Notes Proceeds Loan; • rank senior in right of payment to all existing and future Indebtedness of that Guarantor that is subordinated in right of payment to its Note Guarantee, including its guarantee of the 2018 Senior Notes; • be secured by the Collateral as described below under "—Security"; • be effectively subordinated to any existing and future Indebtedness of such Guarantor that is secured by property or assets that do not secure its Note Guarantee, to the extent of the value of the property and assets securing such Indebtedness; and • be effectively subordinated to all obligations of such Guarantor's Subsidiaries that do not guarantee the Notes.

The Guarantees will be subject to the terms of the Priority Agreement. Please see "Description of Other Indebtedness—Priority Agreement."

The Guarantees will also be subject to release under certain circumstances. Please see "Risk Factors—Risks Relating to the Notes and the Structure—Corporate benefit and other limitations under Dutch corporate law may affect the validity and enforceability of the Notes, the Guarantees and the security interests in the collateral."

Security

The Notes and the Guarantees will be secured by security interests in the collateral (the "Collateral"), which will include:

- the Capital Stock of the Issuer and each Guarantor (other than the Company); and
- certain property and assets (including network assets) of the Issuer and the Guarantors, including certain real estate, bank accounts, intellectual property rights, receivables and moveable and immovable assets.

Please see "Description of the Notes—Collateral."

Any additional security interests that may in the future be pledged to the Security Agent (or another security agent to be appointed for this purpose) to secure obligations under the Indenture would also constitute Collateral.

The obligations of the Guarantors will be contractually limited under the applicable Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the 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—The Guarantees are significantly limited by applicable laws and are subject to certain limitations or defenses," "—Dutch fraudulent conveyance laws may affect the validity and enforceability of the Notes, the Guarantees and the security interests in the Collateral" and "—Corporate benefit and other limitations under Dutch corporate law may affect the validity and enforceability of the Notes, the Guarantees and the security interests in the Collateral," "Description of Other Indebtedness—Priority Agreement" and "Description of the Notes—Note Guarantees."

Priority Agreement

The security interests in the Collateral will also be granted to secure indebtedness under Facility E (the 2017 Senior Secured Notes) under the Old Senior Credit Agreement, the New Senior Secured Facility, certain hedging obligations and any other permitted secured indebtedness. In addition, the Indenture will permit us to secure additional indebtedness with liens on the Collateral under certain circumstances. These intercreditor relationships are governed by a Priority Agreement (the "Priority Agreement"). The security interests securing the Notes and the Guarantees will be on a second-priority basis ranking behind the first-priority security interests over the Collateral securing Facility E (the 2017 Senior Secured Notes) under the Old Senior Credit Agreement and certain hedging obligations. Subject to the terms of the Priority Agreement, the holders of the Notes, the lenders under the New Senior Secured Facility, the lender of Facility E (the 2017 Senior Secured Notes) under

	the Old Senior Credit Agreement and the creditors under such certain hedging obligations have agreed that they will share equally in respect of any recoveries from the Collateral.
Optional Redemption	The Issuer may redeem all or part of the Notes on one or more occasions by paying a "make whole" premium as described under "Description of the Notes—Optional Redemption."
Change of Control	If ABC B.V. experiences a change of control, the Issuer will be required to offer to repurchase the Notes at 101% of their aggregate principal amount plus accrued interest to the date of such repurchase. Please see "Description of the Notes—Change of Control."
Optional Redemption for Taxation Reasons	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 Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. Please see "Description of the Notes—Redemption for Changes in Taxes."
Additional Amounts	Any payments made by the Issuer with respect to the Notes or a Guarantor with respect to any Guarantee 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 or the relevant Guarantor, as applicable, 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 such withholding or deduction. Please see "Description of the Notes—Additional Amounts."
Certain Covenants	The Issuer will issue the Notes pursuant to the Indenture. The Indenture will limit, among other things, the ability of ABC B.V. and its restricted subsidiaries to: • incur or guarantee certain additional indebtedness and issue certain preferred stock; • create or permit to exist certain liens; • impair security interests for the Notes; • provide guarantees of other debt; and • merge or consolidate. Each of these covenants is subject to a number of significant exceptions, limitations and qualifications. For so long as the Notes maintain an investment grade rating from both Moody's and Standard and Poor's, and no default or event of default has occurred, certain of the operating covenants governing the Notes (including the covenant limiting the incurrence or guarantee of certain additional indebtedness or issuance of certain preferred stock) will be suspended. As a result, during a Suspension Period, holders of the Notes will have less protection under these operating covenants. For a more detailed description of these covenants, please see "Description of the Notes—Certain Covenants."
Transfer Restrictions	The Notes have not been, and will not be, registered under the U.S. Securities Act, any state securities law or regulation or the

	securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Please see "Notice to Investors" and "Plan of Distribution."
Use of Proceeds	We intend to use the net proceeds of the Offering to (i) repay in full tranches B and F under the Old Senior Credit Agreement and (ii) any fees, costs and expenses related to such refinancing. Please see "Use of Proceeds."
No Established Market for the Notes	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing and Trading	Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market thereof. There is no assurance that the Notes will be listed on the Official List of the Luxembourg Stock Exchange or admitted to trading on the Euro MTF Market thereof.
Trustee	Deutsche Trustee Company Limited.
Security Agent	ING Bank N.V.
Principal Paying Agent	Deutsche Bank AG, London Branch.
Registrar and Luxembourg Transfer Agent	Deutsche Bank Luxembourg S.A.
Luxembourg Listing Agent	Deutsche Bank Luxembourg S.A.
Governing Law for the Notes, the Guarantees and the Indenture	The Notes, the Guarantees and the Indenture will be governed by the laws of the State of New York.
Governing Law for Security Documents relating to the Collateral	The Security Documents relating to the Collateral will be governed by the laws of the Netherlands.
Governing Law for the Priority Agreement	The Priority Agreement will be governed by English law.
Risk Factors	Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum and, in particular, you should evaluate the specific risk factors set forth in the "Risk Factors" section in this Offering Memorandum before making a decision whether to invest in the Notes.

Summary Financial and Operating Information

We have included and primarily discussed in this Offering Memorandum the audited consolidated historical financial statements of ABC B.V. as at and for the years ended December 31, 2010, 2011 and 2012. Accordingly, all references to "we," "us" or "our" in respect of historical financial information in this Offering Memorandum are to ABC B.V. and its subsidiaries on a consolidated basis. The audited consolidated financial statements of ABC B.V. included herein and the accompanying notes thereto have been prepared in accordance with IFRS and with Part 9 of Book 2 of the Dutch Civil Code.

The following table sets forth our selected consolidated financial information and other data for the periods ended and as at the dates indicated below. Our selected consolidated financial information as at December 31, 2010, 2011 and 2012 and for each of the years ended December 31, 2010, 2011 and 2012 has been derived from the audited consolidated financial statements included elsewhere in this Offering Memorandum. Our audited financial statements included elsewhere in this Offering Memorandum were prepared in accordance with IFRS and with Part 9 of Book 2 of the Dutch Civil Code and were audited by Ernst & Young Accountants LLP, independent auditors, as set forth in their independent auditor's report included elsewhere in this Offering Memorandum.

This information has been extracted without material amendment from the 2012 Financial Statements, the 2011 Financial Statements and the 2010 Financial Statements included in "Index to Financial Statements" in this Offering Memorandum, and should be read in conjunction with, and is qualified by reference to, those statements. Please see "Presentation of Financial and Other Information and Certain Definitions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further details. Our historical results do not necessarily indicate results that may be expected for any future period.

The unaudited pro forma data are provided for illustrative purposes only and do not purport to represent what our actual results of operations or financial position would have been if this Offering had occurred on December 31, 2012. The unaudited pro forma data set forth in this Offering Memorandum are based upon available information and certain assumptions and estimates that we believe are reasonable. The unaudited pro forma financial data have not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

	For the year ended December 31,		
	2010	2011	2012
		(€ in thousands)	
Income Statement Data:			
Revenue by Segment:			
Standard TV subscription revenues	489,454	481,602	464,533
Digital pay TV revenues	124,637	151,269	168,139
Total TV revenues	614,091	632,871	632,672
Broadband internet subscription revenues	380,832	415,878	442,419
Telephony subscription revenues	96,018	113,485	129,048
Telephony usage revenues	155,648	170,800	179,701
Total telephony revenues	251,666	284,285	308,749
Revenues from other sources	51,745	57,436	47,461
Total residential market revenues	1,298,334	1,390,470	1,431,301
Business services revenues	77,408	87,699	105,564
Total revenues	**1,375,742**	**1,478,169**	**1,536,865**

	For the year ended December 31,		
	2010	2011	2012
		(€ in thousands)	
Cost of goods sold	(265,036)	(291,147)	(295,013)
Personnel expenses	(170,715)	(175,574)	(187,434)
Contracted work	(44,833)	(51,162)	(50,876)
Materials and logistics	(4,071)	(6,035)	(3,750)
Marketing and sales	(62,106)	(68,514)	(60,531)
Office expenses	(52,113)	(49,564)	(53,302)
Other operating expenses	(1,748)	(1,573)	(5,091)
Amortization and impairments	(218,597)	(79,938)	(28,407)
Depreciation and impairments	(284,148)	(268,014)	(250,707)
Total operating expenses	(1,103,367)	(991,521)	(935,111)
Operating income	**272,375**	**486,648**	**601,754**
Net financial income (expense)	(348,719)	(248,311)	(232,623)
Result before income taxes	**(76,344)**	**238,337**	**369,131**
Net result from joint ventures and associates	—	(168)	(9,389)
Income tax benefit (expense)	25,154	(59,866)	(92,307)
Net result	**(51,190)**	**178,303**	**267,435**
Other financial information:			
EBITDA[(1)]	775,120	834,600	880,868
Integration costs[(2)]	8,234	—	—
Adjusted EBITDA[(3)]	783,354	834,600	880,868
Adjusted EBITDA margin[(4)]	56.9%	56.5%	57.3%

	Year ended December 31,		
	2010	2011	2012
		(€ in thousands) (Audited)	
Balance Sheet Data:			
Total non-current assets	4,990,560	4,817,410	4,888,396
Total current assets	137,957	196,861	162,883
Total assets	**5,128,517**	**5,014,271**	**5,051,279**
Equity attributable to equity holders	797,731	983,346	1,091,242
Total non-current liabilities	3,994,003	3,711,635	3,438,139
Total current liabilities	336,783	319,290	521,898
Total equity and liabilities	**5,128,517**	**5,014,271**	**5,051,279**

	Year ended December 31,		
	2010	2011	2012
		(€ in thousands) (Audited)	
Cash Flow Statement Data:			
Net cash flow from operating activities	755,184	819,875	973,995
Net cash flow used in investing activities	(202,018)	(249,839)	(292,335)
Net cash flow from financing activities	(551,443)	(524,396)	(701,931)
Net increase (decrease) in cash and cash equivalents	**1,723**	**45,640**	**(20,271)**

	Year ended December 31,		
	2010	2011	2012
	(€ in millions, unless otherwise indicated) (Unaudited)		
Other Financial Data:			
EBITDA[1]	775.1	834.6	880.9
Integration operating expenses[2]	8.2	—	—
Adjusted EBITDA[3]	783.4	834.6	880.9
Total capital expenditure	202.2	250.3	279.7
Capital expenditure excluding integration and acquisition capital expenditure[5]	174.7	242.9	279.7
Ratio of Adjusted EBITDA to net cash interest expense	3.23x	3.13x	4.05x
Adjusted net income[6]	109.7	202.0	283.4
Ratio of Adjusted EBITDA less capital expenditures excluding integration capital expenditures to net cash interest expense	2.51x	2.22x	2.76x
Ratio of net debt to Adjusted EBITDA[7]	4.50x	3.87x	3.33x
Ratio of net debt to Adjusted EBITDA less capital expenditures excluding integration capital expenditures	5.79x	5.46x	4.87x
Pro forma net total debt[8]			2,941.9
Pro forma net secured debt[9]			1,733.0
Pro forma net cash interest expense[10]			187.1
Ratio of pro forma net total debt to Adjusted EBITDA			3.3x
Ratio of pro forma net secured debt to Adjusted EBITDA			2.0x
Ratio of Adjusted EBITDA to pro forma net cash interest expense			4.7x
Ratio of pro forma net debt to Adjusted EBITDA less capital expenditures excluding integration capital expenditures			4.9x

	As at December 31,		
	2010	2011	2012
	(thousands, except %)		
Operating Data:[11]			
Footprint			
Homes passed[12]	4,141	4,202	4,213
RGUs (consumer)[13]			
Analog TV	1,220	768	545
Digital TV[14]	1,804	2,152	2,231
Total standard TV	**3,024**	**2,920**	**2,776**
Digital pay TV[15]	**897**	**940**	**917**
Broadband internet	**1,545**	**1,662**	**1,751**
Telephony	**1,157**	**1,332**	**1,464**
Total RGUs (consumer)	**6,622**	**6,854**	**6,908**
Of which All-in-1 bundle subscribers	1,079	1,261	1,395
Of which non-bundle triple-play subscribers	20	17	15
Total triple-play subscribers[16]	**1,099**	**1,278**	**1,410**
RGUs (business)[13]			
Total standard TV	85	97	116
Digital pay TV	—	—	12
Broadband internet	11	23	37
Telephony	9	17	28
Total RGUs (business)[13]	**105**	**138**	**194**

	As at December 31,		
	2010	2011	2012
	(thousands, except %)		
Of which Office Basis subscribers	9	17	27
Of which Office Plus subscribers	—	—	1
Of which Internet Plus subscribers	3	6	9
ToM & ToM Interactive(17)	69	69	76
Penetration (consumer)			
Standard TV subscribers as % of homes passed(18)	75.3%	71.7%	68.0%
Digital TV subscribers as % of standard TV subscribers	59.7%	73.7%	80.4%
Digital pay TV subscribers as % of standard TV subscribers	29.7%	32.2%	33.0%
Broadband internet subscribers as % of standard TV subscribers	51.1%	56.9%	63.1%
Telephony subscribers as % of standard TV subscribers	38.3%	45.6%	52.8%
All-in-1 bundle subscribers as % of standard TV subscribers	35.7%	43.2%	50.3%
Total triple-play subscribers as % of standard TV subscribers	36.3%	43.8%	50.8%

	For the year ended December 31,		
	2010	2011	2012
	(€)		
ARPU (consumer)(19)(11)			
Standard TV	13.32	13.49	13.57
Digital pay TV(20)	12.55	13.71	14.97
Broadband internet including value-added services subscriptions(21)	21.30	21.60	21.50
Telephony subscription including value-added services subscriptions(22)	7.49	7.59	7.62
Telephony usage(23)	12.14	11.43	10.61
Blended ARPU(24)	**33.92**	**37.34**	**40.44**
Blended ARPU All-in-1 bundle(25)	**41.21**	**41.77**	**41.74**

	As at December 31,		
	2010	2011	2012
Ziggo market share in the Netherlands(26)			
Total TV	39.7%	38.0%	35.9%
Digital TV	35.0%	36.5%	35.0%
Broadband internet	25.0%	26.0%	26.6%
Telephony (VoIP + PSTN/ISDN)	19.4%	22.2%	23.8%
Ziggo market share in service area(27)			
Total TV	71.3%	68.0%	64.4%
Digital TV	59.7%	61.0%	59.3%
Broadband internet	44.9%	46.5%	47.7%
Telephony (VoIP + PSTN/ISDN)	35.0%	39.7%	42.7%

(1) EBITDA represents operating income plus depreciation and amortization. Although EBITDA should not be considered a substitute measure for trading profit, net cash flow from operating activities or any other measure of performance under IFRS, we believe that it provides useful information regarding our ability to meet future debt service requirements. The EBITDA measure presented may not be comparable to similarly-titled measures used by other companies.

The reconciliation of our operating income to EBITDA is as follows:

	Year ended December 31,		
	2010	2011	2012
	(€ in millions) (Audited)		
Operating income	272.4	486.6	601.8
Depreciation and amortization	502.7	348.0	279.1
EBITDA	775.1	834.6	880.9

(2) Integration costs (which are included within total operating expenses for the year ended December 31, 2010) relate to expenses incurred in connection with the integration of our three predecessor businesses, including, among other things, consultancy fees related to integration, restructuring and redundancy costs.

(3) Adjusted EBITDA refers to EBITDA adjusted to remove the effects of operating expenses incurred in connection with the integration of our predecessor businesses, which was €8.2 million in the year ended December 31, 2010. Although Adjusted EBITDA should not be considered a substitute measure for trading profit, net cash flow from operating activities or any other measure of performance under IFRS, we believe that it provides useful information regarding our ability to meet future debt service requirements. The Adjusted EBITDA measure presented may not be comparable to similarly-titled measures used by other companies.

(4) Adjusted EBITDA margin represents Adjusted EBITDA divided by revenue. Adjusted EBITDA margin is a non-IFRS measure which may not be comparable to similarly-titled measures used by other companies.

(5) Total capital expenditure represents payments to acquire property, plant and equipment and includes capital expenditure incurred in connection with the integration of our predecessor businesses. Capital expenditure excluding integration capital expenditure does not include capital expenditure related to the integration of our predecessor businesses.

(6) Adjusted net income represents net result adjusted for amortization of customer lists, amortization of funding costs, impairments, costs related to integration and fair value gains or losses from ineffective hedge contracts under IFRS and the tax effects of these adjustments. In relation to the 2017 Senior Secured Notes and the 2018 Senior Notes, adjusted net income is cumulative from April 1, 2010. For 2011 and 2012, adjusted net income is cumulative from January 1. For a reconciliation of our net result to adjusted net income, please see "Presentation of Financial and Other Information and Certain Definitions—Presentation of Financial Information—Other financial measures and ratios."

(7) Net debt represents gross borrowings less cash and cash equivalents.

(8) Pro forma net total debt is calculated as follows:

	As of December 31, 2012
	(€ in millions)
Net debt	2,929.9
less debt refinanced at completion of the Refinancing	1,063.3
plus the Notes	750.0
plus amounts drawn down under the New Senior Secured Facility	325.3
plus net cash outflow on the Issue Date	0
Pro forma net total debt	**2,941.9**

(9) Pro forma net secured debt is calculated as follows:

	As of December 31, 2012
	(€ in millions)
Pro forma net debt	2,941.9
less Shareholder loan (8.0% 2018 Senior Notes)	1,208.9
Pro forma net secured debt	**1,733.0**

(10) Pro forma net cash interest expense equals net cash interest expense for the year ended December 31, 2012 on a pro forma basis to reflect (a) the Offering and the expected use of net proceeds thereof as if such transactions had occurred on January 1, 2012, and (b) excluding interest on interest rate swaps and assuming base rate on the New Senior Secured Facility as per our hedged rate.

(11) Certain key performance indicators set forth below, including, among others, ARPU, blended ARPU, RGUs and subscribers, may not be comparable to similarly-titled measures used by others in our industry. However, while the method of calculation may differ across the industry, we believe that these indicators are helpful in understanding our performance from period to period and facilitate comparison with our peers. These measures have been presented on a consistent basis, with previous years' measures having been adjusted to reflect any changes implemented by us in later years, and as such are directly comparable to each other from year-to-year. These indicators are not intended to be a substitute for, or superior to, any IFRS measures of performance.

(12) Homes passed represents all homes connected to our network directly and through third party networks. We provide our services to subscribers directly over our network and over certain cable networks owned by third parties with whom we have entered into exclusive or non-exclusive agreements to provide our services over their networks. The table presents total homes passed and includes 126,000, 127,000 and 128,000 homes passed by third party cable networks as at December 31, 2010, 2011 and 2012, respectively.

(13) RGUs, or revenue generating units. One RGU represents one service subscription for any of the following services: standard TV, digital pay TV, broadband internet or telephony. Total RGUs are not equal to the total number of subscribers. For example, one subscriber who receives standard TV and telephony services over our network is counted as two RGUs, and one subscriber who receives standard TV, digital pay TV, broadband internet and telephony services over our network is counted as four RGUs. Based on the growth of our business revenues, we have decided to separate the reporting of consumer and business RGUs for HFC based products from January 2012 onwards.

(14) Digital TV subscribers equal the total number of standard TV subscribers who have activated smart cards as at the dates indicated. Only subscribers who have activated smart cards have access to our digital pay TV services. As of December 31, 2012, approximately 0.9 million of our subscribers subscribed to one or more of our digital pay TV services.

(15) Digital pay TV RGUs equal the total number of subscribers who subscribe for one or more digital pay TV subscriptions. For purposes of this calculation, digital pay TV services purchased on a one-off basis, such as video-on-demand, are not counted as a digital pay TV RGU.

(16) Triple-play subscribers comprise (i) All-in-1 bundle subscribers (who subscribe for our All-in-1 bundle of standard TV, broadband internet and telephony services as a package) and (ii) non-bundle triple-play subscribers (who subscribe for standard TV, broadband internet and telephony through individual service subscriptions rather than through our All-in-1 bundle).

(17) Expressed as standard TV equivalents (calculated as ToM and ToM Interactive revenues divided by the consumer price for standard TV (excluding VAT)).

(18) Standard TV subscribers as a percentage of homes passed is calculated by excluding homes passed by third party networks. Although we provide certain of our services over third party networks, we generally do not offer standard TV services over third party networks and our standard TV RGUs do not include subscribers in third party network areas.

(19) Operating data related to ARPU is presented in euro per month (excluding VAT) for the periods indicated. Blended ARPU is calculated as the sum of total standard TV, digital pay TV, broadband internet and telephony consumer revenues (including digital pay TV and telephony usage revenues) for the period divided by the period's average monthly total standard TV consumer RGUs and divided by the number of months in that period. Based on the growth of our business revenues, we have decided to report consumer ARPU and business ARPU separately from January 2012 onwards. We do not report blended business ARPU as revenues between the different products and different types of business customers vary significantly.

(20) ARPU for our digital pay TV is calculated by dividing the digital pay TV revenues for the period by the average monthly number of subscribers that have subscribed for one or more of our digital pay TV services and dividing by the number of months in that period.

(21) ARPU from broadband internet is calculated by dividing broadband internet revenues, including revenues generated through value-added services subscriptions, for the period by the average monthly number of subscribers and dividing by the number of months in that period. Value-added services subscriptions include online backup, internet security and anti-virus services.

(22) ARPU from telephony subscription is calculated by dividing telephony subscription revenues, including value-added services subscriptions, for the period by the average monthly number of subscribers and dividing by the number of months in that period. Value-added services subscriptions include second telephony lines and mobile subscriptions from the former Multikabel business.

(23) ARPU from telephony usage is calculated by dividing total telephony usage revenues for the period by the average monthly total telephony RGUs and dividing by the number of months in that period.

(24) Blended ARPU is calculated as the sum of total standard TV, digital pay TV, broadband internet and telephony revenues (including digital pay TV and telephony usage revenues) for the period divided by the period's average monthly total standard TV RGUs and divided by the number of months in that period.

(25) Blended All-in-1 bundle ARPU does not include digital pay TV and telephony usage revenues.

(26) Source: Telecompaper.

(27) We calculate our market share in our service area for each service as follows. First, we calculate the total number of subscribers for a particular service in our service area by multiplying the total number of subscribers for that service in the Netherlands, which is based on Telecompaper data, by the percentage of homes passed by us in the Netherlands for the respective periods. We then divide our total subscribers for that particular service by the resulting number (the total subscribers for a particular service in our service area).

RISK FACTORS

An investment in the Notes involves risks. Before purchasing the Notes, you should consider carefully the specific risk factors set forth below, as well as the other information contained in this Offering Memorandum. Any of the risks described below could have a material adverse impact on our business, prospects, results of operations and financial condition 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. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our 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.

Risks Relating to Our Business and Industry

We operate in a competitive industry, and competitive pressures could have a material adverse effect on our business.

We face significant competition from both established and more recent competitors and may face competition from new entrants in the future. The nature and level of the competition we face varies for each of the products and services we offer, but in each case we compete on the basis of price, marketing, network quality, product and service portfolio specifications and customer care. Our competitors include, but are not limited to, providers of television, broadband internet and telephony services using DSL, PSTN or fiber connections, including KPN and Tele2, providers of television services using alternative and emerging digital technologies such as Internet Protocol television ("IPTV") and television services provided "over the top" of an existing broadband internet network ("OTT-television"), satellite ("DTH") providers, including CanalDigitaal, digital terrestrial television ("DTT") providers and mobile network operators. We also compete with other sources of news, information and entertainment such as social media platforms, newspapers, movie theaters, live sporting and music events, computer games and home video products. Please see "Business—Competition" and "Industry and Market Overview" for further details.

Advances in communications technologies and consumer electronics, as well as changes in the way information, communication and entertainment is offered, are constantly occurring, and their impact is very difficult to predict. Current and future competitors may be able to offer a wider range of services to a larger subscriber base or at lower prices than we charge for our services, for example where our services are priced at the high end of the market, which could cause us to lose subscribers, force us to lower our prices or otherwise adversely affect the margin of profit we are able to achieve from our services. In particular, we face the following risks in relation to each of our product offerings:

Consumer Product Offerings

- *All-in-1 bundle.* We are increasingly selling our TV, broadband internet and telephony services as part of our All-in-1 bundle, which accounted for 42.2% of our consumer revenues in the year ended December 31, 2011 and 46.9% in the year ended December 31, 2012. Many of our competitors, including KPN, Tele2, T-Mobile, CanalDigitaal and Vodafone, also offer bundles of services. Several of these bundles include mobile services, which we do not currently offer but plan to in the future. Our competitors are continuing to improve, often by partnership with other providers, their ability to offer compelling bundles of services. During 2012, we experienced increased competitive intensity in the Dutch market, particularly in relation to triple-play offerings. If our bundled products are not able to compete effectively, we may be required to lower our prices or increase investment in our services to improve quality in order to take advantage of increasing demand for bundled services and avoid losing existing subscribers. In addition, we do not have the resources of, or benefit from the economies of scale and scope available to KPN, our most significant competitor.
- *Television.* TV revenues constituted 45.5% of our consumer revenues in the year ended December 31, 2011 and 44.2% of our revenues in the year ended December 31, 2012. Although there is currently no significant competition between the major cable network operators in the Netherlands because of the minimal overlap between their service areas, we face increasing competition from other methods of television services distribution, such as DTT, DTH, IPTV over DSL or FttH, and OTT-television. Several of our competitors, including KPN and Tele2, currently provide IPTV services to subscribers in our network area utilizing ADSL2+ and

VDSL2 broadband internet connections. Demand for IPTV may increase in the future as it becomes more widely available, the price of the receiving equipment decreases and the receiving equipment is built into television sets. In addition, KPN is upgrading its broadband internet speeds using VDSL2 technology, in combination with FttC and new technologies such as bonding, vectoring and phantoming, and continues to introduce FttH in certain areas through its joint venture Reggefiber with Reggeborgh. FttH offers the potential for higher internet speeds (upload and download) than are currently possible over our network. Several municipalities and provinces in the Netherlands have offered and continue to offer support to network operators that build FttH networks, and some municipalities and provinces have entered into public private partnerships such as Amsterdam Citynet to stimulate investment. Further upgrades in the reliability and speed of broadband internet connections may allow KPN and other IPTV providers to improve the quality of their television service.

In the future we may be required by regulators (ACM conducts new market analysis every three years) to open up our network to third parties to allow them to provide television services using our network. Please see "—Risks Related to Legislative, Regulatory and Tax Matters—We have been found in the past, and in the future may be found, to have significant market power in the markets in which we operate, the regulation of which may adversely affect our business" below.

- *Broadband internet.* Broadband internet revenues accounted for 29.9% of our consumer revenues in the year ended December 31, 2011 and 30.9% in the year ended December 31, 2012. Continued upgrades to the quality of DSL-based broadband internet service and continued FttH installations by our competitors across our service area may have a negative impact on our competitive position in the broadband internet market. We also compete with service providers that use other alternative technologies for broadband internet access, such as satellite technologies or mobile standards such as worldwide interoperability for microwave access ("WiMax"), universal mobile telecommunications system ("UMTS"), high-speed packet access ("HSPA") and 3GPP Long Term Evolution ("LTE"), which may allow both incumbent and new broadband internet access providers the ability to provide high-speed connection services for voice, data, video and television. Furthermore, additional access technologies may be launched in the future that will further increase competition or force us to increase capital expenditure for additional upgrades.
- *Telephony.* Telephony revenues accounted for 20.4% of our consumer revenues in the year ended December 31, 2011 and 21.6% in the year ended December 31, 2012. We expect increasing competition, including price competition, from traditional and non-traditional telephony providers in the future.

Business Product Offerings

- *B2B.* B2B revenues accounted for 5.9% of our total revenues in the year ended December 31, 2011 and 6.9% in the year ended December 31, 2012. KPN accounts for more than 70% of the Dutch B2B services market by revenues and benefits from economies of scale and network effects. Other key players such as Vodafone, Tele2 and Eurofiber may increasingly target this market with significant fiber infrastructure and product portfolio investments and/or by implementing longer investment return cycles and more aggressive pricing to win business. Such competitive pressure may prevent us from growing and competing successfully in this market or realizing the targeted gross margin and/or capital investment and return on investment levels. It may also lead to increasing churn levels across our installed base and/or eroding price levels in the context of negotiating renewals of expiring longer term contracts.

Mobile

- *Mobile.* We aim to add mobility to our current service offering, but do not intend to become a traditional mobile operator. We are in the process of developing a converged mobile proposition that makes use of our infrastructure in and around homes, offices and public hotspots, complemented by a third party radio access network in other locations in the Netherlands. The mobile market in the Netherlands is highly competitive and we may not be able to compete successfully in this market when we enter it or realize a profitable return on our investment. Please see "Business—Mobile" for more information.

Any of the above factors may contribute to increased levels of competition, which may make it difficult for us to attract new subscribers and/or retain existing subscribers, thereby increasing churn levels, and may lead to less usage of our services and increased price pressure. There can be no assurance that we will be able to compete successfully against our current or future competitors in any of our businesses. Our failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Our growth prospects depend on a continued demand for information, communication and entertainment products and services and an increased demand for our bundled offerings.

The use of internet and telecommunications services in the Netherlands has increased sharply in recent years. We have benefited from this market growth, and our own growth and profitability depend, in part, on continued demand for these services. In particular, if demand for triple-play offerings does not increase as expected, this could limit our growth. Similarly, as we already have substantial television penetration in our service area, our growth depends in part upon increasing demand for digital pay TV services from our existing subscribers. If our growth is limited by any of these factors, this could adversely affect future prospects.

Our business is concentrated in the Netherlands.

We operate exclusively in the Dutch market and our success is therefore closely tied to general economic developments in the Netherlands and cannot be offset by developments in other markets. Negative developments in or the general weakness of the Dutch economy, in particular increasing levels of unemployment and a weak housing market coupled with relatively high mortgage rates, including any negative developments arising from the Eurozone debt crisis, 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. Because a substantial portion of our revenue is derived from consumer subscribers who may be impacted by these conditions, it may be (i) more difficult to attract new subscribers, (ii) more likely that a certain number of our subscribers will downgrade or disconnect their services and (iii) more difficult to maintain or increase ARPU. In addition, we can provide no assurances that deterioration of the economy will not lead to a higher number of non-paying subscribers or generally result in service disconnections. Therefore, a weak economy and negative economic development may jeopardize our growth targets and could limit our future prospects.

We may not be able to successfully introduce new or modified services or respond to technological developments.

The television, broadband internet, telephony and entertainment services industries face challenges that include the following:

- rapid and significant technological change;
- changes in usage patterns and customer needs and priorities;
- frequent introduction of new products and services or upgrading of existing products and services in connection with new technologies; and
- introduction of new industry standards and practices that render current company technologies and systems obsolete.

It is difficult to predict the effect of technological innovations on our business. We may be unable to successfully integrate new technologies or adapt to new or existing technologies to meet customer needs within an appropriate time frame. Any such inability could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Business, Strategy and Operations

Churn may adversely affect our business.

Churn is a measure of the discontinuation of the provision of a service to a subscriber. Churn arises mainly as a result of competitive influences, relocation of subscribers, mortality and price increases. In addition, our churn rate may increase if we are unable to deliver satisfactory services over our network. For example, any interruption of our services or the removal or unavailability of programming, which may not be under our control, could contribute to increased churn. Also, increased pressure on customer service could contribute to churn. Please see "—Pressure on customer service could adversely affect our business" below. Churn could have a material adverse effect on revenues and an even greater impact on margins due to the fixed-costs nature of our business.

In addition, customer loss may result from the termination of agreements in relation to a number of third-party networks, through which we also deliver our services. Total homes passed by these third-party networks amounted to approximately 128,000 as at December 31, 2012. Termination of any agreements with these third parties may lead to the loss of subscribers in those areas. The largest of our third-party network providers, Cogas, with approximately 89,000 homes passed as at December 31, 2012, has formed a joint venture with CIF, which will roll out fiber in the Cogas service area next to the HFC infrastructure over which we offer our services. Cogas has terminated our agreement effective as at January 1, 2015. In the year ended December 31, 2012 our revenue in the Cogas area was approximately €18.1 million and EBITDA was approximately €11.7 million.

Pressure on customer service could adversely affect our business.

The volume of contacts handled by our customer service functions can vary considerably over time. During 2008, we introduced our single brand, changed our billing process, rolled out our All-in-1 bundle across our network and migrated all of our customer data to one unified database. These changes initially placed significant pressure on our customer service functions. Since that time, our customer care call volume has decreased and customer surveys have shown increased levels of satisfaction. Further improvements may be necessary if we are to achieve desired growth levels, and, if we fail to manage such improvements and growth effectively, we may in the future experience customer service problems, which could damage our reputation, contribute to increased churn and/or limit or slow our future growth.

We do not have guaranteed access to television content and are dependent on our agreements, relationships and cooperation with content providers, including broadcasters and collective rights associations.

The success of our business depends on, among other things, the quality and variety of the television content delivered to our customers. We do not produce our own content and we depend on our agreements, relationships and cooperation with broadcasters and collective rights associations. For the provision of content distributed via our HFC network, we have entered into license agreements with public and commercial broadcasters and collective rights associations for the analog and digital carriage of their signals. As we depend upon such broadcasters for the provision of content to attract customers, content providers may have considerable power to renegotiate the fees we charge for the carriage of their products and the license fees we pay them. Since most of these distribution contracts need to be renewed on a yearly basis, we may be unable to renegotiate them on terms that are similar to those of the current contracts, which could result in an increase in our content costs. In addition, content providers and broadcasters may elect to distribute their content exclusively through other distribution platforms, such as satellite, digital terrestrial broadcasting or internet-based platforms, or other distributors.

We also receive content for our digital pay TV services pursuant to licenses with content providers. We intend to negotiate additional access to continue to expand our digital pay TV product range. Rights to premium and/or high definition content may in the future be obtained by our competitors on an exclusive basis and, as a result, may not be available to us. As we continue to develop our on-demand and other interactive services, our ability to source content will be increasingly important and will depend on our ability to maintain relationships and cooperation with content providers and broadcasters for both standard and high definition content.

If we are unable to obtain or retain attractively priced competitive content on our network, demand for our existing and future TV services could decrease, thereby limiting our ability to maintain or increase revenues from these services. We do not offer other services such as digital pay TV, broadband internet and telephony to homes that do not have standard TV (except in limited cases where our services are offered over third-party networks and another operator offers analog television services). The loss of content could have an adverse effect on our business, financial condition and results of operations.

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

We may enter into new businesses that are adjacent or complementary to our existing businesses and that broaden the scope of our existing product and service offerings, such as providing mobile services. 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.

We are subject to increases in operating costs and inflation risks which may adversely affect our earnings.

While we attempt to increase our subscription fees to offset increases in operating costs, there is no assurance that we will be able to do so. Therefore, operating costs may rise faster than associated revenues, resulting in a material negative impact on our cash flow and net earnings. If inflation were to increase, we could be negatively impacted by inflationary increases in salaries, wages, benefits and other administrative costs if we were not able to increase our subscription fees, which in turn could have a material adverse effect on our business, financial condition and results of operations.

The continuity of our services is highly dependent on the proper functioning of our network and IT infrastructure, and any failure in the network or such infrastructure could materially adversely affect our business, financial condition or results of operations.

The continuity of our day-to-day operations is highly dependent on the proper functioning of our HFC network and our IT infrastructure. If any part of our HFC network or our IT infrastructure is compromised or damaged by flood, fire or other natural disaster, terrorism, illegal piracy, power loss, system failure, denial-of-service attack, cyber-attack or other catastrophe, our operations and customer relations could be materially adversely affected. Disaster recovery, security and service continuity protection measures that we currently have or may in the future undertake, and our monitoring of network performance, may be insufficient to prevent losses. While we have insurance coverage for fixed assets such as technical and office equipment in our network operating center, network hubs, network headends and office locations, this insurance covers property damage within specified insured locations. We do not have insurance for all risks of property damage to our network because we believe that our network includes redundant capacity that in most cases can be utilized to maintain service in the case of damage to a portion of our network. However, any catastrophe or other damage that affects our network could result in substantial uninsured losses and, in some cases, an interruption of our service, which in turn could have an adverse effect on our reputation, operational continuity, financial condition and results of operation.

In addition, our business is dependent on sophisticated critical systems, such as our national operations center, customer service systems and billing systems. Despite the presence of back-up systems, we can provide no assurances that our network and technical systems will not be damaged by physical or electronic break downs, cyber-attacks, computer viruses or similar disruptions. In addition, unforeseen problems may create disruptions in our information technology systems. There can be no assurance that our existing security system, security policy, back-up systems, physical access security and access protection, user administration and emergency plans will be sufficient to prevent data loss or minimize network downtime. Sustained or repeated disruptions or damage to the network and technical systems that prevent, interrupt, delay or make it more difficult for us to provide products and services to our customers in accordance with the agreements we have with our customers may trigger claims for payment of damages or contractual remedies and would cause considerable damage to our reputation, lead to the loss of customers, decrease revenues and require repairs, all of which could have an adverse effect on our business, financial condition and results of operations.

Leakage of sensitive customer data may violate laws and regulations that could result in fines, loss of reputation and churn.

We accumulate, store and use in our operating business data which is protected by data protection laws. Dutch data protection authorities have the right to audit us and impose fines if they find we have not complied with the applicable laws and adequately protected customer data. New regulations were implemented in 2012 with respect to the consequences of data leakage. Although we take precautions to protect customer data in accordance with the applicable Dutch privacy requirements, it is possible that there may be leakages in the future. We work with third-party service providers, such as for the provision of call center services and SaaS (Software as a Service) contractors, and although our contracts with them restrict the usage of customer data and impose protective precautions, there is no assurance that they will abide by the contractual terms or that the contracts will be found to be in compliance with data protection laws. Violation of data protection laws may result in fines, loss of reputation and churn, which could have an adverse effect on our business and results of operation.

We depend on third-party providers of hardware, software and customer support and other services.

We have important relationships with several third-party providers of hardware, software and services that we use to operate our HFC network and systems. We also outsource our inbound and outbound telesales to external service providers and supplement our internal customer care capacity with outsourced capacity when it is cost-effective to do so. In many cases, we have made substantial investments in the equipment or software of a particular provider or have limited choices where the number of providers of a particular service are small, making it difficult for us to quickly change supply, maintenance or other essential relationships in the event that our provider refuses to offer us favorable prices, fails to provide the support that we require, or ceases to produce equipment or provide satisfactory customer service. In the event that hardware or software products are defective or related services and customer service are unsatisfactory, it may be difficult or impossible to enforce recourse claims against providers, especially if the warranties included in contracts and service level agreements with our customers (including those mandated or implied by applicable law) exceed those in contracts with our providers or if the services provided do not otherwise comply with the terms of those contracts or service level agreements. Our ability to recover from providers in such cases or in other situations may also be limited if the providers become insolvent, in whole or in part. In addition, there can be no assurances that we will be able to obtain, in a timely manner, at competitive terms and in adequate amounts, the hardware, software and services we need for the operation of our business. The occurrence of any of these risks may create technical problems, damage our reputation and result in the loss of customers, which could have an 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 facilities.

We are exposed to the risk of strikes, work stoppages and other industrial actions. We estimate that a small percentage of our employees are members of labor unions. In the future we may experience lengthy consultations with labor unions and works councils or strikes, work stoppages or other industrial actions. During 2011, 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, 2012 to April 1, 2014 and applies to approximately 95% of our employees (including non-union employees). It provides, among other things, for a salary increase of 1.0% as at April 1, 2013 and 0.5% as at October 1, 2013 and a one-off payment in January 2014 of 0.5% of total salary during the year 2013. 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.

We may not be able to retain and/or attract personnel who are key to our business.

We have experienced employees at both the corporate and operational levels who possess substantial knowledge of our business and operations. We cannot assure you that we will be successful in retaining their services 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 in our business operations, which could materially adversely affect our results of operations.

On March 6, 2013, we announced changes to our management. Our recent designation of a new CEO and any potential related and/or additional changes to our management and organizational structure may cause uncertainty regarding our future operations. These changes may cause or result in: (i) disruption of our business or distraction of our employees and management; (ii) difficulty in recruiting, hiring, motivating and retaining talented and skilled personnel; and (iii) difficulty in negotiating, maintaining or consummating business or strategic relationships or transactions. If we are unable to effectively anticipate and manage these or other potential risks, our business, financial condition and results of operations may be adversely impacted.

Our television service quality could be negatively impacted by interference from mobile network operators.

The quality of our television service depends on the unimpeded delivery of our signal through our HFC network and customers' set-top boxes and television sets. Radio signals may interfere with the delivery of our signal and cause disruptions in the quality of our television service. In particular, radio frequencies that were historically used for the provision of analog terrestrial television became available in the Netherlands for other uses and were publicly auctioned for mobile network services in December 2012. Tests have shown that the radio signal in the available frequencies may interfere with in-home networks and devices in the customer premises (including television sets and set-top boxes) that use our signal delivery. If the spectrum is used for mobile network, some of our customers may experience interference or service outages if their set-top boxes and television sets do not have improved shielding against interference. Customer satisfaction may be negatively impacted and, as a result, we may lose subscribers, which could have a material adverse effect on our business, financial condition and results of operations.

We operate in a capital-intensive business with rapidly changing technology that may result in depreciation or impairment costs or prevent us from generating positive returns.

The television, broadband internet and telephony businesses in which we operate are capital intensive. Significant capital expenditures are required to add customers to our network, including expenditures for equipment and labor costs. In addition, accelerated growth in internet usage by our customers may require us to invest in the capacity of our network at a faster pace than according to our plan. No assurance can be given that our future upgrades will generate a positive return or that we will have adequate capital available to finance such future upgrades. In addition, rapidly changing technology requires careful review of life cycles for our assets and may result in additional depreciation or impairment costs. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding or upgrading our network or making our other planned or unplanned capital expenditures, or if we experience unexpected material depreciation or impairment costs, or do not manage our project portfolio effectively to ensure the proper allocation of resources between projects, our growth could be limited and our competitive position could be harmed.

Market perceptions concerning the instability of the euro, the potential reintroduction of individual currencies within the eurozone or the potential dissolution of the euro entirely, could negatively impact our business or our ability to refinance our liabilities.

Recent economic events affecting European economies have raised a number of questions regarding the stability and overall standing of the European Monetary Union. Credit risk in these countries and in other eurozone countries could have a negative impact on our business. Concerns also remain regarding the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual euro member states. The departure or risk of departure from the euro by one or more eurozone countries or the abandonment of the euro as a currency, or the reintroduction of an individual currency in the Netherlands, could have major negative effects on our existing contractual relations with our customers, and could adversely affect the economy in the Netherlands, where we provide services to our customers. In particular, the departure of the Netherlands from the euro would increase our exposure to changes in currency rates. Any of these developments could affect our ability to refinance our liabilities and have a significant negative impact on our business, financial condition and results of operations.

We are involved in a number of legal proceedings. We cannot predict the outcome of litigation with certainty.

We are involved in a number of legal proceedings that have arisen in the ordinary course of our business, including disputes related to intellectual property rights. Please see "Business—Legal Proceedings." We do not expect the legal proceedings in which we are involved or with which we have been threatened to have a material effect on our financial position or profitability. The outcome of legal proceedings, however, can be extremely difficult to predict with certainty, and we can offer no assurances in this regard.

Risks Related to Legislative, Regulatory and Tax 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 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, especially ACM, Consumer Data Protection Agency and the Radiocommunications Agency (Agentschap Telecom), as well as European Union 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 expenditure. In addition, regulation may restrict our operations and subject us to further competitive pressure, including pricing restrictions, interconnection and other access obligations, obligations to protect consumer interests, and restrictions or controls on content. Failure to comply with current or future regulation could expose our business to various sanctions, including fines.

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

- rules regarding licensing, authorizations, declarations, frequency allocations and other regulatory permits, certificates and notices;
- rules regarding the interconnection of our network with those of other network operators;
- requirements that a network operator carry certain channels (the must carry obligation) and follow the advice of Programme Councils;
- rules relating to data protection, consumer protection and e-commerce;
- rules in relation to ISPs;
- rules regarding the fair, reasonable and non-discriminatory treatment of broadcasters; and
- other requirements covering a variety of operational areas such as environmental protection, wiretapping, data retention and technical standards.

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

Amendments to existing legislation imposing access and resale obligations.

Since January 1, 2013, an amendment of the Media Act requires network operators affected by "must carry" obligations to offer their analog program package for resale to third parties on a wholesale level against cost-oriented tariffs. On the basis of an amendment to the DTA, also effective from January 1, 2013, if ACM determines that a company has significant market power in the provision of audio/visual program services, then it must require that the company offer these audio/visual program services and related facilities at the wholesale level for resale to consumers.

We have requested that the District Court of The Hague confirm in a declaratory judgment that both provisions are invalid on the basis that they violate EU law. This case is still pending. Currently, the provisions remain subject to scrutiny by the European Commission, which has expressed doubts as to the compatibility of the provisions with EU law. Furthermore, the amendments would also need to be in conformity with the European Regulatory Framework in order to be valid and effective. The amendment to the DTA may expose us to future access and resale obligations if we are found to have significant market power in the retail markets for the provision of audio/visual program services. The amendment to the Media Act may expose us to resale obligations.

Any finding or ruling that these provisions do not violate EU law and/or are valid and effective could have a material adverse effect on our business, financial condition and results of operations.

We have been found in the past, and in the future may be found, to have significant market power in the markets in which we operate, the regulation of which may adversely affect our business.

The European Regulatory Framework for Electronic Communications Networks and Services provides a legal basis to impose measures on entities deemed to have significant market power in any of the markets in which they operate. ACM has determined in the past that we have had significant market power in certain markets, and there is a significant risk that we could be found to have significant market power in one or more of the markets in which we operate in the future.

For example, in March 2009, ACM published a decision finding that we had significant market power in the wholesale broadcasting market and requiring us to allow third party providers to resell our analog TV service and to use our network for digital TV services. However, this decision was overturned by the Trade and Industry Appeals Tribunal in August 2010, resulting in the nullification of these requirements. No appeal of this decision was possible. On December 20, 2011, as part of a new round of market analyses, ACM published its decision regarding the broadcasting market, which concluded that access obligations and certain other obligations for cable network operators are not required. ACM concluded in its decision that there is currently no entity with significant market power in the broadcasting market. Although several market participants lodged appeals against ACM's decision not to impose obligations on cable operators, these appeals were dismissed on November 5, 2012 by the Trade and Industry Appeals Tribunal. No appeal of this decision is possible.

However, regulatory changes in relation to certain other markets are ongoing and could adversely affect our competitive position and profits in the future. In respect of the call termination market, on July 7, 2010, ACM adopted a market analysis decision concluding that all providers of call termination on fixed-line and mobile networks in the Netherlands have significant market power since all such providers control access to end-users connected to their respective public telephone networks. As a result, we are subject to specific obligations regarding access, transparency (i.e., publication of a reference offer) and tariff regulation. This decision covers the period between July 7, 2010 and July 7, 2013 and significantly reduced mobile and fixed terminating tariffs. The mobile terminating tariff caps will likely also apply to our mobile voice terminating services, once offered. We, among others, appealed the decision on the grounds that ACM erred in calculating the fixed termination tariffs and has unlawfully provided the mobile network operators with a transition period for bringing down the mobile terminating tariffs until September 2012. Also, mobile network operators appealed the decision arguing that the tariff regulation imposed by ACM was too strict. On August 31, 2011 the Industry and Trade Appeals Tribunal published its ruling in which it agreed with market parties that the cost model adopted by ACM was too strict, as it only allowed recoupment of incremental costs. For mobile termination, the court adjusted the tariff caps in the transitional period and the tariff for the final year. This tariff will also likely apply to our mobile voice terminating services once we start offering mobile voice services. For fixed-line termination and interconnection charges, the Tribunal ordered ACM to adopt a new decision no later than January 1, 2012, taking the its ruling into account. ACM adopted a draft decision on November 7, 2011 and the consultation period for this draft decision lapsed on December 19, 2011. The draft decision was notified to the European Commission on January 12, 2012 and caps charges for fixed-line termination at €0.0037 per minute. On February 13, 2012, the European Commission announced that it had opened an in-depth investigation into ACM's draft decision, subsequently recommending on June 13, 2012 that ACM further reduce the mobile and fixed-line termination tariffs. However, ACM, concluding that it was bound by the decision of the Industry and Trade Appeals tribunal, adopted a decision on July 2, 2012 setting caps charges for fixed-line termination at €0.0037 per minute, thereby not following the Commission's recommendation.

Furthermore, we may not be able to successfully expand our business by means of mergers or acquisitions in markets in which we are found to have significant market power or would obtain significant market power as the result of a given merger or acquisition. Depending on ACM's new market analysis decisions regarding the next three years, it may become more difficult for us to obtain clearance from relevant competition authorities for acquisitions of (joint) control over other parties active in the distribution of television signals and/or bundled multi-play packages.

For further details on the paragraphs above and regulation of our markets in the Netherlands more generally, please see "Regulation—The Netherlands."

Any finding that we have significant market power in one or more of the markets in which we operate or limitations on our ability to expand could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

Risks Relating to the Notes and the Structure

Our significant leverage could affect our financial health and our ability to operate our business and raise additional capital to fund our operations.

We have a substantial amount of outstanding indebtedness with significant debt service requirements. As at December 31, 2012, our total net non-current debt, which represents the combined book value of the Group's debt, was €2,929.9 million. In addition, as at December 31, 2012, on a pro forma basis after giving effect to the Refinancing, our total outstanding principal amount of net total indebtedness would have been €2,941.9 million and we also would have had approximately €224.7 million available for borrowing under our New Senior Secured Facility.

Our significant leverage could have negative consequences, including:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other indebtedness, including restrictive covenants and borrowing conditions under our debt instruments, the breach of which could result in an event of default under those instruments;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or economic or industry conditions;
- placing us at a competitive disadvantage compared to competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from exploiting certain business opportunities or making acquisitions or investments; and
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future, and increasing the costs of such additional financings if interest rates increase,

any of which could have a material adverse effect on our business, financial condition and results of operations.

Despite our high level of indebtedness, we and our subsidiaries will still be able to and may incur significant additional amounts of debt. If we decide to incur significant additional debt, this could further exacerbate the risks associated with our substantial indebtedness.

Although our debt instruments contain restrictions on our ability to incur 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 we decide to add new debt to our and our subsidiaries' existing debt levels, the related risks that we now face would increase. In addition, our debt instruments do not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

Our non-Guarantor subsidiaries may also be able to incur substantial additional indebtedness in the future, further increasing the risks associated with our substantial leverage. If any of our non-Guarantor subsidiaries incur additional indebtedness, the holders of that debt will be entitled to share ahead of you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of such subsidiaries. See "—The Notes will be structurally subordinated to the liabilities of non-guarantor subsidiaries."

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 under certain of our debt instruments including under the New Senior Secured Facility. Although we enter into various derivative transactions with a view to managing exposure to movements in interest rates in respect of approximately two thirds of our floating interest rate debt, there can be no assurance that we will be able to fully manage our exposure or to continue to do so at a reasonable cost. As at December 31, 2012, a total nominal amount of €1,000 million, or approximately 94% of our floating interest rate debt, was hedged at fixed interest rates of 3.55% to 3.59% in contracts that will expire by March 31, 2014. As a consequence, approximately 6% of our floating interest rate debt was exposed to fluctuations in interest rates as at December 31, 2012. In January 2012, we entered into new interest rate swaps for a total nominal amount of €500 million that become effective on the expiration date of the existing swaps on March 31, 2014, and have the same maturity date (March 2017) as the majority of our existing floating rate debt. These new interest rate swaps hedge our floating Euribor exposure at a fixed interest rate of 1.97%. If we maintain our current level of floating interest rate debt and do not enter into additional interest rate swaps covering the period beyond March 2014, the proportion hedged at fixed rates will decrease when our existing swaps expire in March 2014. This would then result in a higher exposure to fluctuations in Euribor from March 2014 onwards. Any failure or inability to manage our exposure to interest rate rises may increase our borrowing costs and could have a material adverse effect on our business, financial condition and results of operations.

Restrictive covenants in our debt instruments may restrict our ability to operate our business and our failure to comply with these covenants could constitute events of default under those agreements that could materially and adversely affect our financial condition and results of operations.

Our debt instruments contain covenants that differ from, and may be more restrictive than, the covenants that apply to the Notes. These covenants restrict, among other things, our ability to:

- make acquisitions or investments;
- make loans or otherwise extend credit to others;
- incur indebtedness or issue guarantees or preferred stock;
- create security;
- pay dividends and make other restricted payments;
- sell, lease, transfer or dispose of assets;
- transfer all or substantially all our assets or merge or consolidate with other companies;
- make a substantial change to the general nature of our business;
- create or incur liens;
- agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions; and
- enter into transactions with affiliates.

Certain of our debt instruments also require us to comply with certain affirmative covenants and certain specified financial covenants and ratios. Please see "Description of Other Indebtedness" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The above restrictions could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organization or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial, regulatory and industry conditions. If we breach any of these covenants or restrictions, we could be in default under one or more of our debt instruments which, if not cured or waived, could result in acceleration of the indebtedness under such agreements and cross defaults under our other debt instruments. Any such actions could result in the enforcement of our lenders' security interests and/or force us into bankruptcy or liquidation, which could have a material adverse effect on our business, financial condition and results of operations.

The Collateral is subject to prior ranking security interests.

The security interests granted to secure the Collateral in favor of the Notes will rank behind the existing security interests securing the Collateral in favor of Facility E (the 2017 Senior Secured Notes) under the Old Senior Credit Agreement and certain existing hedging obligations. Although the Priority Agreement includes provisions that govern the *pari passu* allocation of recoveries from enforcement of security among the holders of the Notes, the lender under Facility E, the lenders under the New Senior Secured Facility, certain hedging counterparties and certain other permitted indebtedness, any failure in the validity or enforceability of such provisions in the Priority Agreement may subordinate the secured claims of holders of the Notes.

We may be subject to foreign exchange risk arising from various currency exposures, primarily with respect to the euro and the US dollar.

A certain portion of our purchases is made in foreign currency, predominantly in US dollars, exposing us to exchange rate fluctuations from future commercial transactions. Although we generally enter into hedging arrangements and other contracts in order to reduce our exposure to exchange rate fluctuations, these measures may be inadequate or may subject us to increased operating or financing costs, which could have a material adverse effect on our business, financial condition or results of operations.

Negative changes in our credit rating may have a material adverse effect on our financial condition.

A downgrade in our credit rating may negatively affect our ability to obtain funds from financial institutions or to retain investors and banks and may increase our financing costs by increasing the interest rates of our outstanding debt or the interest rates at which we are able to refinance existing debt or incur new debt.

Our ability to generate cash depends on many factors beyond our control, and we may not be able to generate cash required to service our debt.

Our ability to make scheduled payments on the Notes and to meet our other debt service obligations or refinance our debt depends on our future operating and financial performance and ability to generate cash. This will be affected by our ability to successfully implement our business strategy, as well as general economic, financial, competitive, regulatory, technical and other factors beyond our control. If we cannot generate sufficient cash to meet our debt service obligations or fund our other business needs, we may, among other things, need to refinance all or a portion of our debt, including the Notes, obtain additional financing, delay planned acquisitions or capital expenditures or sell assets. We cannot assure you that we will be able to generate sufficient cash through any of the foregoing. 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 obligations with respect to our debt, including the Notes. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

We may not have the ability to raise the funds necessary to finance a change of control offer.

The source of funds for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets and sales of equity or funds provided by subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered.

We may not have the ability to raise the funds necessary to finance a change of control under the Indenture and the Notes.

Upon the occurrence of certain events constituting a change of control (as defined in the Indenture), the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% percent of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase.

Our ability to fund the purchase price for any offer to purchase the Notes upon a change of control would be limited by our access to funds at the time and the terms of our other debt agreements. We may not have sufficient funds at the time of any such event to make the required repurchases. The source of funds for any repurchase required will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets or sales of equity or funds provided by subsidiaries. We cannot assure you that we would be able to obtain the necessary level of financing.

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

Furthermore, the occurrence of certain events that might otherwise constitute a change of control under the Indenture will be deemed not to be a change of control if at the time the Notes are rated investment grade following such events. See "Description of the Notes—Repurchase at the Option of Holders—Change of Control" and "—Certain Definitions—Specified Change of Control Event."

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

The Notes will be structurally subordinated to the liabilities of non-guarantor subsidiaries.

Some, but not all, of our subsidiaries will guarantee the Notes. Generally, holders of indebtedness of, and trade creditors of, non-guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to any Guarantor, as direct or indirect shareholders.

Accordingly, in the event that any of the non-guarantor subsidiaries becomes insolvent, liquidates or otherwise reorganizes:

- the creditors of the Guarantors (including the holders of the Notes) will have no right to proceed against such subsidiary's assets; and
- creditors of such non-guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before any Guarantor, as direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As at December 31, 2012, on a pro forma basis, after giving effect to the Refinancing, our non-guarantor subsidiaries would have had no debt outstanding and €0.3 million of trade payables and deferred taxes, all of which would have ranked structurally senior to the Notes and the Guarantees. Please see "Capitalization." Although our non-Guarantor subsidiaries currently represent only a small portion of our EBITDA and revenues, the covenants in the Notes permit us to incur additional indebtedness at subsidiaries which do not guarantee the Notes, and in the future the EBITDA and revenues of such entities could increase, possibly substantially.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in Collateral.

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party and/or the grantor of the security. The liens in the Collateral directly securing the Notes may not be perfected with respect to the claims of the Notes if we or the security agent fails or is unable to take the actions necessary to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified. The Trustee and Security Agent will not monitor, or we may not comply with our obligations to inform the Trustee or Security Agent of, any future acquisition of property and rights by us, and the necessary action may not be taken to properly perfect the security interest in such after-acquired property or rights. The Trustee and the Security Agent for the Notes have no obligation to monitor the acquisition of additional property or rights by us or the perfection of any security interest. Such failure may result in the invalidity of the security interests in the Collateral or adversely affect the priority of the security interests in favor of the Notes against third parties.

The value of the Collateral securing the Notes and the Guarantees may not be sufficient to satisfy our obligations under the Notes and the Collateral securing the Notes may be reduced or diluted under certain circumstances.

The Notes and the Guarantees are secured by second-priority security interests on the Collateral as described in this Offering Memorandum, which Collateral also secures on a first-priority basis the Issuer's and the Guarantors' obligations under the proceeds loan under the 2017 Senior Secured Notes. The Collateral may also secure additional debt to the extent permitted by the terms of the Indenture. Your rights to the Collateral would be diluted by any increase in the debt secured by the Collateral or a reduction of the Collateral securing the Notes. For example, under certain circumstances, we will be able to sell or otherwise dispose of real estate assets that are part of the Collateral without securing the Notes with assets acquired with the proceeds from such sales or dispositions.

Not all of our Assets will secure the Notes. The value of the 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 the Collateral in an orderly sale, the condition of the economies in which our operations are located, the availability of buyers and other factors. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. Portions of the Collateral may be illiquid and may have no readily ascertainable market value. To the extent that holders of other secured debt or third parties enjoy liens (including statutory liens), whether or not permitted by the Indenture, such holders or third parties may have rights and remedies with respect to the Collateral securing the Notes and the Guarantees which, if exercised, could reduce the proceeds available to satisfy the obligations under the Notes and the Guarantees. In addition, the pledges, shares and ownership interests of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding because all of the obligations of the entity must first be satisfied, leaving little or no remaining assets in the entity.

The Issuer and the Guarantors have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents will allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the Indenture would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral and making or collecting ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to investors from the proceeds of any sale of Collateral in case of an enforcement.

The value of the Collateral may decrease because of obsolescence, impairment or certain casualty events.

The value of the properties that the Issuer and the other Guarantors own or lease and the real estate serving as Collateral may be adversely affected by depreciation and normal wear and tear or because of certain events that may cause damage to these properties. Although the Security Documents contain certain covenants in relation to the maintenance and preservation of assets, the Issuer and the Guarantors are not required to improve the Collateral. The Issuer is obligated under the Security Documents to maintain insurance with respect to the Collateral, but the proceeds of such insurance may not be sufficient to rebuild or restore such properties to their original condition prior to the occurrence of the events that caused the insured damages. Those insurance policies will most certainly not cover all the events that may conceivably result in damage to the Collateral.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes is subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and/or the Priority Agreement and accepted by other creditors that have the benefit of security interests in the Collateral securing the Notes from time to time, whether on or after the Issue Date. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the ranking of security interests in the Collateral can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under the laws of certain jurisdictions.

The security interests of the Security Agent may be subject to practical problems generally associated with the realization of security interests over real or personal property such as the Collateral. For example, the Security Agent may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

Furthermore, due consideration should be given by investors to the circumstance that enforcement procedures and timing for obtaining judicial decisions in the Netherlands may be materially more complex and time-consuming than in equivalent situations in jurisdictions with which investors may be familiar.

In addition, we are required to register our various operations with national regulators. Such requirements may prohibit foreclosure on the share capital of the Guarantors or may require us to incur significant cost and expense due to such requirements. Furthermore, there can be no assurance that any applicable governmental authorities will consent to such action. If any regulatory approvals that are required are not obtained or are delayed, the foreclosure may be delayed, a temporary shutdown of operations may occur and the value of the Collateral may be significantly decreased.

Holders of the Notes will not control certain decisions regarding the Collateral.

The Notes will be secured by the same Collateral securing the obligations under Facility E (2017 Senior Secured Notes) under the Old Senior Credit Agreement, the New Senior Secured Facility and certain hedging obligations. In addition, under the terms of the indentures governing the 2017 Senior Secured Notes, the 2018 Senior Notes and the Notes, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral.

The Priority Agreement provides that a common security agent will serve as the Security Agent for the secured parties under Facility E (2017 Senior Secured Notes) under the Old Senior Credit Agreement, the New Senior Secured Facility, the Notes offered hereby and certain hedging obligations with respect to the shared Collateral. The Security Agent will act with respect to such Collateral at the direction of a majority (50.1%) of our senior secured creditors (including, for this purpose, both drawn and undrawn commitments under our New Senior Secured Facility, Facility E (2017 Senior Secured Notes) and debt in respect of certain hedging obligations). The holders of the Notes will not have separate rights to enforce the Collateral. In addition, the holders of the Notes will not be able to instruct the Security Agent, force a sale of Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents, unless they comprise an instructing group, which, in turn, will depend on the quantum of the creditors in respect of drawn and undrawn commitments under the New Senior Secured Facility, Facility E (2017 Senior Secured Notes) and creditors in respect of certain hedging obligations.

Disputes may occur between the holders of the Notes and lenders under the New Senior Secured Facility as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral. In such an event, the holders of the Notes will be bound by any decisions of the lenders under the New Senior Secured Facility, which may result in enforcement action in respect of the Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such noteholders. The creditors under our New Senior Secured Facility may have interests that are different from the interests of holders of the Notes and they may elect to pursue their remedies under the security documents at a time when it would otherwise be disadvantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells Collateral comprising the shares of the Issuer or the shares of the Guarantors (other than ABC B.V.) as a result of an enforcement action in accordance with the Priority Agreement, claims under the Notes and the Guarantees and the liens over any other assets securing the Notes and the Guarantees may be released. See "Description of Other Indebtedness—Priority Agreement" and "Description of the Notes—Collateral—Release of the Collateral."

The Collateral may be released without the consent of the holders of the Notes.

The Collateral may be released in certain circumstances, including in the event the Collateral is sold pursuant to an enforcement sale in accordance with the Priority Agreement. If such Collateral consists of all of the shares of a Guarantor, then such Guarantor's Guarantee might also be released under such circumstances. Please see "Description of the Notes—Note Guarantees—Release of the Note Guarantees" and "Description of the Notes—Collateral—Release of the Collateral."

Additionally, the Indenture will permit us to release and retake the security interest granted over the Collateral in order to issue additional Notes pursuant to the Indenture. Upon the issuance of additional Notes pursuant to the Indenture, there may be a time period imposed by applicable laws between the release and retaking of the security interest during which there is no security interest over the Collateral. In some circumstances, such as if we were to file for bankruptcy after the issuance of additional Notes, a hardening period may apply and retroactively void the retaking of the security interest in favor of the holders of the Notes. Accordingly, there is a risk that, should we issue additional Notes pursuant to the Indenture, the Collateral could be released and its subsequent retaking voided. Please see "Description of the Notes—Certain Covenants—Impairment of Security Interest."

The Guarantees are significantly limited by applicable laws and are subject to certain limitations or defenses.

The Guarantors will guarantee the payment of the Notes as described in "Description of the Notes—Note Guarantees." The Guarantees provide the holders of the Notes with a direct claim against the relevant Guarantor. However, the obligations of each Guarantor under its Guarantee will be limited under the Indenture to an amount that has been determined so as to ensure that amounts payable will not result in violations of laws relating to corporate benefit, capitalization, capital preservation (under which, among others, the risks associated with a guarantee or grant of security on account of a parent company's debt need to be reasonable and economically and operationally justified from the guarantor's or grantor's perspective), thin capitalization, corporate purpose, transactions under value, or otherwise cause the Guarantor to be deemed insolvent under applicable law or such Guarantee to be deemed void, unenforceable or ultra vires, or cause the directors of such Guarantor to be held in breach of applicable corporate or commercial law for providing such Guarantee. If these limitations were not observed, the Guarantees and the grant of security interests by the Guarantors could be subject to legal challenge.

As a result, a Guarantor's liability under its Guarantees could be materially reduced or eliminated depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee issued by a company that is not in that company's corporate interests or the burden of which exceeds the benefit to the company may not be valid and enforceable. It is possible that a Guarantor, a creditor of a Guarantor or the insolvency administrator, in the case of an insolvency of a Guarantor, may contest the validity and enforceability of the respective Guarantee and that the applicable court may determine that the Guarantee should be limited or voided. In the event that any Guarantee is deemed invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the Guarantee apply, the Notes would not be guaranteed by such Guarantee.

For more information on the specific limitations under applicable law of the respective jurisdictions of incorporation of the Guarantors and certain contractual limitations to be confirmed in the Indenture, please see "Enforcement of Judgments."

You may be unable to enforce judgments against us, the Guarantors or our respective directors and officers.

Neither the Issuer nor any of the Guarantors are incorporated in the United States. In addition, all of the Group's assets are outside the United States and all of the Group's directors and officers live outside the United States, primarily in the Netherlands. The Group's auditors are also organized outside the United States. As a result, it may be difficult or impossible to serve process against any of these persons in the United States. Furthermore, because all or substantially all of the assets of these persons are located outside of the United States, it may not be possible to enforce judgments obtained in courts in the United States predicated upon civil liability provisions of the federal securities laws of the United States against these persons. Additionally, there is doubt as to the enforceability in many foreign jurisdictions of civil liabilities based on the civil liability provisions of the federal or state securities laws of the United States against the Issuer, the Guarantors, the directors, controlling persons and management and any experts named in this Offering Memorandum who are not residents of the United States. Please see "Enforcement of Judgments."

Dutch fraudulent conveyance laws may affect the validity and enforceability of the Notes, the Guarantees and the security interests in the Collateral.

Dutch law contains specific provisions, known as "*actio pauliana*," dealing with fraudulent conveyance both in and outside of bankruptcy. 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 required for a successful challenge on grounds of fraudulent conveyance. If a Dutch court found that the issuance of the Notes, the granting of the Guarantees or the security interest in the Collateral involved a fraudulent conveyance that did not qualify for any defense under Dutch law, then the issuance of the Notes, the granting of the Guarantees or the security interest in the Collateral could be nullified. As a result of such successful challenges, holders of the Notes may not enjoy the benefit of the Notes, the Guarantees or the security interests in the Collateral and the value of any consideration that holders of the Notes received with respect to the Notes, the Guarantees or the security interests in the Collateral could also be subject to recovery from the holders of the Notes and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantors as a result of the fraudulent conveyance.

Corporate benefit and other limitations under Dutch corporate law may affect the validity and enforceability of the Notes, the Guarantees and the security interests in the Collateral.

Under Dutch law, the validity and enforceability of the Notes, the Guarantees and the security interests in the Collateral may, in whole or in part, also be affected or limited to the extent that the obligations of the Issuer or any of the Guarantors are not within the scope of its objects and the relevant counterparty was aware or ought to have been aware (without inquiry) of this fact. The articles of association of the Issuer and the Guarantors permit the provision of guarantees and security. The articles of association of the Issuer permit the issuing of notes. However, the determination of whether a legal act (such as the issuing of a note or the granting of a guarantee or security interest) is within the objects of a company may not be based solely on the description of the articles of association of such company, 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 entering into a legal act by a company, in light of the benefits, if any, derived by such company from entering into such legal act, would have an adverse effect on the interest of the company, the legal act may be found to be voidable or the obligation resulting from such legal act (such as a note, a guarantee or a security interest) unenforceable upon the request of the relevant company or its administrator in bankruptcy. As a result, notwithstanding the provisions of the articles of association of the Issuer and the Guarantors, and notwithstanding that the board of directors of the Issuer has resolved that the issuing of the notes is within the corporate object and in the interest of the Issuer and the boards of directors of the Guarantors have resolved that the granting of the relevant guarantees and security interests is within the corporate object and in the interest of the Guarantors, no assurance can be given that a court would conclude that the issuing of the Notes or the granting of the Guarantees or the security interests in the Collateral is indeed within the corporate object and in the interest of such companies. To the extent that the Issuer, a Guarantor or the administrator of the Issuer or a Guarantor successfully invokes the voidability or unenforceability of a Note, a Guarantee or a security interest in the Collateral, such Note, Guarantee or security interest would be limited to the extent any portion of it is not nullified and remains enforceable.

The creation of the security interests in the Collateral and the enforcement thereof is subject to certain uncertainties under Dutch law.

Under Dutch law, it is uncertain 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 Priority Agreement provides for the creation of a so called "parallel debt obligation." Pursuant to the parallel debt obligation included in the Priority Agreement, the Security Agent is the holder of a separate and independent claim equal to the total amount payable by the Guarantors under the Old Senior Credit Agreement and the New Senior Secured Facility. The parallel obligation is secured by the security interests in the Collateral. Similarly, in the deed of pledge over the shares in the Issuer, Torenspits II B.V. has a separate and independent obligation, by way of parallel debt, to pay to the Security Agent amounts equal to the amounts due by the Issuer to the holders of the Notes. The parallel obligation is secured by the right of pledge purported to be created pursuant to the deed of pledge over the shares in the Issuer. The parallel obligation structure may be subject to uncertainties as to its validity and enforceability. We cannot assure you 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 may not be favorable to creditors, including holders of Notes, as the case may be, and may limit the enforceability of rights under the Notes, the Guarantees and the security interests in the Collateral.

The Issuer and the Guarantors are organized under the laws of the Netherlands and have their statutory seat (*statutaire zetel*) in the Netherlands. Consequently, in the event of a bankruptcy or insolvency event with respect to the Issuer or a Guarantor, primary proceedings would likely be initiated in the Netherlands. Dutch insolvency laws may make it difficult or impossible to effect a restructuring.

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

Upon commencement of suspension of payments proceedings, the court will grant a provisional suspension. A definitive suspension will generally be granted in a creditors' meeting called for that purpose, unless a qualified minority (more than one-quarter in amount of claims held by creditors represented at the creditors' meeting or one-third in number of creditors represented at such creditors' meeting) of the unsecured non-preferential creditors withholds its consent or if there is no prospect that the debtor will in the future be able to pay its debts as they fall due (in which case the debtor will generally be declared bankrupt). During a suspension of payments, unsecured and non-preferential creditors will be precluded from attempting to recover their claims from the assets of the debtor. A suspension of payments is subject to exceptions, the most important of which excludes secured creditors and preferential creditors (such as tax and social security authorities and employees) from the application of the suspension. This implies that during suspension of payments proceedings secured creditors may proceed against the assets that secure their claims to satisfy their claims, and preferential creditors are also not barred from seeking to recover their claims.

Under Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors on a *pari passu* basis. Certain creditors (such as secured creditors and preferential creditors) have special rights that may adversely affect the interests of holders of the Notes. 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.

In case of bankruptcy or suspension of payments in respect of the Issuer or a Guarantor, the Security Agent or the Security Trustee, as the case may be, will be entitled to exercise the rights afforded by law to a secured party as if there were no bankruptcy or suspension of payment. However, bankruptcy or a suspension of payments involving the Issuer or a Guarantor would affect the position of the Security Agent or the Security Trustee, as the case may be, as a secured party in some respects, the most important of which are: (i) the competent court may as a general rule set a period of not more than four months during which the Security Agent or the Security Trustee, as the case may be, may not without the court's consent (a) claim the secured asset if it is under the control of (*in de macht van*) the insolvent party or, in the case of a bankruptcy, the trustee in bankruptcy (*curator*), or (b) seek recourse against the asset, and (ii) a trustee in bankruptcy may (x) give Security Agent or the Security Trustee, as the case may be, a reasonable period to exercise his rights, and (y) if the Security Agent or the Security Trustee, as the case may be, fails to sell the asset within that period, claim the asset and sell it, without prejudice to the entitlement of the Security Agent or the Security Trustee, as the case may be, to the proceeds after deduction of bankruptcy costs and taking into account his rank.

As a result of the above, the holders of the Notes may not be able to effectively enforce their rights under the Notes, the security interests in the Collateral and the Guarantees.

Enforcement of security interests may be limited by Dutch law.

Pursuant to the Security Documents, the Security Agent or the Security Trustee, as the case may be, may enforce the security interests created pursuant to such security documents in case of the occurrence of certain events.

In general, mortgages and pledges rank above other rights of priority, including the general priority right of the Dutch tax authorities on the tax debtor's assets. However, Dutch law provides for exceptions. For example, under certain circumstances, the Dutch tax authorities' priority right ranks above a non-possessory pledge on inventory (not including stock) found on the premises of the tax debtor (*bodemzaken*).

In addition, a pledgee is obliged to notify the Dutch tax authorities of (i) its intention to exercise its rights under a pledge on moveable property (not including stock (*voorraden*)) found on the premises of the tax debtor (*bodemzaken*) within the meaning of the Tax Collection Act (*Invorderingswet* 1990), or (ii) its intention to perform, to procure in any way the performance of, or cooperate with any legal or factual act with respect to such property which could prejudice the Dutch tax authorities' priority right to such property ((i) and (ii) together: "exercise of its security rights"). Following such notification, a statutory waiting period of up to four weeks starting from the date of notification has to be observed. During this waiting period the Dutch tax authorities may exercise their priority right in respect of such specific property for certain tax debts (*bodemvoorrecht*). Failure to notify the Dutch tax authorities or the exercise of its security rights within the aforementioned waiting period, may result in the pledgee having to pay an amount equal to the value of the relevant property or—in the case of an enforcement—the proceeds from enforcement, provided that such amount payable shall not exceed the amount of the relevant taxes due, whether already assessed or not. After the four week waiting period has lapsed, or upon an earlier notification by the Dutch tax authorities that they will not exercise their priority right, a pledgee may exercise its security rights. However, the pledgee may only exercise such security rights during the four weeks following the lapse of the waiting period, or the date of the notification from the Dutch tax authorities, as the case may be. After the four week exercise period has ended, the aforementioned limitations are applicable again and the pledgee will only be able to exercise its security rights with respect to such property, after a new notification to the Dutch tax authorities and observance of a new waiting period.

Enforcement of security rights in a Dutch court is subject to Dutch rules of civil procedure. In addition, foreclosure on Dutch law security rights (including allocation of the proceeds) is subject to Dutch law. Under Dutch law, security rights are in principle enforced through a public auction of the relevant assets. This auction has to be effected in accordance with the applicable provisions of the Dutch Civil Code (*Burgerlijk Wetboek*) and the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). Under Dutch law, shares in a Dutch B.V. (private company with limited liability; *besloten vennootschap met beperkte aansprakelijkheid*) may only be transferred upon foreclosure in accordance with Dutch law and the relevant pledged company's articles of association as they read at the time of foreclosure.

The Security Agent or the relevant security provider may request the competent court to approve a private sale of the encumbered assets. In case of pledged assets (but not mortgaged assets), the Security Agent and the relevant security provider may agree to an alternative enforcement procedure once the pledge has become enforceable. The Security Agent may also request the competent court to determine that the pledged assets shall accrue to it for a price determined by the court. In relation to a mortgage, it is not possible to exclude the mortgagor's right to request the competent court to approve a private sale of the property.

Most of the operating covenants in the Indenture will not be applicable at the Issue Date.

We have been informed by the rating agencies Moody's and Standard & Poor's that their ratings for the Notes are an investment grade rating. So long as (a) the Notes maintain their Investment Grade Status (as defined in the Indenture) and (b) no default or event of default under the Indenture has occurred or is continuing, most of the operating covenants governing the Notes will be suspended. As a result, during this period, holders of the Notes will have less protection under the operating covenants and we may engage in transactions that would not be permitted if these covenants had been in effect, which may conflict with the interests of holders of the Notes.

Transfers of the Notes are restricted, which may adversely affect the liquidity and 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. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. Please see "Notice to Investors."

You may face foreign exchange risks by investing in the Notes, which risk may be increased if the euro no longer exists or if the Notes are otherwise redenominated as a result of member states leaving the eurozone.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. Investments in the Notes by U.S. holders (as defined in "Certain Tax Considerations—U.S. Federal Income Tax Considerations") may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "Certain Tax Considerations—U.S. Federal Income Tax Considerations."

Despite the measures taken by countries in the eurozone to alleviate credit risk, concerns persist regarding the debt burden of certain eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual eurozone member states. These and other concerns could lead to the reintroduction of individual currencies in one or more member states, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. We cannot assure you that the official exchange rate at which the Notes may be redenominated would accurately reflect their value in euro. These potential developments, or market perceptions concerning these developments and related issues, could adversely affect the value of the Notes.

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

The Issuer is organized under the laws of the Netherlands and does not have any assets in the United States. It is anticipated that some or all of the directors and executive officers of the Issuer will be non-residents of the United States and that all or a majority of their assets will be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or its directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer may not be subject to the civil liability provisions of the federal securities laws of the United States. In addition, the Issuer cannot assure you that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in the Netherlands. Please see "Enforcement of Judgments."

The Notes will initially be held in book-entry form and therefore you must rely on the procedures of Euroclear and Clearstream to exercise any rights and remedies.

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

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

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

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

We cannot assure you as to:

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

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes will be subject to disruptions beyond our control, including:

- changes in demand, the supply or pricing of our products;
- general economic conditions, including raw material prices;
- the activities of competitors;
- our quarterly or annual earnings or those of our competitors;
- investors' perceptions of us and the cable and telecom market;
- the failure of securities analysts to cover our Notes after this Offering or changes in financial estimates by analysts;
- the public's reaction to our press releases or our other public announcements;
- future sales of Notes; and
- other factors described under these "Risk Factors."

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.

The Notes may not become, or remain, listed on the Official List of the Luxembourg Stock Exchange.

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

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 our financings and could adversely affect the value and trading of the Notes.

THE ISSUER

The Issuer, Ziggo B.V., was incorporated as a private limited company under the laws of the Netherlands on February 15, 1951, and is indirectly owned 100% by ABC B.V., a private limited company incorporated in Amsterdam, the Netherlands. The authorized share capital of the Issuer is €885,800.

USE OF PROCEEDS

The estimated net proceeds of the Offering will be €738.0 million. We expect to use the net proceeds of the Offering and the loans made under the New Senior Secured Facility to repay in full tranches B and F under the Old Senior Credit Agreement.

The following table sets forth the anticipated sources and uses of funds in connection with the Refinancing:

Sources	€ in millions	Uses	€ in millions
Notes offered hereby	750.0	Repay amounts outstanding under Facility B under the Old Senior Credit Agreement(3)	922.9
Term Loan Facility under the New Senior Secured Facility(1)	150.0	Repay amounts outstanding under Facility F under the Old Senior Credit Agreement(3)	140.4
Revolving Credit Facility under the New Senior Secured Facility(1)(2)	175.3	Estimated transaction fees and expenses and other payments(4)	12.0
Total sources	**1,075.3**	**Total uses**	**1,075.3**

(1) For a description of the New Senior Secured Facility, please see "Description of Other Indebtedness—New Senior Secured Facility."

(2) Reflects portion drawn as at the Issue Date. For a description of the New Senior Secured Facility, please see "Description of Other Indebtedness—New Senior Secured Facility."

(3) Represents the repayment in full of facilities B and F under the Old Senior Credit Agreement.

(4) Represents estimated fees and expenses related to the Refinancing, including underwriting fees and commissions, advisory fees and other transaction costs and professional fees.

CAPITALIZATION

The table below sets out ABC B.V.'s cash and cash equivalents and capitalization as at December 31, 2012 on an actual basis (i.e., based on the audited consolidated balance sheet of ABC B.V. as at December 31, 2012), and as adjusted to reflect the intended Refinancing.

You should read the following table in conjunction with "Summary—The Refinancing," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Result of Operations," Description of Other Indebtedness" and the financial statements and related notes thereto included elsewhere in this Offering Memorandum.

Except as otherwise disclosed herein, there has been no material adverse change in ABC B.V.'s capitalisation between December 31, 2012 and July 29, 2013, the date of this offering memorandum produced for Luxembourg Stock Exchange listing purposes.

	Actual	As adjusted[1]
	As at December 31, 2012	As at December 31, 2012
	(audited)	(unaudited)
	(€ in thousands)	
Cash and cash equivalents	**92,363**	**92,363**
Total debt (including current portion of long-term debt)		
Term Loan B Facility	922,906	—
Term Loan E Facility (2017 Senior Secured Notes)[2]	750,000	750,000
Term Loan F Facility	140,431	—
Notes offered hereby	—	750,000
New Term Loan Facility	—	150,000
New Revolving Credit Facility	—	175,337
Total gross secured debt	**1,813,337**	**1,825,337**
Shareholder Loan (2018 Senior Notes)[3]	1,183,377	1,183,377
Total gross non-secured debt	**1,183,377**	**1,183,377**
Unamortized funding costs[4]	(52,898)	(19,791)
Shareholders' equity	**1,091,242**	**1,057,412**
Share capital	9,813	9,813
Share premium	1,394,953	1,394,953
Other reserves	(4,327)	(4,327)
Retained earnings	(309,197)	(343,027)
Total Capitalization	**4,035,058**	**4,046,335**

(1) Adjustments reflect the refinancing of tranches B and F under the Old Senior Credit Agreement.

(2) In October 2010, Ziggo Finance B.V., a company managed by Deutsche Bank International Trust Company N.V., issued Senior Secured Notes of €750.0 million with a nominal interest rate of 6.125%, due in 2017. Ziggo Finance B.V. on lent the proceeds of the 2017 Senior Secured Notes to Torenspits II B.V. The 2017 Senior Secured Notes are presented above as "Term Loan E Facility (2017 Senior Secured Notes)."

(3) The shareholder loan consists of an intercompany loan with Ziggo Bond Company B.V. which amounts to the nominal amount of the 2018 Senior Notes of €1,208.9 million less capitalized fees and expenses and the original issue discount of the 2018 Senior Notes.

(4) The actual unamortized funding costs comprise the unamortized portion of capitalized fees and expenses associated with (i) the establishment and amendment of the Old Senior Credit Agreement and (ii) the issuance of the 2017 Senior Secured Notes. The adjusted unamortized funding costs are adjusted for (i) the capitalized fees and expenses associated with the portion of the Old Senior Credit Agreement which is being repaid pursuant to the Refinancing, and (ii) capitalized fees and expenses associated with the Refinancing.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

We have included and primarily discussed in this Offering Memorandum the audited consolidated historical financial statements of ABC B.V. as at and for the years ended December 31, 2010, 2011 and 2012. Accordingly, all references to "we," "us" or "our" in respect of historical financial information in this Offering Memorandum are to ABC B.V. and its subsidiaries on a consolidated basis. The audited consolidated financial statements of ABC B.V. included herein and the accompanying notes thereto have been prepared in accordance with IFRS and with Part 9 of Book 2 of the Dutch Civil Code.

The following table sets forth our selected consolidated financial information and other data for the periods ended and as at the dates indicated below. Our selected consolidated financial information as at December 31, 2010, 2011 and 2012 and for each of the years ended December 31, 2010, 2011 and 2012 has been derived from the audited consolidated financial statements included elsewhere in this Offering Memorandum. Our audited financial statements included elsewhere in this Offering Memorandum were prepared in accordance with IFRS and with Part 9 of Book 2 of the Dutch Civil Code and were audited by Ernst & Young Accountants LLP, independent auditors, as set forth in their independent auditor's report included elsewhere in this Offering Memorandum.

This information has been extracted without material amendment from the 2012 Financial Statements, the 2011 Financial Statements and the 2010 Financial Statements included in this Offering Memorandum, and should be read in conjunction with, and is qualified by reference to, those statements. Please see "Presentation of Financial and Other Information and Certain Definitions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further details. Our historical results do not necessarily indicate results that may be expected for any future period.

Consolidated Income Statement Data

	Year ended December 31,		
	2010	**2011**	**2012**
		(€ in thousands) **(Audited)**	
Total revenues	**1,375,742**	**1,478,169**	**1,536,865**
Cost of goods sold	(265,036)	(291,147)	(295,013)
Personnel expenses	(170,715)	(175,574)	(187,434)
Contracted work	(44,833)	(51,162)	(50,876)
Materials and logistics	(4,071)	(6,035)	(3,750)
Marketing and sales	(62,106)	(68,514)	(60,531)
Office expenses	(52,113)	(49,564)	(53,302)
Other operating expenses	(1,748)	(1,573)	(5,091)
Amortization and impairments	(218,597)	(79,938)	(28,407)
Depreciation and impairments	(284,148)	(268,014)	(250,707)
Operating income	**272,375**	**486,648**	**601,754**
Net financial income (expense)	(348,719)	(248,311)	(232,623)
Result before income taxes	**(76,344)**	**238,337**	**369,131**
Net result of joint ventures and associates	—	(168)	(9,389)
Income tax benefit (expense)	25,154	(59,866)	(92,307)
Net result	**(51,190)**	**178,303**	**267,435**
Net result attributable to equity holders	**(51,190)**	**178,303**	**267,435**

Consolidated Balance Sheet Data

	Year ended December 31,		
	2010	2011	2012
		(€ in thousands) (Audited)	
Total non-current assets	4,990,560	4,817,410	4,888,396
Total current assets	137,957	196,861	162,883
Total assets	**5,128,517**	**5,014,271**	**5,051,279**
Equity attributable to equity holders	797,731	983,346	1,091,242
Total non-current liabilities	3,994,003	3,711,635	3,438,139
Total current liabilities	336,783	319,290	521,898
Total equity and liabilities	**5,128,517**	**5,014,271**	**5,051,279**

Consolidated Cash Flow Statement Data

	Year ended December 31,		
	2010	2011	2012
		(€ in thousands) (Audited)	
Net cash flow from operating activities	755,184	819,875	973,995
Net cash flow used in investing activities	(202,018)	(249,839)	(292,335)
Net cash flow from financing activities	(551,443)	(524,396)	(701,931)
Net increase (decrease) in cash and cash equivalents	**1,723**	**45,640**	**(20,271)**

Non-IFRS Measures

This Offering Memorandum includes certain measures that are not measures defined by IFRS. Please see "Presentation of Financial and Other Information and Certain Definitions—Presentation of Financial Information—Other financial measures and ratios." The tables below present these non-IFRS measures, along with certain key operating information, for the years ended December 31 2010, 2011 and 2012.

	Year ended December 31,		
	2010	2011	2012
		(€ in millions) (Unaudited)	
EBITDA(1)	775.1	834.6	880.9
Integration operating expenses(2)	8.2	—	—
Adjusted EBITDA(3)	783.4	834.6	880.9
Total capital expenditure	202.2	250.3	279.7
Capital expenditure excluding integration and acquisition capital expenditure(4)	174.7	242.9	279.7
OPFCF(5)	608.7	591.7	601.2
Adjusted net income(6)	109.7	202.0	283.4

(1) EBITDA represents operating income plus depreciation and amortization and is a non-IFRS measure. Although EBITDA should not be considered a substitute measure for trading profit, net cash flow from operating activities or any other measure of performance under IFRS, we believe that it provides useful information regarding our ability to meet future debt service requirements. The EBITDA measure presented in the table above may not be comparable to similarly-titled measures used by other companies. For a reconciliation of our operating income to EBITDA, please see "Presentation of Financial and Other Information and Certain Definitions—Presentation of Financial Information—Other financial measures and ratios."

(2) Integration operating expenses (which are included within total operating expenses for 2010) relate to expenses incurred in connection with the integration of our three predecessor businesses, including, among other things, consultancy fees related to integration, restructuring and redundancy costs.

(3) Adjusted EBITDA refers to EBITDA adjusted to remove the effects of operating expenses incurred in connection with the integration of our predecessor businesses, which was €8.2 million in the year ended December 31, 2010. Although Adjusted EBITDA should not be considered a substitute measure for trading profit, net cash flow from operating activities or any other measure of performance under IFRS, we believe that it provides useful information regarding our ability to meet future debt service requirements. The Adjusted EBITDA measure presented in the table above may not be comparable to similarly titled

measures used by other companies. Please see "Presentation of Financial and Other Information and Certain Definitions—Presentation of Financial Information—Other financial measures and ratios."

(4) Capital expenditure represents payments to acquire property, plant and equipment but excludes capital expenditure incurred in connection with the integration of our predecessor businesses (which amounted to €27.5 million, nil and nil for the years ended December 31, 2010, 2011 and 2012, respectively) and acquisitions (which amounted to nil, €7.4 million and nil for the years ended December 31, 2010, 2011 and 2012, respectively).

(5) We define operating free cash flow, or OPFCF, as Adjusted EBITDA less capital expenditures excluding integration capital expenditure and acquisition capital expenditure. The OPFCF measure presented in the table above may not be comparable to similarly titled measures used by other companies.

(6) "Adjusted net income" represents net result adjusted for amortization of customer lists, amortization of funding costs, impairments, costs related to integration and fair value gains or losses from ineffective hedge contracts under IFRS and tax effects of these adjustments. In relation to the 2017 Senior Secured Notes and the 2018 Senior Notes, adjusted net income is cumulative from April 1, 2010. In relation to the Senior Credit Agreement, adjusted net income is cumulative from January 1, 2011.

Selected Operating Information

	As at December 31,		
	2010	2011	2012
	(thousands, except %)		
Footprint			
Homes passed[1]	4,141	4,202	4,213
RGUs (consumer)[2]			
Analog TV	1,220	768	545
Digital TV[3]	1,804	2,152	2,231
Total standard TV	**3,024**	**2,920**	**2,776**
Digital pay TV[4]	**897**	**940**	**917**
Broadband internet	**1,545**	**1,662**	**1,751**
Telephony	**1,157**	**1,332**	**1,464**
Total RGUs (consumer)	**6,622**	**6,854**	**6,908**
Of which All-in-1 bundle subscribers	1,079	1,261	1,395
Of which non-bundle triple-play subscribers	20	17	15
Total triple-play subscribers[5]	**1,099**	**1,278**	**1,410**
RGUs (business)[2]			
Total standard TV	85	97	116
Digital pay TV	—	—	12
Broadband internet	11	23	37
Telephony	9	17	28
Total RGUs (business)	**105**	**138**	**194**
Of which Office Basis subscribers	9	17	27
Of which Office Plus	—	—	1
Of which Internet Plus subscribers	3	6	9
ToM & ToM Interactive[6]	69	69	76
Penetration (consumer)			
Standard TV subscribers as % of homes passed[7]	75.3%	71.7%	68.0%
Digital TV subscribers as % of standard TV subscribers	59.7%	73.7%	80.4%
Digital pay TV subscribers as % of standard TV subscribers	29.7%	32.2%	33.0%
Broadband internet subscribers as % of standard TV subscribers	51.1%	56.9%	63.1%
Telephony subscribers as % of standard TV subscribers	38.3%	45.6%	52.8%
All-in-1 bundle subscribers as % of standard TV subscribers	35.7%	43.2%	50.3%
Total triple-play subscribers as % of standard TV subscribers	36.3%	43.8%	50.8%

(1) Homes passed represents all homes connected to our network directly and through third party networks. We provide our services to subscribers directly over our network and over certain cable networks owned by third parties with whom we have entered into exclusive or non-exclusive agreements to provide our services over their networks. The table presents total homes passed and includes 126,000, 127,000 and 128,000 homes passed by third party cable networks as at December 31, 2010, 2011 and 2012, respectively.

(2) RGUs, or revenue generating units. One RGU represents one service subscription for any of the following services: standard TV, digital pay TV, broadband internet or telephony. Total RGUs are not equal to the total number of subscribers. For example, one subscriber who receives standard TV and telephony services over our network is counted as two RGUs, and one subscriber who receives standard TV, digital pay TV, broadband internet and telephony services over our network is counted as four RGUs. Based on the growth of our business revenues, we have decided to separate the reporting of consumer and business RGUs for HFC based products from January 2012 onwards.

(3) Digital TV subscribers equal the total number of standard TV subscribers who have activated smart cards as at the dates indicated. Only subscribers who have activated smart cards have access to our digital pay TV services.

(4) Digital pay TV RGUs equal the total number of subscribers who subscribe for one or more digital pay TV subscriptions. For purposes of this calculation, digital pay TV services purchased on a one-off basis, such as video-on-demand, are not counted as a digital pay TV RGU.

(5) Triple-play subscribers comprise (i) All-in-1 bundle subscribers (who subscribe for our All-in-1 bundle of standard TV, broadband internet and telephony services as a package) and (ii) non-bundle triple-play subscribers (who subscribe for standard TV, broadband internet and telephony through individual service subscriptions rather than through our All-in-1 bundle).

(6) Expressed as standard TV equivalents (calculated as ToM and ToM Interactive revenues divided by the consumer price for standard TV (excluding VAT)).

(7) Standard TV subscribers as a percentage of homes passed is calculated by excluding homes connected to our network through third party cable networks. Although we provide certain of our services over third party networks, we generally do not offer standard TV services over third party networks, as those are provided by the third parties, and our standard TV RGUs do not include subscribers in third party service areas.

	For the year ended December 31,		
	2010	**2011**	**2012**
		(€)	
ARPU (consumer)(1)			
Standard TV	13.32	13.49	13.57
Digital pay TV(2)	12.55	13.71	14.97
Broadband internet including value-added services subscriptions(3)	21.30	21.60	21.50
Telephony subscription including value-added services subscriptions(4)	7.49	7.59	7.62
Telephony usage(5)	12.14	11.43	10.61
Blended ARPU(6)	**33.92**	**37.34**	**40.44**
Blended ARPU All-in-1 bundle(7)	**41.21**	**41.77**	**41.74**

(1) Operating data related to ARPU is presented in euro per month (excluding VAT) for the periods indicated. Blended ARPU is calculated as the sum of total standard TV, digital pay TV, broadband internet and telephony consumer revenues (including digital pay TV and telephony usage revenues) for the period divided by the period's average monthly total standard TV consumer RGUs and divided by the number of months in that period. Based on the growth of our business revenues, we have decided to report consumer ARPU and business ARPU separately from January 2012 onwards. We do not report blended business ARPU as revenues between the different products and different types of business customers vary significantly.

(2) ARPU for our digital pay TV is calculated by dividing the digital pay TV revenues for the period by the average monthly number of subscribers that have subscribed for one or more of our digital pay TV services and dividing by the number of months in that period.

(3) ARPU from broadband internet is calculated by dividing broadband internet revenues, including revenues generated through value-added services subscriptions, for the period by the average monthly number of subscribers and dividing by the number of months in that period. Value-added services subscriptions include online backup, internet security and anti-virus services.

(4) ARPU from telephony subscription is calculated by dividing telephony subscription revenues, including value-added services subscriptions, for the period by the average monthly number of subscribers and dividing by the number of months in that period. Value-added services subscriptions include second telephony lines and mobile subscriptions from the former Multikabel business.

(5) ARPU from telephony usage is calculated by dividing total telephony usage revenues for the period by the average monthly total telephony RGUs and dividing by the number of months in that period.

(6) Blended ARPU is calculated as the sum of total standard TV, digital pay TV, broadband internet and telephony revenues (including digital pay TV and telephony usage revenues) for the period divided by the period's average monthly total standard TV RGUs and divided by the number of months in that period.

(7) Blended All-in-1 bundle ARPU does not include digital pay TV and telephony usage revenues.

	As at December 31,		
	2010	2011	2012
Ziggo market share in the Netherlands(1)			
Total TV	39.7%	38.0%	35.9%
Digital TV	35.0%	36.5%	35.0%
Broadband internet	25.0%	26.0%	26.6%
Telephony (VoIP + PSTN/ISDN)	19.4%	22.2%	23.8%
Ziggo market share in service area(2)			
Total TV	71.3%	68.0%	64.4%
Digital TV	59.7%	61.0%	59.3%
Broadband internet	44.9%	46.5%	47.7%
Telephony (VoIP + PSTN/ISDN)	35.0%	39.7%	42.7%

(1) Source: Telecompaper.

(2) We calculate our market share in our service area for each service as follows. First, we calculate the total number of subscribers for a particular service in our service area by multiplying the total number of subscribers for that service in the Netherlands, which is based on Telecompaper data, by the percentage of homes passed by us in the Netherlands for the respective periods. We then divide our total subscribers for that particular service by the resulting number (the total subscribers for a particular service in our service area).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following review relates to our historical financial condition and results of operations in the financial years ended December 31, 2010, 2011 and 2012, respectively. This "Management's Discussion and Analysis of Financial Condition and Result of Operations" is based on the financial statements included in this Offering Memorandum and should be read in conjunction with "Presentation of Financial and Other Information and Certain Definitions," "Industry and Market Overview," and "Business." Prospective investors should read the entire Offering Memorandum and not just rely on the information set out below. The financial information included in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" has been extracted without material adjustment from the 2012 Financial Statements, the 2011 Financial Statements and the 2010 Financial Statements.

The following discussion of our results of operations and financial condition contains forward-looking statements. Our actual results could differ materially from those that we discuss in these forward looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Offering Memorandum, particularly under "Risk Factors" and "Forward-Looking Statements."

Overview

We are the largest cable operator in the Netherlands, with an estimated network coverage of 56% of the country by homes passed as at December 31, 2012. We provide standard TV, digital pay TV, high-speed broadband internet and telephony services to consumers and businesses. A cornerstone of our strategy is to offer a combination of services in packages, in particular our triple-play offering, the "All-in-1" bundle, which offers subscribers the convenience of receiving TV, broadband internet and telephony services from us at a lower price when compared to three individual service subscriptions. According to ACM, the Dutch Authority for Consumers and Markets, we were the number one provider of triple-play offerings in the Netherlands as at June 2012. For the twelve months ended December 31, 2012, we generated revenue of €1.5 billion, EBITDA of €880.9 million and operating free cash flow of €601.2 million.

As at December 31, 2012, we had 4.2 million homes passed and primary product relationships with 2.8 million standard TV subscribers. Our high penetration of homes passed with standard TV allows us to market our other services directly to our subscribers and supports our strong market positions. Based on Telecompaper statistics, we estimate that our service area market shares by subscriptions as at December 31, 2012 for standard TV, digital TV, broadband internet and telephony were 64.4%, 59.3%, 47.7% and 42.7%, respectively. We believe our leading positions are based on the strength of our network, customer focus and our ability to offer a premium combination of content, speed and functionality at attractive prices compared to our competitors.

Our services are delivered over our hybrid fiber coaxial ("HFC") cable network, which we believe is one of the most technically advanced in Europe. Since the start of the merger of our three predecessor businesses in 2006 (the "merger"), we have invested more than €1.2 billion in our network, systems and infrastructure and we intend to continue investing in these areas to maintain and strengthen our competitive position in the market. Our network is fully bi-directional and EuroDocsis 3.0 enabled. Both its spectrum bandwidth capacity of 862 MHz and average fiber distance of within 300 meters from our subscribers' homes and offices are better than the European industry average. These features allow us to offer download speeds of up to 120 Mbps to all our homes passed, and our technology has the potential to offer speeds of up to 400 Mbps using current EuroDocsis 3.0 modems. The spectrum bandwidth capacity and speed of our network are substantially higher for TV and broadband internet services than DSL operators in our service area such as KPN, Tele2 and Online.

We believe our network advantage, high quality services, customer focus and continued innovation have enabled us to achieve strong growth in the number of our standard TV subscribers who also subscribe for our digital pay TV offerings as well as the percentage of standard TV subscribers who also receive broadband internet and telephony services (i.e. "triple-play subscribers") which has increased from 36.3% as at December 31, 2010 to 50.8% as at December 31, 2012. These increases have in turn driven growth in both our revenue generating units ("RGUs") and in our average monthly revenue per user ("ARPU") over the past three years. As a result, our blended consumer ARPU has increased from €33.92 for the year ended December 31, 2010 to €40.44 for the year ended December 31, 2012. Going forward, we believe we are well-positioned to capture further growth through our triple-play and digital pay TV offerings.

Key Factors Affecting Our Businesses and Results of Operations

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

Products and Services

In May 2008, we announced our new brand "Ziggo" as a single unified name for the cable and telecommunications services previously marketed under the brands of the @Home Business, the Multikabel Business and the Casema Business. In connection with the launch of our new name, we also fully standardized our product offering across our business. We now offer subscribers within our service area standard TV, digital pay TV, broadband internet and telephony services. We frequently upgrade our product offerings and service quality, including by increasing broadband internet speeds in order to stay competitive and increase RGUs and ARPUs. We expect growth to be driven primarily by our All-in-1 bundle, business services and digital pay TV services, as described below. However, our growth prospects could be impacted by an increased level of competition in the Dutch market and weakness in the Dutch economy, in particular increasing levels of unemployment and a weak housing market coupled with relatively high mortgages, which could have a negative impact on the spending patterns of consumers and small businesses.

All-in-1 Bundle

In May 2008, we first introduced the All-in-1 bundle for the consumer market, which became available in our entire service area in late 2008. We believe that customers of media and communications services will increasingly choose bundled products because of the convenience and cost savings that result from acquiring TV, broadband internet and telephony services from a single provider for one price. As at December 31, 2012, 1.4 million subscribers in the consumer market, or 50.3% of our total subscribers, subscribed for the All-in-1 bundle, compared to 1.3 million subscribers in the consumer market, or 43.2% of our total subscribers, as at December 31, 2011. In December 2010, we converted 152,000 subscribers who had subscribed for standard TV, broadband internet and telephony on an individual service subscription basis to the All-in-1 bundle. Subscribers to our All-in-1 bundle are counted as at least three separate RGUs because All-in-1 bundle subscribers receive each of our standard TV, broadband internet and telephony services (four RGUs would be counted for All-in-1 bundle subscribers who also subscribe for one or more of our digital pay TV services). Our All-in-1 product has helped drive an increase in consumer RGUs, which increased by 54,000 RGUs, or 0.8%, between December 31, 2011 and December 31, 2012. In addition, subscribers to our bundled products generate higher ARPU on average than our other subscribers. The increase in bundle subscribers during 2012 and the increase in revenues for digital pay TV were the primary drivers of the increase in blended consumer ARPU, which increased from €37.34 for the year ended December 31, 2011 to €40.44 for the year ended December 31, 2012. In the future, we expect that our RGUs, ARPU and total revenues will increase in line with increases in the proportion of our subscribers who choose bundled products and with the uptake of digital pay TV services.

We report revenues from our All-in-1 bundle within each of standard TV, broadband internet and telephony revenues on a pro rata basis and in proportion to the subscription fees of each product charged on a standalone basis.

Digital Pay TV Services

We provide digital TV services, for no additional fee, to all of our subscribers who have activated a digital smart card. Such subscribers then have access to our digital pay TV services, which, depending on the service, can be utilized through subscriptions or on an on-demand basis through either video on demand ("VoD") or pay-per-event. While a customer had to have an interactive receiver in order to use our VoD service, the introduction of pay-per-event offerings in the second quarter of 2011 enabled customers to order a single match from the Dutch, Spanish or English premier football leagues (the "Premier Leagues") without the need for an interactive receiver. The percentage of our total subscribers who have activated a smart card has steadily increased over the past several years, from 59.7% as at December 31, 2010 to 80.4% as at December 31, 2012. Over the same period, the percentage of total subscribers who have purchased digital pay TV subscriptions has increased from 29.7% to 33.0% while at the same time the number of subscribers possessing an interactive receiver has increased from 67,500 subscribers to 360,000 subscribers. Because digital pay TV subscriptions can be cancelled each month, we may see periodic changes as a result of the start and the end of the football season and as a result of campaigns in which digital pay TV packages are offered with free-view periods or discounts during the first months of use. Digital pay TV services are lower gross margin services than some of our other products and services. Digital pay TV ARPU increased from €12.55 in the year ended December 31, 2010 to €13.71 in the year ended December 31, 2011 and to €14.97 in the year ended December 31, 2012.

During 2012, we experienced a strong year-on-year increase in on-demand transactions of more than 125%, albeit from a small base. This increase resulted from three factors: (i) a new TV offering launched in September 2011 which provides our digital TV customers with access to our library of films and series; (ii) our introduction of a pay-per-event offering in the second quarter of 2011 which enables our customers to order a single match from the Dutch, Spanish or English Premier Leagues without the need for an interactive set-top box or a subscription to digital pay TV; and (iii) the increase in the total number of our subscribers with an interactive set-top box to almost 360,000 such subscribers as at December 31, 2012 as compared to 235,000 such subscribers as at December 31, 2011. Taking into consideration the strong growth in transactions and the relatively limited number of interactive set-top boxes possessed by our installed base of customers, we are focused on further increasing the number of customers with an interactive set-top box. We have begun a program to upgrade a portion of the existing set-top boxes of our installed base of digital TV customers, thereby providing interactive functionality through a cloud-based streaming graphic user interface. We have also introduced various sales promotions for our All-in-1 proposition which incorporate an attractive offer for an interactive set-top box. For these reasons, we expect a further increase in the penetration of interactive set-top boxes. In addition, we might decide to migrate our customer base to a new interactive set-top box once it becomes available in order to stimulate the use of digital pay TV and interactive TV while at the same time improving customer loyalty and reducing churn. If we decide to do this, we might consider changing our business model in such a way that interactive receivers would be included within our subscriptions and the costs of the receivers capitalized and amortized over their useful lifetime.

In February 2012 we became the first operator in the Netherlands to offer Home Box Office (“HBO”) premium channels to our subscribers. We purchase the HBO content from our joint venture with HBO in the Netherlands. Our investment in, and the financial results from, the joint venture will be accounted for based on the equity method. During the year ended December 31, 2012, our €9.4 million net loss from joint ventures resulted primarily from our 50% share in the results of HBO NL, with our share in the funding of the joint venture amounting to approximately €13.0 million during this period. During 2013, we expect that our share of the funding of the joint venture will amount to approximately €7 million.

Pricing

Our All-in-1 bundle offers subscribers a discount to the aggregate price of each of our standard TV, broadband internet and telephony services if acquired on a standalone basis, which makes the proposition attractive for our subscribers. We regularly review our pricing policy and in the past have increased our subscription fees as necessary in line with inflation or in response to market conditions and content costs. The pricing of all of our services, including our All-in-1 bundle, is dependent on market conditions and pricing by competitors with similar offerings. Our prices from October 1, 2012 also reflect an increase in the Dutch VAT rate from 19% to 21%. We do not need any formal approval for price increases. Our prices have been as follows:

	As at August 1, 2010	As at February 1, 2011	As at April 1, 2012	As at October 1, 2012	As at February 1, 2013
	(€ per month (incl. 19% VAT))			(€ per month (incl. 21% VAT))	
All-in-1 bundles					
All-in-1 Basic	41.50	42.00	42.00	42.71	43.95
All-in-1 Plus	51.50	52.00	52.00	52.87	53.95
All-in-1 Extra	66.50	67.00	67.00	68.13	63.95
Television					
TV Standard	16.45	16.95	17.20	17.49	17.75
TV Plus	N/A	N/A	8.00	8.13	8.50
TV Extra	N/A	N/A	13.00	13.22	13.50
TV + Internet					
TV + Internet Z1	36.40	36.95	37.15	37.78	38.95
TV + Internet Z2	46.40	46.95	47.15	47.94	48.95
TV + Internet Z3	64.40	64.95	65.15	66.25	58.95
Telephony					
Telephony Z1	9.95	9.95	9.95	10.12	9.95
'VolopBellen Altijd' (free calling to fixed lines)	10.00	10.00	10.00	10.17	9.95
'VolopBellen Avond/Weekend' (free calling to fixed lines in evenings / weekends)	6.00	6.00	6.00	6.10	6.95

Churn

The television, broadband internet and telephony industries exhibit churn as a result of high levels of competition. In addition to competitive alternatives, churn levels may be affected by changes in our prices or our competitors' prices, our level of subscriber satisfaction, subscriber mortality and the relocation of subscribers, as well as from the termination of agreements in relation to third party networks, which we also use to deliver our services. Please see "Risk Factors—Risks Related to Our Business, Strategy and Operations—Churn may adversely affect our business." Increases in churn may lead to increased costs and reduced revenues. We estimate that annual customer churn for our All-in-1 bundle for the years ended December 31, 2010, 2011 and 2012 was approximately 4.6%, 4.1% and 4.8%, respectively. Including subscriptions attributable to bundles, customer churn for the years ended December 31, 2010, 2011 and 2012 was 8.7%, 9.1% and 9.6%, respectively. During 2012, we experienced increased competitive intensity in the Dutch market, particularly in relation to triple play offerings. As a result, we recorded an increase in customer churn for our All-in-1 bundle subscribers to approximately 5.5% of subscribers during the fourth quarter of 2012, as compared to between 4% and 5% during previous quarters, as well as an increase in overall customer churn, including subscriptions attributable to bundles, to approximately 11.4% of subscribers during the fourth quarter of 2012, as compared to a churn rate of between 9% and 10% during previous quarters.

In addition, due to our high level of penetration of standard TV services (we served approximately 68% of our homes passed (excluding third party networks) as at December 31, 2012), increasing our revenues is dependent upon increasing our revenue per subscriber through the offer of additional and enhanced services rather than increasing penetration of standard TV. Since the beginning of 2010, our standard TV subscribers have fallen from 3.0 million to 2.8 million as at December 31, 2012. The general decline in the number of total standard TV subscribers is primarily attributable to a broader customer migration from analog to digital TV (digital TV is subject to greater competition), increased competition from IPTV providers and the increased availability of triple play options from competition in a market which is rapidly developing towards triple play, as well as our own focus on higher value services such as digital pay TV and our All-in-1 bundle.

Cost Structure

A majority of our cost elements, such as a portion of our network operations, customer care, billing and administration costs, is relatively fixed, while a portion of our marketing and customer services cost is relatively variable, and a part of cost of goods sold is variable, as these costs are related to our revenues. Our most significant costs include author rights, signal costs and royalties (distribution/license fees which we pay to several broadcasters in order to distribute their programs and content), interconnection fees, costs of materials sold to customers, costs for marketing and sales and payroll costs. The costs associated with the growth of our business, including RGU acquisition costs, are variable. As a result of our operating leverage and operational benefits, operating expenditure (excluding integration operating expenditures and amortization of customer lists) per RGU has decreased over the period from December 31, 2010 through December 31, 2012 at a compound rate of 3.4%. Over the same period, operating expenses per subscriber have increased at a compound rate of 3.6% compared to an increase in blended ARPU at a compound rate of of 9.2%.

RGU acquisition costs include campaign costs, sales costs and negative gross margins on set-top boxes, which are sold to subscribers as part of our campaigns to promote digital TV and All-in-1 bundles and encourage our subscribers to activate digital TV. We target to recover RGU acquisition costs within six months to one year of acquisition of a subscriber. We believe this recovery period can be achieved as a result of our operational efficiency as well as the density of our subscriber base and the fact that we have direct relationships with our subscribers, which enables us to know our customers and not to rely on intermediaries to interact with our subscribers.

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

We pay interconnection fees to other network operators when we connect to their networks in order to provide our voice and data services. Voice interconnection fees in the Netherlands are regulated, and the amount we pay in interconnection fees in any period will depend on the level of usage of our services.

We also incur costs in procuring set-top boxes and other products (such as telephones and routers) that we sell or provide to our customers. Through various sales channels, we sell set-top boxes and other products directly to our subscribers. We account for the costs of set-top boxes and other products as cost of goods sold. These costs were €46.4 million, €56.4 million and €55.3 million for the years ended December 31, 2010, 2011 and 2012, respectively. As a result, our cost of goods sold is affected by the percentage of our subscribers that choose to purchase set-top boxes and other products directly from us rather than from independent retailers. Our cost of goods sold may increase in the future in case of an increase in sales of interactive set-top boxes, which are more expensive than SD or HD set-top boxes. Because we typically sell the set-top boxes at a discount as part of marketing campaigns to promote digital and interactive TV and All-in-1 subscriptions, increased sales of more expensive set-top boxes have a negative impact on gross margin. In addition, we are considering migrating our customer base to a new interactive receiver in order to stimulate the use of digital pay TV and interactive TV while at the same time improving customer loyalty and reducing customer churn. If we decide to do this, we might consider changing our business model in such a way that interactive receivers will be included within our subscriptions and the costs of the receivers capitalized and amortized over their useful lifetime. The roll-out of such a new set-top box into our customer base would require additional capital expenditure, which could be provided through a financial lease program.

We also outsource a majority of the calls to our call center customer care functions and outsource all of our call center sales functions. The associated costs generally depend on the level of our customer care call volume and any investments we may make to improve customer service and satisfaction as part of our growth strategy. The call volume fluctuates during any given period as a result of, among other things, the number of new subscriptions, the introduction of new products and services that are unfamiliar to our customers or difficult to install, the quality and reliability of our services and the quality of our alternative customer support options, such as the automated customer care functions on our website.

Network

Our ability to provide new high definition and on-demand digital TV services, broadband internet access at higher speeds and telephony services to subscribers depends in large part on our ability to upgrade and maintain our network and to reduce the number of analog channels to free up capacity. During 2008 and 2009, we fully upgraded our network to EuroDocsis 3.0 technology, which allows us to offer our customers higher broadband internet access speeds and additional premium digital video and voice services. In 2010, we introduced broadband internet service with top download speeds of 120 Mbps and upload speeds of 10 Mbps in our entire service area. We started with the roll-out of high-speed modems to our customers in 2009. In 2012, we rolled out approximately 488,000 high-speed modems to existing and new customers of which approximately 472,000 were WiFi enabled.

We carefully monitor success based capital expenditure by applying strict investment return and payback criteria. For the year ended December 31, 2012, we incurred non-integration and non-acquisition capital expenditure of €279.7 million, compared to non-integration, non-acquisition capital expenditure of €242.9 million and €174.7 million during the years ended December 31, 2011 and 2010, respectively. The capital expenditure for 2010 was relatively low compared to prior years. This was due to our decision to expend a portion of our budgeted 2010 capital expenditures during the latter months of 2009 on the completion of the network upgrade to EuroDocsis 3.0 and the finalization of the integration and harmonization of our predecessor businesses and infrastructures in the course of 2010. We spent an additional amount of €27.5 million on integration capital expenditure during 2010. Low capital expenditures during 2010 also resulted from the late availability of the type of EuroDocsis 3.0 modems which we are using to replace modems at customer premises in order to supply our subscribers with high-speed internet.

Integration of Predecessor Businesses and Acquisitions

We were formed in 2006 by the combination of the Multikabel Business and the Casema Business. On January 31, 2007, we acquired the @Home Business. During 2008 we introduced our single brand, changed our billing process, standardized our product offering, rolled out our All-in-1 bundle across our network, migrated all of our customer data to one unified database and CRM system and integrated our operations into one single organization.

Integration operating expenditures include operating expenses incurred in connection with the integration, including, among other things, consultancy fees related to integration, restructuring and redundancy costs. Integration capital expenditures included expenditures we have incurred in order to harmonize and integrate the three networks and infrastructures of our predecessor businesses. We incurred €8.2 million of integration operating expenses during the year ended December 31, 2010, and €27.5 million, respectively, in integration capital expenditure. We did not incur any integration operating expenses or capital expenditure in 2011 or 2012.

The results of operations of an acquired business are reflected in our historical consolidated financial information only from the date of its acquisition. We did not make any significant acquisitions during the years ended December 31, 2010 or 2012. On October 13, 2011, we acquired Breezz, a provider of telecom services for the Dutch SME market for a total cash consideration of €7.4 million. During the last three months of 2011, Breezz contributed €1.5 million in revenues and €0.5 million in EBITDA. During the year ended December 31, 2012, Breezz contributed €6.1 million in revenues and €2.2 million in EBITDA.

On March 14, 2013, we announced the acquisition of Esprit Telecom, a leading provider of voice and data services for the SME market in the Netherlands. The acquisition includes Zoranet, an ICT service provider that focuses on the retail sector. The acquisition is subject to approval by the Dutch Competition Authority, or NMa. During the year ended December 31, 2012, Esprit Telecom generated revenues of €37 million and a normalized EBITDA of approximately €5 million. The acquisition is valued at €18 million.

Regulation

Our operations are subject to numerous regulations in Europe and the Netherlands. ACM, one of the Dutch regulatory authorities responsible for supervising compliance with such regulations, has the authority to impose ex ante regulations for providers which are found to have significant market power. In this capacity, ACM conducts market analyses in relation to seven predefined markets every three years to determine where significant market power exists and impose obligations as appropriate. The European Commission has the power to veto a finding by ACM of significant market power (or the absence thereof) in any market, whether or not it is included in the seven predefined markets.

In the recent past, ACM has determined that we have significant market power in the wholesale market for call termination on public telephone networks and in the market for wholesale broadcasting transmission services. At the end of 2011 and in early 2012, ACM published its market analysis decisions for the third round of market analyses. ACM's overall conclusion is that the telecommunication markets (including the markets in which we previously have been found to have significant market power) are developing towards genuine competition and there is no need to impose obligations (other than in relation to fixed-line termination) on us or other cable operators. Several operators appealed ACM's decision not to start a new market analysis into the markets concerning wholesale broadcasting transmission services. This appeal was dismissed on November 5, 2012, with no possibility of further appeal.

Certain developments may have an adverse impact on our business or could result in additional obligations. These developments include the following:

- New market analysis decisions are expected for the fourth round of market analysis, inter alia on the markets for mobile and fixed-line call termination;
- Since January 1, 2013, the Media Act requires network operators to which must carry obligations apply, to offer their analog program package for resale to third parties on a wholesale level against cost oriented tariffs. We have requested the District Court of The Hague to confirm in a declaratory judgment that this provision violates EU law and is therefore invalid. This case is still pending. In addition, the provision is also subject to scrutiny by the European Commission which has expressed doubts as to the compatibility of the provision with EU law;
- A new provision in the Dutch Telecom Act, which entered into force on January 1, 2013, obliges ACM to impose obligations to offer (audio/visual) programme services and related facilities on the wholesale level for resale to consumers if it determines that a company has significant market power in offering (audio/visual) program services. We have contested the validity of this legislation before the District Court of The Hague. This case is currently pending. This provision is also subject to scrutiny by the European Commission which had expressed doubts as to the compatibility of the provision with EU law; and
- Currently an amendment to the Media Act pending before the Lower Chamber of Parliament intends to amend the must carry obligation. The amendment provides that the must carry obligation will apply to providers of digital programme packages with 250,000 or more subscribers and extends the must carry obligation to 30 television channels and at least 13 radio channels. For providers of bundled analog program packages with 250,000 or more subscribers a must carry obligation is foreseen of 15 television channels and at least 10 radio channels.

These changes could result in new obligations being imposed on cable operators, which could result in increased operational and administrative expenses and increased competition. Such changes could have a negative effect on our results of operations. Please see "Regulation" for more information.

Key Operating Measures

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

RGUs

We classify our RGUs according to our main subscription based product lines. The following table sets forth our RGUs for our standard TV, digital pay TV, broadband internet and telephony businesses as at December 31, 2010, 2011 and 2012.

	As at December 31,		
	2010	**2011**	**2012**
	(thousands, except %)		
Footprint			
Homes passed[(1)]	4,141	4,202	4,213
RGUs (consumer)[(2)]			
Analog TV	1,220	768	545
Digital TV[(3)]	1,804	2,152	2,231
Total standard TV	**3,024**	**2,920**	**2,776**
Digital pay TV[(4)]	**897**	**940**	**917**
Broadband internet	**1,545**	**1,662**	**1,751**
Telephony	**1,157**	**1,332**	**1,464**
Total RGUs (consumer)	**6,622**	**6,854**	**6,908**
Of which All-in-1 bundle subscribers	1,079	1,261	1,395
Of which non-bundle triple-play subscribers	20	17	15
Total triple-play subscribers[(5)]	**1,099**	**1,278**	**1,410**
RGUs (business)[(2)]			
Total standard TV	85	97	116
Digital pay TV	—	—	12
Broadband internet	11	23	37
Telephony	9	17	28
Total RGUs (business)	**105**	**138**	**194**
Of which Office Basis subscribers	9	17	27
Office Plus	—	—	1
Of which Internet Plus subscribers	3	6	9
ToM & ToM Interactive[(6)]	69	69	76
Total RGUs (consolidated)	**6,727**	**6,991**	**7,102**
Penetration (consumer)			
Standard TV subscribers as % of homes passed[(7)]	75.3%	71.7%	68.0%
Digital TV subscribers as % of standard TV subscribers	59.7%	73.7%	80.4%
Digital pay TV subscribers as % of standard TV subscribers	29.7%	32.2%	33.0%
Broadband internet subscribers as % of standard TV subscribers	51.1%	56.9%	63.1%
Telephony subscribers as % of standard TV subscribers	38.3%	45.6%	52.8%
All-in-1 bundle subscribers as % of standard TV subscribers	35.7%	43.2%	50.3%
Total triple-play subscribers as % of standard TV subscribers	36.3%	43.8%	50.8%

(1) Homes passed represents all homes connected to our network directly and through third party networks. We provide our services to subscribers directly over our network and over certain cable networks owned by third parties with whom we have entered into exclusive or non-exclusive agreements to provide our services over their networks. The table presents total homes passed and includes 126,000, 127,000 and 128,000 homes passed by third party cable networks as at December 31, 2010, 2011 and 2012, respectively.

(2) RGUs, or revenue generating units. One RGU represents one service subscription for any of the following services: standard TV, digital pay TV, broadband internet or telephony. Total RGUs are not equal to the total number of subscribers. For example, one subscriber who receives standard TV and telephony services over our network is counted as two RGUs, and one subscriber who receives standard TV, digital pay TV, broadband internet and telephony services over our network is counted as four RGUs. Based on the growth of our business revenues, we have decided to separate the reporting of consumer and business RGUs for HFC based products from January 2012 onwards.

(3) Digital TV subscribers equal the total number of standard TV subscribers who have activated a smart card as at the dates indicated. Only subscribers who have activated a smart card have access to our digital pay TV services.

(4) Digital pay TV RGUs equal the total number of subscribers who subscribe for one or more digital pay TV subscriptions. For purposes of this calculation, digital pay TV services purchased on a one-off basis, such as video-on-demand, are not counted as a digital pay TV RGU.

(5) Triple-play subscribers comprise (i) All-in-1 bundle subscribers (who subscribe for our All-in-1 bundle of standard TV, broadband internet and telephony services as a package) and (ii) non-bundle triple-play subscribers (who subscribe for standard TV, broadband internet and telephony through individual service subscriptions rather than through our All-in-1 bundle).

(6) Expressed as standard TV equivalents (calculated as ToM and ToM Interactive revenues divided by the consumer price for standard TV (excluding VAT)).

(7) Standard TV subscribers as a percentage of homes passed is calculated by excluding homes connected to our network through third party cable networks. Although we provide certain of our services over third party networks, we generally do not offer standard TV services over third party networks, as those are provided by the third parties, and our standard TV RGUs do not include subscribers in third party service areas.

Year ended December 31, 2012 compared to the year ended December 31, 2011

Our total RGUs increased by 1.6% to 7.1 million as at December 31, 2012 from 7.0 million as at December 31, 2012. The 111,000 RGUs added over this period were a result of an increase in the number of subscribers for our All-in-1 bundle as well as increased numbers of subscriptions to our business bundles, partially offset by a decrease in our standard TV subscriber base of 4.9% between December 31, 2011 and December 31, 2012.

As at December 31, 2012, total consumer RGUs totaled 6.9 million, an increase of 0.8%, or 54,000 subscriptions, as at the year ended December 31, 2011. Between December 31, 2011 and December 31, 2012, the number of subscribers to our All-in-1 bundle grew by 134,000, or 10.6%, to 1.40 million subscribers. The number of digital TV subscribers also increased to 2.23 million as at December 31, 2012, representing a penetration of over 80% of our customer base. The number of TV-only subscribers decreased by 19.5% over this period, with 970,000 such subscribers as at December 31, 2012, while at the same time the number of subscribers with a subscription to digital pay TV declined by 2.5%, or 23,000 such subscribers, resulting in a total of 917,000 subscribers as at December 31, 2012. However, the number of subscriptions to individual premium TV packages increased and the numbers of VoD and pay-per-event transactions during this period, with increased numbers of packages and increased ARPU per subscriber.

The number of internet subscribers also grew by 89,000 over this period, resulting in 1.8 million subscribers as at December 31, 2012.

The total number of telephony subscribers rose to 1.5 million as at December 31, 2012, an increase of 9.9% from December 31, 2011, primarily attributable to the increase in All-in-1 bundle subscriptions over this period.

As at December 31, 2012, total business RGUs amounted to 194,000, an increase of 40.6%, or 56,000 new RGUs, from December 31, 2011. This growth was driven by the sale of business bundles. During the year ended December 31, 2012, more than 13,000 new subscribers signed up for our Office Basis, Office Plus or Internet Plus business bundles, resulting in a total of over 36,900 subscribers for our business bundles targeted at home offices and small- and medium-sized businesses.

Year ended December 31, 2011 compared to the year ended December 31, 2010

Our total RGUs increased by 3.9% to 7.0 million as at December 31, 2011, from 6.7 million as at December 31, 2010, primarily due to an increasing number of our subscribers subscribing for our All-in-1 bundle, digital pay TV services and business services. In particular, the number of subscribers to our All-in-1 bundle increased by 0.2 million subscribers, from 1.1 million subscribers as at December 31, 2010 to 1.3 million subscribers as at December 31, 2011, driven by growth in the number of subscribers for internet as well as telephony services. Our broadband internet subscribers increased by 7.6%, from 1.5 million subscribers as at December 31, 2010 to 1.7 million subscribers as at December 31, 2011. Our telephony subscribers increased by 15.1%, from 1.2 million subscribers as at December 31, 2010 to 1.3 million subscribers as at December 31, 2011. Subscribers to our HFC business bundles increased by 31.4% from approximately 105,000 RGUs as at December 31, 2010 to 138,000 RGUs as at December 31, 2011. This increase in total RGUs was partially offset by a small decrease in our standard TV subscriber base of 2.9% from December 31, 2010 to December 31, 2011.

As at December 31, 2011, total business RGUs reached 138,000, an increase of 31.4% over the year ended December 31, 2010, or 33,000 new RGUs. This growth was driven by the sale of business bundles. During 2011, more than 12,000 new subscribers signed up for our Office Basis or Internet Plus business bundles, bringing the total to over 23,000 subscribers for our business bundles targeted at home offices and small- and medium-sized businesses.

ARPU

Average monthly revenue per user, or ARPU, is a measure we use to evaluate how effectively we are realizing potential revenues from subscribers. ARPU is calculated by dividing total subscription related revenues, including telephony and digital pay TV usage revenues, for a period (excluding installation and carriage fees) by the average number of subscribers served in the period and by the number of months in the period.

The following table sets forth the ARPU generated by the products and services we offer.

	For the year ended December 31,		
	2010	2011	2012
		(€)	
ARPU (consumer)(1)			
Standard TV	13.32	13.49	13.57
Digital pay TV(2)	12.55	13.71	14.97
Broadband internet including value-added services subscriptions(3)	21.30	21.60	21.50
Telephony subscription including value-added services subscriptions(4)	7.49	7.59	7.62
Telephony usage(5)	12.14	11.43	10.61
Blended ARPU(6)	**33.92**	**37.34**	**40.44**
Blended ARPU All-in-1 bundle(7)	**41.21**	**41.77**	**41.74**

(1) Operating data related to ARPU is presented in euro per month (excluding VAT) for the periods indicated. Blended ARPU is calculated as the sum of total standard TV, digital pay TV, broadband internet and telephony consumer revenues (including digital pay TV and telephony usage revenues) for the period divided by the period's average monthly total standard TV consumer RGUs and divided by the number of months in that period. Based on the growth of our business revenues, we have decided to report consumer ARPU and business ARPU separately from January 2012 onwards. We do not report blended business ARPU as revenues between the different products and different types of business customers vary significantly.

(2) ARPU for our digital pay TV is calculated by dividing the digital pay TV revenues for the period by the average monthly number of subscribers that have subscribed for one or more of our digital pay TV services and dividing by the number of months in that period.

(3) ARPU from broadband internet is calculated by dividing broadband internet revenues, including revenues generated through value- added services subscriptions, for the period by the average monthly number of subscribers and dividing by the number of months in that period. Value-added services subscriptions include online backup, internet security and anti-virus services.

(4) ARPU from telephony subscription is calculated by dividing telephony subscription revenues, including value-added services subscriptions, for the period by the average monthly number of subscribers and dividing by the number of months in that period. Value-added services subscriptions include second telephony lines and mobile subscriptions from the former Multikabel business.

(5) ARPU from telephony usage is calculated by dividing total telephony usage revenues for the period by the average monthly total telephony RGUs and dividing by the number of months in that period.

(6) Blended ARPU is calculated as the sum of total standard TV, digital pay TV, broadband internet and telephony revenues (including digital pay TV and telephony usage revenues) for the period divided by the period's average monthly total standard TV RGUs and divided by the number of months in that period.

(7) Blended All-in-1 bundle ARPU does not include digital pay TV and telephony usage revenues.

Year ended December 31, 2012 compared to the year ended December 31, 2011

Blended ARPU in the year ended December 31, 2012 across all of our consumer product offerings was €40.44, an increase of €3.10, or 8.3%, compared to the year ended December 31, 2011. This increase in blended ARPU was driven by the growth in the number of subscribers for our All-in-1 bundle in combination with increased churn among TV-only subscribers in particular, leading to an increase in RGUs per customer, higher usage of digital pay TV services as well as by higher telephony usage compared to the prior year as a result of the increased numbers of All-in-1 bundle subscribers. Additionally, ARPU also increased following the price increase on April 1, 2012, each for €0.25 per month including VAT (€0.21 excluding VAT), for standard TV subscriptions only. Subscriptions to our All-in-1 bundle, as well as internet and telephony services, were not impacted by this price increase. ARPU in 2012 for our HFC business product offerings “Office Basis” and “Internet Plus” was approximately €61 and €72, respectively.

Year ended December 31, 2011 compared to the year ended December 31, 2010

Blended ARPU in the year ended December 31, 2011 across all of our consumer product offerings was €37.34, an increase of €3.42 or 10.1% compared to the year ended December 31, 2010. This increase in blended ARPU was driven by the growth in the number of subscribers for our All-in-1 bundle in combination with churn among TV-only subscribers in particular, leading to an increase in RGUs per customer, higher usage of digital pay TV services as well as by higher telephony usage compared to the prior year as a result of the increased numbers of All-in-1 bundle subscribers. Additionally, ARPU also increased following a price increase of €0.50 per month including VAT (€0.42 excluding VAT) for all of our standard TV subscriptions as at February 1, 2011 and for our All-in-1 bundles as at March 1, 2011. We also increased our telephony usage rates as per September 1, 2011 and set new prices for “TV Plus” and “TV Extra” in our new TV proposition that was introduced on September 1, 2011. These new prices for “TV Plus” and “TV Extra” have resulted in an additional revenue for digital pay TV revenues following the introduction. ARPU in 2011 for our HFC business product offerings “Office Basis” and “Internet Plus” was approximately €54 and €69, respectively.

Results of Operations

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

	For the year ended December 31,		
	2010	2011	2012
		(€ in thousands)	
Standard cable subscription	489,454	481,602	464,533
Digital pay television	124,637	151,269	168,139
Total video revenues	614,091	632,871	632,672
Broadband internet subscription	380,832	415,878	442,419
Telephony subscription	96,018	113,485	129,048
Telephony usage	155,648	170,800	179,701
Total telephony revenues	251,666	284,285	308,749
Revenues from other sources	51,745	57,436	47,461
Total consumer market	1,298,334	1,390,470	1,431,301
Business services	77,408	87,699	105,564
Total revenues	**1,375,742**	**1,478,169**	**1,536,865**
Cost of goods sold	(265,036)	(291,147)	(295,013)
Personnel expenses	(170,715)	(175,574)	(187,434)
Contracted work	(44,833)	(51,162)	(50,876)
Materials and logistics	(4,071)	(6,035)	(3,750)
Marketing and sales	(62,106)	(68,514)	(60,531)
Office expenses	(52,113)	(49,564)	(53,302)
Other operating expenses	(1,748)	(1,573)	(5,091)
Amortization and impairments	(218,597)	(79,938)	(28,407)
Depreciation and impairments	(284,148)	(268,014)	(250,707)
Total operating expenses	(1,103,367)	(991,521)	(935,111)
Operating income	**272,375**	**486,648**	**601,754**
Net financial income (expense)	(348,719)	(248,311)	(232,623)
Result before income taxes	**(76,344)**	**238,337**	**369,131**
Net result from joint ventures and associates	—	(168)	(9,389)
Income tax benefit (expense)	25,154	(59,866)	(92,307)
Net result	**(51,190)**	**178,303**	**267,435**
Other financial information:			
EBITDA(1)	775,120	834,600	880,868
Integration costs(2)	8,234	—	—
Adjusted EBITDA(3)	783,354	834,600	880,868
Adjusted EBITDA margin(4)	56.9%	56.5%	57.3%

(1) EBITDA represents operating income plus depreciation and amortization and is a non-IFRS measure. Although EBITDA should not be considered a substitute measure for trading profit, net cash flow from operating activities or any other measure of performance under IFRS, we believe that it provides useful information regarding our ability to meet future debt service requirements. The EBITDA measure presented in the table above may not be comparable to similarly-titled measures used by other companies. For a reconciliation of our operating income to EBITDA, please see "Presentation of Financial and Other Information and Certain Definitions—Presentation of Financial Information—Other financial measures and ratios."

(2) Integration costs (which are included within total operating expenses for 2010) relate to expenses incurred in connection with the integration of our three predecessor businesses, including, among other things, consultancy fees related to integration, restructuring and redundancy costs.

(3) Adjusted EBITDA refers to EBITDA as adjusted to remove the effects of operating expenses incurred in connection with the integration of our predecessor businesses, which was €8.2 million in the year ended December 31, 2010. Although EBITDA should not be considered a substitute measure for trading profit, net cash flow from operating activities or any other measure of performance under IFRS, we believe that it provides useful information regarding our ability to meet future debt service requirements. The Adjusted EBITDA measure presented in the table above may not be comparable to similarly-titled measures used by other companies. Please see "Presentation of Financial and Other Information and Certain Definitions—Presentation of Financial Information—Other financial measures and ratios."

(4) Adjusted EBITDA Margin represents Adjusted EBITDA divided by revenues and is a non-IFRS measure which may not be comparable to similarly titled measures used by other companies. See "Presentation of Financial and Other Information and Certain Definitions—Presentation of Financial Information—Other financial measures and ratios."

Description of Key Line Items

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

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

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

Total telephony revenues. Total telephony revenues include telephony services revenues, which are revenues from subscriptions to our telephony services, revenues from telephony usage fees, which include revenues from flat fee fixed-line subscriptions, and revenues from value-added services subscriptions, such as second line telephony subscriptions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Total revenues. Total revenues increased by €58.7 million, or 4.0%, to €1,536.9 million for the year ended December 31, 2012 from €1,478.2 million for the year ended December 31, 2011. Excluding revenues from other sources, revenues increased by 4.8% over this period. The most important drivers for the growth in revenues were continued growth in RGUs for broadband internet and telephony driven by further uptake of our All-in-1 bundle, increased revenues from digital pay TV and increased revenues from business services. The number of triple-play subscribers increased by 10.3% and resulted in growth in both broadband internet and telephony revenues of 6.4% and 8.6%, respectively. All-in-1 bundle revenues, which are included on a pro rata basis in each of standard TV, broadband internet and telephony revenues, increased by 14.5% to €672 million for the year ended December 31, 2012 from €587.0 million for the year ended December 31, 2011, due to an increase in All-in-1 bundle subscribers from 1.3 million as at December 31, 2011 to 1.4 million as at December 31, 2012. All-in-1 bundle subscribers represented 50.3% of standard cable subscribers in 2012, compared with 43.2% in 2011. Revenue growth in business services was driven by organic growth of 15.4% which, combined with a €6.1 million revenue contribution from Breezz (acquired on October 13, 2011 and consolidated since that date), resulted in total revenue growth of 20.4%.

Total video revenues. Total video revenues decreased by €0.2 million to €632.7 million for the year ended December 31, 2012 from €632.9 million for the year ended December 31, 2011. The decrease in total video revenues was primarily attributable to a decrease of €17.1 million in standard TV subscription revenues as a result of a decrease in our standard TV subscriber base in the consumer market of 4.9%, which was offset by a €16.9 million, or 11.2%, increase in digital pay TV revenues despite a decline in the number of subscribers to digital pay TV by 23,000. ARPU for digital pay TV increased by 9.2% from €13.71 during the year ended December 31, 2011 to €14.97 during the year ended December 31, 2012, driven by an increase in the number of packages per subscriber due in part to the launch of HBO in February 2012 and growth in on-demand transactions. During 2012, we experienced a strong year-on-year increase in on-demand transactions of more than 125%, albeit from a small base. This increase resulted from three factors: (i) a new TV proposition launched in September 2011 which provides our digital TV customers with access to our library of films and series; (ii) our introduction of a pay-per-event proposition in the second quarter of 2011 which enables our customers to order a single match from the Dutch, Spanish or English Premier Leagues without the need for an interactive set-top box or a subscription to digital pay TV; and (iii) the increase in the total number of our subscribers with an interactive set-top box to almost 360,000 as at December 31, 2012 as compared to 235,000 as at December 31, 2011.

Broadband internet subscription revenues. Broadband internet subscription revenues increased by €26.5 million, or 6.4%, to €442.4 million for the year ended December 31, 2012 from €415.9 million for the year ended December 31, 2011. This increase was primarily due to an increase in broadband internet subscribers by 5.3% from 1.7 million subscribers as at December 31, 2011 to 1.8 million subscribers as at December 31, 2012, partly offset by a small decrease of €0.10 per month, or 0.5%, in our broadband internet ARPU.

Total telephony revenues. Total telephony revenues increased by €24.5 million, or 8.6%, from €284.3 million for the year ended December 31, 2011 to €308.7 million for the year ended December 31, 2012. This increase was due to an increase in telephony subscription revenues from €113.5 million for the year ended December 31, 2011 to €129.0 million for the year ended December 31, 2012 and an increase of 5.2% in telephony usage revenues from €170.8 million for the year ended December 31, 2011 to €179.7 million for the year ended December 31, 2012. The increase in subscription and usage revenues was primarily the result of an increase in the number of telephony subscribers from 1.3 million as at December 31, 2011 to 1.5 million subscribers as at December 31, 2012, primarily due to an increased number of subscriptions to our All-in-1 bundle, which was partly offset by a decrease in the telephony usage ARPU of €0.82 per month. Excluding interconnection revenues, telephony usage revenues increased by approximately 7.6% during this period. In addition, a 9.9% increase in the number of telephony subscribers was more than offset by a lower ARPU for telephony usage as more subscribers selected a flat-fee subscription for calls within the Netherlands and several foreign countries. This increase was also attributable to a higher share of free on-net calls as a result of growth in the number of All-in-1 subscribers. Both trends resulted in a higher percentage of non-billable calling minutes as compared with the previous year, in addition to an overall decline in average usage per fixed-line telephony subscriber.

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

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

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

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

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

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

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

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

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

Marketing and sales. Marketing and sales expenses decreased by €8.0 million, or 11.7%, to €60.5 million for the year ended December 31, 2012 from €68.5 million for the year ended December 31, 2011. The year-on-year decline in marketing and sales expenses must be considered in combination with a higher negative gross margin on set-top boxes. The decline was also the result of lower spending on branding during the year ended December 31, 2012. During the second half of 2011, we launched a major branding event for the Entertainment Experience.

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

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

Amortization and impairments. Amortization and impairments decreased by €51.5 million, or 64.4%, from €79.9 million in the year ended December 31, 2011 to €28.4 million in the year ended December 31, 2011. This was mainly due to the fact that since the second quarter of 2011 we no longer amortize our customer list, resulting in a decrease in amortization of €44.1 million. In addition, amortization on software decreased by €7.4 million during the year ended December 31, 2012 as a result of high historical investments during our merger which had led to relatively high amortization charges in previous years.

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

Operating income. Operating income increased €115.1 million, or 23.7%, to €601.8 million for the year ended December 31, 2012 from €486.6 million for the year ended December 31, 2011, primarily as a result of a 4% increase in revenues and a €56.4 million, or 5.7%, decrease in operating expenses. The decrease in operating expenses resulted from a decrease in amortization and depreciation expenses and the cancellation of the amortization of our customer list. Excluding amortization and depreciation expenses, operating expenses increased by €12.4 million, or 1.9%, over this period.

Net financial expenses. Net financial expenses decreased by €15.7 million, or 6.3%, to an expense of €232.6 million for the year ended December 31, 2012 from an expense of €248.3 million for the year ended December 31, 2011.

Interest income and expenses. Interest expenses decreased by €48.6 million, or 18.8%, to €210.5 million for the year ended December 31, 2012 from €259.1 million for the year ended December 31, 2011. During the year ended December 31, 2012, €10.4 million was allocated as borrowing costs on work in progress, resulting in an interest credit, compared to €9.4 million during the year ended December 31, 2011. Excluding capitalized borrowing costs, interest expenses decreased by €47.5 million. This decrease was the result of a reduction in our average debt by approximately €216 million and a reduction in our blended interest rate from 7.7% during the year ended December 31, 2011 to 6.8% during the year ended December 31, 2012. The percentage of our hedged floating rate borrowings increased to 94% as at December 31, 2012 from approximately 72% as at December 31, 2011 as a result of prepayments of €320 million under our Old Senior Credit Agreement during the year ended December 31, 2012. As at December 31, 2012, only 2% of our gross debt was exposed to a floating interest rate, taking into consideration the IRS position.

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

Amortization of funding costs. The amortization of funding costs decreased to €10.5 million for the year ended December 31, 2012 from €11.9 million for the year ended December 31, 2011. During the year ended December 31, 2012, a consent fee of €7.6 million became payable to the lenders of our Old Senior Credit Agreement upon the completion of Ziggo N.V.'s IPO in March 2012. The consent fee has been capitalized and will be amortized over the remaining term of the facility agreement.

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

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

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

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

Year ended December 31, 2011 compared to the Year ended December 31, 2010

Total revenues. Total revenues increased €102.5 million, or 7.4%, to €1,478.2 million for the year ended December 31, 2011 from €1,375.7 million for the year ended December 31, 2010. The increase in revenues was primarily driven by sustained growth in RGUs, reflecting an increased uptake of our All-in-1 bundle by 16.3% and resulted in growth in both broadband internet and telephony subscriptions of 7.6% and 15.2%, respectively. All-in-1 bundle revenues, which are included on a pro rata basis in each of standard TV, broadband internet and telephony revenues, increased by 45.9% to €587.0 million for the year ended December 31, 2011 from €402.2 million for the year ended December 31, 2010, reflecting an increase in bundle subscribers from 1.1 million as at December 31, 2010 to 1.3 million as at December 31, 2011, including 152,000 subscribers who each subscribed for standard TV, broadband internet and telephony on an individual service subscription basis but all migrated to an All-in-1 bundle subscription in December

2010. All-in-1 bundle subscribers represented 43.2% of total consumer RGUs in 2011, compared with 35.7% in 2010. In addition, revenue from other sources increased by 11.0% to €57.4 million for the year ended December 31, 2011 from €51.7 million for the year ended December, 2010 as a result of a large volume of interactive and HD set-top boxes sold to customers as part of marketing campaigns to promote our All-in-1 bundles, our new TV offering, which was introduced on September 1, 2011 (please see "Business—Our Consumer Product Offerings—Digital Pay TV") and the October 2011 acquisition of Breezz, the operations of which contributed €1.5 million in revenue post-consolidation.

Total video revenues. Total video revenues increased €18.8 million, or 3.1%, to €632.9 million for the year ended December 31, 2011 from €614.1 million for the year ended December 31, 2010. The increase in total video revenues was primarily attributable to an increase of €26.6 million in digital pay TV revenues, offset by a €7.9 million decrease in standard TV subscription revenues. The increase in digital pay TV revenues was attributable to 43,000 more digital pay TV subscribers during the year ended December 31, 2011 and a higher ARPU of €1.16, while the decrease in standard TV revenues was caused by a decline of 104,000 in the number of standard TV subscribers partially offset by an increase in ARPU of €0.17.

Broadband internet subscription revenues. Broadband internet subscription revenues increased €35.1 million, or 9.2%, to €415.9 million for the year ended December 31, 2011 from €380.8 million for the year ended December 31, 2010. This increase was primarily due to an increase in broadband internet subscribers by 7.6% from 1.5 million subscribers as at December 31, 2010 to 1.7 million subscribers as at December 31, 2011, and an increase of €0.3 per month, or 1.4%, in our broadband internet ARPU, as a result of increased subscriptions to value-added services, such as online backup, internet security and anti-virus services, and a general price increase of €0.50 (€0.42 excluding VAT) for our All-in-1 bundle as at March 1, 2011.

Total telephony revenues. Total telephony revenues increased by €32.6 million, or 13.0%, to €284.3 million for the year ended December 31, 2011 from €251.7 million for the year ended December 31, 2010. This increase was due to an increase in telephony usage revenues from €155.6 million for the year ended December 31, 2010 to €170.8 million for the year ended December 31, 2011 and an increase in telephony subscription revenues from €96.0 million for the year ended December 31, 2010 to €113.5 million for the year ended December 31, 2011. The increase in usage and subscription revenues was primarily the result of an increase in the number of telephony subscribers from 1.2 million as at December 31, 2010 to 1.3 million subscribers as at December 31, 2011 partly offset by a decrease in the telephony usage ARPU of €0.71 per month. Subscribers who purchase our telephony services as part of the All-in-1 bundle typically yield a lower ARPU as they tend to be less active and have lower telephony usage rates than subscribers who purchase our telephony services on an individual subscription basis. In addition, calls to other Ziggo customers (on-net calls) were free of charge for All-in-1 bundle customers, while non-bundle triple-play customers paid 50% of the standard tariff for such calls. From September 1, 2011 onwards, calls to other Ziggo customers have also been free of charge for subscribers who purchase our telephony services on an individual subscription basis.

Revenues from other sources. Revenues from other sources increased €5.7 million, or 11.0%, to €57.4 million for the year ended December 31, 2011 from €51.7 million for the year ended December 31, 2010, primarily as a result of increased revenues from the sale of set-top boxes and other products to subscribers. In 2011 approximately 410,000 set-top boxes and CI+ modules were shipped compared to approximately 330,000 set-top boxes and CI+ modules in 2010.

Business services revenues. Business services revenues increased €10.3 million, or 13.3%, from €77.4 million for the year ended December 31, 2010 to €87.7 million for the year ended December 31, 2011. This includes a €1.5 million revenue contribution from Breezz, which we acquired in October 2011. Excluding the revenue contribution from the operations of Breezz post-consolidation, revenue from business services grew by 11.4% compared to 2010. This increase was primarily the result of our decision to refocus our business services strategy around a product portfolio aimed at the SoHo and SME Small segment from May 2010 onwards, leveraging the strength of our infrastructure. The number of B2B subscribers to bundle products "Internet Plus" and "Office Basis" increased by more than 12,000 subscribers to a total of 23,500 as at December 31, 2011. In total, we increased our SoHo and SME Small business subscribers from 5,100 as at March 31, 2010 to 23,500 as at December 31, 2011.

Cost of goods sold. Cost of goods sold increased €26.1 million, or 9.9%, to €291.1 million for the year ended December 31, 2011 from €265.0 million for the year ended December 31, 2010. This increase was primarily driven by a higher number of set-top boxes shipped to our customers as well as higher costs for content due to the growth in digital TV and digital pay TV. In particular, in the year ended December 31, 2011 we shipped approximately 410,000 set-top boxes and CI+ modules compared to approximately 330,000 in 2010. The majority of the set-top boxes shipped in 2011 were iTV and HD, which are more expensive to acquire than SD set-boxes, which accounted for the majority of set-top boxes shipped in 2010. Cost of goods sold as a percentage of revenues increased from 19.3% for the year ended December 31, 2010 to 19.7% for the year ended December 31, 2011.

Personnel expenses. Personnel expenses including integration costs increased by €4.9 million, or 2.9%, to €175.6 million for the year ended December 31, 2011 from €170.7 million for the year ended December 31, 2010. Excluding integration costs, personnel expenses increased 6.1% between the periods. This increase was the result of an increase in headcount and an increase in average salary costs partly offset by capitalized personnel expenses by €2.7 million. The increase in headcount was due to hiring to manage an increase in RGUs following a successful summer campaign, resulting in an increase in maintenance and installation tasks for our customer services, and an increase of call volumes in our call centers following the introduction of the modem swap. In addition, the higher headcount was also due to investments in innovation such as our new TV offering and preparations to add mobility to our product portfolio. Costs for external employees remained stable. During the year ended December 31, 2010 we spent €5.2 million on integration.

Contracted work. Contracted work expenses including integration costs increased by €6.4 million, or 14.1%, to €51.2 million for the year ended December 31, 2011 from €44.8 million for the year ended December 31, 2010. Excluding integration costs, contracted work increased by 19.1% between these periods. This increase was mainly the result of increased activities in our customer services department, as well as an increase in customer maintenance and installations at customer premises. During the year ended December 31, 2010 we spent €1.8 million on integration compared to nil in the year ended December 31, 2011. Furthermore, maintenance of our network and systems increased as a result of an increase in RGUs and an increase in our network capacity.

Materials and logistics. Material and logistics expenses increased by €1.9 million to €6.0 million for the year ended December 31, 2011 from €4.1 million for the year ended December 31, 2010.

Marketing and sales. Marketing and sales expenses increased by €6.4 million, or 10.3%, to €68.5 million for the year ended December 31, 2011 from €62.1 million for the year ended December 31, 2010. This increase was mainly a result of increased spending on marketing campaigns and promotional campaigns to support a further growth in digital TV and our All-in-1 bundles as well as branding and positioning of Ziggo as a premium media and entertainment company.

Office expenses. Office expenses decreased by €2.6 million, or 5.0%, to €49.6 million for the year ended December 31, 2011 from €52.2 million for the year ended December 31, 2010. This decrease was primarily driven by decreased expenses related to energy and other office expenses.

Other operating expenses. Other operating expenses decreased by €0.1 million, or 5.9%, to €1.6 million for the year ended December 31, 2011 from €1.7 million for the year ended December 31, 2010. This was driven by a lower provision for bad debt as a result of improved aging of our trade receivables.

Amortization and impairments. Amortization and impairments decreased by €138.7 million from €218.6 million in the year ended December 31, 2010 to €79.9 million in the year ended December 31, 2011. This was mainly the result of the fact that, as at April 1, 2011, we no longer amortize our customer lists, which led to lower amortization charges. In addition, amortization on software decreased as during the year ended December 31, 2010, a one-off impairment was recognized on an asset for which no future benefits were expected.

Depreciation and impairments. Depreciation and impairments decreased by €16.1 million from €284.1 million in the year ended December 31, 2010 to €268.0 million in the year ended December 31, 2011. This decrease was the result of high historical network and infrastructure investments and investments related to our merger which led to relatively high depreciation expenses in previous years.

Operating income. Operating income increased €214.3 million, or 78.7%, to €486.6 million for the year ended December 31, 2011 from €272.4 million for the year ended December 31, 2010, primarily as a result of the increase in revenues from €1,375.7 million in the year ended December 31, 2010 to €1,478.2 million in the year ended December 31, 2011, the decrease in amortization and impairments from €218.6 million in the year ended December 31, 2010 to €79.9 million in the year ended December 31, 2011 and the decrease in depreciation and impairments from €284.1 million in the year ended December 31, 2010 to €268.0 million in the year ended December 31, 2011.

Net financial expenses. Net financial expenses decreased by €100.4 million, or 28.8%, to an expense of €248.3 million for the year ended December 31, 2011 from an expense of €348.7 million for the year ended December 31, 2010.

Interest income and expenses. Interest expenses decreased to €259.1 million for the year ended December 31, 2011 from €270.0 million for the year ended December 31, 2010. A reduction of our average debt by approximately €300 million and a reduction of the blended interest rate since the fourth quarter of 2011 reduced our interest expenses compared to 2010. The percentage of our floating rate borrowings hedged has been reduced to approximately 72% as at December 31, 2011 from approximately 100% as at September 30, 2011.

Additionally, an amount of €9.4 million was allocated as borrowing costs on work-in-process for the year ended December 31, 2011 resulting in an interest credit; for the year ended December 31, 2010 this amounted to €13.2 million.

Banking and financing fees. Banking and financing fees, including commitment fees, decreased to €2.4 million for the year ended December 31, 2011 from €17.8 million for the year ended December 31, 2010, mainly due to fees of €15.0 million paid to the lenders of our Old Senior Credit Agreement in order to obtain consent for the issuance of the €1,208.9 million 2018 Senior Notes to refinance the mezzanine facility in 2010 (as described in more detail in "—Liquidity and Capital Resources—Cash Flow—Cash flow from (used in) financing activities").

Amortization of funding costs. The amortization of funding cost decreased to €11.9 million for the year ended December 31, 2011 from €53.7 million for the year ended December 31, 2010. During 2010, we fully amortized the remaining balance of the capitalized funding costs for the mezzanine facility of €11.4 million as this facility was refinanced by the issuance of the 2018 Senior Notes in the second quarter of 2010. In addition, the refinancing of our senior debt in the fourth quarter of 2010 by the issuance of the €750 million 6⅛% Senior Secured Notes resulted in an additional amortization of funding costs of €24.6 million in 2010.

Other income (i.e., fair value gains and losses on interest rate swaps). We recognized a fair value gain on interest rate hedges of €26.2 million for the year ended December 31, 2011 versus a fair value loss of €6.9 million for the year ended December 31, 2010 as a result of the negative mark-to-market value that ran out of existing IRS contracts that matured in September 2011. In addition, a loss of €1.7 million was recognized during the year ended December 31, 2011 on foreign exchange related to US dollar denominated purchases as a result of the increase of the US dollar against the euro.

Income tax benefit. Income tax benefit decreased by €85.0 million to an expense of €59.9 million for the year ended December 31, 2011 from a benefit of €25.2 million for the year ended December 31, 2010. This was primarily the result of a positive result before income taxes for the period.

Net result. As a result of the foregoing, the net result amounted to a gain of €178.3 million for the year ended December 31, 2011 from a loss of €51.2 million for the year ended December 31, 2010, a change of €229.5 million.

Liquidity and Capital Resources

We are financed through a combination of equity as well as senior secured loans and senior secured and unsecured notes. We made prepayments on our loans of €320.0 million in the year ended December 31, 2012.

We maintain cash and cash equivalents to fund the day-to-day requirements of our business. We hold cash primarily in euro. Historically, we have relied primarily upon bank borrowings under senior secured credit facilities and cash flow from operations to provide funds required for investments in capital expenditures and operations.

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

As at December 31, 2012, we had €92.4 million in cash and cash equivalents, €1,813.3 million of debt under our Old Senior Credit Agreement and €1,208.9 million of an interest-bearing loan from our indirect parent company Ziggo Bond Company B.V., which issued senior unsecured notes in April 2010 and granted the proceeds from this issuance under the same conditions as a shareholder loan to ABC B.V. In addition, we have available a revolving credit facility of €150.0 million, which is covered by a committed bilateral ancillary facility of €50.0 million. As at December 31, 2012, this facility was undrawn.

Overview of Financing Instruments

As at December 31, 2012, our total net non-current debt, which represents the combined book value of the Group's debt, was €2.944 million (including shareholder loans in the same amount as the €1,209 million in 8.0% 2018 Senior Notes).

As at December 31, 2012, we had senior secured credit facilities under our Old Senior Credit Agreement consisting of two term loans (Facility B and Facility F) in an aggregate principal amount of €1,063.3 million, compared to an aggregate principal amount of €1,383.3 million as at December 31, 2011. This reduction reflects our repayments under the Old Senior Credit Agreement of €320.0 million during the year ended December 31, 2012. This term loan will be fully repaid as part of the Refinancing.

As at December 31, 2012, we also had a loan under Facility E of the Old Senior Credit Agreement with a principal amount of €750 million, carrying an interest rate of 6.125%, similar to the amount as at December 31, 2011. The 2017 Senior Secured Notes were issued by Ziggo Finance B.V. and granted as proceeds as Facility E under our Old Senior Credit Agreement to us. These carry an effective interest rate of 6.37% after taking into consideration financing fees.

As at December 31, 2010, approximately 94% of our floating interest rate debt was hedged at fixed interest rates of 3.55% to 3.84% through contracts of mixed duration. As at December 31, 2011, approximately 72% of our floating interest rate debt was hedged at fixed interest rates of 3.55% to 3.59% through contracts that will expire on March 31, 2014.

As at December 31, 2012, approximately 94% of our floating interest rate was hedged at fixed interest rates of 3.55% to 3.59% through contracts that wil expire on March 31, 2014. In January 2012, we took advantage of low interest rates by entering into new interest rate swaps, receiving three month Euribor and paying a fixed rate of approximately 1.97%, for a total nominal amount of €500 million. These new interest rate swaps become effective on the expiration date of the existing swaps on March 31, 2014, and have the same maturity date (March 2017) as the majority of our existing floating rate debt.

On April 27, 2010, Ziggo Bond Company B.V. issued the 2018 Senior Notes in an amount of €1,208.9 million at a price of 99.271% with a nominal interest rate of 8.0% due in 2018. ABC B.V. simultaneously received the proceeds under a loan on substantially the same terms and conditions as the 2018 Senior Notes. Financing fees have been charged in the amount of €25.9 million, which are presented as a deduction from the loan. The effective interest rate subsequently is 8.38%, which is recognized as financial expense. Interest is payable semi-annually on May 15 and November 15. The table below sets out the interest rates, maturity dates and balances of our interest bearing loans as at December 31, 2012.

	Interest rate	Maturity	Balance
			(€ in thousands)
Old Senior Credit Agreement			
Term Loan B Facility[1]	Euribor + 3.00%	2017	922,906
Term Loan E Facility (2017 Senior Secured Notes)	6.125%	2017	750,000
Term Loan F Facility	Euribor + 3.25%	2017	140,431
Total			**1,813,337**
Shareholder loans (8.0% 2018 Senior Notes)	**8.00%**	**2018**	**1,183,377**
Financing fees			(52,898)
Total interest-bearing loans			**2,943,816**

(1) The interest on the Term Loan B Facility decreased from Euribor + 3.25% to Euribor + 3.00% from October 21, 2011 following the reduction of the ratio of consolidated total net borrowings to adjusted consolidated EBITDA to below 4.0:1.

Under the New Senior Secured Facility, ABC B.V. must ensure the Group's compliance with an interest coverage ratio and a net secured leverage ratio each quarter. Please see "Description of Other

Indebtedness—New Senior Secured Facility—Covenants" for more detail. Our failure to comply with these covenants would constitute an event of default under the New Senior Secured Facility that could materially and adversely affect our financial condition and results of operations. Following a change of control, a lender, following notice to ABC B.V., may cancel its commitments and require its participations to be repaid in full (subject to ABC B.V.'s option to replace the lender). A change in control only applies when any person (or persons acting in concert) acquires (directly or indirectly) or exercises control over more than 50% of the voting rights or there is a sale of all or substantially all of the assets of the Group. For more details on the New Senior Secured Facility, please see "Description of Other Indebtedness."

Our interest expense for the year ended December 31, 2012 was €210.5 million, compared to €259.1 million in the year ended December 31, 2011.

We believe that the working capital available to us is sufficient for our present requirements, that is for at least the next twelve months following the date of this Offering Memorandum.

We may in the future acquire Notes in open market purchases, individually negotiated transactions or otherwise.

Cash Flow

The table below summarizes our consolidated cash flow for the years ended December 31, 2010, 2011 and 2012.

	For the year ended December 31,		
	2010	**2011**	**2012**
		(€ in thousands) (Audited)	
Cash flow from operating activities	755,184	819,875	973,995
Cash flow from (used in) investing activities	(202,018)	(249,839)	(292,335)
Cash flow from (used in) financing activities	(551,443)	(524,396)	(701,931)
Net increase (decrease) in cash and cash equivalents	**1,723**	**45,640**	**(20,271)**

Cash flow from operating activities. Cash flow from operating activities increased by €154.1 million from a cash inflow of €819.9 million for the year ended December 31, 2011 to a cash inflow of €974.0 million for the year ended December 31, 2012. This increase was primarily driven by a €46.3 million improvement in adjusted EBITDA and a cash inflow of €94.1 million as a result of the decrease in working capital, versus a €6.8 million cash outflow from an increase in net working capital and a €6.9 million lower cash outflow from a movement in provisions. The decrease in working capital in 2012 can mainly be attributed to VAT being payable on a quarterly rather than on a monthly basis (effective as at January 1, 2012), resulting in a reduction in net working capital since the VAT is payable in the month after the applicable period. In addition, the relatively high capital expenditure during the fourth quarter compared to the rest of the year and the recognition of the IPO consent fee of €7.6 million due to the lenders of the senior facility resulted in a relatively high balance for trade accounts payable and other current liabilities and contributed to the decrease in net working capital compared to 2011. Both the balance for trade accounts receivable and deferred revenue declined as the billing of quarterly subscriptions was postponed from the end of December 2012 to the beginning of January 2013. This reduced the balance for trade receivables during the year ended December 31, 2012 by approximately €8 million, for deferred revenue by €6.5 million and for taxes and social security by €1.5 million.

Cash flow from operating activities increased by €64.7 million from a cash inflow of €755.2 million for the year ended December 31, 2010 to a cash inflow of €819.9 million for the year ended December 31, 2011. This increase was primarily driven by a €59.5 million improvement in EBITDA in the year ended December 31, 2011 compared to the year ended December 31, 2010, and a cash outflow from a change in net working capital of €6.8 million for the year ended December 31, 2011 versus a cash outflow from a change in net working capital of €14.2 million for the year ended December 31, 2010 and a cash outflow from the movement in provision of €8.0 million for the year ended December 31, 2011 compared to a cash outflow of €5.8 million for the year ended December 31, 2010. The change was mainly the result of a decrease in other current liabilities, following increased spending on set-top boxes and capital expenditure. In addition, we recorded an increase in inventories as our stock level for interactive set-top boxes increased to prepare for promotional campaigns for our digital TV proposition and All-in-1 bundle in the first quarter of 2012.

Cash flow used in investing activities. Cash flow used in investing activities increased by €42.5 million from a cash outflow of €249.8 million for the year ended December 31, 2011 to a cash outflow of €292.3 million for the year ended December 31, 2012. Excluding acquisition capital expenditure related to our acquisition of Breezz, capital expenditure increased by €36.7 million or 15.1% from €242.9 million for the year ended December 31, 2011 to €279.7 million for the year ended December 31, 2012. The increase of €36.7 million compared to 2011 was mainly driven by investments in core infrastructure and systems to facilitate the addition of new services such as mobility and TV Everywhere. Network capacity grew by 6% compared to 2011, mainly due to the additional capacity required to process an approximately 40% increase in internet traffic. The decrease in customer installations by in 2012 compared to 2011 is predominantly due to fewer number of modems swapped compared to the previous year.

Cash flow used in investing activities increased by €47.8 million from a cash outflow of €202.0 million for the year ended December 31, 2010 to a cash outflow of €249.8 million for the year ended December 31, 2011. Excluding integration and acquisition capital expenditure, capital expenditure increased by 39.1% from €174.7 million for the year ended December 31, 2010 to €242.9 million for the year ended December 31, 2011, predominantly as a result of the accelerated growth and installation in new subscribers for our broadband internet and interactive TV offerings, the continuing roll-out of new EuroDocsis 3.0 modems and investments in our core infrastructure to facilitate the addition of mobility to our existing product portfolio. During 2011, approximately 346,000 EuroDocsis 2.0 modems were swapped with EuroDocsis 3.0 modems, resulting in additional capital expenditure of approximately €22 million. In 2011 we rolled out approximately 617,000 high-speed modems to existing and new customers of which approximately 496,000 were WiFi enabled. Each such high-speed modem/WiFi router costs us approximately €65 to €75. The costs of the modems and modem/WiFi routers are depreciated over three years. In total, as at December 31, 2011, approximately 995,000 high speed modems were activated in our network of which 423,000 were WiFi enabled.

For additional information on our capital expenditures, please see "—Capital Expenditure" below.

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

In 2011, we amended and extended part of our Old Senior Credit Agreement through the issuance of the Term Loan F Facility, as described in more detail in "—Overview of Financing Instruments" above. Total prepayments, excluding the amended and extended part of the senior credit facilities, amounted to €320.0 million in the year ended December 31, 2012, €248.4 million in the year ended December 31, 2011 and €254.5 million in the year ended December 31, 2010, excluding the prepayment of our mezzanine loan in the amount of €1,181.1 million.

On May 7, 2010, we successfully completed the refinancing of a mezzanine facility by the placement of €1,208.9 million 8% senior notes and repaid this mezzanine loan of €1,181.1 million, including PIK-interest and regular cash interest accrued until May 7, 2010. As a result of the refinancing, we incurred financing fees of €40.9 million, comprising fees of €15.0 million paid to the senior debt lenders in order to get their consent for the issuance of our 2018 Senior Notes and €25.9 million in banking and advisory fees paid in relation to the issuance of our 2018 Senior Notes, which have been capitalized and will be amortized over the term of these notes.

On October 28, 2010, we successfully completed the refinancing of part of our senior debt obligations by the placement of the €750 million 6⅛% 2017 Senior Secured Notes. As a result of this refinancing we incurred €10.6 million in banking and advisory fees in relation to the issuance of the 2017 Senior Secured Notes, which have been capitalized and will be amortized over the term of these notes.

Contractual Obligations

The following table summarizes the financial payments that we will be obligated to make under our contractual commitments as at December 31, 2012. The information presented in the table below reflects management's estimates of the contractual maturities of our obligations. These maturities may differ significantly from the actual maturity of these obligations.

	Expected cash payments falling due			
	Total	2013	2014 - 2017	2018 and thereafter
	(€ in thousands)			
Contractual obligations				
Building leases	56,591	10,031	30,822	15,738
Other contracts[(1)]	13,817	6,248	7,553	16
Total	**70,408**	**16,279**	**38,375**	**15,754**

(1) Includes leases of office equipment and vehicles and various maintenance and support contracts primarily relating to the maintenance and support of network equipment.

We have obligations under defined benefit and defined contribution pension schemes. Our cash outflow from these obligations will vary with a number of factors. Payments to these pension schemes are recognized on the income statement under personnel expenses as employee benefit expenses when they are due. In the years ended December 31, 2010, 2011 and 2012, these expenses amounted to €15.1 million, €15.4 million and €17.8 million, respectively. For more information, please see note 21 "Provisions" of the financial statements for the year ended December 31, 2012 included in this Offering Memorandum.

During the year ended December 31, 2012, we provided guarantees to unrelated parties in an amount of €3.9 million (2011: €4.2 million).

Capital Expenditure

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

In 2012 and 2011 combined, we rolled out approximately 1,105,000 high-speed modems to existing and new customers of which approximately 969,000 were WiFi enabled. Each such high-speed modem/WiFi router costs us approximately €65 to €75. The costs of the modems and modem/WiFi routers are depreciated over three years. In total, as at December 31, 2012, approximately 1,317,000 high speed modems were activated in our network of which 822,000 were WiFi enabled.

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

Over the next several years, our capital expenditures will be largely success and capacity based. Success and capacity based capital expenditure includes capital expenditure related to the expansion of our network footprint to additional homes, the provision of EuroDocsis 3.0 modem/WiFi routers to new subscribers and existing subscribers, expanding network capacity and new product and service development and expenditure incurred in connecting business subscribers to our network either via HFC connections or selectively via fiber only connections. Success based capital expenditures does not include capital expenditure for maintenance, upgrade and replacement of our systems and infrastructure.

We plan to continue to invest in our services and infrastructure in order to maintain and strengthen our competitive position. Our capital expenditure for 2013 will therefore increase to €320-330 million. Approximately half this increase from the prior year is the result of accelerating the development of new products and systems originally planned for future years. Speeding up product development and innovations in the area of TV Everywhere and mobility means also bringing forward investments in systems to facilitate these new services. Examples are systems that facilitate CRM, billing, usage recording, provisioning, mediation and identity management and the development of a new interactive TV-platform including set-top boxes. The remainder of the increase is predominantly due to growth in internet video traffic, which demands an increase in network capacity, leading to additional network segmentation. In addition, we might consider a rental or subscription model for the roll-out of the new set-top box once the development is finished and the new set-top box becomes available. The roll-out of this new set-top box into our customer base might require additional capital expenditure, which might be provided through a financial lease program.

The table below sets forth our capital expenditure and our capital expenditure ratio (as defined below) for the years ended December 31, 2010, 2011 and 2012.

	For the year ended December 31,		
	2010	2011	2012
	(€ in millions, except %)		
Capital Expenditures:			
Non-integration capital expenditure	174.7	242.9	279.7
Acquisition capital expenditure	—	7.4	—
Integration capital expenditure(1)	27.5	—	—
Total capital expenditure	**202.2**	**250.3**	**279.7**
Capital expenditure ratio(2)	12.7%	16.4%	18.2%

(1) Integration capital expenditure is capital expenditures related to the integration of the predecessor businesses.

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

In the year ended December 31, 2012, total capital expenditures were €279.7 million, an increase of €29.4 million from €250.3 million in the year ended December 31, 2011. Excluding integration and acquisition capital expenditure, capital expenditure increased by €36.8 million, or 15.1%, from €242.9 million for the year ended December 31, 2011 to €279.7 million for the year ended December 31, 2012. The increase of €36.8 million compared to 2011 was mainly driven by investments in core infrastructure and systems to facilitate the addition of new services such as mobility and TV Everywhere. Network capacity grew by 6% compared to 2011, mainly due to the additional capacity required to process an approximately 40% increase in internet traffic. The decrease in customer installations compared to 2011 is predominantly due to a limited number of modems swapped compared to the previous year. During the year ended December 31, 2012, we swapped approximately 137,000 modems versus 480,000 modems in 2011. In addition, we shipped 338,000 dual-band WiFi-enabled EuroDocsis 3.0 modems to new All-in-1 and broadband internet subscribers and upgrades in 2012.

In the year ended December 31, 2011, total capital expenditures were €250.3 million, an increase of €48.1 million from €202.2 million in the year ended December 31, 2010. Excluding integration and acquisition capital expenditure, the increase of €68.2 million compared to 2010 was primarily the result of the modem swap, the increased number of customer installations and investments in the backbone capacity to accommodate increasing demand for bandwidth capacity. On October 13, 2011, we acquired Breezz, a provider of telecom services for the B2B SME market, for total cash consideration of €7.4 million. We did not make any significant acquisitions during the years ended December 31, 2010 or 2012.

Off-Balance Sheet Arrangements

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

Quantitative and Qualitative Disclosures about Market Risk

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

We manage our exposure to interest rate risk and overall financing costs by entering into interest rate swap agreements. As at December 31, 2012, we had hedged approximately 94% of our variable interest debt. The hedge reserve in shareholders equity amounted to a credit of €7.8 million as at December 31, 2011, compared to a credit of €4.3 million as at December 31, 2012. Since October 2010, changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income.

The outstanding amount of our floating interest rate debt decreased by €1,208 million as a result of prepayment of our mezzanine debt in May 2010, which left us over-hedged in respect of interest rate risk. Accordingly, we adjusted our hedge position by entering into new agreements to partially offset our existing interest rate swap agreements. The outstanding amount of our variable interest rate debt decreased further by €750 million as a result of prepayment of part of our senior debt in October 2010 through the proceeds from the issuance of 6⅛% 2017 Senior Secured Notes. Pro forma for the Refinancing, the outstanding amount of our variable rate debt will decrease by a further €488 million. Since the issuance of our 6⅛% Senior Secured Notes in October 2010, any change in the fair value of our interest rate swaps must be recognized as financial income and expense as we no longer comply with the requirements for hedge accounting under IFRS. The cash flow hedge reserve recognized within other comprehensive income will be reclassified to fair value (gains) losses in the same periods during which the hedge forecasted cash flows affect the consolidated income statement. Our hedge position was 94% as at December 31, 2012, and the hedge reserve in shareholders equity amounted to a credit of €4.3 million. The interest rate swaps we entered in, in January 2012, amount to a nominal amount of €500 million and become effective on the expiration date of the existing swaps on March 31, 2014. We will pay a fixed interest rate of approximately 1.97% on the new swaps. The swaps have the same maturity date (March 2017) as the majority of our existing floating rate debt.

For more information on our financial risks and sensitivity analyses, please see note 26 "Financial Risks" of the financial statements for the year ended December, 31 2012 included elsewhere in this Offering Memorandum.

Critical Accounting Policies

Our financial information included in this Offering Memorandum has been prepared and presented in accordance with IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Please see "Presentation of Financial and Other Information and Certain Definitions—Presentation of Financial Information" and note 3 "Significant accounting policies" to the financial statements for the year ended December 31, 2012 included elsewhere in this Offering Memorandum.

The preparation of financial statements requires our management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within our financial statements represent good-faith assessments of our future performance for which our management believes there is a reasonable basis.

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

Purchase Price Allocation

We applied purchase price allocation in accordance with IFRS 3 "Business Combinations" in several past acquisitions. The fair values allocated to the individual identified assets are based on management's estimates of the replacement value of the assets. The intangibles are valued using management's estimates of our future cash flows and operating results.

Impairment of Goodwill

We determine whether goodwill needs to be impaired at least on an annual basis. This requires an estimation of the "value in use" of the cash-generating units to which the goodwill is allocated. Estimating a value in use requires management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Fair Value of Financial Instruments

Where the fair value of financial assets or financial liabilities cannot be derived from active markets, it is determined using other valuation techniques such as the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of factors such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Other Long-Term Employee Benefits

The calculation of other long term employee benefits, along with the related net periodic benefit costs for the periods presented, requires management to estimate, among other things, employee benefits claims, future benefit levels and appropriate discount rates. Due to the long-term nature of these plans, such estimates are subject to considerable uncertainties and may require adjustments in future periods, which can affect future liabilities and expenses.

Provision for Legal Proceedings and Other Provisions

We are party to a number of legal proceedings arising out of business operations. Such legal proceedings are subject to inherent uncertainties. Where appropriate and where supported by internal and external legal counsels, management determines whether it is more likely than not that an outflow of resources will be required to settle an obligation. If management determines an outflow of resources is required, and a reliable estimate of that outflow can be made, a provision is recognized for the best estimate of the expenditure required to settle the obligation.

In addition, we have obligations related to leasehold improvements and returns for customer premises equipment, such as modems. Such obligations must also be estimated.

All the assumptions, anticipations, expectations and forecasts used as a basis for such estimates represent good-faith assessments of our future performance for which management believes there is a reasonable basis. These estimates represent management's view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause our future results, performance and achievements to differ materially from those forecasted.

Treatment of Customer Lists

Customer lists, which are initially measured at fair value, were recognised as an asset with an indefinite life in 2012. In the first quarter of 2011, management concluded it was no longer able to estimate the useful life of the customer relationships as a result of low attrition rates and increased number of products per active connection, and consequently assessed it to be indefinite. The change was accounted for prospectively as from April 1, 2011 as a change in accounting estimates.

INDUSTRY AND MARKET OVERVIEW

The Netherlands

We operate our cable business in the Netherlands, which, at the end of 2011, had a population of approximately 16.7 million and 7.5 million households, according to CBS. As at December 31, 2012, our network covered approximately 56% of the Netherlands as measured by homes passed, including a number of metropolitan centers such as The Hague, Utrecht, Maastricht, Groningen and Tilburg.

The Netherlands constitutes the sixth largest economy in Europe as measured by GDP. It is one of the continent's most prosperous countries, with a real GDP per capita of €33,300 in 2011 according to Eurostat. This is the fifth highest in the European Union (EU 27), according to Eurostat. According to CBS, public debt in the Netherlands amounted to 65.5% of GDP in 2011, comparing favorably with most other countries in the European Union. At the same time, the Netherlands benefits from a comparably low unemployment rate of 7.2% in December 2012. We believe that the relative prosperity of the Dutch population and the robust macroeconomic environment, combined with a comparatively low blended cable ARPU in international comparison, favor the further development of the cable market.

The Netherlands is the second most densely populated country in the European Union, with an average population of 496 per square kilometer in 2012, according to CBS. This high population density reduces the overall cost associated with the deployment, operation and maintenance of cable infrastructure and allows for more efficient marketing. Cable operators that operate in urban areas with high population density benefit from easier access to customers and more cost effective network upgrades and maintenance.

Cable Market Characteristics in the Netherlands

The Netherlands has attractive characteristics for cable operators. The first cable networks were widely deployed across the Netherlands as early as the 1970s, and as a result, other means of television delivery such as satellite and terrestrial broadcast have not become as popular as in other European countries. Consequently, cable operators are, aside from the domestic incumbent communications operator KPN, the only significant fixed end-to-end infrastructure-based providers of television and communications services. Cable networks in the Netherlands are estimated by NLKabel to pass approximately 98% of all households, with one of the highest customer penetration rates among European cable markets of approximately 68% in 2012, according to Screen Digest.

There is no material direct competition between the major cable network operators in the Netherlands as there is minimal overlap between their networks. In recent years, the Dutch cable industry has undergone considerable consolidation. As a result, according to Screen Digest, as at the end of 2012, Ziggo and UPC were the leading providers of television services via cable, together accounting for approximately 91% of the cable market.

Cable operators in the Netherlands generate their revenues principally through direct relationships with subscribers. The Dutch cable market, in contrast to the German cable market, has always been a pay market for basic television services, which we believe provides a strong basis for up-selling innovative digital pay television services. Direct access to end-users allows cable operators like Ziggo to better serve their customers, by identifying and fulfilling the demand for specific products and services on a local basis and enabling the successful roll-out of broadband internet, telephony and digital pay television services directly to end-users.

Cable Network Dynamics in the Netherlands

Dutch cable operators benefit from the competitive advantage their networks provide across the vast majority of their service areas. Cable networks have been designed for the transmission of large amounts of analog TV and radio signals and are able to deliver consistent speeds irrespective of the distance to the customer, unlike DSL. Our network has been upgraded and is fully bi-directional and EuroDocsis 3.0 enabled, uses a spectrum bandwidth capacity of 862 MHz and offers 120 Mbps download speeds to all of our homes passed, with the potential for up to 400 Mbps with current EuroDocsis 3.0 modems. As a result, we can offer substantially faster broadband internet access than DSL operators. KPN began to roll out VDSL2 in 2009, but was reported to have speed advantage over ADSL2+ in only approximately 70% of its area at the end of 2012. Copper is a distance-sensitive medium, and accordingly access speeds for DSL technology decrease substantially as distance from DSL hubs increases. Maximum DSL speeds offered on the KPN DSL network are currently limited to a maximum of 80 Mbps, which is significantly lower than the speeds offered over HFC networks. The maximum download speed of DSL networks has to be shared between all services: television, broadband internet and telephony. Under currently available technology, DSL-based triple-play providers such as KPN can therefore not provide broadband internet and television services of comparable quality to those provided over cable networks. KPN is now taking steps to upgrade its broadband internet speeds using VDSL2 technology, in combination with FttC and new technologies such as bonding, vectoring and phantoming.

FttH is the only infrastructure that offers similar speeds with the potential for higher internet speeds (upload and download) than are currently possible over our HFC network. For example, in January 2012, KPN began offering 500 Mbps in two small areas in the Netherlands. Reggefiber, KPN's joint venture with Reggeborgh, has begun to roll out FttH networks. As at December 31, 2012, Reggefiber had approximately 1.3 million homes passed on FttH networks. Reggefiber has announced its intention to expand its FttH network to 1.5 million homes by 2013. Such expansion requires time-consuming and capital intensive digging. According to a TNO Report on Next Gen Infrastructures, dated February 25, 2010, the estimated capital expenditure involved in switching from DSL to FttH is approximately €1,125-€1,425 per home. In addition, several municipalities and provinces in the Netherlands have offered and continue to offer support to network operators that build FttH networks. Provinces mainly focus on broadband deployment in remote rural areas.

Bundling Trends

In the Netherlands, customers increasingly seek to receive their multimedia and communications services in a bundled offer from one provider. In response, service providers are providing television, broadband internet and fixed-line telephony services in bundled triple-play offerings. This maximizes revenue per customer. Customers that subscribe for triple-play offerings typically have higher loyalty and lower churn rates.

According to ACM, the number of triple-play subscribers in the market increased from 1.4 million as at December 2007 to 3.3 million as at June 2012. ACM estimates that Ziggo services approximately 40-45% of Dutch triple-play customers, with the second and third leading providers, UPC and KPN, servicing approximately 25-30% and 20-25% of these subscribers, respectively, as at June 2012. We expect bundling to play an increasingly important role, further fuelled by customers' increasing demand for high-speed broadband internet services, and believe cable operators are able to benefit significantly from this trend due to the competitive advantage of their networks across the vast majority of their service areas. Several of our competitors, including KPN, Tele2, T-Mobile and Vodafone, also offer bundles that include, in addition to triple-play, mobile telephony and/or mobile internet.

Television Market

Introduction The Dutch television market is highly penetrated, according to SKO, with approximately 98% of Dutch households owning at least one television at the end of 2012. It is predominantly a pay television market in which customers pay for standard TV services, with free-view television users in 2012 amounting to 1% of the entire market, according to Screen Digest. According to Telecompaper, the total number of television connections in the Netherlands was 7.7 million at the end of December 2012. Screen Digest estimated the total television market in the Netherlands to amount to €1.6 billion in 2012, with €1.23 billion related to basic television services and €0.33 billion related to digital pay television services. Screen Digest estimates that the total television market will grow to €2.0 billion by 2017 as a result of growth in digital pay television while the basic television market is expected to grow nominally.

The Dutch television market is continuing to digitalize. The number of digital television connections increased from 5.2 million at the end of 2010 to 6.4 million at the end of December 2012, according to Telecompaper. Telecompaper estimates that the digital television market will grow to approximately 7.9 million connections by 2017, representing a compound annual growth rate of approximately 4.4%, with the majority of growth contributed by cable and IPTV.

The digital pay television market segment in the Netherlands has historically been less developed than in other European markets such as the United Kingdom; one commonly cited reason for this has been the large variety of television offerings included in the standard TV package. However, three main developments are expected to result in a sustained phase of growth in the Dutch pay television market. Firstly, content providers are increasingly interested in offering their content on pay television platforms as a way to maximize their revenues and diversify away from advertising-driven free-view television platforms. Secondly, Dutch cable operators have increasingly focused on up-selling pay television packages and enhanced functionalities such as HD, VoD, PVR and interactive television to their customers. Thirdly, television audiences are undergoing a generational shift towards a digital and interactive way of receiving television content. According to Screen Digest, the digital pay television market segment in the Netherlands is expected to grow by a compound annual growth rate of 9.5% from approximately €333 million in 2012 to approximately €526 million in 2017.

Cable

Cable is the most commonly used distribution network medium for television services in the Netherlands and is characterized by easy-to-use technology, efficient installation of customer equipment and reliability of a protected signal delivered directly to the home.

Cable had a television services market share of approximately 63.8%, as at December 31, 2012, according to Telecompaper. Cable operators have lost market share over the last few years to satellite, DTT and IPTV, but they have been successful in encouraging their subscriber base to switch from analog to digital television services. The digitalization of their subscriber base has been instrumental in up-selling to additional digital pay TV services.

The digital television market in the Netherlands, measured by subscribers, grew by a compound annual growth rate of approximately 11.3% between the end of 2010 and the end of 2012, while the market share of cable slightly decreased from approximately 58.2% at the end of 2010 to 57.3% at the end of 2012, according to Telecompaper. Going forward, Telecompaper expects cable to remain the largest technology on the Dutch digital television market with an expected market share of 50% by 2017.

Screen Digest expects the digital pay television cable market to grow at a compound annual growth rate of approximately 10.1% between 2012 and 2017 from approximately €228 million to €368 million, ahead of the rest of the digital pay television market segment in the Netherlands.

Satellite ("DTH")

A competitive presence in the Dutch television market is satellite television ("DTH"), which had a 9.8% television services market share as at December 31, 2012, according to Telecompaper. Satellite operators such as CanalDigitaal distribute digital signals via satellite directly to television viewers. To receive programming distributed via satellite, viewers need a satellite dish and a set-top box. Viewers also require a smart card for the subscription based and premium television services distributed via satellite.

We believe that satellite has the following disadvantages compared to cable: (i) the higher up-front cost of procuring and installing a satellite dish, as compared to the "plug-and-play" convenience of cable; (ii) the susceptibility of satellite reception to external interference, such as adverse weather conditions; and (iii) the platform's struggle to offer non-linear or on-demand TV services, given the lack of integrated return path signaling. As the Dutch media and communications market continues to converge, we believe that satellite will be disadvantaged to provide bundled services since satellite providers can only offer fixed services through a wholesale offer.

Satellite saw its total television market share decline from approximately 10.2% to 9.8% between the end of 2010 and December 31, 2012, according to Telecompaper. Satellite's digital television market share is expected to decline from 12% at the end of 2012 to 8.0% by 2017 as the platform is less well able to take its share of growth in the digital television market due to bundling and interactivity trends in the market.

Dutch Digital Terrestrial Television ("DTT")

Our standard TV services compete with providers of DTT, which provides viewers with 28 television channels and 23 radio channels. The terrestrial transmission infrastructure is owned and operated by Digitenne, a subsidiary of KPN. KPN also offers the Digitenne service for resale to other providers, including Online. The consumer prices for Digitenne are lower than the price for our standard TV service. The three national channels and one regional public channel are broadcast free to air by the public broadcasters. In addition, no in-house wiring is needed.

However, the number of channels available through DTT, is substantially less than the number available through most digital cable, IPTV and satellite offerings. Furthermore, similar to satellite, DTT does not allow for the provision of enhanced bi-directional functionalities given the lack of a return path. Moreover, the signal reception and quality of DTT is adversely affected by various sources of interference, including certain weather conditions and motorized vehicles.

DTT's total television market share in terms of subscribers decreased from approximately 11.8% to 9.7% between the end of 2010 and the end of December 2012, according to Telecompaper. At the same time, DTT's digital television market share declined from approximately 17.4% in 2010 to 11.8% as at December 31, 2012 due to the faster growth of digital cable TV and IPTV. Telecompaper expects DTT's digital television market share to decline to 4.0% by 2017 as the limitations of the platform prevent it from growing in line with the market.

Internet Protocol Television ("IPTV") and Over the Top Television ("OTT-TV")

As a consequence of improvements in broadband internet technologies, the Internet Protocol is increasingly being used for the distribution of television services. IPTV subscribers, like DTT and digital satellite subscribers, must always have a separate set-top box for each television set that receives its signal through IPTV. The principal providers of IPTV in the Netherlands are KPN and Tele2, which provide IPTV services through ADSL2+, VDSL2 and FttH broadband internet connections. Demand for IPTV may increase in the future as it becomes more widely available, the price of the receiving equipment decreases and the receiving equipment is built into television sets. KPN had approximately 1.0 million IPTV subscribers as of December 31, 2012, according to its fourth quarter 2012 results. However, providing television services over a DSL network decreases the amount of bandwidth available for other service offerings, in particular broadband internet.

In addition, as noted above, KPN is taking steps to upgrade its broadband internet speeds using VDSL2 technology, in combination with FttC and new technologies such as bonding, vectoring and phantoming, and continues to introduce FttH in certain areas through its joint venture Reggefiber with Reggeborgh. FttH offers the potential for higher internet speeds (upload and download) than are currently possible over our network. Further upgrades in the reliability and speed of broadband internet connections may allow KPN and other IPTV providers to improve the quality of their television service.

Another emerging technology is the delivery of television content "over the top" of an existing broadband internet network ("OTT-TV"), which allows content providers to reach customers through mediums such as the broadcaster's website or online aggregators of content. However, online content aggregators of popular Dutch programming are limited, thereby limiting OTT-TV's current appeal in the Netherlands.

IPTV (excluding FttH networks) has grown its market share in the total television market, consisting of both analog and digital, in the Netherlands to approximately 10.8% by the end of December 2012, according to Telecompaper. While the digital television market segment grows, IPTV is expected to increase its market share in digital television (including FttH networks) from approximately 19% in 2012 to 38% by 2017 at the expense of cable, satellite and DTT, becoming the second largest digital television platform after cable.

Broadband Internet Market

The broadband internet market in the Netherlands is characterized by continued growth and increasing demand for high-speed broadband internet services.

According to Telecompaper, broadband internet household penetration in the Netherlands grew from approximately 83.2% at the end of 2010 to 87.2% at the end of December 2012. While the broadband internet market is well established in the Netherlands, Telecompaper forecasts that penetration will increase to approximately 93.7% by 2017, representing a compound annual growth rate of approximately 2.2% from 6.6 million connections in 2012 to 7.3 million connections by 2017.

We believe that cable is well positioned to be the primary beneficiary of the broadband internet market trends in the Netherlands. With the upgrade to EuroDocsis 3.0 and the relatively small presence of FttH networks, cable operators are able to offer highest-speed broadband internet services to their subscribers across the majority of their service areas. According to a survey conducted by Telecompaper in 2012, 28% of Dutch consumers believe that they will need a 50Mbps+ internet connection over the next four years. Furthermore, cable operators successfully market their broadband internet services as part of triple-play offerings, which allow subscribers to conveniently receive all telecommunications services from one provider. According to Telecompaper, cable grew its broadband internet market share from approximately 41.4% at the end of 2010 to 44.9% at the end of December 2012.

DSL, which since the end of 2004 has been the leading broadband internet platform in the Netherlands, continues to lose market share. As subscribers demand higher-speed broadband internet services, DSL is increasingly constrained by its inability to deliver higher speeds. KPN is the major DSL provider in the

Netherlands, followed by Tele2 and Online, which sell DSL services using KPN's unbundled local loop network. KPN and others have improved the speed of their broadband internet access services in a large part of their network that has been upgraded to VDSL2 technology. Maximum DSL speeds offered on the KPN DSL network are currently limited to a maximum of 80 Mbps based on VDSL2 technology, which is significantly lower than the speed over the HFC or FttH networks. According to Telecompaper, DSL's market share declined from approximately 55% at the end of 2010 to 47.8% at the end of December 2012 as its broadband internet subscriber base decreased in absolute terms. Based on Telecompaper forecasts, DSL is expected to see its market share decline to approximately 34% by 2017. KPN has taken and will continue to take steps to upgrade its broadband internet speeds using VDSL2 technology in combination with FttC and new technologies such as bonding, vectoring and phantoming.

We also compete in small portions of our coverage area against internet access providers with FttH connections. The impact of FttH on the Dutch broadband internet market has been limited so far, mainly as a result of the relatively small presence of FttH networks. According to Telecompaper, FttH grew its market share from approximately 3.6% at the end of 2010 to 7.3% at the end of December 2012.

We also compete with service providers that use other alternative technologies for broadband internet access, such as satellite technologies or mobile standards such as worldwide interoperability for microwave access ("WiMax"), universal mobile telecommunications system ("UMTS"), high-speed packet access ("HSPA") and 3GPP Long Term Evolution ("LTE"). These mobile broadband internet access technologies may allow both incumbent and new broadband internet access providers the ability to provide high-speed connection services for voice, data, video and television. Telecompaper estimates that 518,000 consumer households were using UMTS/HSPA for broadband internet access via laptops or PCs as at December 31, 2012, implying that mobile broadband internet has been growing more slowly than expected. We believe that the majority of mobile broadband internet users presently use it to complement, rather than to replace, fixed-line broadband internet.

Fixed-Line Telephony Market

The market for fixed-line telephony services in the Netherlands is mature, and market share changes are driven by the combination of the price and quality of the services provided and by the way telephony services are part of bundled offerings. In recent years, as part of bundled offers, consumers have selected fixed-line telephony providers by the quality of the accompanying broadband internet offering and/or total bundle. Cable operators are well positioned to take advantage of these trends. The market is relatively price sensitive and operates at a low price level by European standards.

According to Telecompaper, fixed telephony household was approximately 81.5% in 2012 and is expected to slightly decrease going forward to a penetration of 81.2% in 2017. Total connections are expected to grow from 6.2 million in 2012 to 6.4 million in 2017. At the same time, VoIP telephony increased its fixed telephony market share from 77% in 2012 and is forecast to increase its share to 91% by 2017.

According to Telecompaper, cable operators in the Netherlands, using VoIP technology, successfully grew their share in the total fixed-line telephony market (both PSTN and VoIP) from about 37.7% at the end of 2011 to approximately 40.3% at the end of December 2012. The cable companies together had a share in the VoIP telephony market of 52.3% at the end of December 2012 compared to DSL's 39.6% share. Ziggo had approximately 1.46 million VoIP subscribers at the end of December 2012, keeping its place as the second largest Dutch VoIP provider with a national share of 30.8% in the VoIP segment despite covering only 56% of the market, according to Company estimates and CBS data. UPC, which ended December 2012 with approximately 0.93 million VoIP subscribers, had a national VoIP share of approximately 19.6%. According to Telecompaper, the market share of cable in the total fixed-line telephony market is expected to decrease to 39% by 2017.

KPN, the incumbent fixed-line PSTN telephony service provider in the Netherlands, has historically been the largest provider of fixed-line telephony in the Dutch market. However, the number of PSTN subscribers has steadily decreased in recent years, as customers turn to VoIP telephony offered via broadband internet (DSL, cable or FttH). VoIP, which is less expensive than PSTN telephony services, allows customers to make traditional fixed-line telephone calls using a standard telephone handset and provides comparable quality to PSTN. According to Telecompaper, KPN was the VoIP segment leader in the Netherlands, with approximately 1.64 million subscribers at the end of December 2012.

B2B Services

According to IDC European Telecom Services Database and the company's own estimates, the size of the Dutch B2B market in 2011 was approximately €3.0 billion, split into €0.9 billion for the SoHo and SME Small segments, €0.5 billion for the SME Medium segment and €1.6 billion for the Large, Corporate & Carrier segment. The B2B market in the Netherlands is considered to be quite mature and driven by a combination of price, quality and customer service, with the latter being more important in this market than in the consumer telecommunications market.

As a result of leveraging its PSTN, DSL and fiber networks, KPN is the leading provider of B2B services in the Netherlands, accounting for over 70% of the Dutch B2B services market by revenues. Ziggo changed its B2B strategy in May 2010 to refocus on SoHo and SME Small segments, which are primarily single-site customers that Ziggo is best placed to serve. The company estimates these segments represent a market of approximately €0.5 billion in Ziggo's service area, and approximately half of this market comprises companies that are connected to Ziggo's HFC network.

BUSINESS

Business Overview

We are the largest cable operator in the Netherlands, with an estimated network coverage of 56% of the country by homes passed as at December 31, 2012. We provide standard TV, digital pay TV, high-speed broadband internet and telephony services to consumers and businesses. A cornerstone of our strategy is to offer a combination of services in packages, in particular our triple-play offering, the "All-in-1" bundle, which offers subscribers the convenience of receiving TV, broadband internet and telephony services from us at a lower price when compared to three individual service subscriptions. According to ACM, the Dutch Authority for Consumers and Markets, we were the number one provider of triple-play offerings in the Netherlands as at June 2012. For the twelve months ended December 31, 2012, we generated revenue of €1.5 billion, EBITDA of €880.9 million and operating free cash flow of €601.2 million.

As at December 31, 2012, we had 4.2 million homes passed and primary product relationships with 2.8 million standard TV subscribers. Our high penetration of homes passed with standard TV allows us to market our other services directly to our subscribers and supports our strong market positions. Based on Telecompaper statistics, we estimate that our service area market shares by subscriptions as at December 31, 2012 for standard TV, digital TV, broadband internet and telephony were 64.4%, 59.3%, 47.7% and 42.7%, respectively. We believe our leading positions are based on the strength of our network, customer focus and our ability to offer a premium combination of content, speed and functionality at attractive prices compared to our competitors.

Our services are delivered over our hybrid fiber coaxial ("HFC") cable network, which we believe is one of the most technically advanced in Europe. Since the start of the merger of our three predecessor businesses in 2006 (the "merger"), we have invested more than €1.2 billion in our network, systems and infrastructure and we intend to continue investing in these areas to maintain and strengthen our competitive position in the market. Our network is fully bi-directional and EuroDocsis 3.0 enabled. Both its spectrum bandwidth capacity of 862 MHz and average fiber distance of within 300 meters from our subscribers' homes and offices are better than the European industry average. These features allow us to offer download speeds of up to 120 Mbps to all our homes passed, and our technology has the potential to offer speeds of up to 400 Mbps using current EuroDocsis 3.0 modems. The spectrum bandwidth capacity and speed of our network are substantially higher for TV and broadband internet services than DSL operators in our service area such as KPN, Tele2 and Online.

We believe our network advantage, high quality services, customer focus and continued innovation have enabled us to achieve strong growth in the number of our standard TV subscribers who also subscribe for our digital pay TV offerings as well as the percentage of standard TV subscribers who also receive broadband internet and telephony services (i.e. "triple-play subscribers") which has increased from 36.3% as at December 31, 2010 to 50.8% as at December 31, 2012. These increases have in turn driven growth in both our revenue generating units ("RGUs") and in our average monthly revenue per user ("ARPU") over the past three years. As a result, our blended consumer ARPU has increased from €33.92 for the year ended December 31, 2010 to €40.44 for the year ended December 31, 2012. Going forward, we believe we are well-positioned to capture further growth through our triple-play and digital pay TV offerings.

The tables below summarize our growth in terms of total RGUs, triple-play subscribers, ARPU and blended ARPU during the period under review and provide definitions for these terms in the footnotes.

	As at December 31,		
	2010	2011	2012
		(in thousands)	
Total RGUs[1]	**6,727**	**6,992**	**7,102**
Year-on-year change (%)	4.9%	3.9%	1.6%
RGUs (consumer):			
Standard TV	3,024	2,920	2,776
Year-on-year change (%)	(2.8%)	(3.4%)	(4.9%)
Digital pay TV[2]	897	940	917
Year-on-year change (%)	15.3%	4.8%	(2.4%)
Broadband internet	1,545	1,662	1,751
Year-on-year change (%)	6.9%	7.6%	5.4%
Telephony	1,157	1,332	1,464
Year-on-year change (%)	16.3%	15.1%	9.9%
Total RGUs (consumer)	**6,622**	**6,854**	**6,908**
Year-on-year change (%)	4.6%	3.5%	0.8%
Of which All-in-1 bundle subscribers	1,079	1,261	1,395
Year-on-year change (%)	58.7%	16.9%	10.6%
Of which non-bundle triple-play subscribers[3]	20	17	15
Year-on-year change (%)	(91.5%)	(15.0%)	(11.8%)
RGUs per standard TV subscriber (consumer)	**2.19**	**2.35**	**2.49**
Year-on-year change (%)	7.9%	7.3%	6.0%
RGUs (business):			
Standard TV	85	97	116
Year-on-year change (%)	6.3%	14.1%	19.6%
Broadband internet	11	23	37
Year-on-year change (%)	266.7%	109.1%	60.9%
Telephony	9	17	28
Year-on-year change (%)	200.0%	88.9%	64.7%
Total RGUs (business)	**105**	**138**	**194**
Year-on-year change (%)	22.1%	31.4%	40.6%
Of which Office Basis[4] subscribers	9	17	27
Year-on-year change (%)	200.0%	88.9%	58.8%
Of which Office Plus[4] subscribers	—	—	1
Year-on-year change (%)			
Of which Internet Plus[4] subscribers	3	6	9
Year-on-year change (%)	—	100.0%	50.0%
ToM[4] & ToM Interactive[4]	69	69	76
Year-on-year change (%)	(5.5%)	0.0%	10.1%

(1) RGUs, or revenue generating units. One RGU represents one service subscription for any of the following services: standard TV, digital pay TV, broadband internet or telephony. Total RGUs are not equal to the total number of subscribers. For example, one subscriber who receives standard TV and telephony services over our network is counted as two RGUs, and one subscriber who receives standard TV, digital pay TV, broadband internet and telephony services over our network is counted as four RGUs. Based on the growth of our business revenues, we decided to separate the reporting of consumer and business RGUs for HFC-based products beginning in January 2012.

(2) Digital pay TV RGUs equal the total number of subscribers who subscribe for one or more digital pay TV subscriptions. For purposes of this calculation, digital pay TV services purchased on a one-off basis, such as video-on-demand, are not counted as a digital pay TV RGU.

(3) Triple-play subscribers comprise (i) All-in-1 bundle subscribers (who subscribe for our All-in-1 bundle of standard TV, broadband internet and telephony services as a package) and (ii) non-bundle triple-play subscribers (who subscribe for standard TV, broadband internet and telephony through individual service subscriptions rather than through our All-in-1 bundle).

(4) "Office Basis," "Office Plus" and "Internet Plus" are our HFC products aimed at the SoHo and SME Small B2B market segment; "ToM" and "ToM Interactive" are our HFC products aimed at the SME Medium B2B market segment. Please see "Business—Our Business Product Offerings."

	For the year ended December 31,		
	2010	2011	2012
Blended ARPU (consumer)[1] (€)	**33.92**	**37.34**	**40.44**
Year-on-year change (%)	11.5%	10.1%	8.3%
Blended All-in-1 bundle[2] ARPU (consumer)	**41.21**	**41.77**	**41.74**
Year-on-year change (%)	3.8%	1.4%	(0.1%)

(1) Blended ARPU is calculated as the sum of total standard TV, digital pay TV, broadband internet and telephony consumer revenues (including digital pay TV and telephony usage revenues) for the period divided by the period's average monthly total standard TV consumer RGUs and divided by the number of months in that period. Based on the growth of our business revenues, we decided to report consumer ARPU and business ARPU separately beginning in January 2012. We do not report blended business ARPU as revenues between the different products and different types of business customers vary significantly.

(2) Blended All-in-1 bundle ARPU does not include digital pay TV and telephony usage revenues.

Our RGU and ARPU growth has generated strong growth in revenues and profitability. For the year ended December 31, 2012, our total revenues were €1,536.9 million, a 4.0% increase over the year ended December 31, 2011. For the year ended December 31, 2011, our total revenues were €1,478.2 million, a 7.4% increase over the year ended December 31, 2010. For the year ended December 31, 2010, our total revenues were €1,375.7 million, a 7.1% increase over the year ended December 31, 2009, and our Adjusted EBITDA was €880.9 million during the year ended December 31, 2012, a 5.5% increase over the year ended December 31, 2011. The table below summarizes our revenues, EBITDA, Adjusted EBITDA and OPFCF during the period under review.

	For the year ended December 31,		
	2010	2011	2012
	(€ in millions, except as noted) (Audited, except as noted)		
Revenues	**1,375.7**	**1,478.2**	**1,536.9**
Year-on-year change (%)	7.1%	7.4%	4.0%
EBITDA[1] (unaudited)	775.1	834.6	880.9
Integration costs[2]	8.2	—	—
Adjusted EBITDA[3] (unaudited)	**783.4**	**834.6**	**880.9**
Percentage of revenues	56.9%	56.5%	57.3%
Year-on-year change	12.6%	6.5%	5.5%
Capital expenditures (excluding integration and acquisition capital expenditure)[4]	**174.7**	**242.9**	**279.7**
Percentage of revenues	12.7%	16.4%	18.2%
Year-on-year change	(16.6%)	39.0%	15.2%
OPFCF[5] (unaudited)	**608.7**	**591.7**	**601.2**
Percentage of revenues	44.2%	40.0%	39.1%
Year-on-year change	25.3%	(2.8%)	1.6%

(1) EBITDA represents operating income plus depreciation and amortization and is a non-IFRS measure. The EBITDA measure presented in the table above may not be comparable to similarly titled measures used by other companies. For a reconciliation of our operating income to EBITDA, please see "Presentation of Financial and Other Information and Certain Definitions—Other financial measures and ratios."

(2) Integration costs (which are included within total operating expenses for the year 2010) relate to expenses incurred in connection with the integration of our three predecessor businesses, including, among other things, consultancy fees related to integration, restructuring and redundancy costs.

(3) We define Adjusted EBITDA as EBITDA as adjusted to remove the effects of integration operating expenses. Adjusted EBITDA is a non-IFRS measure. The Adjusted EBITDA measure presented in the table above may not be comparable to

similarly titled measures used by other companies. Please see "Presentation of Financial and Other Information and Certain Definitions—Other financial measures and ratios."

(4) Capital expenditure represents payments to acquire property, plant and equipment but excludes capital expenditure incurred in connection with the integration of our predecessor businesses (which amounted to €27.5 million, nil and nil for the years ended December 31, 2010, 2011, and 2012, respectively) and acquisitions (which amounted to nil, €7.4 million and nil for the years ended December 31, 2010, 2011 and 2012, respectively).

(5) We define operating free cash flow, or OPFCF, as Adjusted EBITDA less capital expenditures excluding integration capital expenditure and acquisition capital expenditure. The OPFCF measure presented in the table above may not be comparable to similarly-titled measures used by other companies. For a reconciliation of our operating income to OPFCF, please see "Presentation of Financial and Other Information and Certain Definitions—Other financial measures and ratios."

Our Competitive Strengths

We believe that we benefit from the following key strengths:

Operations in one of Europe's most attractive markets for cable operators.

The Netherlands has very attractive characteristics for cable operators, including the relative prosperity of its population (in 2011, real GDP per capita in the Netherlands amounted to €33,300, which is 42% above the EU-27 average in 2011, according to Eurostat), its high population density and its high cable penetration. Cable networks in the Netherlands pass approximately 98% of all households, which is among the highest rates in Europe, while customer penetration of cable networks at approximately 68% in 2012 compares favorably with most other European markets, according to Screen Digest. We believe that higher disposable income translates into higher potential spending on media and communications services, while high population density, cable network ubiquity and high customer penetration allow for highly efficient cable operations yielding higher profitability and cash flow margins.

The most advanced network in our service area and one of the strongest networks in Europe.

Our HFC network is fully bi-directional, EuroDocsis 3.0 enabled, has a spectrum bandwidth capacity of 862 MHz and has an average fiber distance of within 300 meters from our subscribers' homes and offices. This combination of characteristics makes our HFC network well-positioned within the European cable market and gives us the strongest infrastructure in the majority of our service area. Our HFC network enables us to provide higher quality TV and broadband internet services than those offered by DSL, DTH and DTT operators in our service area such as KPN, Tele2 and Online. For example, we currently provide speeds of up to 120 Mbps to all our homes passed using our EuroDocsis 3.0 high-speed modems. These modems have the potential to support speeds of up to 400 Mbps, giving us significant capacity for future upgrades. We currently have a network advantage in terms of overbuild of Fiber-to-the-Home ("FttH") across at least 82% of our service area and expect to maintain this advantage across approximately 79% of this area through 2013, based on KPN's published plans to roll-out FttH, the only network currently capable of providing equivalent speeds for broadband internet. We are focused on maintaining our competitive network advantage through the continuous upgrading and expansion of our network and equipment. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditure."

Competitive advantage in triple-play, digital TV and broadband internet.

As a result of our network strength, highly competitive service offerings and customer focus, we have developed leading positions in triple-play, digital pay TV and broadband internet services within our service area. We are focused on providing our customers with highly competitive services that offer more content, higher speeds, greater functionality and better quality of service than our competitors. In digital TV, we offer an extensive range of HD channels, full video-on-demand, "Catch-up TV" services and a comprehensive TV library. In broadband internet, we provide the highest speeds, at the most competitive price per download speed tier, in the majority of our service area, which has allowed us to achieve a market share in our service area of 47.7% by number of subscriptions as at December 31, 2012. Our fixed telephony offering includes free on-net calls for all subscribers and attractive pricing plans, which, together with our broadband internet and TV offerings, create an attractive "All-in-1" triple-play proposition.

Significant growth opportunities in the Dutch market.

We believe the strengths above, combined with our direct relationships with subscribers, make us well-positioned to capture growth opportunities within the Dutch telecommunications market, including:

- Triple-Play: We estimate that our penetration for triple-play offerings, measured as a percentage of our total standard TV subscriptions, has the potential to grow over time from 50.8% as at December 31, 2012. In a report for ACM in March 2011, AT Kearney and Telecompaper indicate that they expect the trend of bundling to continue. Other cable operators have achieved higher levels of penetration in triple-play offerings, such as Virgin Media in the United Kingdom, with 64.9% at the end of December 2012. Based on historical performance, we expect further growth in our All-in-1 bundle triple-play subscriber base.
- High-speed Broadband Internet: According to Telecompaper, demand for high-speed broadband internet in the Netherlands is expected to grow further. We believe that we are well positioned to benefit from this growth, given that we offer broadband internet speeds to consumers of up to 120 Mbps throughout our service area. We estimate that in at least 82% of our service area, we are currently the only operator capable of providing broadband speeds of over 80 Mbps.
- Digital Pay TV: According to Screen Digest, the digital pay television market segment in the Netherlands is expected to grow from €0.33 billion in 2012 to approximately €0.53 billion by 2017. We believe we can benefit from this growth by, for example, leveraging our attractive digital pay TV offering and providing innovative digital pay TV services.

Combination of high EBITDA and cash flow margins and growth in recent years.

We have benefited from strong EBITDA and cash flow margin growth in recent years. For the year ended December 31, 2012, we generated Adjusted EBITDA as a percentage of revenues of 57.3% and OPFCF as a percentage of revenues of 39.1%. At the same time, Adjusted EBITDA has grown from €783.4 million for the year ended December 31, 2010 to €880.9 million for the year ended December 31, 2012, representing a compound annual growth rate (“CAGR”) of 6.0% and driven, we believe, by the strengths of our market, market position, service offerings, network and operations.

Experienced and proven management team.

With more than 80 years of combined experience in the telecommunications, media and technology (“TMT”) sectors, our management team has a proven track record of developing and implementing our growth strategy. Prior to joining Ziggo, members of our management team held senior management positions at a broad range of telecommunications and media businesses, including at two of our predecessor businesses, Essent Kabelcom and Multikabel, as well as at Libertel, PrimaCom, UPC / A2000 and KPN. Bernard Dijkhuizen, our Chief Executive Officer, joined us in the creation of Ziggo, having previously served as general manager of Essent Kabelcom B.V., and has more than 13 years of TMT experience. Our Chief Financial Officer, Bert Groenewegen, joined us in March 2010 and has more than 22 years of TMT experience. Marcel Nijhoff, our Chief Commercial Officer, joined us in 2006, having previously served as Chief Executive Officer of Multikabel N.V. for two years, and has more than 28 years of TMT experience, including 17 years in cable. Paul Hendriks, our Chief Technology Officer, joined us in 2008 and has more than 21 years of TMT experience. The Supervisory Board of Ziggo N.V. announced on March 6, 2013 that it intends to appoint René Obermann, currently CEO of Deutsche Telekom AG, as the new CEO of Ziggo effective January 1, 2014, which will coincide with the previously disclosed retirement of Bernard Dijkhuizen.

Our Strategy

The key components of our strategy are to:

Leverage our superior network and product offering to further increase market share, triple-play bundle penetration and ARPU.

We intend to continue exploiting our network and product offering to enable us to further increase our product market shares. Our strategy is to continue offering higher value services at attractive prices with better content choice, speed, functionality and service quality than those of our competitors. We will also exploit cross selling opportunities to increase penetration of our All-in-1 bundle and digital pay TV services in order to maximize ARPU.

Continue to innovate and to exploit new growth opportunities.

We will continue to innovate to take advantage of growth opportunities in order to further strengthen our leading position in the Dutch telecom and media market. We see these growth opportunities as an extension of our consumer product offerings and intend to pursue them in an incremental manner by leveraging our existing infrastructure. We will continue expanding our comprehensive, high-quality offering of SD and HD channels, and interactive TV ("iTV") services, such as video-on-demand and "Catch-up TV."

Subscribers need an interactive receiver to be able to use interactive TV content. In order to further grow iTV usage, we have created a cloud-based solution for a selection of non-proprietary receivers. In addition, we might decide to migrate our customer base to a new interactive set-top box once it becomes available in order to stimulate the use of digital pay TV and interactive TV while at the same time improving customer loyalty and customer experience. If we decide to do this, we might consider changing our business model in such a way that interactive receivers would be included within our subscriptions and the costs of the receivers capitalized and amortized over their useful lifetime.

In addition we are using a multi screen approach to provide "TV Everywhere" services for multiple devices, such as tablets, smart phones and computers. Other innovative services we have developed are the music service "Ziggo Music," which allows users to stream music to their mobile devices, and "Ziggo Visual Voicemail," which allows users to receive home phone voicemail messages on their smartphones.

We also aim to add mobility to our current service offering, but do not intend to become a traditional mobile operator. We are in the process of developing a converged mobile proposition that makes use of our own WiFi coverage in and around homes, offices and public hotspots, as complemented by the use of a third party radio access network at other locations in the Netherlands. We have performed a successful trial in the city of Groningen in which Ziggo internet customers can use each others' WiFi hotspot. We will rollout this concept over our service area in the course of 2013 and 2014. As a first step, we also plan to launch a stand-alone MVNO-based mobile offering in the short term targeted at our existing customers, which is planned to evolve into a fully converged mobile proposition once the implementation of this proposition has been finalized. Please see "Business—Mobile" for more information.

Further drive our B2B growth in the SME Small and SoHo segments.

We have repositioned our business-to-business ("B2B") operations to focus on the small and medium size enterprises ("SME") market, in particular small office/home-office ("SoHo") (1-5 employees) and SME Small (6-50 employees) businesses already connected to our network. Because our HFC network is fully EuroDocsis 3.0 enabled, we can deliver high-speed broadband internet services, together with fixed telephony and television, cost effectively and at prices that are competitive. Since we launched our new B2B campaign in May 2010, we have significantly increased our SoHo and SME Small business subscribers from 5,100 as at March 31, 2010 to 36,900 as at December 31, 2012. In addition, add-on acquisitions strengthen our position in the business market and our propositions for the business market.

Increase customer satisfaction by improving all aspects of the customer experience.

We have invested heavily in our customer relations function in order to improve satisfaction and retention at all customer contact points, including at customer service centers, with Ziggo engineers and on our online portal. We continue to respond to feedback from our monthly customer surveys which we believe will enable us to improve customer satisfaction levels and manage and improve churn rates.

Maintain a consistent financial and dividend policy.

We aim to continue to focus on EBITDA growth and strong cash flow generation while maintaining our financial policy. Our current financial policy seeks to maintain a total net leverage ratio of no greater than 3.5 to 1 and to maintain a two tiered capital structure with senior secured and unsecured tranches of debt with the aim of ensuring that our senior secured debt continues to be rated investment grade. Further, the dividend policy of our parent, Ziggo N.V., which is reflected in our own dividend policy, is to distribute approximately 100% of free cash flow to equity. We can give no assurance that our financial and dividend policies will not change in the future nor can there be any assurance that we can or will seek to maintain an investment grade rating for the Notes. The ratings currently assigned to the Notes are dependent upon economic conditions, our business performance in an increasingly competitive market and other factors affecting credit risk that are outside of our control.

Our Consumer Product Offerings

All-in-1 Triple-Play Bundle

In May 2008, we announced our new brand "Ziggo" as a single unified name for the cable and telecommunications services previously marketed under the brands of Multikabel, Casema and @Home. In connection with the launch of our new name, we also fully standardized our product offering across our business and introduced the Ziggo All-in-1 bundle. Since then, we have become the number one provider of triple-play in the Netherlands by subscribers, according to ACM.

The All-in-1 bundle is available in "All-in-1 Basic," "All-in-1 Plus" and "All-in-1 Extra" configurations, in order of increasing sophistication and price, and offers our subscribers analog and digital TV services, broadband internet and telephony services together from a single provider at an attractive value. As part of our All-in-1 bundle, we have higher internet speeds than those offered through our standalone internet services.

We believe these incentives have been instrumental to increasing our All-in-1 bundle subscribers in recent years, from 0.3 million as at December 31, 2008 to 1.4 million as at December 31, 2012. We derive substantial benefits from offering bundles to our subscribers, as bundles generate higher monthly ARPU and reduce churn. The number of subscribers for each of our bundles was as follows:

	As at December 31,		
	2010	**2011**	**2012**
		(thousands, %)	
Total All-in-1 bundle subscribers	**1,079**	**1,261**	**1,395**
All-in-1 Basic (% of total)	26%	29%	31%
All-in-1 Plus (% of total)	65%	62%	61%
All-in-1 Extra (% of total)	9%	9%	8%

With effect from February 1, 2013, we introduced three different promotions in conjunction with our All-in-1 bundles. New subscribers can benefit from (i) a six-month discount resulting in a uniform monthly tariff for the three packages amounting to €30.00, (ii) a free interactive HD set-top box or (iii) an interactive HD recorder for €49.00.

As at December 31, 2012, we provided our All-in-1 services to approximately 1.4 million subscribers, or 33% of homes passed by our network (including third party owned networks). Our All-in-1 bundle generated an ARPU of €41.77 in the year ended December 31, 2011, up from €41.21 for year ended December 31, 2010.

Standard TV

All of our standard TV subscribers have access to 25 analog TV channels and 36 radio channels. Our standard TV subscribers who have installed digital receivers and activated a smart card automatically have access to the same TV channels simulcast in digital, as well as 35 additional digital TV and 24 additional radio channels. Sixteen channels are also available in high definition ("HD") format, for which a HD receiver is required.

Our standard TV service ("TV Standaard") also includes "Films on Demand," "Series on Demand" and "Catch-up TV," for subscribers that have installed an interactive receiver or make use of our cloud-based interactive TV service. Films on Demand and Series on Demand provide subscribers with access to a library of movies, sitcoms, documentaries, cartoons and other programming. TV Standaard subscribers can view a selection of 10 movies and 3 series per month, free of charge. "Catch-up TV" provides subscribers with the ability to view a wide variety of television programs from a group of popular channels at any time within ten days after the programs originally aired. For a wider range of content, subscribers need to subscribe to additional pay TV packages (please see "—Digital Pay TV" below).

As at December 31, 2012, we provided our standard TV services to approximately 2.8 million subscribers, or 68.0% of homes passed by our network (excluding third party owned networks). Of our standard TV subscribers, 2.23 million, or 80.4%, had activated smart cards, compared with approximately 2.15 million as at December 31, 2011, consistent with our goal of increasing our digital subscriber base. We generally provide our standard TV services under individual contracts with our subscribers. Our standard TV services generated an ARPU of €13.57 during the year ended December 31, 2012, compared with €13.49 during the year ended December 31, 2011.

Standard TV Fees

The price for our standard TV service, TV Standaard, as at December 31, 2012 was €17.49 (including VAT) per month. In connection with the acquisition of portions of our network, we have in the past agreed with certain municipalities to offer our standard TV service in those regions for a lower price. We have negotiated, and expect to continue to negotiate, directly with the municipalities to remove these restrictions. We also enter into multi-year agreements with the operators of certain multi-dwelling units such as hospitals, hotels and dormitories where we may offer discounts to our standard fees.

Standard TV Programming Content

We license our standard TV programming from third party content providers. We generally secure the broadcasting rights with broadcasters on a per-subscriber basis. On average, these licenses have a duration of 1-3 years. Similarly, with the collective rights associations in the Netherlands, such as Buma/Stemra, we generally license the rights on a per-subscriber basis. For information on pricing, please see "—Digital Pay TV—Our Programming Content" below.

Digital Pay TV

We offer subscribers who are equipped with digital receivers and who activated a smart card the option to purchase digital pay TV services, which include both subscription programming, as well as video-on-demand content from third party providers, including Sony and Warner Brothers. A key element of our strategy is to encourage our standard TV subscribers to use our digital TV services, which permit subscribers to use our digital pay TV subscription and video-on-demand service, by providing all of our digital content free of charge for a "Free View" trial period when customers first install a digital receiver. During this trial period, many of our content providers have granted us relief from their normal fees.

Complementing our strategy has been the increase in All-in-1 bundle subscribers (please see "—All-in-1 Triple-Play Bundle" above), 42% of whom had purchased digital pay TV content as at December 31, 2012, compared with only 21% of non-bundle subscribers.

As at December 31, 2012, approximately 917,000 of our 2.2 million digital standard TV subscribers, or 41.1%, had purchased digital pay TV services from us, compared with approximately 940,000 as at December 31, 2011. Our digital pay TV services generated an ARPU of €14.97 in the year ended December 31, 2012, compared with an ARPU of €13.71 for the year ended December 31, 2011. Because digital pay TV subscriptions can be cancelled each month, we may see periodic changes as a result of the start and the end of the football season and as a result of campaigns in which digital pay TV packages are offered with free-view periods or discounts during the first months of use.

TV Plus and TV Extra

Since September 1, 2011, we have offered a three-tier TV proposition, in which two new tiers (TV Plus and TV Extra) have been added next to our standard TV package ("TV Standaard"). Compared to TV Standaard, TV Plus and TV Extra have a higher number of standard digital and HD channels and a greater range of Films on Demand and Series on Demand content as shown in the table below.

	Standard digital channels(1)	HD channels(1)	Analog channels(1)	Catch-up TV	Films on Demand(1)	Series on Demand(1)	Monthly subscription fee
							(€, including VAT)
TV Standaard	60	16	25	16	10	3	17.75
TV Plus	90	19	25	20	30	6	+8.50
TV Extra	120	23	25	27	100	15	+13.50

(1) The number of channels, films and series may differ slightly from the numbers above from time to time and per region.

The table below shows the channels available across our various packages and formats.

Channel	Available in package			Available in format			Catch-up TV available
	TV Standaard	TV Plus	TV Extra	Standard Digital	HD	Analog	
Dutch Top 10							
Nederland 1	x	x	x	x	x	x	x
Nederland 2	x	x	x	x	x	x	x
Nederland 3	x	x	x	x	x	x	x
RTL 4	x	x	x	x	x	x	x
RTL 5	x	x	x	x	x	x	x
SBS 6	x	x	x	x	x	x	x
RTL 7	x	x	x	x	x	x	x
Veronica/Disney XD	x	x	x	x	x	x	x
Net 5	x	x	x	x	x	x	x
RTL 8	x	x	x	x	x	x	x
International							
één	x	x	x	x	x	x	
Ketnet	x	x	x	x		x	
Canvas	x	x	x	x	x	x	
BBC 1	x	x	x	x		x	
BBC 2	x	x	x	x		(1)	
BBC 3/CBBC		x	x	x			
BBC 4/Cbeebis		x	x	x			
BBC HD		x	x		x		
BBC Entertainment		x	x	x			
ARD	x	x	x	x		(1)	
ZDF	x	x	x	x		(1)	
NDR	x	x	x	x		(1)	
WDR	x	x	x	x			
RTL Television	x	x	x	x			
Sat. 1	x	x	x	x			
Arte	x	x	x	x			
TV5 Monde	x	x	x	x			
France 2	x	x	x	x			
Rai Uno	x	x	x	x			
TVE	x	x	x	x			
TRT Türk	x	x	x	x			
Regional/Local(3)							
Regional channels(2)	x	x	x	x		(3)	
Local channels	x	x	x	x		(3)	
News							
Journaal 24	x	x	x	x			
Politiek 24	x	x	x	x			
CNN International	x	x	x	x		(1)	
BBC World News	x	x	x	x			
Euronews	x	x	x	x		(1)	
Aljazeera English	x	x	x	x			
CNBC		x	x	x			
Weer en Verkeer		x	x	x			

Channel	Available in package			Available in format			Catch-up TV available
	TV Standaard	TV Plus	TV Extra	Standard Digital	HD	Analog	
Film and Entertainment							
Comedy Central/Kindernet	x	x	x	x	x	x	
13TH STREET	x	x	x	x			x
24Kitchen	x	x	x	x			
NostalgieNet	x	x	x	x			x
MGM Movie Channel		x	x	x			x
TCM (Turner Classic Movies)		x	x	x			
Crime & Investigation		x	x	x			
CBS Reality		x	x	x			
Humor TV 24		x	x	x			
101 TV		x	x	x			
OUTTV		x	x	x			
Best 24		x	x	x			
PassieTV/Dusk!		x	x	x			
RTL Crime			x	x			x
Syfy Universal			x	x			x
Investigation Discovery			x	x			
Comedy Central Family			x	x			x
Comedy Central Extra			x	x			x
RTL Lounge			x	x			x
FOXlife			x	x	x		x
E! Entertainment			x	x			x
Knowledge and Culture							
Discovery Channel	x	x	x	x	x	x	
National Geographic Channel	x	x	x	x	x	x	
TLC	x	x	x	x		x	
BravaNL	x	x	x	x			
Family 7	x	x	x	x			
GoedTV	x	x	x	x			
Animal Planet HD		x	x		x		
Travel Channel		x	x	x			x
Holland Doc 24		x	x	x			
Cultura 24		x	x	x			
Discovery Science			x	x			
Discovery World			x	x			
Nat Geo Wild			x	x			
Nat Geo Wild HD			x		x		
HISTORY			x	x			x
HISTORY HD			x		x		
Mezzo			x	x			
Kids							
Nickelodeon	x	x	x	x		x	x
Disney Channel	x	x	x	x			x
Disney XD	x	x	x	x			x
Cartoon Network		x	x	x			
JimJam		x	x	x			x
Boomerang		x	x	x			
Baby TV		x	x	x			
Z@ppelin/Z@PP 24		x	x	x			
RTL Telekids		x	x	x			
Disney Junior			x	x			x
Nick Jr.		x	x	x			
Nick Toons			x	x			
Nick Hits			x	x			
Pebble TV			x	x			

	Available in package			Available in format			
Channel	**TV Standaard**	**TV Plus**	**TV Extra**	**Standard Digital**	**HD**	**Analog**	**Catch-up TV available**
Music							
MTV	x	x	x	x		x	x
Ziggo Xite	x	x	x	x			
SLAM!TV		x	x	x			
Lite TV		x	x	x			
VH-1		x	x	x			
VH-1 Classic		x	x	x			
192TV		x	x	x			
TV Oranje		x	x	x			
MTV Live HD			x		x		
MTV Brand New			x	x			
MTV Music 24			x	x			
TV538			x	x			
Sports							
Eurosport	x	x	x	x	x	x	
Eurosport 2		x	x	x	x		
ESPN AMERICA			x	x			
Motors TV			x	x			
Promotional							
Ziggo TV	x	x	x	x			
Ziggo Event TV	x	x	x	x			
Etalagekanaal	x	x	x	x			
Zenderoverzicht	x	x	x	x			
Still image of the Erotic Package	x	x	x	x			

(1) Channel included in certain regions.

(2) Subscribers receive the regional channels of their own region and surrounding regions.

(3) Only regional and local channels for specific regions and cities are available in analog format.

Digital Pay TV Packages

Our digital pay TV packages each contain several standard digital and HD channels that we have bundled together. Our most popular packages are our sport and film packages: Sport1, HBO, Eredivisie Live and Film1. In February 2012, we became the first operator in the Netherlands to add an HBO package to its product offering. We also offer premium packages, such as Turkish, Chinese and Hindi channels, and an adult entertainment and a gay lifestyle package. Subscribers who subscribe for any of our digital pay TV products must also purchase our standard TV service.

Package	**Monthly subscription fee**
	(€, including VAT)
Sport1	15.50
Film1	15.50
Combi Film1 and Sport1	24.95
Eredivisie Live	17.95
HBO	15.50
Standard Turkish package	6.95
Extended Turkish package (including the Standard Turkish Package)	22.50
Hindi package	24.95
Adult entertainment	12.50
Gay lifestyle package	10.50

Interactive TV

We offer subscribers equipped with interactive TV ("iTV") receivers or that make use of our cloud-based interactive TV service the option to use several interactive services. In addition to the interactive services Films on Demand, Series on Demand and Catch-up TV, we offer transactional video-on-demand, which allows subscribers to order recent movies and television shows, paying per transaction. From the second quarter of 2011 we have offered subscribers the "Pay Per Event" service, through which a subscriber can order a football match from Eredivisie Live though our website, without a special iTV receiver (just a standard digital TV receiver).

On March 5, 2013, we launched a fully cloud-based interactive DVB-C TV service. By combining IP protocol use with the DVB-C television standard, devices without inbuilt hardware functionality for interactivity can now make use of interactive services via our HFC network. Before, customers who wanted to make use of interactive services had to have an interactive receiver. With the new cloud-based interactive DVB-C TV service, a SD or HD receiver will be sufficient to make use of interactive services. The first to make use of the new interactive services will be thousands of subscribers with certain digital receiver models of Humax and Samsung. We will extend the number of digital receiver models in due course because we want as many of our customers as possible to be able to make use of our interactive services. With the introduction of this fully cloud-based solution, we will increase the number of our potential subscribers that can use interactive TV by more than hundred thousand.

Our Programming Content

We license the rights for our digital pay TV programming content from content providers and third party rights holders, including broadcasters and collective rights associations. If we pay license fees, we pay based on subscriber numbers and our agreements with certain providers require us to pay minimum guarantees. We also pay royalties based on our subscribers' usage of "On-Demand" content. We pay distribution/ license fees to several broadcasters in order to distribute their programs on our network. We generally pay such license fees on a per subscriber basis. Some broadcasters (local and regional commercial broadcasters and commercial radio) still pay a marginal transmission fee to us. We have signed new agreements (or in some cases we are in the process of renewing existing agreements) with large commercial broadcasters in the Netherlands under which we pay them for the right to distribute their content through our network through all available means, including via high definition, video-on-demand and "TV Everywhere." For on-demand content ("TVoD") that is purchased by our subscribers, we generally pay a revenue share of the retail price, subject, for certain on-demand content, to fixed minimum guarantees. For packaged on-demand content we pay on a per-subscriber basis, sometimes with minimum guarantees. If necessary, we also license third party copyrights through various collective rights associations. We expect that our content costs (above the minimum amounts) will generally increase in line with increased revenues from digital pay TV and on-demand content.

TV + Internet bundle

During 2009, we fully upgraded our network to EuroDocsis 3.0 technology. To enjoy the higher speeds supported by this technology, customers must use EuroDocsis 3.0 modems. In 2009, we began shipping EuroDocsis 3.0 modems to all new and existing subscribers who had subscribed for high-speed broadband internet speeds. During 2012, we swapped approximately 137,000 modems for a dual band WiFi-enabled EuroDocsis 3.0 modem and shipped 338,000 of these modems to new All-in-1 and internet subscribers and upgrades. A new version of this modem, which allows for concurrent usage of both the 2.4 GHz and 5 GHz bands, resulting in improved performance, is expected to become available during the second quarter of 2013. For that reason, we have decided to use the available EuroDocsis 3.0 WiFi modems only for new customers and upgrades, and to limit the modem swap program.

We now offer three tiers of broadband internet service in combination with our standard TV service ("TV + Internet Z1," "TV + Internet Z2" and "TV + Internet Z3") and three tiers of broadband internet service within the All-in-1 bundles ("All-in-1 Basic," "All-in-1 Plus" and "All-in-1 Extra"). Download speeds range from 8 Mbps (Internet Z1) to 120 Mbps (All-in-1 Extra).

	As at December 31, 2011		As at February 1, 2013		Monthly subscription fee
	Download	Upload	Download	Upload	
	(Mbit per second)				(€, including VAT)
All-in-1 Basic(1)	10	1	10	1	43.95
All-in-1 Plus(1)	40	4	60	6	53.95
All-in-1 Extra(1)	120	10	120	10	63.95
TV + Internet Z1(2)	5	0.5	8	1	38.95
TV + Internet Z2(2)	30	3	40	4	48.95
TV + Internet Z3(2)	50	5	80	8	58.95

(1) In addition to broadband internet, our All-in-1 bundles include TV Standaard and telephony.

(2) In addition to broadband internet, our TV + Internet products include TV Standaard.

These upgrades and the roll-out of modems have supported an increase in broadband internet subscribers, from 1.4 million as at December 31, 2008 to 1.8 million as at December 31, 2012, while during that time there was little growth in the Dutch broadband internet market because penetration was already high. We have also increased the proportion of All-in-1 bundle subscribers subscribing for the higher value "All-in-1 Plus" and "All-in-1 Extra" packages relative to "All-in-1 Basic" packages, a continuation of a trend that we believe will support ARPU growth in the future. These increases are set out in the table below.

	As at December 31,		
	2010	2011	2012
	(thousands, %)		
Total broadband internet subscribers (thousands)	**1,545**	**1,662**	**1,751**
All-in-1 Basic (% of total)	18%	22%	24%
All-in-1 Plus (% of total)	45%	47%	49%
All-in-1 Extra (% of total)	6%	7%	6%
TV + Internet Z1 (% of total)	21%	16%	14%
TV + Internet Z2 (% of total)	8%	7%	6%
TV + Internet Z3 (% of total)	2%	1%	1%

With effect from February 1, 2013, we introduced three different promotions for our TV + Internet bundles. New subscribers can benefit from (i) a six-month discount resulting in a uniform monthly tariff for the three packages amounting to €30.00, (ii) a free interactive HD set-top box, or (iii) an interactive HD recorder for €49.00.

As at December 31, 2012, we provided our broadband internet service to approximately 1.8 million subscribers, or 41.6% of our homes passed. Our broadband internet services (including value-added services such as online security) generated an ARPU of €21.5 per month during the year ended December 31, 2012, compared with an ARPU of €21.60 during the year ended December 31, 2011.

Telephony

We offer telephony services using Voice over Internet Protocol technology, or VoIP, which allows our subscribers to make traditional fixed-line telephone calls using a standard telephone handset and provides comparable quality to the PSTN and VoIP telephony services offered by KPN and other service providers in the Netherlands. Telephony subscribers must also purchase our standard TV service. Our basic service plan ("Telefonie Z1") provides subscribers with a telephone line, and calls from Ziggo telephony subscribers to other Ziggo subscribers have been free of charge since September 1, 2011 (previously these subscribers had been charged 50% of the standard tariff for such calls). The monthly subscription fee for Telefonie Z1 is €9.95 (including VAT). In addition, we offer two other plans: unlimited free calling to fixed lines in the evenings and on weekends ("Telefonie Z1 + Volop Bellen Avond & Weekend") and unlimited free calling to fixed lines in the Netherlands and to 15 other countries ("Telefonie Z1+ Volop Bellen Altijd") at monthly subscription fees of €6.95 and €9.95, respectively (including VAT). Subscribers can also purchase a second telephone line for a monthly subscription fee of €6.50 (including VAT).

As at December 31, 2012, we provided our telephony services to approximately 1.5 million subscribers, or 52.8% of our total subscriber base. Our telephony services (including All-in-1 bundle subscriptions) generated an ARPU from subscription of €7.62 during the year ended December 31, 2012, compared with €7.59 during the year ended December 31, 2011, and an ARPU from usage of €10.61 during the year ended December 31, 2012, compared with €11.43 during the year ended December 31, 2011. The decrease in ARPU from usage is due primarily to the fact that subscribers who purchase our telephony services as part of the All-in-1 bundle typically yield a lower ARPU as they tend to be less active and have lower telephony usage rates than subscribers who purchase our telephony services on an individual subscription basis, as well as more subscribers selecting a flat-fee subscription for calls within the Netherlands and several other countries. In addition, calls to other Ziggo customers (on-net calls) were free-of-charge for All-in-1 bundle customers only, while non-bundle customers paid 50% of the standard tariff for such calls up until September 1, 2011. Since September 1, 2011, on-net calls have been free-of-charge for all customers.

Additional Services

Ziggo TV App. In March 2011, we launched the Ziggo TV app. This app allows users to see what is on TV at a glance, as well as viewing tips with the most current media news. They can also browse through the films that Ziggo On Demand has to offer. Currently, customers with a TV Standaard subscription can view 27 channels, those with TV Plus can view 36 channels and those with TV Extra can view 48 channels. Up to 5 different devices can be registered per household and live TV can be watched on up to 3 different devices simultaneously. The content is streamed in HD quality over a bandwidth varying from 800 kB/s to 1.5 MB/s for tablets, and from 200 to 800 kB/s for smartphones. The app itself is free, users must have a Ziggo television and broadband internet subscription.

Ziggo Music. We launched a streaming music service in August 2012. This service comes in two versions: Ziggo Music and Ziggo Music Everywhere. Ziggo Music is intended for home use and costs €4.95 per month. Ziggo Music Everywhere is aimed at allowing subscribers to access music on mobile devices, and costs €9.95 per month. It is also possible to store songs so you can listen to them even without an internet connection.

Ziggo Visual Voicemail. In February 2013, we launched a visual voicemail app for our fixed telephony subscribers through which they can automatically receive their home phone voicemail messages on their Android smartphone. The Ziggo Visual Voicemail app works with any WiFi or mobile connection. By using the app, fixed telephony subscribers can see who left a voicemail message on their home phone, return the call with the push of a button, reply with a text message, or listen, forward, store, edit or delete their voicemail messages. Fixed telephony subscribers can also manage their home phone's voicemail settings. For each Ziggo fixed telephony number, voicemail messages can be sent to a maximum of 5 smartphones. The app itself is free, although users must have a TV Standaard and telephony subscription.

Business Product Offerings

We currently offer B2B services to business customers across three different market segments:

SoHo and SME Small Businesses. In May 2010, we repositioned our B2B operations to focus on the SME market segment, in particular SoHo and SME Small businesses already connected to our network. Because our HFC network is fully EuroDocsis 3.0 enabled, we can deliver high-speed broadband internet services, together with fixed telephony and television, to these businesses. Our HFC-based bundles are "Office Basis", "Office Plus" and "Internet Plus." "Office Basis" is our All-in-1 business package consisting of broadband internet, two telephony lines and the standard TV package, "Office Plus" is our All-in-1 business package consisting of broadband internet, four telephony lines, a fixed IP address and the standard TV package while "Internet Plus" consists of broadband internet with SLA availability and fixed IP addresses, and the standard TV package. We also offer additional value-added services such as electronic payment, online security, back-up and hosting. Since we launched our repositioning campaign, we have increased our SoHo and SME Small business subscribers from 5,100 as at March 31, 2010 to 36,900 as at December 31, 2012.

SME Medium Businesses. Subscribers in the SME Medium market segment are larger users who require higher grade B2B services and higher speeds and tend to come from the education, healthcare, government, retail and B2B services sectors. We offer the tailored multi-user TV services "ToM" and "ToM Interactive" through our HFC network to businesses with more than five TV connections on their own coaxial network infrastructure. Examples are hospitals, holiday parks and penitentiaries. "ToM" provides the standard TV package for further distribution by the business customer. "ToM Interactive" provides the standard TV package and also enables end-users to buy an additional consumer subscription for (interactive) products such as broadband internet, telephony and digital pay TV. For businesses that are connected to our network through fiber, we offer broadband internet, Ethernet or IP-based VPNs for when a business has multiple sites. In addition, on the basis of strict return-on-investment criteria, we sometimes install a direct fiber connection between the customer and the fiber backbone of our network.

Large, Corporate & Carrier. Historically, the majority of our B2B revenues have been from large corporate accounts mainly in the utility sector, which we serve with tailored enterprise solutions. Services we offer mainly consist of fiber access and data services. In addition, we operate dedicated monitoring networks and manage enterprise telephony solutions including PBX and desk telephones for a number of energy companies. For the carrier market, we provide standardized Ethernet access services and voice termination services. Our carrier customers include fixed-line (including cable) and mobile operators.

On October 13, 2011, we acquired Breezz, a provider of VoIP telephony services for the SME market, such as hosted PBX and SIP Trunking. Breezz caters to an extensive network of resellers. Through this acquisition, we have broadened our product portfolio for the SME market as we can now add VoIP multiline telephony services to our business bundles and service the growing market for cloud services to SMEs.

On March 14, 2013, we announced the acquisition of Esprit Telecom, a leading provider of voice and data services for the SME market in the Netherlands. Esprit Telecom has an active sales channel of dealers across the Netherlands. The acquisition includes Zoranet, an ICT service provider that focuses on the retail sector. Esprit Telecom will continue to operate independently, under its own name, for the foreseeable future. The acquisition is subject to approval by the Dutch Competition Authority (the "NMa").

Mobile

We aim to add mobility to our infrastructure to offer converged services to our customers over both a fixed and mobile infrastructure. However, we do not intend to become a traditional mobile operator in that we do not plan to roll out our own mobile network, but will augment our existing infrastructure.

We plan to follow an efficient investment approach by leveraging our fixed network by using high-speed modem/WiFi routers in homes and offices, possibly extended by WiFi coverage in public places. We have performed a successful trial in the city of Groningen in which Ziggo internet customers can use other customers' WiFi hotspot. We will rollout this concept over our service area in the course of 2013 and 2014. In order to open up a subscriber's modem/router for such use, such subscriber must first agree that his or her modem/router will become a Ziggo hotspot. To render our modem/WiFi routers suitable for service as a hotspot modem/router, we have adapted our equipment and software to keep traffic on customer networks and hotspots strictly separated to enable security and privacy while not impairing our customers' internet experience. In the future we may upgrade these high-speed modem/WiFi routers with LTE (4G) functionality using our licenses in the 2.6 GHz spectrum band.

We will complement our WiFi coverage by the use of a third party radio access network at other locations in the Netherlands. For access to such a third party radio access network, we have signed a contract with a Mobile Network Operator ("MNO") to allow us to offer full mobile services through its radio access network in the Netherlands as a virtual mobile network operator ("MVNO"). As a first step, we plan to launch a standalone MVNO based mobile offering in the short term targeted at our existing customers, which is planned to evolve into a fully converged mobile proposition once the implementation of this proposition has finalized.

In order to offer a converged solution, as well as other new services, we need to make upgrades and changes to our core network and IT systems. Examples are systems that facilitate CRM, billing, usage recording, provisioning, mediation and identity management.

Mobile licenses

We acquired national mobile licenses totaling 2x20 MHz for approximately €1 million during an auction in 2010 through a joint venture we have undertaken with UPC. In order to satisfy roll-out obligations under our mobile licenses, we also rolled-out a small LTE network for pilot customers covering an area of 80 square kilometers, and plan to expand our roll-out of this network to an area covering 800 square kilometers by May 2015.

Through another joint venture entered into with UPC we also participated in the Dutch multiband spectrum licenses auction for mobile services during the fourth quarter of 2012. However, our joint venture did not acquire a new spectrum license during this particular auction since both we and UPC considered the price too high as compared to the amount of additional revenues expected to be received from the purchase of a license.

Subscription Fees

We regularly review our pricing policy and in the past have increased our subscription fees as necessary in line with inflation and in response to market conditions and content costs. The pricing of all of our services, including our All-in-1 bundle, is dependent on market conditions and pricing by competitors with similar offerings. Please see "Management's Discussion & Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Businesses and Results of Operations—Pricing" for more information.

Subscribers

We sell our TV, broadband internet and telephony services—either on an individual service subscription basis or on a bundled basis—to consumer customers and business customers. The standard TV subscription serves as a basis for cross selling and up-selling. Every customer needs at least a subscription for the standard TV package to have access to our other services. Consumer subscription, consumer usage and other revenues (primarily the sale of goods) account for most of our revenues and represented 93.1% of our total revenues for the year ended December 31, 2012. Within the consumer market, we market our services directly to subscribers in single dwelling units and multi-dwelling units, such as apartment buildings. We typically enter into standard form contracts with our subscribers for an indefinite period; such contracts are not required to be renewed since, in the Netherlands, contracts cannot be renewed for a determined period. Contracts can be cancelled any month after the first month.

Our B2B subscribers typically purchase our broadband internet and voice and other data services. As part of our repositioning, we have targeted SoHo and SME Small businesses, as described in "B2B" services above. Our B2B subscribers also include operators of multi-dwelling units where it is not possible for us to contract directly with the user, for example, hospitals, hotels and dormitories. B2B contracts have a fixed contract term (which cannot be cancelled during the term); contract terms are typically one, two or three years for our SoHo and SME Small business services (based on HFC), three to five years for our fiber-based services and three, five or eight years for our business TV offering for operators of multi-dwelling units.

Marketing

Our consumer department is responsible for designing and promoting new products and services to customers. We launched our new brand name "Ziggo" in May 2008 and all of our products and services are now offered under this brand name. Since the launch, we have made several significant investments to establish our new brand name, including sponsoring the Ziggo Dome, a concert hall that opened to the public in Amsterdam in June 2012. We have also opened Ziggo Studio stores in Zwolle, Utrecht and The Hague, which we use for service, sales and as forums for showcasing our new products and services to customers in our service areas.

In September 2011, we launched a project to strengthen the Ziggo brand called the "Entertainment Experience." This project enabled the first user-generated movie of its kind in the Netherlands: a movie composed and made by the audience. A team of professionals, led by international movie director Paul Verhoeven, selected scriptwriters, musicians, moviemakers and editors. The project has been nominated for an International Digital Emmy Award, with the awards ceremony scheduled to take place in April 2013 in Cannes, France.

We have participated in the development of technology for smart cards that can be connected to next generation Common Interface Plus ("CI+") modules, for which an increasing number of the newest television sets are enabled. In order to ensure that CI+ modules work seamlessly with our smart cards, we have made arrangements with leading television manufacturers so that we can inspect their technologies and certify that they are compliant with Ziggo's technology.

Sales

We market and sell our products to customers using a broad range of sales channels, primarily online sales direct from our website, inbound telesales and retail partnerships. Sales from other retail outlets, including online stores generally focuses on digital TV products only. We also sell our services face to face with customers at certain marketing events and via our Ziggo Studio stores.

We encourage customers to purchase our services and products (for example, receivers) through our website, which we believe provides customers a clear explanation of our product prices and features, and results in lower subscriber acquisition costs. During the year ended December 31, 2012, we made approximately 433,000 subscription and product sales over our website, which represented approximately 29% of our total subscription and product sales during that period. Our website also contains a "call me back" button, which generated 255,000 subscription and product sales (17% of total sales) for the year ended December 31, 2012.

We currently outsource our inbound and outbound telesales to external service providers. Inbound telesales accounted for approximately 398,000 product sales, or 26% of our total product sales, during the year ended December 31, 2012. Outbound telesales accounted for approximately 14,000 product sales, or 1% of our total product sales, during the year ended December 31, 2012.

We also partner with retail outlets, including BCC, Media Market, Expert, EP, Harense Smit and The Phone House. Retail partnerships accounted for approximately 362,000 product sales, or 24% of our total product sales, during the year ended December 31, 2012. These sales primarily consisted of starting packages for digital TV and CI+ modules (together with a new TV set sold by the retailer) and/or digital pay TV packages.

During 2012, we successfully started selling our products and subscriptions when customers make a service call to our in-house service contact centers. Our service channel accounted for approximately 47,000 product sales, or 3% of our total product sales, during the year ended December 31, 2012.

Customer Services

Our customer service operations are responsible for all customer care activities, including handling queries and complaints from our customers. In addition, customer service also increasingly handles inbound sales, often as a result of a service call. To reduce our customer service call volume further, we are focusing on new methods of customer service, including self-service provided by our automated online customer service agent, "Tess," and through an automated voice response system.

Our customer satisfaction levels as measured by customer surveys have risen overall, from 65% in January 2010 to 74% in January 2013.

We operate dedicated customer contact centers at Groningen, Heerhugowaard, The Hague and Eindhoven. We employed approximately 1,300 customer and technical services full-time equivalent employees ("FTEs"), including temporary employees, as at December 31, 2012. We supplement our internal capacity with outsourced capacity for benchmarking and cost reasons. All of our customer service agents are regularly trained in soft skills and on our new product offerings and campaigns. 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.

We are required by law to operate a "switch desk," which enables customers to transition between different television, internet access and telephone providers with minimal disruption to their service.

We manage our billing operations internally. We bill all of our customers directly, except for some that are included in a bulk contract (for example, institutions like senior homes). We offer our subscribers the choice between electronic and paper statements, various pre-pay options and the ability to make automatic bill payments. We frequently offer discounts to our customers that choose to pay by direct debit and as at December 31, 2012, approximately 99% of our consumer customers were using automatic bill payments. Direct debit customers pay their subscription one month in advance and invoice customers are charged a quarter in advance. Usage (calls, VoD movies) is invoiced after one month. B2B customers are billed monthly, quarterly or on a yearly basis.

Network

As at December 31, 2012, our network passed approximately 4.2 million homes and covered approximately 56% of the Netherlands by homes passed. Our HFC network consists of national and regional fiber networks, which are connected to the home over the last few hundred meters by coaxial cable. Our fiber based backbone extends on average to within 300 meters of our subscribers' homes and offices, which allows us to provide high broadband internet access speeds and advanced services to our subscribers. Average annual network availability of our network and product platforms is high, at approximately 99.95% during the year ended December 31, 2012.

Our network is comprised of the predecessor networks of Multikabel, Casema and @Home. Each of these separate predecessor networks differed in terms of functionality, quality and capacity at the time we acquired them. We have since invested in the standardization and integration of the predecessor networks. We have also insourced most of the maintenance and operation of our network, which has produced significant cost savings, and created a single national operations center in Zwolle to monitor the network.

All of our network has been upgraded to bi-directional capability, which enables us to offer our advanced digital products, including high definition and interactive TV and broadband internet, across our network. In addition, approximately 98% of homes passed by our network are connected to our network with 862 MHz spectrum bandwidth. The additional spectrum bandwidth provides us with sufficient capacity to offer our subscribers' increasingly data intensive services without the need to extend our fiber based network backbone closer to our subscribers' homes.

During 2009, we fully upgraded our network to EuroDocsis 3.0 technology, which allows us to more efficiently manage our data traffic and thus offer higher broadband internet speeds across our network. We currently offer broadband internet service with top download speeds of 120 Mbps throughout our entire service area. We completed the roll-out of 120 Mbps service across our entire network in 2010. We believe that our upgraded HFC network allows us to offer broadband internet speeds that exceed those possible under current ADSL2+ and VDSL2 connections and that are competitive with speeds offered by FttH connections. We continue to 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 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 TV, broadband internet and telephony. As at December 31, 2012, approximately 128,000 of the approximately 4.2 million homes passed by our network were reached by a third party owned network. The largest of our third-party network providers, Cogas, with approximately 89,000 homes passed as at December 31, 2012, has formed a joint venture with CIF, which will roll out fiber in the Cogas service area next to the HFC infrastructure over which we offer our services. Cogas has terminated our agreement effective as of January 1, 2015. In the year ended December 31, 2012 our revenue in the Cogas area was approximately €18.1 million and EBITDA was approximately €11.6 million.

In May 2010, we acquired, through a joint venture we had entered into with UPC, four mobile licenses from the Dutch government totaling 2×20 MHz in the 2.6 GHz spectrum band with a term of 20 years. Under the terms of the licenses, the joint venture will be required to offer a public commercial communications service over a total area of 80 square kilometers after two years (this rollout has been completed) and over a total area of 800 square kilometers after five years. This license, which can be used to offer LTE-based mobile broadband internet access and services, will give us the flexibility to exploit opportunities in the mobile broadband internet market, as described in more detail above under "—Mobile."

IT Infrastructure

Our information technology systems cover the following functional areas:

- Interaction support systems: customer contact and interaction, including call center support systems (computer telephony integration and automatic call distribution), interactive voice response units ("IVRs"), various websites and portals;
- Business support systems: CRM, order management, trouble ticketing, billing, fraud management, revenue assurance, interconnection billing and reconciliation, commissioning and service level agreement management;

- Operations support systems: provisioning, network inventory, service assurance, traffic data collection and network mediation systems, network planning, workforce management and project management;
- Decision support systems: data warehousing, data mining, and business reporting systems;
- Enterprise resource planning systems ("ERP"), supporting internal processes such as general ledger, treasury and human resource management;
- IT Infrastructure services: office automation, communications, intranet, internal IP networking, application and database hosting and storage; and
- Network technology: several service specific platforms for video, voice, internet and related value-added service components (e.g., interactive TV, voice-mail, security).

Our information technology systems undergo ongoing enhancements and/or replacements to support the services and offerings we provide to our customers, to improve functionality and working processes (both customer facing and internal) and to introduce new technical capabilities.

Competition

We face competition from established and recent competitors and may face competition from new entrants in the market. The nature and level of the competition we face varies for each of the products and services we offer, but in each case we compete on the basis of price, marketing, network quality, product and service portfolio specifications and customer care. Our competitors include, but are not limited to, providers of television, broadband internet and telephony services using DSL, PSTN or fiber connections, including KPN and Tele2, providers of television services using alternative and emerging digital technologies such as IPTV and OTT-television, DTH providers, including CanalDigitaal, DTT providers and mobile network operators. Based on plans published by KPN, we estimate that its FttH network solution, the only network solution currently capable of providing equivalent speeds for broadband internet, will pass approximately 21% of the homes in our service area by 2013 and that not all homes passed will be connected. We also compete with other sources of news, information and entertainment such as social media platforms, newspapers, movie theatres, live sporting and music events, computer games and home video products. For further details on the competition we face in respect of our product offerings, please see "Industry and Market Overview."

Licenses

We believe that we hold all licenses necessary to operate our business. Please see "Regulation."

Property and Equipment

Our principal asset is our network, which consists of numerous cables, telecommunications installations, including exchanges of various sizes and transmission equipment, all of which are located in the Netherlands. Of our approximately 25,000 kilometers of fiber network, a substantial majority has been registered at the Land Registry. We organize this registration through a staggered three-year cycle, with one of the three regions—West, South and NorthEast—reviewed in a given year for newly laid fibers.

We own most of the equipment needed for our core operations and own approximately 80% of the sites housing network hubs, which are comprised of approximately 330 small sized technical sites (less than 50 square meters) and 50 medium-sized technical sites (up to 2,400 square meters), with a total space of over 34,000 square meters. We believe that our properties and equipment are in good condition and are suitable and adequate for our business operations. None of our significant properties are subject to material easements that prevent or restrict the current business activities or that are believed to require major investments or costs going forward.

We do not own material pieces of land or offices. Our headquarters are located at Atoomweg 100, Utrecht, the Netherlands, where we lease a total of 12,000 square meters office space. The term of the lease is until May 22, 2019. We also lease minor offices and sales facilities in the Netherlands. The total area of our offices was approximately 57,000 gross square meters as at February 28, 2013.

Insurance

Our fixed assets such as technical and office equipment in our network operating centers, network hubs, headends and office locations, but excluding certain portions of our HFC network, are protected by a bundled industrial insurance policy (covering damage from fire, catastrophes, piped water, storm and hail). Losses due to business interruption are not covered. We are not insured for risks of property damage to parts of the network because our network includes redundant capacity that can be utilized to maintain service in the case of damage to a portion of our network. In addition, we do not have full insurance coverage for operational risks because we believe that these risks either cannot be insured at all, or can only be insured on unreasonable terms and conditions. While we have no insurance against the risk of failure by subscribers to pay, we have alternative controls to mitigate this risk, including collection processes and arrangements with collections agencies. We also have various financial insurance policies, as well as motor vehicle insurance policies including third party liability insurance as well as fully comprehensive coverage for our vehicle fleet.

We provide directors' and officers' liability insurance for all members of our Management Board and Supervisory Board, as well as certain other persons within our Group.

We believe that our existing insurance coverage, including the amounts of coverage and the conditions thereto, provides reasonable protection, taking into account the costs for the insurance coverage and the potential risks to business operations. However, we cannot guarantee that no losses will be incurred or that claims that go beyond the type and scope of the existing insurance coverage will not be filed against us.

Legal Proceedings

We are involved in a number of legal proceedings that have arisen in the ordinary course of our business. Other than as discussed below, we do not expect the legal proceedings in which we are involved or with which we have been threatened to have a significant effect on our financial position or profitability. The outcome of legal proceedings, however, can be extremely difficult to predict with certainty, and we can offer no assurances in this regard.

- We are involved in several patent disputes with Rovi Corp, Starsight Telecast Inc. and GemStar Development Corporation (jointly, "GemStar"). GemStar holds a large patent portfolio related to electronic program guide ("EPG") products and services. GemStar has alleged that we infringe upon three of these patents. GemStar claims that (i) any of our cable customers who receive digital TV are infringing GemStar's patents by using EPG functionalities built into their set-top boxes that involve GemStar's patents and (ii) we as a service provider are liable for such infringements regardless of whether any individual cable customer uses a set-top box purchased from us or a third party. Furthermore GemStar claims we infringed one of their patents in relation to the Ziggo TV App, which enables customers to download an electronic program guide on a tablet or smartphone. GemStar has initiated legal proceedings against us before the District Court of The Hague based on alleged infringement of these patents. The possible financial impact of such infringement actions is difficult to predict. In the event of an adverse outcome, it is possible that we would have to pay damages and royalties to GemStar going forward. Although several set-top box suppliers provide us with indemnities for losses caused by the infringement of intellectual property by their products, such protections may not be sufficient to cover all damages and royalty payments that we may be required to make to GemStar. The District Court of The Hague ruled on May 18, 2011 that one of the contested EPG-related patents was invalid. GemStar has appealed this decision, which is still pending. In addition, the District Court of The Hague ruled on December 19, 2012 that a contested TV App-related patent was invalid. This ruling has been appealed.
- We are involved in several disputes with local public organizations that are charged with advising television operators on obligatory television programming ("Programme Councils") relating to the distribution of channels on our standard TV service. Several Programme Councils have requested administrative sanctions against us, arguing that certain television channels that they have advised us to carry are distributed only in the digital part of the standard package where they should be distributed in the obligatory analog part of the standard package. The district court in Groningen has ruled that the advice of these Programme Councils did not comply with the law and therefore was not binding on us. The Programme Councils have appealed this decision and several Programme Councils have started new cases against us, arguing that we have not followed their advice to distribute certain television channels on the obligatory analog part of the standard TV package. Nevertheless, as a result of future rulings in connection with the composition of the analog package, we may be subject to administrative fines and may be required to replace more popular programming with programming advised by Programme Councils, which could affect the popularity of our analog service. In addition,

disputes with Programme Councils may lead to negative publicity that affects our brand and market image.

- We are involved in legal proceedings with Stichting Brein ("Brein") in connection with The Pirate Bay, a torrent website offering free downloads. Brein represents copyright holders in anti-piracy disputes and has claimed that the website facilitates the sharing of illegal content. Following several unsuccessful legal actions against The Pirate Bay, Brein applied in a procedure on the merits for a court order to force us and XS4ALL to block our respective subscribers' access to The Pirate Bay website. The judge has granted the blocking order. Ziggo and XS4ALL have appealed this decision. However, we do not expect the effects of the blocking order on our results of operation to be significant.
- We are involved in legal proceedings with the collective rights organization Norma ("Norma") over the payment of royalties to performing artists who are represented by Norma and broadcast on television channels through us and other cable operators. The District Court of The Hague and, following an appeal, the Court of Appeal of The Hague dismissed Norma's claims for royalties to be paid, with the case now on appeal by Norma before the Supreme Court. We are also currently involved in a dispute with the collective rights organizations Lira and Vevam which we believe may lead to legal proceedings over the payment of royalties to writers and directors represented by these organizations whose material has been broadcast on television stations through us and other cable television operators. The outcome of these proceedings may be relevant to negotiations with several rights organizations representing artists.

Tax Regulatory Considerations

On February 7, 2013, we signed a compliance agreement with the Dutch tax authorities through which we became subject to horizontal monitoring.

The working method of the Dutch tax authorities is moving from vertical monitoring (based on retroactive tax compliance checks) towards an increased emphasis on horizontal monitoring (based on developing a good working relationship between a taxpayer and the tax authorities based on mutual trust, understanding and transparency), although vertical monitoring will still be utilized.

Horizontal monitoring is comprised of two elements: (i) a good relationship between the taxpayer and the tax authorities which is recorded in a compliance agreement (*"handhavingsconvenant"*), and (ii) good risk detection, which is based on what is known as the tax control framework. In addition, horizontal monitoring implies that a taxpayer has to discuss uncertain tax positions with the Dutch tax authorities prior to filing a tax return.

The Dutch tax authorities found the controls and procedures in our tax control framework (which is part of our Internal Control and Risk Management Framework) fully adequate and have concluded a compliance agreement with us. We believe that having such a compliance agreement is an indicator of our good relationship with the Dutch tax authorities.

REGULATION

Overview

The television, telephony and internet access markets in which we operate are regulated at the European Union level. In the Netherlands, these regulations are implemented through the Telecommunicatiewet (the Dutch Telecommunications Act (“DTA”)) and the Mediawet (the Dutch Media Act) (“DMA”) and related legislation and regulations. The Authority for Consumers and Markets (“ACM”) and the Agentschap Telecom (the Radiocommunications Agency) (the “AT”) supervise and enforce compliance with certain parts of the DTA. Pursuant to the DTA, ACM is designated as a National Regulatory Authority (“NRA”). ACM enforces the DTA together with the Dutch Ministry of Economic Affairs. The Commissariaat voor de Media (the Dutch Media Authority) (“CvdM”) is authorized to enforce compliance with the DMA.

In addition to complying with industry specific regimes, we must comply with both specific and general legislation concerning, among other areas, competition, data protection, data retention, internet service provider liability, consumer protection and e-commerce.

Europe

The body of EU law that deals with electronic communications regulation consists of a variety of legal instruments and policies, collectively referred to as the “Regulatory Framework.” The key elements of the Regulatory Framework are (i) various EU directives that require the EU’s Member States to harmonize their laws and (ii) certain EU regulations (e.g., EU Roaming Regulation No. 544/2009) that have effect without any national transposition.

The Regulatory Framework primarily seeks to open European markets for public electronic communications services. It harmonizes the rules for the establishment and operation of public electronic communications networks, including cable television networks and traditional telephony networks, as well as the offering of public electronic communications services, such as telephony, internet and, to some degree, television services. The Regulatory Framework does not generally address issues of content.

On November 25, 2009, the European Parliament and the European Council agreed on a set of amendments to the Regulatory Framework. The amendments to the Regulatory Framework, which were published in the European Union Official Journal on December 18, 2009, had to be transposed in each of the EU Member States before May 26, 2011. This transposition took place in part in the Netherlands on June 5, 2012, with the remainder occurring on January 1, 2013. Generally, the changes to the Regulatory Framework are limited, but they affect us. Certain new powers are given to national regulators, which in the Netherlands means to ACM. In addition, enhanced powers have been given to Member States to impose quality of service requirements on internet service providers, which may restrict our flexibility with respect to providing broadband internet services.

Although the distribution of television channels by a cable operator falls within the scope of the Regulatory Framework, the activities of a broadcaster are harmonized by other elements of EU law, in particular the Audiovisual Media Services Directive (“AVMS”). The AVMS, which was adopted on December 11, 2007, amended the European Union’s existing Television Without Frontiers Directive (“TVWF”). The AVMS has been implemented in the Netherlands through the DMA. Under the AVMS, broadcasts originating in and intended for reception within an EU Member State must generally respect the laws of that Member State. Pursuant to both the AVMS and TVWF, however, and in accordance with what is referred to as the “country of origin principle,” an EU Member State must allow within its territory the free transmission of broadcast signals of a broadcaster established in another EU Member State so long as such broadcaster complies with the laws of its home state.

The Netherlands

The DTA sets forth an exhaustive list of conditions that may be imposed on electronic communications networks and services. Possible obligations include interoperability and interconnection regulations, ex ante regulations for providers with significant market power, financial charges for universal services or for the costs of regulation, environmental requirements, data protection regulations, data retention and wiretapping obligations, consumer protection rules, provision of customer information to law enforcement agencies and access obligations. Certain key provisions included in the DTA are described below, but this description is not intended to be a comprehensive description of all regulations in this area.

Licensing and Exclusivity

The Regulatory Framework requires the Netherlands to abolish exclusivities on public electronic communications networks and services and to allow operators into its markets. Therefore, the provision of public electronic communications networks or services cannot be subject to a permit or other administrative requirements. Instead, the DTA contains a system of general authorizations. A provider of a public electronic communications network or service needs to notify ACM of its network or service, which will register the notification. The purpose of the notification is to increase transparency and to ensure effective regulation and does not constitute a formal condition for market entry.

With regard to scarce resources such as telephone numbers and frequencies, a system of licenses applies. ACM administers licenses with regard to telephone numbers. AT administers the frequency spectrum and grants licenses with regard to frequencies.

Access, Interoperability and Interconnection

All providers of public electronic communications networks or services who control access to end-users are obliged to enter into negotiations upon the request of a competitor to conclude an interoperability agreement. Interoperability refers to all measures, including access and interconnection, that should be implemented to ensure end-to-end connections. If a provider does not comply with its obligation to enter into negotiations, ACM, at the other party's request, can impose proportionate obligations on the provider in order to ensure end-to-end connectivity. Where commercial negotiation fails, ACM has the power to secure access, interconnection and interoperability in the interest of end-users. The interoperability obligations imposed by ACM must be objective, transparent, proportionate and non-discriminatory.

Significant Market Power

To ensure that the telecommunications markets become genuinely competitive, ACM can impose ex ante regulation by means of market analysis decisions on operators or service providers that have significant market power (equated here to dominance) in a relevant market. Ex ante regulation means that ACM sets behavioral rules beforehand with which operators or service providers with significant market power must comply. For example, the provisions of the DTA permit ACM to impose certain access obligations on providers of public electronic communications networks that have significant market power.

Before it can be established whether an operator or service provider has significant market power, ACM needs to determine, in accordance with the principles of the general European competition law, in which relevant market(s) the operator or service provider competes. ACM must do this while taking into account the "Commission Recommendation on the relevant product and service markets (2007/879/EC)," published by the European Commission. In this recommendation, the European Commission predefined those product and service markets in which ex ante regulation may be warranted. Until December 2007, there were 18 such markets, but on December 17, 2007, the Commission adopted a new recommendation reducing the list of markets to seven. ACM is required to investigate these seven predefined markets, which are the following:

Retail level

- Access to the public telephone network at a fixed location for residential and non-residential customers;

Wholesale level

- Call origination on the public telephone network provided at a fixed location;
- Call termination on individual public telephone networks provided at a fixed location;
- Wholesale (physical) network infrastructure access (including shared or fully unbundled access) at a fixed location;
- Wholesale broadband access;
- Wholesale terminating segments of leased lines, irrespective of the technology used to provide leased or dedicated capacity; and
- Voice call termination on individual mobile networks.

ACM may also predefine additional relevant markets.

A company will be deemed to have significant market power if, either individually or jointly with others, it enjoys a market position equivalent to dominance, i.e., a position of economic strength affording it the power to behave to an appreciable extent independently of competitors, customers and ultimately consumers.

If ACM determines that a company has significant market power, ACM may impose one or more appropriate obligations. These obligations relate to, among other things, access and use of specific network facilities, non-discrimination, transparency and the level of tariffs at both the wholesale and retail level. To ensure a proper functioning of the market, these obligations may not be disproportionate. On the basis of an amendment to the DTA which entered into force on January 1, 2013, ACM is required to impose an obligation on such a company to offer (audio/visual) program services and related facilities at the wholesale level for resale to consumers if it determines that a company has significant market power in offering (audio/visual) programme services. We have brought an action contesting the validity of this legislation before the District Court of The Hague, which is currently pending.

ACM also monitors compliance with ex ante regulation. ACM completed its first round of market analyses in 2005, which were effective during the period of 2006-2008. In 2008, ACM finished its second round of market analyses for the period of 2009-2011. In the context of the third round of market analyses, ACM adopted its market analysis decision regarding unbundled local loop and ODF (FttH) access and published its regulatory conclusions regarding the broadcasting markets in December 2011. In addition, in 2012, ACM adopted its market analysis decisions with respect to unbundled access to ODF (FttO), low quality broadband and high quality broadband access.

ACM is under a statutory obligation to review any decision as a result of which obligations are imposed within three years after the adoption of such a decision. The European Commission has the power to veto a finding by ACM of significant market power (or the absence thereof) in any market, whether or not it is included in the seven predefined markets.

In the recent past, ACM has determined that we have significant market power in two markets. More specifically, ACM has found that we have significant market power in the wholesale market for call termination on public telephone networks (the third market in the list above and hereafter referred to as the "call termination market") and in the market for wholesale broadcasting transmission services (an additional ACM-defined market). The relevant ACM decisions are discussed below.

ACM Call Termination Market Analysis Decision

In respect of the call termination market, on July 7, 2010, ACM adopted a market analysis decision concluding that all providers of call termination on fixed-line and mobile networks in the Netherlands have significant market power since all such providers control access to end-users connected to their respective public telephone networks. As a result, we are subject to specific obligations regarding access, transparency (i.e., publication of a reference offer) and tariff regulation. This decision covers the period between July 7, 2010 until July 7, 2013. The decision significantly reduced mobile and fixed terminating tariffs. The mobile terminating tariff caps will likely also apply to our mobile voice terminating services, once offered. We, among others, appealed the decision on the grounds that ACM erred in calculating the fixed termination tariffs and has unlawfully provided the mobile network operators with a transition period for bringing down the mobile terminating tariffs until September 2012. Also, mobile network operators appealed the decision arguing that the tariff regulation imposed by ACM was too strict. On August 31, 2011 the Industry and Trade Appeals tribunal published its ruling in which the court agreed with market parties that the cost model adopted by ACM was too strict, as it only allowed recoupment of incremental costs. For mobile termination, the court adjusted the tariff caps in the transitional period and the tariff for the final year. This tariff will also likely apply to our mobile voice terminating services once we start offering mobile voice services. For fixed-line termination and interconnection charges, the court ordered ACM to adopt a new decision no later than January 1, 2012, taking the court's ruling into account. ACM adopted a draft decision on November 7, 2011. The consultation period for this draft decision lapsed on December 19, 2011. The draft decision was notified to the European Commission on January 12, 2012 and caps charges for fixed-line termination at €0.0037 per minute. On February 13, 2012, the European Commission announced that it had opened an in-depth investigation into ACM's draft decision, subsequently recommending on June 13, 2012 that ACM further reduce the mobile and fixed-line termination tariffs. However, ACM, concluding that it was bound by the decision of the Industry and Trade Appeals tribunal, adopted a decision on July 2, 2012 setting caps charges for fixed-line termination at €0.0037 per minute, thereby not following the Commission's recommendation.

ACM Broadcast Market Analysis Decision

In respect of television services, on March 5, 2009, ACM published a market analysis decision regarding our broadcast transmission platform. In that decision, ACM found that we had significant market power in the market for wholesale broadcasting transmission services and access to broadcasting transmission services. The broadcast market analysis decision imposed a number of obligations on us regarding access, non-discrimination, transparency (i.e., publication of a reference offer) and tariff regulation ("WLR-C" tariff). The decision excluded KPN as a beneficiary of the access obligations.

However, ACM's decision was overturned by the Trade and Industry Appeals Tribunal in an August 18, 2010 decision. No appeal was possible from this decision. The Trade and Industries Appeals Tribunal found that ACM's market analysis did not define the relevant geographical market in accordance with the general principles of European competition law as required by the DTA, because it failed to demonstrate sufficiently that clear disparities in competition existed between the respective coverage areas defined by ACM of the cable operators. As a result, the Trade and Industries Appeals Tribunal determined that there was no longer a basis for the obligations imposed by ACM and nullified ACM's decision entirely. As a result of the nullification of ACM's market analysis decision by the Trade and Industry Appeals Tribunal, the WLR-C tariff and implementation decisions have lost their legal basis and have subsequently been annulled by the Trade and Industry Appeals Tribunal.

On the basis of the ACM decision we had allowed our competitor Tele2 to resell our analog TV package. This resulted in a limited number of our customers applying for a Tele2 subscription. As a result of the nullification of ACM's decision, we no longer have an obligation to allow the resale of our analog TV package and Tele2 no longer offers services over our network.

New ACM Market Analyses

On June 23, 2011, ACM published a document containing ACM's views on the regulation of several telecommunication markets (*reguleringsvisie*). ACM's overall conclusion in this document was that the telecommunication markets are developing toward genuine competition and that there is no need to impose obligations on cable operators.

Broadcasting

On June 23, 2011 ACM published a document containing preliminary conclusions regarding the broadcasting markets. ACM concluded that competition has improved, in particular because of the increased use of digital TV products, and that, therefore, regulatory intervention would not be justified. Consequently, access obligations or other obligations for cable network operators are no longer required. A national consultation on these preliminary conclusions, allowing views and comments by third parties to be submitted, was conducted until August 18, 2011. ACM adopted its final conclusions on December 20, 2011 after notification to the European Commission. The European Commission did not have any comments and approved the draft decision. In its final conclusions, ACM determined that no party has significant market power on the broadcasting markets and that regulation is not required. Although several market participants lodged appeals against ACM's decision not to impose obligations on cable operators, these appeals were dismissed on November 5, 2012 by the Trade and Industry Appeals Tribunal. No appeal of this decision is possible.

ULL (including FttH), Fixed Telephony, Wholesale Broadband Access and FttO

On June 23, 2011, ACM published its draft unbundled local loop ("ULL") decision. The national consultations for the ULL draft market analysis decision lapsed on August 18, 2011. On October 5, 2011, ACM invited market parties to provide additional input for its ULL analysis, with a deadline of October 18, 2011. The final decision regarding ULL (including FttH access) was adopted on December 29, 2011. This decision regulates access to the MDF, SDF and ODF (FttH) of KPN, but does not impose any obligations on cable operators.

ACM published its draft market analysis decision on the fixed telephony market on July 14, 2011. The national consultation for this decision lapsed on September 8, 2011. Due to a September 30, 2011 ruling by the Industry Appeals Tribunal regarding the July 14, 2011 fixed telephony decision, the market analysis was slightly delayed as ACM needed to take this ruling into account. ACM has invited additional input for the fixed telephony analysis twice. The final fixed telephony market analysis decision was adopted on April 26, 2012, and includes obligations for KPN but no obligations for cable operators.

ACM's draft market analysis decisions on the low and high quality wholesale broadband access and Fiber-to-the-Office ("FttO") markets were published on October 6, 2011. The national consultation for these two draft decisions lapsed on November 17, 2011, after which the draft decisions were notified to the European Commission on February 21, 2012. The final decisions were adopted on April 26, 2012 (low quality wholesale broadband access) and December 28, 2012 (FttO and high quality wholesale broadband access). Although the FttO and high quality wholesale broadband access decisions impose several obligations on KPN, no obligations were imposed on cable operators. The low quality wholesale broadband access decision also does not impose any obligations on such operators. It is possible this decision will be appealed.

Universal Service Provision and End-user Protection

The fundamental requirement of universal service is to provide all end-users on request with a connection to the public telephone network with a certain minimal level of quality at an affordable price. This means that ACM monitors the evolution and level of retail tariffs and quality of services provided. Universal service obligations constrain the possibilities of providers and involve costs that generally allow providers who are not subject to such obligations to make a greater profit than providers who are subject to such obligations. Apart from complying with universal service obligations, providers must comply with certain regulations protecting end-users, regarding information obligations toward consumers, amendments to end-user contracts, termination rights of consumers, quality reporting, access to emergency numbers and subscriber information. Access to emergency numbers has to be provided without limitation and free of charge. Access to subscriber information includes the provision of access to the names, addresses and telephone numbers of subscribers who have consented to be included in the database. The database needs to be updated on a weekly basis.

Data Protection

For providers of public electronic communications networks or services, a strict data protection regime applies in the Netherlands. In addition to the general data protection framework of the Data Protection Act (*Wet bescherming persoonsgegevens*), the DTA sets out specific regulations for providers of public electronic communications networks and services. These regulations entail technical facilities that must be offered, such as specification of invoices, telephone number identification and transfer of calls. Apart from this, the DTA provides rules regarding the use and processing of location data and traffic data (i.e., call detail records), subscriber lists, security breaches and spam. The DTA also obliges providers of public electronic communications networks to notify the Netherlands Radiocommunications Agency in case of a *data* security breach (a security breach which has negative consequences for personal data processed by the provider). In certan circumstances, persons involved will need to be informed as well. Non-compliance with the DTA can lead to a maximum fine of €450,000.

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 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 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 now must 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. Any decision by ACM concluding that we must provide EDA access to our customer database may adversely impact our business and lead to additional costs. However, any such decision, if rendered, would be appealable.

Interception and Data Retention

Providers of public telecommunication networks and services can only make their networks and services available to clients 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 order or permission, in accordance with the technical and procedural requirements set forth in the Wiretapping of Public Telecommunications Networks and Services Decree (*Besluit aftappen openbare telecommunicatienetwerken en diensten*) and the Legal Interception Telecommunication Decree (*Besluit beveiliging gegevens aftappen telecommunicatie*).

To the extent that the data is generated or processed, providers of public telecommunications networks and services must retain traffic and location data and the related data necessary to identify the client or user for the investigation, detection and prosecution of serious criminal offenses. Telephony data must be retained for a period of twelve months from the date of the communication, and internet data for a period of six months.

Net Neutrality

On January 1, 2013, certain provisions in the DTA with respect to net neutrality entered into force. These provisions regulate net neutrality by 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.

Radio and Television Transmission

The distribution, but not the content, of television services to the public is regulated by the DMA, entailing obligations regarding the transmission of specified radio and television broadcast channels. With regard to broadcasting networks that are the main means of receiving content for a significant number of end-users, the network operators concerned must carry a 'basic package' to all those connected to the broadcasting network. If a significant number of end-users are using a digital network as the main means of receiving content, these must-carry obligations will also apply to digital transmission. This basic package consists of at least 15 television program services and at least 25 radio program services. A 'must-carry rule' applies for the three Dutch television public broadcasting channels, the two Belgian (Dutch language) public television broadcasting channels, and one regional and one local television broadcasting channel. In addition, a must-carry rule also applies to a total of 9 radio broadcasting channels. 'Programme councils' advise the network operators as to which 15 television channels and which 25 radio channels must be transmitted to the public, including the must-carry channels. The CvdM can grant a (conditional) exemption from these obligations if the must-carry obligations listed above give rise to disproportionate costs for the network operator, an impediment to innovation or other unreasonable outcomes. There is currently an amendment to the Media Act with respect to the must carry obligation pending before the Lower Chamber of Parliament. The amendment provides that the must carry obligation will apply to providers of digital program packages with 250,000 or more subscribers and extends the must carry obligation to 30 television channels and at least 13 radio channels. In addition, for providers of bundled analog program packages with 250,000 or more subscribers, a must carry obligation is foreseen for providers of at least 15 television channels and at least 10 radio channels.

There is no financing mechanism in place between network operators and broadcasters. Public broadcasts are transmitted for free by the cable operators. Commercial program providers, on the other hand, must negotiate with network operators regarding transmission fees.

Since January 1, 2013, the Media Act has required network operators to which must carry obligations apply to offer their analog program package for resale to third parties on a wholesale level against cost-oriented tariffs. We have requested the District Court of The Hague to confirm in a declaratory judgment that this provision is invalid on the basis that it is in violation of EU law. This case is still pending. In addition, the provision remains subject to scrutiny by the European Commission, which has expressed doubts as to the compatibility of the provision with EU law. The proposed amendment to the Media Act mentioned above foresees that this obligation to offer the program package for resale to third parties on a wholesale level against cost oriented tariffs will only apply to providers of analog program packages.

Mobile Telecommunication Services

In May 2010, we acquired four licenses for the use of 2.6 GHz spectrum, totaling 2×20 MHz. These licenses are regulated by the DTA and are irrevocable. The licenses contain roll-out obligations. Accordingly, we must provide, per license, a public communication service with a geographical coverage of at least 80 square km within two years after obtaining the license (i.e. as at May 11, 2012), and within five years (i.e. as at May 11, 2015) a geographical coverage extending at least 800 square km in the Netherlands. Meanwhile, we fulfilled the first roll-out condition, and do not anticipate any difficulty in meeting the second obligation to provide a service with a geographical coverage extending to at least 800 square km.

Interference by Mobile Telecommunication Services

The 800 MHz mobile frequencies which were auctioned in 2012 are known to interfere with signals using the same frequencies in home networks and customer devices, such as televisions. Under pressure from the Ministry of Economic Affairs, a covenant was signed by both cable operators and mobile operators. This covenant specifies that the mobile operators can be liable for damages and could restrict use of certain services by cable operators in the 800MHz band.

Property Rules Regarding the Network

In accordance with the Dutch Civil Code, all data transmission networks are legal property of the rightful constructer of the network or his legal successor. Registration at the Land Registry (*het Kadaster*) is required for the transfer of legal ownership. 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.

MANAGEMENT

Ziggo B.V.

The Issuer was incorporated as a private limited liability company (*besloten vennootschap*) under the laws of the Netherlands on February 15, 1951.

Ziggo N.V.

We are owned and controlled by our ultimate parent company, Ziggo N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands on April 1, 2011, with its statutory seat (*statutaire zetel*) in Utrecht, the Netherlands.

Ziggo N.V. has a two-tier board structure consisting of a management board (*raad van bestuur*) (the "Management Board") and a supervisory board (*raad van commissarissen*) (the "Supervisory Board"), in accordance with the Dutch full large company regime (*volledig structuurregime*) as set forth in the provisions of sections 2:158 to 2:162 inclusive and 2:164 of the Dutch Civil Code (*Burgerlijk Wetboek*), which is being applied by Ziggo N.V. The Management Board is the executive body and is responsible for the day-to-day management of Ziggo N.V. and for its strategy, policy and operations. The Supervisory Board supervises and advises the Management Board.

Members of the Supervisory Board

The table below lists the members of Ziggo N.V.'s Supervisory Board as at the date of this Offering Memorandum. Members of the Supervisory Board listed as having joined the board prior to 2012 were originally members of the Supervisory Board of Zesko Holding B.V., which was replaced by Ziggo N.V. as a result of the restructuring that took place in March 2012 prior to Ziggo N.V.'s IPO.

Name	Age	Position	Member Since	Independent/Non-independent
Andrew Sukawaty	57	Chairman	2008	Independent
David Barker	45	Member	2006	Non-independent
Joseph Schull	52	Member	2006	Non-independent
Dirk-Jan van den Berg	59	Member	2009	Independent
Anne Willem Kist	67	Member	2009	Independent
Rob Ruijter	61	Member	2012	Independent

Andrew (Andy) Sukawaty (male, American national, 1955) joined the Supervisory Board in 2008 and serves as its Chairman. He is also the Executive Chairman of Inmarsat, a global mobile satellite communications service provider. Mr. Sukawaty was formerly Chairman of Xyratex Ltd, Chairman of Telenet Communications NV and Deputy Chairman of O2 plc. He was CEO and President of Sprint PCS in the United States from 1996 to 2000. Mr. Sukawaty is the Chairman of the Selection, Appointment and Remuneration Committee.

David Barker (male, British national, 1968) joined the Supervisory Board in 2006. He joined Cinven in 1996 and is head of Cinven's Technology, Media and Telecommunications sector team. He was involved in a number of transactions, including Ziggo, Eutelsat, Springer, Aprovia and MediMedia. Mr. Barker is a member of the Selection, Appointment and Remuneration Committee.

Joseph Schull (male, Canadian national, 1961) joined the Supervisory Board in 2006. He joined Warburg Pincus in 1998, and currently bears responsibility for the firm's European investment activities, and is member of the firm's Executive Management Group, which coordinates the firm's activities on a worldwide basis. Mr. Schull was involved in a number of investments, including Zentiva, Loyalty Management Group, Fibernet, Multikabel and United Internet. He is currently a Director of MACH, a leading global provider of billing and settlement services to the mobile telecom industry. Mr. Schull is a member of the Selection, Appointment and Remuneration Committee.

Dirk-Jan van den Berg (male, Dutch national, 1953) joined the Supervisory Board in March 2009. He has been President of the Executive Board of Delft University of Technology since March 2008. Mr. Van den Berg was formerly her Majesty's ambassador in China, Permanent Representative for the Netherlands to the United Nations in New York, Secretary General of the Ministry of Foreign Affairs and Deputy Director General at the Ministry of Economic Affairs. He is a member of the Selection, Appointment and Remuneration Committee.

Anne Willem Kist (male, Dutch national, 1945) joined the Supervisory Board in 2009. He regularly advises the Ministry of Infrastructure and Environment. He was the first Director General of the Dutch Competition Authority (NMa), where he worked from 1997 to 2003. Mr. Kist served as a member of the Board of the Netherlands Authority for the Financial Markets (AFM) between 2005 and 2007. He also served as Chairman of the Board of the University of Leiden from 2003 to 2005. He began his career as a lawyer, and was a partner at Loeff Claeys Verbeke and Pels Rijcken & Droogleever Fortuijn between 1979 and 1997. Mr. Kist is a member of the Audit Committee.

Rob Ruijter (male, Dutch national, 1951) previously held financial Executive Board positions at Philips Lighting, Baan, KLM, VNU and ASM International. 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. Mr. Ruijter is the chairman of the Audit Committee.

In addition, **Pamela Boumeester**, 54 (female, Dutch national, 1958) has recently been nominated as a member of the Supervisory Board. The intended appointment will be on the agenda of the upcoming annual general meeting of shareholders of Ziggo N.V., which will take place on April 18, 2013. It is anticipated that Ms. Boumeester will qualify as an Independent member of the Supervisory Board and that her term of appointment will be 4 years. She has previously served on the boards of NS Poort and NS Reizigers B.V. and has held supervisory board positions at Reinier de Graaf Groep and the Utrecht Development Board. She currently serves as a member of the board of supervisory directors of Heijmans N.V., Ordina N.V., Delta Lloyd N.V. (until April 1, 2013), De Persgroep Nederland B.V., and Jaarbeurs (Holding) B.V.

Members of the Management Board

The table below lists the members of the Management Board of Ziggo N.V. as at the date of this Offering Memorandum. Members of the Management Board listed as having joined the board prior to 2012 were originally members of the Management Board of Zesko Holding B.V., which was replaced by Ziggo N.V. as a result of the restructuring that took place in March 2012 prior to Ziggo N.V.'s IPO.

Name	Age	Position	Member Since
Bernard Dijkhuizen	64	Chief Executive Officer	2007
Bert Groenewegen	49	Chief Financial Officer	2010
Marcel Nijhoff	51	Chief Commercial Officer	2006
Paul Hendriks	45	Chief Technology Officer	2010

Bernard Dijkhuizen (male, Dutch national, 1949) has been Chief Executive Officer since February 2007 having previously been General Manager at Essent Kabelcom B.V. from 2002 to 2007. Prior to 2002, Mr. Dijkhuizen was Managing Director of Libertel Network (part of Vodafone) and served on Libertel's Management Board. He was Managing Director of Philips Projects from 1998 to 2000. His early career was with Fokker in production, engineering and commerce. From 1994 until 1996 he was a member of Fokker's Board and Vice President Marketing, Sales and Services. He then went on to serve as President of Stork Fokker Services. Mr. Dijkhuizen studied Mechanical Engineering at Delft University of Technology. He is chairman of the board of NLkabel and member of the board of WENb. Mr. Dijkhuizen intends to retire in January 2014.

Bert Groenewegen (male, Dutch national, 1964) has been Chief Financial Officer since March 2010. Prior to joining Zesko Holding B.V.'s Management Board, Mr. Groenewegen was Chief Executive Officer of PCM Publishers from 2007 to 2009 after having served as its Chief Financial Officer from 2005 to 2007. From 2004 to 2005 he worked for US-based private equity firm General Atlantic. From 1995 to 2004, he was CFO of Exact Software, where he also served as Group Financial Controller from 1993 to 1994 and supervised the Company's initial public offering in June 1999. Before joining Exact, Mr. Groenewegen worked for Arthur Andersen as an auditor from 1989 to 1991 and as financial manager for Sokkia Europe from 1991 to 1993. From 1986 to 1989, he also worked for Exact Software in sales and product development. Mr. Groenewegen studied business administration at the Tilburg University.

Marcel Nijhoff (male, Dutch national, 1961) has been Chief Commercial Officer since February 2007. Prior to joining Zesko Holding B.V.'s Management Board, Mr. Nijhoff was Chief Executive Offer of Multikabel N.V. for two years and Commercial Director from 2001 to 2005. He worked for PrimaCom RegionMitte in Leipzig, Germany between 2000 and 2001. During the late 1990s, Mr. Nijhoff was Vice President Marketing at Amsterdam cable operator UPC/A2000.

Paul Hendriks (male, Dutch national, 1968) has been Chief Technology Officer of since February 2008. Between 1992 and 2007 he managed a range of divisions at KPN, including Design & Development, Operations South-East, and Business Lines (Telephony and Broadband Internet), as well as leading a range of major change programs, including VoIP and All IP. Mr. Hendriks has been a consultant, project manager and the architect in a range of restructurings, reorganizations and innovations.

The Supervisory Board of Ziggo N.V. announced on March 6, 2013 that it intends to appoint René Obermann as the new CEO of Ziggo N.V. effective January 1, 2014. Mr Obermann is currently CEO of Deutsche Telekom AG. This planned transition coincides with the previously disclosed retirement of the current CEO, Bernard Dijkhuizen, in January 2014. The intended appointment will be on the agenda of the upcoming Annual General Meeting of shareholders of Ziggo N.V., which will take place on April 18, 2013.

Committees

Ziggo N.V. has an Audit Committee and a Selection, Appointment and Remuneration Committee.

The members of the Audit Committee are currently Mr. Ruijter, who serves as chairman, and Mr. Kist. The Audit Committee assists the Supervisory Board in fulfilling its oversight responsibilities with respect to the integrity of financial statements, the financial reporting process, the system of internal business controls and risk management, internal and external auditors' qualifications, independence and performance, the process for monitoring compliance with laws and regulations, as well as with respect to financing and the application of information and communication technology.

The members of the Selection, Appointment and Remuneration Committee are currently Mr. Sukawaty, who serves as chairman, Mr. Barker, Mr. Schull and Mr. Van den Berg. The Selection, Appointment and Remuneration Committee is responsible for preparing the selection criteria and appointment procedures for the members of the Supervisory Board and Management Board, periodically evaluating the scope and composition of the Supervisory Board and Management Board, proposing the appointments or re-appointments of members of the Supervisory Board and Management Board and supervising the policy of the Management Board in relation to the selection and appointment criteria for senior management.

Senior Management of Ziggo B.V.

The sole managing director of Ziggo B.V., located at Atoomweg 100, 3542 AB Utrecht, the Netherlands, is ABC B.V.

The managing directors of ABC B.V., also located for business purposes at Atoomweg 100, 3542 AB Utrecht, the Netherlands, are Bernard Dijkhuizen, Chief Executive Officer; Bert Groenewegen, Chief Financial Officer; Marcel Nijhoff, Chief Commercial Officer; and Paul Hendriks, Chief Technology Officer. Please see "—Members of the Management Board" above for further information with respect to each of these individuals.

PRINCIPAL SHAREHOLDERS

As of February 28, 2013, the authorized share capital of Ziggo N.V., which indirectly holds all the shares of the Issuer, was €800,000,000, consisting of 200,000,000 fully paid-up shares, forming part of the same series with equal voting rights, each with a par value of €1.

The following table sets forth information regarding the ownership of Ziggo N.V. as at February 28, 2013 (applying a threshold of 5% or more of the shares of Ziggo N.V.).

	As of February 28, 2013	
Owner	**Number of Shares held**	**Percent**
Cinven Limited	28,828,391[a]	14.41%
Warburg Pincus Private Equity IX, LP	28,828,391[a]	14.41%
Capital Group International Inc.	10,538,719[b]	5.27%
Capital Research and Management Company	10,538,719[c]	5.27%
Black Rock Inc.	10,124,619[a]	5.06%
Other Investors	111,139,355	55.56%
Treasury Stock	1,806	0.00%
Total	**200,000,000**	**100%**

(a) All shares held directly.

(b) All shares held indirectly.

(c) Of the total 10,538,719 shares held by Capital Research and Management Company, 9,907,427 are held directly while 631,292 are held indirectly.

Sale of Ziggo N.V. Shares by Cinven and Warburg Pincus

On March 18, 2013, Cinven and Warburg Pincus, who, together with their co-investors, currently own 74.2 million shares of Ziggo N.V., or 37.1% of Ziggo N.V.'s total share capital, announced plans to further reduce their stake in Ziggo N.V. through an accelerated bookbuilt offering of approximately 40 million shares, which represents approximately 20% of Ziggo N.V.'s total share capital. Following the completion of the offering, Cinven, Warburg Pincus and their co-investors will hold a combined 34.2 million shares in Ziggo N.V., which equates to approximately 17.1% of Ziggo N.V.'s total share capital.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Management Fees

We paid management and administration fees to Cinven and Warburg Pincus in the aggregate amount of €0.4 million, €0.5 million and €0.5 million during the years ended December 31, 2012, December 31, 2011 and December 31, 2010, respectively. However, as a result of Ziggo N.V.'s IPO in March 2012, and with effect from the date of the IPO, management fees are no longer paid to these shareholders.

Ordinary Course Transactions

In the ordinary course of our business, we provide cable, broadband internet and telephony services to certain of our directors and executive officers. We do not consider these transactions to be material to us, either individually or in the aggregate.

Relationship Agreement

In connection with Ziggo N.V.'s initial public offering, Ziggo N.V. and selling shareholders Cinven Cable Investments S.à r.l. and WP Holdings IV B.V. entered into a relationship agreement on March 9, 2012. This agreement concerns the relationship among the parties following the initial public offering in light of Cinven Cable Investments S.à r.l. and WP Holdings IV B.V., or their affiliates, continuing to own shares in Ziggo N.V. See "Principal Shareholders".

Under the relationship agreement, Cinven Cable Investments S.à r.l. and WP Holdings IV B.V., agreed to, and agreed to use reasonable efforts to procure that each member of the Cinven Group (as defined under the relationship agreement) and the Warburg Pincus Group (as defined under the relationship agreement) would, among other things:

- conduct transactions and relationships with any member of the Ziggo Group on arm's length terms and on a normal commercial basis;
- exercise its reasonable powers to procure that each member of the Ziggo Group is capable of carrying on its business independently;
- not take (or omit to take) any action to prejudice Ziggo N.V.'s listing after admission on Euronext Amsterdam has occurred; and
- not exercise any of its voting or other rights and powers to procure any amendment to the Articles of Association which would be inconsistent with the relationship agreement.

In addition, under the relationship agreement, each of Cinven Cable Investments S.à r.l. and WP Holdings IV B.V. currently have the right to designate one individual for nomination by the Supervisory Board as a member of the Supervisory Board. If the percentage of ordinary shares held (directly or indirectly) by the Cinven Group or the Warburg Pincus Group, as the case may be, falls below 10%, Cinven Cable Investments S.à r.l. or WP Holdings IV B.V., as the case may be, will no longer have special rights relating to the designation of individuals for nomination by the Supervisory Board as members of the Supervisory Board. These nomination rights of Cinven Cable Investments S.à r.l. and WP Holdings IV B.V. will not revive in the event that their respective shareholdings would fall below the above threshold and subsequently exceed such threshold again.

Ziggo N.V., Cinven Cable Investments S.à r.l. and WP Holdings IV B.V. also agreed to procure, so far as reasonably possible, that at all times the Audit Committee and the Selection, Appointment and Remuneration Committee will each consist of four members, two of whom, including the chairman of each committee, shall be independent Supervisory Board members, one shall be a Supervisory Board member nominated by Cinven Cable Investments S.à r.l. and one shall be a Supervisory Board member nominated by WP Holdings IV B.V., and the chairman of the Supervisory Board shall not act as chairman of the Audit Committee. In addition, it was agreed that at least half of the members of any other committee of the Supervisory Board to which significant powers, authorities or discretions are delegated will be independent Supervisory Board members.

Except for certain specific provisions, the relationship agreement will terminate with immediate effect upon the earlier of (i) the shares of Ziggo N.V. ceasing to be listed and traded on Euronext Amsterdam, (ii) the Cinven Group individually ceasing to own or control (directly or indirectly) 10% or more of the ordinary shares (in which case the relationship agreement will terminate in respect of Cinven Cable Investments S.à r.l.) or (iii) the Warburg Pincus Group individually ceasing to own or control (directly or indirectly) 10% or more of the ordinary shares (in which case the relationship agreement will terminate in respect of WP Holdings IV B.V.).

DESCRIPTION OF OTHER INDEBTEDNESS

Set forth below is a summary of certain of our existing significant debt arrangements. The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

New Senior Secured Facility

In connection with the Offering, the Issuer, ABC B.V. (upon accession) and the other Guarantors have entered into a senior term and revolving credit facilities agreement (the "New Senior Secured Facility"), dated as of March 21, 2013 with, amongst others, ABN AMRO Bank N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International) and ING Bank, a Branch of ING-DiBa AG, as global coordinators and ING Bank N.V. as facility agent ("Facility Agent") and security agent. The New Senior Secured Facility will provide for (i) a Euro-denominated term loan facility (the "Term Loan Facility") in an amount of €150,000,000, which will be used to refinance all or part of the indebtedness outstanding under the Old Senior Credit Agreement (other than Facility E) and to pay transaction costs and (ii) a Euro-denominated revolving facility (the "Revolving Credit Facility") of up to €400,000,000 (which can be utilised by way of loans, letters of credit or other ancillary facilities), which will be used to refinance all or part of the indebtedness outstanding under the Old Senior Credit Agreement (other than Facility E) and to finance general corporate and working capital needs. The New Senior Secured Facility will also permit us to borrow additional debt through one or more additional facilities in addition to the Term Loan Facility and the Revolving Credit Facility ("Additional Facilities" and, together with the Term Loan Facility and the Revolving Credit Facility, the "Facilities") on terms to be agreed with either existing lenders under the New Senior Secured Facility and/or new lenders, provided that the aggregate principal amount of all such Additional Facilities that have maturity dates on or before the date that is five years from the date of the New Senior Secured Facility shall not exceed €250,000,000.

Repayments and Prepayments

The Term Loan Facility and the Revolving Credit Facility will mature on the date that is five years after the date of the New Senior Secured Facility. Any amount still outstanding under those facilities at that time will be immediately due and payable. The maturity date of any Additional Facilities will be as agreed and may fall later than the maturity of the Term Loan Facility and the Revolving Credit Facility. Subject to certain conditions, we may voluntarily prepay our utilisations and/or permanently cancel all or part of the available commitments under the Facilities in a minimum amount of €10,000,000 by giving five business days' prior notice to the Facility Agent. We may not reborrow any amounts repaid under the Term Loan Facility (or any Additional Facility that is a term facility), but may borrow amounts repaid under the Revolving Credit Facility (or any Additional Facility that is a revolving facility), subject to notice, until one month prior to the relevant maturity.

In addition to voluntary prepayments, the Facilities will require mandatory prepayment in full or in part in certain circumstances, including: (1) with respect to any lender under a Facility (a "Lender" and, collectively, the "Lenders"), if it is or will become unlawful for such Lender to perform any of its obligations under that Facility; and (2) upon the occurrence of a change of control. Change of control means: (a) any person (or persons acting in concert) acquiring, directly or indirectly, or exercising control over the voting rights of more than 50% of the voting shares in ABC B.V.; (b) a sale of all of substantially all of the assets of ABC B.V. and its Subsidiaries for the time being. Upon a change of control, each Lender will have the right to require the repayment of any amounts owed to it and the cancellation of its commitments under the Facilities.

Interest and Fees

The Term Loan Facility and the Revolving Credit Facility will initially bear interest at a rate per annum equal to EURIBOR plus certain mandatory costs and a margin of 2.0% per annum. The margin in respect of any Additional Facility will be determined at the time such facility is made available. The margin may be varied by reference to a secured leverage ratio (as defined in the New Senior Secured Facility). We are also required to pay a commitment fee, quarterly in arrears, on available but unused commitments under the Revolving Credit Facility at a rate of 35% of the applicable margin. We are also required to pay certain fees to the Facility Agent and the security agent in connection with the Term Loan Facility and the Revolving Credit Facility. Similar fees in respect of any Additional Facility will be as agreed at the time such facility is made available.

Security and Guarantees

The Issuer and ABC B.V. (upon accession) will be the original borrowers under the New Senior Secured Facility. The Facilities will be guaranteed by the Guarantors, and will benefit from the same security package as the Notes.

Covenants

The New Senior Secured Facility will contain customary operating and negative covenants for an investment grade credit facility (including a negative pledge), subject to certain agreed exceptions. The New Senior Secured Facility will also require the Issuer and the Guarantors to observe certain customary affirmative covenants. In this respect, our financial and operating performance will be monitored by two financial covenants, which require us to ensure that whilst certain amounts under the Facilities remain outstanding (i) the ratio of the Group's consolidated total net secured borrowings to the Group's consolidated operating profit (taking no account of any amortisation, depreciation and impairment of assets and subject to other agreed adjustments) shall not exceed a certain level, and (ii) the ratio of the Group's consolidated operating profit (taking no account of any amortisation, depreciation and impairment of assets and subject to other agreed adjustments) to the Group's consolidated net interest expenses shall not be less than an agreed level. These financial covenants will be tested quarterly on a rolling 12-month basis whilst such amounts under the Facilities remain outstanding.

Under the New Senior Secured Facility we must supply copies of ABC B.V.'s audited annual consolidated financial statements and consolidated quarterly financial statements to the Lenders.

Events of Default

The New Senior Secured Facility will contain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including a cross default in respect of indebtedness where the aggregate amount of the indebtedness that has not been paid or is declared or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described) is or exceeds €50,000,000, the occurrence of which would allow the Lenders to accelerate all or part of the outstanding utilisations and/or terminate their commitments and/or declare all or part of their utilisations are payable on demand and/or declare that cash cover in respect of ancillary facilities and outstanding letters of credit is immediately due and payable or is payable on demand.

Governing Law

The New Senior Secured Facility will be governed by and construed and enforced in accordance with English law.

Priority Agreement

Definitions used in this section:

"Group" means Parent and its subsidiaries;

"Holdco" means Ziggo Bond Company B.V. and any other indirect or direct holding company of the Parent that is not a member of the Group;

"Parent" means ABC B.V.;

"Security Agent" means ING Bank N.V.;

"Senior Credit Facilities" means the New Senior Secured Facility (and includes any facilities agreement or agreements made available for the refinancing, or successive refinancing thereafter, of those facilities and which do not breach the Senior Credit Facilities at that time and are designated as such under the Priority Agreement (as defined under the caption "—General" below));

"Senior Secured Notes" means the Notes;

"Senior Secured Notes Issuer" means Ziggo B.V., the Parent or such other subsidiary of the Parent as the Parent may designate;

"Senior Secured Notes Trustee" means the Trustee; and

"Senior Unsecured Notes Issuer" means the issuer of any Senior Unsecured Notes, being any Holdco.

General

To establish the relative rights of certain of our creditors under our financing arrangements, Ziggo B.V. as the original Senior Secured Notes Issuer, Ziggo Bond Company B.V., the Parent, each of the Guarantors (the Parent, each of the Guarantors and any other entity which accedes to the priority agreement as a debtor together referred to as the "Debtors") and certain other parties including the Senior Secured Notes Trustee, the trustee of the Senior Unsecured Notes (as defined under the caption "—Senior Unsecured Notes" below), the lenders under our Senior Credit Facilities, the senior agent under our Senior Credit Facilities ("Senior Agent"), the Facility E Lender in its capacity as the original Pari Passu Creditor (as defined under the caption "Pari Passu Debt", below), the agent of the lenders under the Old Senior Credit Agreement, and certain counterparties to hedging arrangements ("Hedge Counterparties") will enter into an amendment and restatement agreement to the existing priority agreement dated September 12, 2006 (as amended and restated on October 6, 2006 and November 17, 2006). The amended and restated priority agreement shall be referred to as the "Priority Agreement".

The Priority Agreement is governed by English law and 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.

By accepting a Senior Secured Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Priority Agreement. The following description is a summary of certain provisions, among others, that are contained in the Priority Agreement and which relate to the rights and obligations of the holders of the Senior Secured Notes. It does not restate the Priority Agreement in its entirety. As such, you are urged to read the Priority Agreement because it, and not the discussion that follows, defines certain rights of the holders of the Senior Secured Notes.

Pari Passu Debt

The Priority Agreement will provide provisions for any debt that may be incurred in the future by a Group company which will rank equally with the Senior Secured Notes, the Hedging Liabilities (as defined under the caption—"Ranking and Priority" below) and the Senior Credit Facilities (together with the Facility E (2017 Senior Secured Notes), the "Pari Passu Debt"). The incurrence of Pari Passu Debt will be subject to compliance with the Indenture, any pari passu debt documents that already exist at that time (including the Old Senior Credit Agreement) ("Pari Passu Debt Documents") and the Senior Credit Facilities. A creditor of Pari Passu Debt shall be referred to in this section as a Pari Passu Creditor.

Senior Unsecured Notes

Furthermore, the Priority Agreement includes provisions relating to our senior unsecured notes and any future senior unsecured notes (together the "Senior Unsecured Notes") that may be issued by a Senior Unsecured Notes Issuer (subject to compliance with the Indenture, the Senior Credit Facilities and any Pari Passu Debt Documents). Such provisions would, among other things, provide for customary restrictions and limitations with respect to restrictions on payment, payment blockage, standstill 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 the Parent shall be referred to in this section as a "Proceeds Loan". Please refer to the Priority Agreement for a more detailed explanation of these and other provisions related to any future 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. The Senior Unsecured Notes Liabilities (as defined below) issued by any Holdco may be secured by a share pledge over the shares in Parent and an assignment of the applicable Proceeds Loan ("Senior Unsecured Notes Security"). The Priority Agreement does not regulate the enforcement or ranking of any Senior Unsecured Notes Security.

Ranking and Priority

Priority of Debts

Subject to the following paragraph, the Priority Agreement will provide that the liabilities owed by the Debtors to the creditors under the Senior Credit Facilities, certain hedging obligations, 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 Senior Credit Facilities (each a "Senior Lender" and such liabilities the "Senior Lender Liabilities"), the liabilities owed in respect of the Senior Secured Notes (the "Senior Secured Notes Liabilities"), the liabilities in relation to certain hedging (the "Hedging Liabilities"), amounts due to the Senior Secured Notes Trustee, amounts due to the Pari Passu Creditors (the "Pari Passu Liabilities") and certain costs and expenses and other amounts owed to the Senior Unsecured Notes trustee ("Senior Unsecured Notes Trustee") in performance of its trustee duties *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 Group to another member of the Group ("Intra-Group Liabilities") and the Subordinated Liabilities *pari passu* between themselves and without any preference between them.

"Subordinated Liabilities" shall mean liabilities owed from a Debtor to the holding company of the Parent ("Subordinated Creditor") (other than in respect of a Proceeds Loan).

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 Hedging Liabilities, the Senior Secured Notes Liabilities and the Pari Passu Liabilities *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 Senior Unsecured Note trustee may not take any Enforcement Action (as defined below), other than as expressly permitted by the Priority Agreement.

Restriction on Enforcement: Senior Lenders and Senior Secured Note Creditors and Pari Passu Creditors

The Priority Agreement provides that no Senior Lender or Pari Passu Creditor or Senior Secured Notes creditor may take certain Enforcement Action without the prior written consent of an Instructing Group (as defined below).

Notwithstanding the above restriction or anything to the contrary in the Priority Agreement, after the occurrence of certain specified insolvency events (an "Insolvency Event") in relation to a member of the Group, each Primary Creditor may, to the extent it is able to do so under the relevant secured finance document, take certain Enforcement Action and/or claim in the winding up, dissolution, administration, reorganization or similar insolvency event of that Debtor for senior secured liabilities owing to it (but may not direct the Security Agent to enforce the common security in any manner).

An "Instructing Group" means the Majority Senior Secured Creditors:

No Senior Secured Creditor (as defined below) shall have any independent right to enforce any of the security or to instruct or require the Security Agent to enforce any of the security documents except as instructed by an Instructing Group. Any instructions given by an Instructing Group will be binding on all Senior Secured Creditors.

"Majority Senior Creditors" means, at any time, those Senior Creditors whose senior credit participations at any time aggregate more than 66⅔% of the total senior credit participations at that time.

"Majority Senior Lenders" means the lenders under the Senior Credit Facilities whose commitments aggregate more than 66⅔% of the total commitments thereunder.

"Majority Senior Secured Creditors" means, at any time, Senior Secured Creditors (as defined under the caption "—Senior Unsecured Note Standstill Period", below) whose senior secured credit participations at any time aggregate more than 50% of the total senior secured credit participations at that time, *provided that*, in relation to any direction or instruction to be granted by Ziggo Finance B.V. (as lender under Facility E (2017 Senior Secured Notes)) in relation to any Enforcement Action, Ziggo Finance B.V. shall split its commitments under Facility E eligible to be so voted and vote each proportion as an acceptance, a rejection and/or neither an acceptance nor a rejection, in each case in the same proportions as the holders of the 2017 Senior Secured Notes vote under the indenture for the 2017 Senior Secured Notes.

"Senior Creditor" means the lenders under the Senior Credit Facilities and the Hedge Counterparties.

Restrictions Relating to Senior Unsecured Notes

Restriction on Payment and Dealings

The 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 the Parent shall ensure that no other member of the 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 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 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 Group for, or in respect of, any Senior Unsecured Notes Liabilities other than guarantees from those entities that are guarantors under the Senior Credit Facilities, the Senior Secured Notes and the Pari Passu Debt (the "Senior Unsecured Notes Guarantees").

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 Senior Unsecured Notes indenture ("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 Senior Credit Facilities and is not prohibited from being paid by the Indenture pursuant to which any Senior Secured Notes are outstanding 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 Senior Credit Facilities or the Senior Secured Notes or the Pari Passu Debt Documents (excluding a payment default under those documents not constituting principal, interest or fees and not exceeding EUR 250,000) ("Senior Secured Payment Default") has occurred and is continuing;

(ii) if 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 for its own account;

(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 Priority Agreement and the Senior Credit Facilities; or

(viii) the principal amount of the Senior Unsecured Notes Liabilities on or after the final maturity date of the Senior Unsecured Notes Liabilities (*provided that*, such maturity date is as contained in the relevant Senior Unsecured Notes 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, 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, the Parent 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 the Parent 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 Senior Credit Facilities or the 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 which is one business day after the date of receipt of the Senior Unsecured Notes Trustee of a stop notice for 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 the Parent, 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 Senior Credit Facilities or the 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 the Parent, 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 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 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 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:

(i) (where to do so would not be in compliance with the terms of the Senior Credit Facilities) 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 representative ("Senior Secured Notes Representative").

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 guarantees of the Senior Unsecured Notes; 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 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 Group in relation to any guarantee liabilities of that member of the Group;
  - the exercise of any right to require any member of the Group to acquire any liability (including exercising any put or call option against any member of the 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 Senior Credit Facilities, Senior Secured Notes finance documents, Senior Unsecured Notes finance documents or Pari Passu Debt Documents);
  - the exercise of any right of set-off, account combination or payment netting against any member of the 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 Senior Credit Facilities, the Pari Passu Debt Documents, the Senior Secured Notes finance documents or the Senior Unsecured Notes finance documents to the extent that the exercise of that right gives effect to a permitted payment under the Priority Agreement; and
  - the suing for, commencing or joining of any legal or arbitration proceedings against any member of the 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 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 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 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 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 Group's assets or any suspension of payments or moratorium of any indebtedness of any such member of the 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:

(i) 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;

(ii) 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;

(iii) a Senior Unsecured Note Standstill Period (as defined below) has elapsed or otherwise terminated; and

(iv) 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 a Senior Unsecured Notes Guarantor in which case, unless the relevant Insolvency Event has occurred in respect of a Senior Unsecured Notes Guarantor whose earnings before interest, tax, depreciation and amortisation (calculated on an unconsolidated basis but otherwise on the same basis as consolidated EBITDA) represent 10 per cent. or more of consolidated EBITDA or whose gross assets (excluding intra-group items) represents 10 per cent. or more of the gross assets of the Group (in which case, for the avoidance of doubt, a Senior Unsecured Notes creditor may take Enforcement Action against any member of the Group), Enforcement Action may be taken against the Senior Unsecured Notes Guarantor subject to that Insolvency Event (only).

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:

(i) the date falling 179 days after the Senior Unsecured Note Standstill Start Date (the "Senior Unsecured Note Standstill Period");

(ii) the date the creditors under the Senior Credit Facilities and Senior Secured Notes and Pari Passu Debt Documents and the Hedge Counterparties (together the "Senior Secured Creditors") take any Enforcement Action in relation to a particular guarantor of the Senior Unsecured Notes (a "Senior Unsecured Note Guarantor"), *provided however*, that:

(A) 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 Group (save in respect of the holders of the Original Senior Unsecured Notes, who may take Enforcement Action with respect to any proceeds loan agreement or against any Senior Unsecured Note Guarantor, unless the Senior Secured Creditors have only demanded payment or put amounts payable by a member of the Group on demand in which case the holders of the Original Unsecured Notes may only take the same Enforcement Action against the same member of the 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 Representative 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 Priority Agreement provides that, after the occurrence of an Insolvency Event in relation to any member of the Group, any party entitled to receive a distribution out of the assets of that member of the 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 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 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 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 Group, each creditor irrevocably authorises the Security Agent, on its behalf, to:

(i) take any Enforcement Action (in accordance with the terms of the Priority Agreement) against that member of the Group;

(ii) demand, sue, prove and give receipt for any or all of that member of Group's liabilities;

(iii) collect and receive all distributions on, or on account of, any or all of that member of 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 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 Priority Agreement provides that if any creditor receives or recovers from any member of the 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 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 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 Group (other than after the occurrence of an Insolvency Event in respect of that member of the 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 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 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 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 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 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 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 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

Non-Distressed Disposals

If, in respect of a disposal (a "Non-Distressed Disposal") of an (a) asset by a Debtor or (b) an asset which is subject to the security, to a person or persons outside the Group:

(i) (prior to the Senior Lender Liabilities having been discharged) the Senior Agent notifies the Security Agent that that disposal is permitted under the senior finance documents (which it shall do as soon as practicable on request by the Parent);

(ii) (prior to the Senior Secured 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 Senior Secured Notes Trustee authorises the release in accordance with the terms of the Senior Secured Notes finance documents;

(iii) (prior to the Pari Passu Debt Documents 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 authorises the release in accordance with the terms of the Pari Passu Debt Documents;

(iv) the Parent certifies for the benefit of the Security Agent that that disposal is permitted under or is not prohibited by the Senior Unsecured Notes Indenture or the Senior Unsecured Notes Trustee authorises the release in accordance with the terms of the Senior Unsecured Notes finance documents; and

(v) that disposal is not a Distressed Disposal (as defined below),

the Security Agent is irrevocably authorised (at the reasonable cost of the relevant Debtor or the Parent and without any consent, sanction, authority or further confirmation from any creditor or Debtor) 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 Debtor, to release the security and any other claim, including without limitation, any guarantee liabilities or other liabilities (relating to a debt document) over that Debtor or its assets and (if any) the subsidiaries of that Debtor 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.

If that Non-Distressed Disposal is not made, each release of security or any claim described in the paragraph above shall have no effect and the security or claim subject to that release shall continue in such force and effect as if that release had not been effected.

Distressed Disposals—General

A "Distressed Disposal" is a disposal of an asset or shares of a member of the 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 Group subsequent to an acceleration event or the enforcement of any security.

This caption "—Distressed Disposal—General" does not apply to the guarantee claims of any creditors (the "Original Senior Unsecured Notes Creditors") in respect of the US$1,208,850,000 aggregate principal amount of senior notes due 2018 ("Original Senior Unsecured Notes") issued by our indirect parent company Ziggo Bond Company B.V. that such Original Senior Unsecured Notes Creditors may have against the Senior Unsecured Notes Guarantors.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorised (at the cost of the relevant Debtor or the Parent 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 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 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 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 Priority Agreement; and

(B) (if the Security Agent (acting in accordance with the Priority Agreement) does intend that any Transferee will be treated as a Primary Creditor or a secured party for the purposes of the 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 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 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 Priority Agreement, the creditor concerned may elect to have those borrowing liabilities transferred to a Holdco in which case the Security Agent is irrevocably authorised (at the cost of the relevant Debtor or Holdco 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 the Senior Unsecured Notes are issued, but before the discharge date for the 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 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 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.

Distressed Disposals—Original Senior Unsecured Notes Liabilities

This caption "—Distressed Disposals—Original Senior Unsecured Notes Liabilities" only applies in respect of the liabilities owed to the Original Senior Unsecured Notes Creditors (the "Original Senior Unsecured Notes Liabilities").

- Subject to the second bullet point of this paragraph below, if a Distressed Disposal to a person or persons outside the Group of any shares in any member of the Group (other than the Parent) is being effected, the Security Agent is irrevocably authorised to execute on behalf of each Original Senior Unsecured Notes Creditor and each Debtor (and at the cost of the relevant Debtor) a release of that member of the Group and its subsidiaries from all Original Senior Unsecured Notes Liabilities; provided that the proceeds of that disposal are applied in accordance with caption "—Application of Proceeds" below).
- In the case of any release of any obligation or liability under any Original Senior Unsecured Notes finance document (including, without limitation, any Original Senior Unsecured Notes guarantee) in connection with a disposal falling within the first bullet point of this paragraph, the Original Senior

Unsecured Notes Creditors shall only be obliged to release and only authorise the release set out in the first bullet point of this paragraph in respect of the relevant Original Senior Unsecured Notes finance document if:

(i) the Original Senior Unsecured Notes trustee confirms to the Security Agent that the release has been consented to by the requisite percentage of Original Senior Unsecured noteholders under the Original Senior Unsecured Notes indenture (to the extent such consent is required under such indenture); or

(ii) the relevant shares are disposed of in the circumstances referred to in the first bullet point of this paragraph and:

(A) the proceeds of such disposal received by the Security Agent are in the form of cash (or substantially all cash);

(B) either (I) such disposal is made pursuant to a public auction; or (II) in connection with such disposal, an internationally recognised investment bank selected by the Security Agent has delivered an opinion to the Original Senior Unsecured Notes trustee that the disposal price of such asset is fair from a financial point of view after taking into account all relevant circumstances (including the circumstances giving rise to the sale);

(C) the Original Senior Unsecured Notes trustee is notified in writing that, on completion of the sale of any shares in any member of the Group which are the subject of security in favor of the Security Agent, such member of the Group and each of its subsidiaries is simultaneously and unconditionally released from all present and future obligations and liabilities in respect of the senior secured liabilities (or such senior secured liabilities are sold or otherwise disposed of by the relevant creditors to the purchaser of such member of the Group) and such obligations are not assumed by the purchaser of such member of the Group or an affiliate of such purchaser; and

(D) the proceeds are applied in accordance with caption "—Application of Proceeds" below.

(iii) Each Senior Creditor, each Hedge Counterparty (subject to its costs and expenses being paid or indemnified), the Original Senior Unsecured Notes trustee (without the need for any further referral to or authority from the other Original Senior Unsecured Notes Creditors (other than with respect to a release pursuant to sub-paragraph (i) of the second bullet point of this paragraph (to the extent such authority is required under the Original Senior Unsecured Notes indenture))) and each Debtor will promptly execute any documents as may be necessary to give effect to such releases as the Security Agent may reasonably require to give effect to this caption.

(iv) No release of any member of the Group pursuant to this caption "—Distressed Disposals—Original Senior Unsecured Notes Liabilities" will affect the obligations and liabilities of any other member of the Group under the senior secured finance documents or the Original Senior Unsecured Notes finance documents.

- For the purposes of the first bullet point of this paragraph above, the Security Agent shall act:

(i) if the relevant Distressed Disposal is being effected by way of enforcement of the security, in accordance with the caption "—Manner of Enforcement" above; and

(ii) 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 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 "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 Priority Agreement or any action taken at the request of the Security Agent under the 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 Representative 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 Senior Credit Facilities and the Senior Lender Liabilities (in accordance with the terms of the senior finance documents);

(II) the Pari Passu Liabilities (in accordance with the terms of the Pari Passu Debt Documents);

(III) the Senior Secured Notes Liabilities (in accordance with the terms of the 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;

(E) (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

(F) the balance, if any, in payment to the relevant Debtor.

Equalization of the Senior Secured Creditors

The 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 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 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 Senior Lenders, the Senior Secured Note Representative, the Pari Passu Debt Representative, the Senior Unsecured Notes Trustee, the Security Agent and the Parent.

Other than in respect of the implementation of a structural adjustment under (and as defined in) the Senior Credit Facilities to the extent it does not confer an ability to make more extensive changes, than a structural adjustment, an amendment or waiver of the 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 Priority Agreement shall not be made without the consent of:

(i) the agents (including the Senior Agent);

(ii) the Senior Agent;

(iii) the Pari Passu Debt Representatives;

(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 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 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 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 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 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 the Parent under the 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 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 Priority Agreement, the 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 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.

6⅛% Senior Secured Notes due 2017

On October 29, 2010, Ziggo Finance B.V. issued €750 million aggregate principal amount of 6⅛% senior secured notes due November 15, 2017 (the "2017 Senior Secured Notes"). In connection with this issuance, Ziggo Finance B.V. acceded to the Old Senior Credit Agreement as a lender of the €750 million Term Loan E Facility. The terms of the Old Senior Credit Agreement provide that, at any time a payment is due under the indenture governing the 2017 Senior Secured Notes, including principal of, or premium or interest on, the notes (including at maturity, upon an optional redemption or in connection with an offer to purchase), the Facility E Borrowers will make corresponding payments under that Term Loan E Facility to enable Ziggo Finance B.V. to make payment under the indenture governing the 2017 Senior Secured Notes, subject to the other terms of the Old Senior Credit Agreement.

In connection with the Refinancing, the Old Senior Credit Agreement will be amended and restated such that it effectively will operate as a proceeds loan in respect of the 2017 Senior Secured Notes between Ziggo Finance B.V., as lender, and Torenspits II B.V., as borrower, and all of the affirmative and negative covenants applicable to ABC B.V. and its subsidiaries under the Old Senior Credit Agreement will be deleted.

The 2017 Senior Secured Notes are the general obligations of Ziggo Finance B.V. and are secured by a first ranking security interest over all of the capital stock and bank accounts of Ziggo Finance B.V. and a first ranking security interest over Ziggo Finance B.V.'s rights as a lender under the Term Loan E Facility.

Some or all of the 2017 Senior Secured Notes may be redeemed at any time on or after November 15, 2013 at a specified redemption price. In addition, at any time on or prior to November 15, 2013, up to 35% of the aggregate principal amount of the 2017 Senior Secured Notes may be redeemed at a specified redemption price with the net proceeds of certain equity offerings, provided that at least 65% of the originally issued aggregate principal amount of the 2017 Senior Secured Notes remains outstanding. If an event treated as a change of control occurs at any time, each holder of 2017 Senior Secured Notes may require Ziggo Finance B.V. to purchase such holder's 2017 Senior Secured Notes at a purchase price in cash equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

At any time prior to November 13, 2013, some or all of the 2017 Senior Secured Notes may be redeemed at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus an applicable redemption premium.

Under a separate covenant agreement, the Obligors under the Old Senior Credit Agreement are bound by the covenants in the indenture governing the 2017 Senior Secured Notes that are applicable to them. The rights and remedies of the holders of the 2017 Senior Secured Notes against the Obligors upon any breach by an Obligor of its obligations under the covenant agreement are limited to a right to instruct Ziggo Finance B.V. and ABC B.V. and its restricted subsidiary or the security agent under the Old Senior Credit Agreement or their respective nominees to accelerate the loans under Term Loan Facility E and to vote in connection with any enforcement of the collateral securing the Old Senior Credit Agreement.

The indenture governing the 2017 Senior Secured Notes contains customary covenants that restrict the ability of Ziggo Finance B.V. to incur more debt, pay dividends and make distributions of certain other restricted payments, issue, sell or pledge capital stock, enter into transactions with affiliates, impair the security interests with respect to the collateral securing the 2017 Senior Secured Notes, create liens, dispose of assets, enter into sale and leaseback transactions, guarantee additional debt, and consolidate or merge with or into another entity.

The indenture governing the 2017 Senior Secured Notes contains customary events of default, including, among others, the non-payment of principal or interest on the 2017 Senior Secured 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.

8% Senior Notes due 2018

On May 7, 2010, Ziggo Bond Company B.V. issued €1,208.9 million aggregate principal amount of 8% senior notes due May 15, 2018 (the "2018 Senior Notes"). The 2018 Senior Notes are senior obligations of Ziggo Bond Company B.V. and senior subordinated obligations of certain of its subsidiaries.

Some or all of the 2018 Senior Notes may be redeemed at any time on or after May 14, 2014 at a specified redemption price. In addition, at any time on or prior to May 14, 2014, up to 35% of the aggregate principal amount of the 2018 Senior Notes may be redeemed at a specified redemption price with the net proceeds of certain equity offerings, provided that at least 65% of the originally issued aggregate principal amount of the 2018 Senior Notes remains outstanding. If an event treated as a change of control occurs at any time, then Ziggo Bond Company B.V. must make an offer to each holder of 2018 Senior Notes to purchase such holder's 2018 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.

At any time prior to May 15, 2014, Ziggo Bond Company B.V. may redeem all or part of the 2018 Senior Notes at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, plus an applicable redemption premium.

The indenture governing the 2018 Senior Notes contains customary covenants that restrict the ability of Ziggo Bond Company B.V. and its restricted subsidiaries to incur more debt, pay dividends and make distributions of certain other restricted payments, issue, sell or pledge capital stock, enter into transactions with affiliates, impair the security interests with respect to the collateral securing the 2018 Senior Notes, create liens, dispose of assets, enter into sale and leaseback transactions, guarantee additional debt, and consolidate or merge with or into another entity.

The indenture governing the 2018 Senior Notes contains customary events of default, including, among others, the non-payment of principal or interest on the 2018 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.

DESCRIPTION OF THE NOTES

Ziggo B.V. (the "*Issuer*") will issue the Notes under an indenture dated March 28, 2013 (the "*Indenture*") between, among others, the Issuer, Amsterdamse Beheer- en Consultingmaatschappij B.V., as the Company (the "*Company*"), certain subsidiaries of the Company that guarantee the Notes (together with the Company, the "*Guarantors*"), Deutsche Trustee Company Limited, as the trustee (the "*Trustee*") and ING Bank N.V., as the security agent (the "*Security Agent*"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "*U.S. Securities Act*").

Certain defined terms used in this description but not defined below under "—Certain Definitions" have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading "—Certain Definitions". In this description, the term "*Issuer*" refers only to Ziggo B.V. and not to any of its Subsidiaries,and the term "*Company*" refers only to Amsterdamse Beheer- en Consultingmaatschappij B.V. and not to any of its Subsidiaries.

Unless the context requires otherwise, references in this "Description of the Notes" to the Notes include the Notes and any Additional Notes that are issued. The terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate or include, or be subject to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. The Security Documents referred to below under the caption "—Collateral" define the terms of the security that will secure the Notes.

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Priority Agreement and the Security Documents. This description does not restate those agreements in their entirety. We urge you to read the Indenture, the form of Notes, the Priority Agreement and the Security Documents because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note, the Priority Agreement and the Security Documents are available as set forth below under "—Additional Information".

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Principal, Maturity and Interest

The Issuer will issue €750 million in aggregate principal amount of Notes in this Offering. The Issuer may issue additional Notes ("*Additional Notes*") under the Indenture dated March 28, 2013 from time to time after this offering. Any issuance of Additional Notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock". The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture. The Issuer will issue Notes in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will mature on March 27, 2020.

Interest on the Notes will accrue at the rate of 3.625% per annum. Interest on the Notes will be payable annually in arrears on March 27, commencing on March 27, 2014. The Issuer will make each interest payment to the holders of record on the immediately preceding March 12.

Interest on the Notes will accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on an annual, actual/actual basis.

Impact of Investment Grade Status

The Company has been informed by the rating agencies Moody's and S&P that their ratings for the Notes are investment grade,which would mean that the Notes will have Investment Grade Status for the purposes of the Indenture as of the Issue Date. So long as (a) the Notes maintain their Investment Grade Status and (b) no Default or Event of Default under the Indenture has occurred or is continuing, certain of the operating covenants governing the Notes will be suspended. As a result, during a Suspension Period, holders of the Notes will have less protection under these operating covenants.

Ratings are not a recommendation to purchase, hold or sell securities and may be changed, suspended or withdrawn at any time. The ratings currently assigned to the Notes are dependent upon economic conditions and other factors affecting credit risk that are outside the Company's control. Any adverse change in these credit ratings could adversely affect the trading price for the Notes.

See "—Certain Covenants—Suspension of Covenants when Notes are Rated Investment Grade".

Ranking of the Notes and the Note Guarantees

The Notes

The Notes will:

- be general obligations of the Issuer;
- rank *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the Senior Facilities and the guarantee of the Existing Senior Secured Notes Proceeds Loan;
- rank senior in right of payment to all existing and future Indebtedness of the Issuer that is subordinated in right of payment to the Notes, including the Issuer's guarantee of the Existing Senior Notes;
- be guaranteed by the Guarantors;
- be secured by the Collateral as described below under "—Collateral";
- 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 effectively subordinated to all obligations of the Issuer's Subsidiaries that do not guarantee the Notes.

The Note Guarantees

The Notes will initially be guaranteed by the Guarantors, as described below under "—Note Guarantees".

The Note Guarantee of each Guarantor will:

- be a general obligation of that Guarantor;
- rank *pari passu* in right of payment with all existing and future Indebtedness of that Guarantor that is not subordinated in right of payment to its Note Guarantee, including the Senior Credit Facilities and the guarantee of the Existing Senior Secured Notes Proceeds Loan;
- rank senior in right of payment to all existing and future Indebtedness of that Guarantor that is subordinated in right of payment to its Note Guarantee, including its guarantee of the Existing Senior Notes;
- be secured by the Collateral as described below under "—Collateral";
- be effectively subordinated to any existing and future Indebtedness of such Guarantor that is secured by property or assets that do not secure its Note Guarantee, to the extent of the value of the property and assets securing such Indebtedness; and
- be effectively subordinated to all obligations of such Guarantor's Subsidiaries that do not guarantee the Notes.

Assuming we had completed this offering of Notes and applied the net proceeds thereof as described under "Use of Proceeds", as of December 31, 2012, the Issuer and the Guarantors would have had total borrowings of €3,034.2 million, including €750 million outstanding under the Notes, €325.3 million outstanding (but excluding €224.7 million available for drawing) under the Senior Facilities and €750 million outstanding under the Existing Senior Secured Notes Proceeds Loan and €1,208.9 million outstanding under the shareholder loans (2018 Senior Notes). In addition, the Issuer and the Guarantors have guaranteed on a senior subordinated basis, the obligations of Ziggo Bond Company under the €1,209 million of the Existing Senior Notes outstanding as of December 31, 2012. The Indenture will permit the Company and its Restricted Subsidiaries to incur additional Indebtedness in the future. During the year ended December 31, 2012, the Issuer and the Guarantors represented 99.6% of the Company's consolidated revenues and 99.7% of Company's consolidated EBITDA. As of December 31, 2012, the Issuer and the Guarantors represented 100% of Company's consolidated total assets.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes in the City of London (the "*Principal Paying Agent*"). The Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. The initial Paying Agents will be Deutsche Bank AG, London Branch in London.

The Issuer will also maintain one or more registrars (each, a "*Registrar*") with offices in Luxembourg, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market. The Issuer will also maintain a transfer agent in each of London and Luxembourg. The initial Registrar will be Deutsche Bank Luxembourg S.A. in Luxembourg. The initial transfer agents will be Deutsche Bank AG, London Branch in London and Deutsche Bank Luxembourg S.A. in Luxembourg. The Registrar and the transfer agent in Luxembourg will maintain a register reflecting ownership of Definitive Registered Notes (as defined herein) outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on behalf of the Issuer.

The Issuer may change the Paying Agents, the Registrars or the transfer agents without prior notice to the holders of Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or transfer agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Transfer and Exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*144A Global Notes*"), and Notes sold outside the United States 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 "*Reg S Global Notes*" and together with the 144A Global Notes, the "*Global Notes*").

Ownership of interests in the Global Notes (the "*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear or Clearstream or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Transfer Restrictions". In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Note, or the "*Restricted Book-Entry Interest*", may be transferred to a person who takes delivery in the form of Book-Entry Interests in the 144A Global Note, as applicable, or the "*Reg S Book-Entry Interests*", only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the applicable Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that 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 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 "Notice to Investors".

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. 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, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange; *provided* that, if the Issuer or any Guarantor is a party to the transfer or exchange, the holder will not be required to pay such Taxes.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer.

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated or organized, engaged in business for tax purposes or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "*Tax Jurisdiction*") will at any time be required to be made from any payments made by or on behalf of the Issuer under or with respect to the Notes or any of the Guarantors with respect to its Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay 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 after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been imposed but for the existence of any present or former connection between the holder or the beneficial owner of the Notes (or between a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, trust, nominee, partnership, limited liability company or corporation) and the relevant Tax Jurisdiction (including being or having been a citizen, resident, or national thereof or being or having been present or engaged in a trade or business therein or having or having had a permanent establishment therein), but excluding any connection arising merely from the holding of such Note, the enforcement of rights under such Note or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;

(2) any Taxes imposed as a result of the presentation of a Note 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 on the last day of such 30 day period);

(3) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(4) any Taxes withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;

(5) any Taxes imposed on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union;

(6) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;

(7) any Taxes imposed or withheld by reason of the failure of the holder or beneficial owner of Notes, following the Issuer's written request (made at a time that would enable the holder or beneficial owner acting reasonably to comply with that request), to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to provide such certification or documentation);

(8) any Taxes imposed on or with respect to any payment by the Issuer or any Guarantor to the holder if such holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Note; or

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any Tax Jurisdiction on the execution, delivery, issuance or registration of any of the Notes, the Indenture, any Note Guarantee or any other document referred to therein (other than a transfer of the Notes after this offering) or the receipt of any payments with respect thereto (limited, solely in the case of taxes attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Tax Jurisdiction that are not excluded under clauses (1) through (5), (7) or (8) above or any combination thereof), or any such taxes, charges or similar levies imposed by any jurisdiction as a result of, or in connection with, the enforcement of any of the Notes or any Note Guarantee.

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, each of the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificates must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will timely remit or cause to be remitted the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee (or to a holder upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity.

Whenever in the Indenture or in this "Description of the Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which such Person makes any payment on the Notes (or any Note Guarantee) and any department or political subdivision thereof or therein.

Note Guarantees

As of the Issue Date, the Notes will be guaranteed (each, a "*Note Guarantee*" and together, the "*Note Guarantees*") by the Company and Torenspits II B.V., as parent guarantors (each, a "*Parent Guarantor*" and, together, the "*Parent Guarantors*") and Ziggo Netwerk B.V. and Ziggo Netwerk II B.V. (each, a "*Subsidiary Guarantor*" and, together with the Parent Guarantors, the "*Guarantors*"). The Note Guarantees will be joint and several obligations of the Guarantors.

Each of the Guarantors, as well as the Issuer, is a guarantor of the Senior Facilities, the Existing Senior Secured Notes Proceeds Loan and certain hedging obligations on a senior basis and the Existing Senior Notes on a senior subordinated basis. The obligations of the Guarantors will be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the 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—The Guarantees are significantly limited by applicable laws and are subject to certain limitations or defenses," "—Dutch fraudulent conveyance laws may affect the validity and enforceability of the Notes, the security interests in the Collateral, the Guarantees and the security interests in the Collateral" and "—Corporate benefit and other limitations under Dutch corporate law may affect the validity and enforceability of the Notes, the security interests in the Collateral, the Guarantees and the security interests in the Collateral."

The operations of the Company are conducted through its Subsidiaries and, therefore the Company depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under its Note Guarantee. The Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of any of the Company's non-guarantor Subsidiaries. Any right of the Issuer or any Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-guarantor Subsidiary's creditors, except to the extent that the Issuer or such Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Issuer or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-guarantor Subsidiary and any Indebtedness of the non-guarantor Subsidiary senior to that held by the Issuer or such Guarantor. See "Risk Factors—Risks Relating to the Notes and the Structure—The Notes will be structurally subordinated to the liabilities of non-guarantor subsidiaries."

Release of the Note Guarantees

The Note Guarantee of a Guarantor will be released:

(1) in the case of a Subsidiary Guarantee, in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary;

(2) in the case of a Subsidiary Guarantee, in connection with any sale or other disposition (including by way of merger, consolidation, amalgamation or combination but other than pursuant to a security enforcement sale in compliance with the Priority Agreement) of Capital Stock of that

Guarantor or a parent entity of that Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge;"

(4) upon the sale of all the Capital Stock of, or all or substantially all of the assets of, such Guarantor or its parent entity pursuant to a security enforcement sale or distressed disposal in compliance with the Priority Agreement;

(5) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes; and

(6) as provided for in "—Certain Covenants—Merger, Consolidation or Sale of Assets."

Upon any occurrence giving rise to a release of a Note Guarantee as specified above, the Trustee will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee. Neither the Issuer nor any Guarantor will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Collateral

The obligations of the Issuer under the Notes and the obligations of the Guarantors under their respective Note Guarantees will be secured, on a second-priority basis, by all assets that secure on a first-priority basis the obligations of the Issuer and the Guarantors under the Existing Senior Secured Notes Proceeds Loan and certain hedging obligations. Subject to the terms of the Priority Agreement, the holders of the Notes, the lenders under the Senior Credit Agreement, the lender of the Existing Senior Secured Notes Proceeds Loan and other senior secured creditors will share equally in respect of any recoveries from the Collateral.

As of the Issue Date, the Collateral will include the following properties and assets:

- the Capital Stock of the Issuer and each Guarantor (other than the Company); and
- certain property and assets (including network assets) of the Issuer and the Guarantors, including certain real estate, bank accounts, intellectual property rights, receivables and moveable and immovable assets.

The Collateral will be contractually limited to reflect limitations under applicable law, including laws relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally, or other restrictions applicable to security providers, including laws relating to capital maintenance, corporate benefit and the liability of directors and officers.

The Liens securing the Notes and the Note Guarantees will also secure the obligations of the Issuer and the Guarantors under the Senior Credit Agreement, the Existing Senior Secured Notes Proceeds Loan and certain hedging obligations on a pari passu basis, subject to the recovery sharing provisions set out in the Priority Agreement. In addition, under the Indenture, the Company and its Restricted Subsidiaries will be permitted to incur certain additional Indebtedness in the future that may share in the Collateral. The amount of such additional Indebtedness will be limited by the covenants described under the captions "—Certain Covenants—Liens" and "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock". Under certain circumstances, the amount of such additional Indebtedness that may share in the Collateral could be significant.

Under the Security Documents, the Collateral will be pledged by the Issuer and the Guarantors to secure the payment when due of the Issuer's and the Guarantors', as applicable, payment obligations under the Notes, the Note Guarantees and the Indenture. The Security Documents will be entered into by, *inter alios*, the Security Agent or its nominee(s), who will act as Security Agent for the lenders under the Senior Credit Agreement, the Existing Senior Secured Notes Proceeds Loan, certain secured hedge counterparties and for the Trustee and the holders of Notes. The Existing Senior Secured Notes Proceeds Loan and certain existing secrued hedging obligations will also be secured pursuant to the Existing Senior Secured Notes Security Documents.

Due to the laws and other jurisprudence governing the creation and perfection of security interests, the relevant Security Documents will provide for the creation of "parallel debt" obligations in favor of the Security Agent or its nominee(s) and the security interests will secure the parallel debt (and not the Indebtedness under the Notes, the Note Guarantees and the other secured obligations).

Each holder of Notes, by accepting a Note, shall be deemed (i) to have authorized the Trustee to enter into the Priority Agreement and the Security Agent to enter into the Security Documents and the Priority Agreement and (ii) to be bound thereby. Each holder of Notes, by accepting a Note, appoints the Trustee or the Security Agent, as the case may be, as its agent under the Priority Agreement and the Security Documents and authorizes it to act as such. Please see "Risk Factors—Risks Related to the Notes and the Structure—Enforcement of security interests may be limited by Dutch law."

The holders of the Notes are not a party to the Security Documents, and therefore holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders may only act through the Trustee or the Security Agent or its nominee(s) (as creditor of the parallel debt, in respect of the Security Documents), as applicable. The Security Agent will agree to any release of the security interest created by the Security Documents that is in accordance with the Indenture and the Priority Agreement without requiring any consent of the holders. The Security Agent will commence enforcement action under the Security Documents only in accordance with the terms of the Priority Agreement. See "Description of Other Indebtedness—Priority Agreement—Restriction on Enforcement: Senior Lenders and Senior Secured Note Creditors and Pari Passu Creditors."

Subject to the terms of the Security Documents and prior to enforcement of any such Collateral, the Issuer and the Guarantors, as the case may be, will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes and the Notes Guarantees, to freely operate the Collateral and to collect, invest and dispose of any income therefrom and, in respect of the shares that are part of the Collateral, will be entitled to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distributions (whether similar or dissimilar to the foregoing).

The value of the Collateral securing the Notes and the Note Guarantees may not be sufficient to satisfy the Issuer's and the Guarantors' obligations under the Notes and the Note Guarantees, respectively, and the Collateral securing the Notes and the Note Guarantees may be reduced or diluted under certain circumstances, including the issuance of Additional Notes and the disposition of assets comprising the Collateral, subject to the terms of the Indenture. See "Risk Factors—Risks Relating to the Notes and the Structure—The value of the Collateral securing the Notes and the Guarantees may not be sufficient to satisfy our obligations under the Notes and the Collateral securing the Notes may be reduced or diluted under certain circumstances."

No appraisals of the Collateral have been prepared by or on behalf of the Issuer or the Guarantors in connection with this offering of Notes. There can be no assurance that the proceeds of any sale of the Collateral, in whole or in part, pursuant to the Indenture, the Priority Agreement and the Security Documents following an Event of Default, would be sufficient to satisfy amounts due on the Notes or the Note Guarantees. By its nature, some or all the Collateral may be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all. See "Risk Factors—Risks Relating to the Notes and the Structure—The Issuer and the Guarantors have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes" and "—The value of the Collateral may decrease because of obsolescence, impairment or certain casualty events."

Release of the Collateral

The Company will not cause or permit, directly or indirectly, any Collateral to be released from the Lien over such Collateral other than:

(1) in connection with any sale, assignment, transfer, conveyance or other disposition (including by way of merger, consolidation, amalgamation or combination but other than pursuant to a security enforcement sale in compliance with the Priority Agreement) of such property or assets to a Person that is not (either before or after giving effect to such transaction) the Company or any of its Restricted Subsidiaries;

(2) in the case of a Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge";

(4) in the case of a security enforcement sale or a distressed disposal in compliance with the Priority Agreement, the release of the property and assets subject to such enforcement sale; or

(5) upon the full and final payment and performance of all obligations of the Issuer and the Guarantors under the Indenture and the Notes.

Priority Agreement

On or about the Issue Date, the Company, Ziggo Bond Company, the Security Agent, the Trustee, on behalf of itself and the holders of the Notes, Ziggo Finance B.V., the trustee under the Existing Senior Notes Indenture, the agent under the Senior Credit Agreement and counterparties to certain hedging obligations, among others, will enter into an amendment and restatement agreement in respect of the Priority Agreement. The Priority Agreement will govern, among other things, the rights and obligations of the holders of the Notes, the lenders under the Senior Credit Agreement, certain hedging obligations, Ziggo Finance B.V., as the lender under the Existing Senior Secured Notes Proceeds Loan, and the holders of the Existing Senior Notes in respect of, amont other things, enforcement of the Collateral and the Note Guarantees. See "Description of Other Indebtedness—Priority Agreement."

Optional Redemption

The Issuer may on one or more occasions redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding paragraph and except pursuant to "—Redemption for Changes in Taxes", the Notes will not be redeemable at the Issuer's option prior to maturity.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or any Note Guarantee, the Issuer or the relevant Guarantor is or would be required to pay Additional Amounts (but, in the case of the relevant Guarantor, only if such amount cannot be paid by the Issuer or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), and the Issuer or the relevant Guarantor cannot avoid any such payment obligation by taking reasonable measures available to it, and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or any regulations or rulings promulgated thereunder of a relevant Tax Jurisdiction which change or amendment is announced and becomes effective on or after the date of this offering memorandum (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this offering memorandum, such later date); or

(2) any amendment to, or change in, an official written interpretation or application of such laws, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change is announced and becomes effective on or after the date of this offering memorandum (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this offering memorandum, such later date).

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to make such payment or withholding if a payment in respect of the Notes or any Note Guarantee was then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee an opinion of independent tax counsel (reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld)) to the effect that there has been such amendment or change which would entitle the Issuer to redeem the Notes hereunder. In addition, before the Issuer publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that the Issuer or the relevant Guarantor cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes.

Mandatory Redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "*Change of Control Payment*"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will mail a notice to each holder of the Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under "—Selection and Notice", stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent will promptly mail (or cause to be delivered) to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or its authenticating agent) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) 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 the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption", unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. 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, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the Indenture relating 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 consent of the holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a pro rata basis (or, in the case of Notes issued in global form as discussed under "Book-Entry, Delivery and Form", based on a method that most nearly approximates a pro rata selection as the Trustee deems fair and appropriate), unless otherwise required by law or applicable stock exchange or depository requirements. The Trustee shall not be liable for selections made by it in accordance with this paragraph.

No Notes of €100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

For Notes which are represented by global certificates held on behalf of Euroclear, notices may be given by delivery of the relevant notices to Euroclear for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*) and, in connection with any redemption, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Incurrence of Indebtedness and Issuance of Preferred Stock

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that the Issuer may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Guarantors may incur Indebtedness (including Acquired Debt) or issue preferred stock, if on the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be:

(a) the Fixed Charge Coverage Ratio of the Company for the four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness or the issuance of such Disqualified Stock or preferred stock, taken as one period, would have been at least 2.0 to 1.0, determined on a *pro forma* basis (including the *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness has been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four-quarter period; and

(b) in the case of Senior Secured Indebtedness, the Senior Secured Leverage Ratio of the Company would have been less than 3.25 to 1.0, determined on a *pro forma* basis (including the *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness has been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of the applicable two-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Issuer or any Guarantor of additional Indebtedness under Credit Facilities or in any Qualified Receivables Transaction in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed €550.0 million, *plus* 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 or any Restricted Subsidiary outstanding on the Issue Date after giving effect to the use of proceeds of the Notes issued on the Issue Date and the proceeds of the Senior Facilities incurred on the Issue Date;

(3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes issued on the Issue Date and the Note Guarantees;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant, equipment or other assets used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of (i) €300.0 million and (ii) 6.0% of Total Assets at any time outstanding;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (5) or (16) of this paragraph;

(6) the incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company or any Restricted Subsidiary; *provided* that:

(a) if the Issuer or a Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Company or to any of its Restricted Subsidiaries of preferred stock; *provided* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any Restricted Subsidiary of Hedging Obligations for *bona fide* hedging purposes of the Company and its Restricted Subsidiaries or in respect of Indebtedness of Ziggo Bond Company that is guaranteed by the Issuer or a Guarantor on a subordinated basis to the Notes and the Note Guarantees and, in each case, not for speculative purposes;

(9) the Guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, captive insurance companies, bankers' acceptances, performance and surety bonds in the ordinary course of business;

(11) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days;

(12) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary, *provided* that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(13) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness in respect of (A) letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, and (B) any customary cash management, cash pooling or netting or setting off arrangements; *provided*, *however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;

(14) Indebtedness of the Company of any of its Restricted Subsidiaries in respect of Management Advances;

(15) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;

(16) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any of its Restricted Subsidiaries; provided, however, with respect to this clause (16), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (x) the Company would have been able to incur €1.00 of additional Indebtedness pursuant to clause (a) of the first paragraph of this covenant after giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (16) or (y) the Fixed Charge Coverage Ratio of the Company would not be less than it was immediately prior to giving pro forma effect to the incurrence of such Indebtedness pursuant to this clause (16); and

(17) the incurrence by the Company or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (17) not to exceed the greater of (i) €150.0 million and (ii) 3.0% of Total Assets.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Indebtedness described in this covenant, the Company, in its sole discretion, will be permitted to 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 to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant, *provided* that Indebtedness incurred pursuant to clause (1) of the definition of Permitted Debt may not be reclassified unless such Indebtedness is refinanced, repaid or replaced with the proceeds of a substantially concurrent incurrence of Indebtedness pursuant to the first paragraph of this covenant. Indebtedness under the Senior Credit Agreement outstanding on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided in clause (1) of the definition of Permitted Debt.

The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant. 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 different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided*, *however*, that (i) if such Indebtedness denominated in non-euro currency is subject to a Currency Exchange Protection Agreement with respect to euro the amount of such Indebtedness expressed in euro will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the euro-equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the

Indebtedness being refinanced will be the euro-equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such euro-equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the euro-equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

  (i) the Fair Market Value of such assets at the date of determination; and

  (ii) the amount of the Indebtedness of the other Person.

Liens

The Company will not and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except Permitted Liens, unless all payments due under the Indenture and the Notes are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien. Notwithstanding the foregoing, no Indebtedness other than the Notes and the Note Guarantees may be secured by a Lien over the Collateral other than Permitted Collateral Liens.

No Layering of Debt

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

Merger, Consolidation or Sale of Assets

No Parent Guarantor will directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Parent Guarantor is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Parent Guarantor and its Subsidiaries that are Restricted Subsidiaries taken as a whole in one or more related transactions, to another Person, unless:

(1) either: (a) such Parent Guarantor is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than such Parent Guarantor) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the Pre-Expansion European Union, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with such Parent Guarantor (if other than the relevant Parent Guarantor) or the Person to which such sale, assignment,

transfer, conveyance, lease or other disposition has been made assumes all the obligations of the relevant Parent Guarantor under the Indenture, its Note Guarantee, the Priority Agreement, any Additional Priority Agreement and the Security Documents to which it is a party pursuant to a supplemental indenture and appropriate security documents on terms satisfactory to the Trustee;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Company or the Person formed by or surviving any such consolidation or merger with the Company (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to clause (a) of the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have a Fixed Charge Coverage Ratio no less than it was immediately prior to giving effect to such transaction; and

(5) the Company delivers to the Trustee an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant.

The Issuer will not directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries that are Restricted Subsidiaries taken as a whole in one or more related transactions, to another Person, unless:

(1) either: (a) the Issuer is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the Pre-Expansion European Union, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with the Issuer (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer under the Notes, the Indenture, the Priority Agreement, any Additional Priority Agreement and the Security Documents to which it is a party pursuant to a supplemental indenture and appropriate security documents on terms satisfactory to the Trustee;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Company would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to clause (a) of the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have a Fixed Charge Coverage Ratio no less than it was immediately prior to giving effect to such transaction; and

(5) the Company delivers to the Trustee an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant.

A Subsidiary Guarantor (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms the Note Guarantee and the Indenture as described under "—Note Guarantees") will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Guarantor and its Subsidiaries that are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under its Note Guarantee, the Indenture, the Priority Agreement, any Additional Priority Agreement

and the Security Documents to which such Guarantor is party pursuant to a supplemental indenture and appropriate security documents on terms satisfactory to the Trustee.

In addition, the Company will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

Notwithstanding clauses (3) and (4) of the first and second paragraphs and clause (1) of the third paragraph of this "Merger, Consolidation or Sale of Assets" covenant (which do not apply to transactions referred to in this paragraph), (i) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Issuer or any Subsidiary Guarantor; (ii) the Company, the Issuer or a Subsidiary Guarantor may consolidate with, merge into or transfer all or part of its properties and assets to the Company, the Issuer or any Subsidiary Guarantor, (iii) any Parent Guarantor may consolidate with, merge into or transfer all or part of its properties and assets to the Issuer or any other Parent Guarantor and (iv) the Company may consolidate with, merge into or transfer all or part of its properties and assets to an Affiliate solely for the purpose of reincorporating the Company in another jurisdiction for tax reasons.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to maintain the listing of the Notes on the Euro MTF market for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Euro MTF market, and thereafter use its commercially reasonable efforts to maintain, a listing of such Notes on another "recognized stock exchange" as defined in §841 of the Income and Corporation Taxes Act 1988 of the United Kingdom.

Additional Guarantees

The Company will not permit any of its Restricted Subsidiaries, directly or indirectly, to guarantee the payment of, assume or in any manner become liable with respect to, any Indebtedness of the Company or its Restricted Subsidiaries in a principal amount in excess of €25.0 million unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for a Note Guarantee of the payment of all obligations of under the Notes by such Restricted Subsidiary, which Note Guarantee will be *pari passu* with or senior to such Restricted Subsidiary's guarantee of such other Indebtedness.

A Restricted Subsidiary that is not a Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary will Guarantee payment of the Notes on the terms and conditions set forth in the Indenture and the Note Guarantees.

Concurrently with the execution of such supplemental indenture by such Restricted Subsidiary that is a Material Subsidiary as of the date of such execution, the Company will cause all of the Capital Stock in such Restricted Subsidiary owned by the Company and its Restricted Subsidiaries to be pledged to secure the Notes and the Note Guarantees.

Each additional Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Company shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Company or the Restricted Subsidiary or any liability for the officers, directors or shareholders of such Restricted Subsidiary.

Payments for Consent

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude holders of Notes in any jurisdiction where (i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would require the Company or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Company in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Lines of Business

The Company will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Permitted Business, except to such extent as would not be material to the Company and its Restricted Subsidiaries, taken as a whole.

Impairment of Security Interest

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents and the Priority Agreement, any interest whatsoever in any of the Collateral; *provided* that (a) nothing in this provision shall restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents and the Priority Agreement and (b) the Company may incur Permitted Collateral Liens; and *provided further*, *however*, that Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released and retaken, unless contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, replacement or release and retaking, the Company delivers to the Trustee either (1) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, supplement, modification, replacement or release and retaking, (2) a certificate substantially in the form attached to the Indenture from the responsible financial or accounting officer of the relevant grantor (acting in good faith) which confirms the solvency of the person granting such security interest after giving effect to any transactions related to such amendment, extension, renewal, supplement, modification, replacement or release and retaking or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Lien or Liens securing the Notes and/or the Note Guarantees created under the Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced, released and retaken are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release.

At the direction of the Company and without the consent of the holders of the Notes, the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) (but subject to compliance with paragraph (a) above) provide for Permitted Collateral Liens, (iii) add to the Collateral or (iv) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect.

In the event that the Company complies with this covenant, the Security Agent and the Trustee shall (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement with no need for instructions from the holders of the Notes.

Further Assurances

The Company will, and will procure that each of its Subsidiaries will, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents; and (ii) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. The Company will, and will procure that each of its Subsidiaries will, execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

Additional Priority Agreements

The Indenture will provide that, at the request of the Company and/or the Issuer, at the time of, or prior to, (i) the Incurrence of any Indebtedness or the Guarantee of any Indebtedness that is permitted to share the Collateral and (ii) the incurrence of any Guarantees of Indebtedness of Ziggo Bond Company pursuant to the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock," in each case, the Issuer, the relevant Guarantors, the Trustee and the Security Agent will (without the consent of the holders of the Notes) enter into an additional priority agreement (each an "*Additional Priority Agreement*") on terms substantially similar to the Priority Agreement (or more favorable to the holders of the Notes) or an amendment to or an amendment and restatement of the Priority Agreement (which amendment does not adversely affect the rights of holder of the Notes in any material respect); *provided* that such Priority Agreement or Additional Priority Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities, protections, indemnities or immunities of the Trustee under the Indenture, the Priority Agreement or any Additional Priority Agreement.

The Indenture will also provide that, at the direction of the Issuer and/or the Company and without the consent of the holders of the Notes, the Trustee shall upon the direction of the Issuer and/or the Company from time to time enter into one or more amendments and/or restatements of the Priority Agreement or any such Additional Priority Agreement to: (1) cure any ambiguity, omission, defect or inconsistency therein; (2) increase the amount of Indebtedness permitted to be incurred or issued under the Indenture of the types covered thereby that may be incurred by the Issuer or any Guarantors that is subject thereto (including the addition of provisions relating to new Indebtedness); (3) add Guarantors thereto; (4) further secure the Notes (including any Additional Notes); or (5) make any other such change thereto that does not adversely affect the rights of holders of the Notes in any material respect. The Issuer will not otherwise direct the Trustee to enter into any amendment and/or restatements of 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.

The Indenture will provide that each holder of a Note, by accepting such Note, will be deemed to have agreed to and accepted the terms and conditions of each Priority Agreement and Additional Priority Agreement, to have authorized the Trustee and the Security Agent to enter into the same,and none of the Issuer, the Trustee, the Security Agent or the Company will be required to seek the consent of any holders of Notes to perform its obligations under and in accordance with this covenant. Any such Priority Agreement, Additional Priority Agreement or other contractual arrangement will not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture, the Priority Agreement, any Additional Priority Agreement or other contractual arrangement.

Suspension of Covenants when Notes Rated Investment Grade

The Company has been informed by the rating agencies Moody's and S&P that their ratings for the Notes are investment grade meaning that the Notes would qualify for Investment Grade Status under the Indenture as of the Issue Date. Ratings are not a recommendation to purchase, hold or sell securities and may be changed, suspended or withdrawn at any time. The ratings currently assigned to the Notes are dependent upon economic conditions and other factors affecting credit risk that are outside the Company's control. Any adverse change in these credit ratings could adversely affect the trading price for the Notes. There can be no assurance that the Notes will maintain an Investment Grade Status.

From and after the first day on which:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default has occurred and is continuing,

until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "*Suspension Period*"), the covenants specifically listed under the following captions in this offering memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

(1) "—Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(2) clause (4) of the first and second paragraphs of the covenant described under "—Merger, Consolidation or Sale of Assets",

(together, the "*Suspended Covenants*").

The Suspended Covenants will not be of any effect with regard to the actions of Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock".

No action taken by either the Company or any of the Restricted Subsidiaries during the Suspension Period with respect to a Suspended Covenant (including, for the avoidance of doubt, any failure to comply with a Suspended Covenant), nor the compliance or performance by the Company or any of the Restricted Subsidiaries with any contractual obligation entered into during the Suspension Period with respect to a Suspended Covenant will constitute a Default, Event of Default or breach of any kind under the Indenture, the Notes or the Guarantees and will not result in any reduction of any amounts available under any of the baskets as of the commencement of the Suspension Period that may apply under the Suspended Covenants.

Reports

So long as any Notes are outstanding, the Company will furnish to the Trustee:

(1) within 120 days after the end of Ziggo Bond Company's fiscal year beginning with the fiscal year ending December 31, 2013, annual reports containing the following information with a level of detail that is substantially comparable and similar in scope to this Offering Memorandum: (a) audited consolidated balance sheet of Ziggo Bond Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of Ziggo Bond Company for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of Ziggo Bond Company, together with explanatory footnotes, for any material acquisitions or dispositions (including, without limitation, any acquisitions or disposition that, individually or in the aggregate when considered with all other acquisition or dispositions that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, represent greater than 20% of the consolidated revenues, EBITDA, or assets of Ziggo Bond Company on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations (including a discussion by business segment), financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the industry, business, management and shareholders of Ziggo Bond Company, all material affiliate transactions, Indebtedness and material financing arrangements and a description of all material contractual arrangements, including material debt instruments; (e) material risk factors and material recent developments; and (f) a description of the material differences in the financial condition and results of operations between the Company and Ziggo Bond Company;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of Ziggo Bond Company beginning with the fiscal quarter ending March 31, 2013, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for Ziggo Bond Company, together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information, together with explanatory footnotes, for any material acquisitions or dispositions (including, without limitation, any acquisition or disposition that, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recent completed fiscal quarter as to which such quarterly report relates, represents greater than 20% of the consolidated revenues, EBITDA or assets of Ziggo Bond Company on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates; (c) an operating and financial review of the unaudited financial statements (including a discussion by business segment), including a discussion of the consolidated financial condition and results of operations of Ziggo Bond Company and any material change between the current quarterly period and the corresponding period of the prior year; and (d) material developments in the business of Ziggo Bond Company and its Subsidiaries; and (e) any material changes to the risk factors disclosed in the most recent annual report with respect to Ziggo Bond Company; and (f) a description of the material differences in the financial condition and results of operations between the Company and Ziggo Bond Company;

(3) promptly after the occurrence of (a) a material acquisition, disposition or restructuring (including any acquisition or disposition that would require the delivery of *pro forma* financial information pursuant to clauses (1) or (2) above); (b) any senior management change at the Company; (c) any change in the auditors of the Company or Ziggo Bond Company; (d) any resignation of a member of the Board of Directors of the Company or Ziggo Bond Company as a result of a disagreement with the Company or Ziggo Bond Company; (e) the entering into an agreement that will result in a Change of Control; or (f) any material events that the Company or Ziggo Bond Company announces publicly, in each case, a report containing a description of such events,

provided, *however*, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Guarantor or non-guarantor Subsidiaries of Ziggo Bond Company

Notwithstanding the foregoing, in respect of the reports set forth in clauses (1) and (2) above, if Ziggo Bond Company and its Subsidiaries have material operational activities other than the Company and its Subsidiaries for the periods that are the subject of such reports or there are any other material differences between the consolidated results of operations, financial condition, ownership or management of Ziggo Bond Company and the Company, other than relating to the Existing Senior Notes, the Proceeds Loans, any Additional Proceeds Loans and other than with respect to ownership (including any employee incentive plan or arrangement) or management as disclosed on such report, the Company shall provide each report required by clauses (1) and (2) above for such period as if each reference to "Ziggo Bond Company" had been to "the Company".

All financial statements shall be prepared in accordance with IFRS. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this offering memorandum.

In addition, for so long as any Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer has agreed that it will, furnish to the holders of the Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

The Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of the covenant (i) on the Company's website and (ii) if and so long as the Notes are listed on the Euro MTF and the rules of the Luxembourg Stock Exchange so require, at the specified office of the paying agent in Luxembourg.

Events of Default and Remedies

Each of the following is an "*Event of Default*":

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by Issuer or a Guarantor to comply with the provisions described under the caption "—Certain Covenants—Consolidation, Merger or Sale of Assets";

(4) failure by Issuer or a Guarantor for 60 days after written notice to the Issuer by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture, the Notes, the Note Guarantees or the Security Documents (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3));

(5) 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 Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

    (a) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness at the Stated Maturity thereof prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or

    (b) results in the acceleration of such Indebtedness prior to its express maturity,

    and, in each case, either (i) 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 €50.0 million or more or (ii) such Indebtedness is secured by a Permitted Collateral Lien pursuant to clauses (1) or (2) of the definition thereof;

(6) failure by the Company or any Restricted Subsidiary to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of €50.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) (i) any security interest created by the Security Documents ceases to be in full force and effect (except as permitted by the terms of the Indenture or the Security Documents), or an assertion by the Company or any of its Restricted Subsidiaries that any Collateral is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture or the relevant Security Document) in relation to property or assets with an aggregate Fair Market Value exceeding €5.0 million; or (ii) the repudiation by the Issuer, a Guarantor or any other grantor of a Lien over the Collateral of any of its material obligations under the Security Documents;

(8) except as permitted by the Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee; and

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer, the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

Remedies under the Indenture

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Issuer, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case 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 holders of Notes unless such holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under "—Amendment, Supplement and Waiver") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee security or indemnity satisfactory to it 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 such security or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past default under the Indenture and its consequences, except a continuing default in the payment of the principal of premium, if any, any Additional Amounts or interest on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected).

As more fully set forth in the Indenture, the Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Note Guarantees, the Priority Agreement and the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors with respect to their respective Note Guarantees discharged ("*Legal Defeasance*") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "—Events of Default and Remedies" (except those relating to payments on the Notes or, solely with respect to the Issuer, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee (or such other entity designated by the Trustee for this purpose), in trust, for the benefit of the holders of the Notes, cash in euros, non-callable European Government Obligations or a combination of cash in euros and non-callable European Government Obligations, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion reasonably acceptable to the Trustee of United States counsel confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(5) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, the Security Documents, the Priority Agreement or any Additional Priority Agreement may be amended or supplemented with the consent of the holders of at least a majority in aggregate 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 any existing Default or Event of Default or compliance with any provision of Indenture, the Notes, the Note Guarantees, the Security Documents, the Priority Agreement or any Additional Priority Agreement may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "—Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right of any holder of Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Note Guarantee;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Note payable in money other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "—Repurchase at the Option of Holders");

(9) change the ranking of the Notes or the Note Guarantees;

(10) release all or substantially all of the Collateral granted for the benefit of the holders of the Notes, except in accordance with the terms of the Indenture, the relevant Security Document and the Priority Agreement;

(11) release all or substantially all of the Guarantors from the Note Guarantees, except in accordance with the terms of the Indenture; or

(12) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer and the Trustee may amend or supplement the Indenture, the Notes, the Note Guarantees, the Security Documents, the Priority Agreement or any Additional Priority Agreement:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders of the Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Note Guarantees, the Security Documents, or the Notes to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees, the Security Documents, or the Notes;

(6) to enter into additional or supplemental Security Documents;

(7) to release any Note Guarantee in accordance with the terms of the Indenture;

(8) to release the Collateral in accordance with the terms of the Indenture, the Priority Agreement and the Security Documents;

(9) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(10) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes; or

(11) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture.

The consent of the holders of Notes 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.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

Satisfaction and Discharge

The Indenture 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 the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated by the Trustee for this purpose) as trust funds in trust solely for the benefit of the holders, cash in euros, non-callable European Government Obligations or a combination of cash in euros and non-callable European Government Obligations, 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 the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums 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 an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Judgment Currency

Any payment on account of an amount that is payable in euros which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer's and the Guarantor's obligation under the Indenture and the Notes or the Note Guarantee, as the case may be, only to the extent of the amount of euros with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of euros that could be so purchased is less than the amount of euros originally due to such holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Issuer shall deliver written notice to the Trustee within thirty (30) days of becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Issuer or any Guarantor, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with its duties.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market. There can be no guarantee that the application to list the Notes on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market of that exchange will be approved as of the Issue Date or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

Additional Information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture, the form of Note, the Security Documents and the Priority Agreement without charge by writing to the Company, Afdeling Strategy & Legal, Postbus 43048, 3540 AA Utrecht, the Netherlands, Attention: Arent van der Feltz.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange shall so require, copies of the financial statements included in this offering memorandum may be obtained, free of charge, during normal business hours at the offices of the Paying Agent in Luxembourg.

Consent to Jurisdiction and Service of Process

The Indenture will provide that each of the Issuer and the Guarantors will appoint CT Corporation System, 111 Eighth Avenue, 13th Floor, New York, New York 10011, USA as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Substantially all of the assets of the Issuer and the Guarantors are outside the United States. As a result, any judgment obtained in the United States against the Issuer or any Guarantor may not be collectable within the United States. See "Enforcement of Judgments".

Prescription

Claims against the Issuer or any Guarantor 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 or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Additional Proceeds Loan*" means any loan agreement entered into between Ziggo Bond Company and the Company pursuant to which Ziggo Bond Company lends to the Company, on terms substantially identical to those contained in the Proceeds Loan, the proceeds of an issuance of additional notes under the Existing Senior Notes Indenture or the proceeds of any other incurrence of Indebtedness of Ziggo Bond Company that is guaranteed on a senior subordinated basis by the Issuer or a Guarantor, as amended from time to time; *provided* that the principal amount of, and interest rate on, such Additional Proceeds Loan will not be greater than the principal amount of, and interest rate on, the Indebtedness of Ziggo Bond Company that funded such Additional Proceeds Loan.

"*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 purposes of this definition, "control", as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling", "controlled by" and "under common control with" have correlative meanings.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

  (a) the present value at such redemption date of (i) the principal amount of the Note plus (ii) all required interest payments due on the Note through March 27, 2020 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; over

  (b) the principal amount of the Note,

as calculated by the Issuer or such other party appointed by the Issuer. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or Paying Agent.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Bund Rate*" means, as of any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption 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 relevant 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 March 27, 2020, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to March 27, 2020; *provided*, *however*, that, if the period from such redemption date to March 27, 2020 is less than one year, a fixed maturity of one year shall be used;

(2) "*Comparable German Bund Price*" means, with respect to any relevant 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 relevant date, the average as determined by the Company 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, Germany time on the third Business Day preceding the relevant date.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which banking institutions in London, Amsterdam or New York or a place of payment under the Indenture are authorized or required by law to close.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Contributions*" means the aggregate amount of cash contributions made to the equity capital (other than through the issuance of Disqualified Capital Stock of the Company) of the Company described in the definition of "*Contribution Debt*" or cash payments to the Issuer in the form of Subordinated Shareholder Debt.

"*Cash Equivalents*" means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the Pre-Expansion European Union, the United States of America, Switzerland or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America, Switzerland or Canada, as the case may be, and which are not callable or redeemable at the Company's option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the Pre-Expansion European Union or of the United States of America or any state thereof, Switzerland or Canada; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of €250 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A-2" or higher by Moody's or "A" or higher by S&P or the equivalent rating category of another internationally recognized rating agency;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect 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 properties or assets of the Company and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act));

(2) the adoption of a plan relating to the liquidation or dissolution of the Company or the Issuer;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" as defined above) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the issued and outstanding Voting Stock of the Company measured by voting power rather than number of shares;

(4) during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the Board of Directors of the Company (together with any new directors whose election by the majority of the Board of Directors of the Company, or whose nomination for election by shareholders of the Company, was approved by a vote of the majority of the Board of Directors of the Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) ceased for any reason to constitute the majority of the Board of Directors of the Company then in office; or

(5) the Company shall cease to directly or indirectly hold 100% of the Capital Stock of the Issuer,

provided that, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event. For the avoidance of doubt, the insertion of a new Parent Entity between Ziggo N.V. and the Company shall not constitute a Change of Control under clauses (1) or (3) above, *provided* that (i) Ziggo N.V. continues to be the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company measured by voting power rather than number of shares immediately following such transaction and (ii) no other Person is the Beneficial Owner, directly or indirectly, of more than 50% of the issued and outstanding Voting Stock of the Company measured by voting power rather than number of shares immediately following such transaction.

"*Change of Control Offer*" has the meaning assigned to that term in the Indenture governing the Notes.

"*Collateral*" means the property and assets of the Issuer, any Guarantor, or any other Person over which a Lien has been granted to secure the Notes and/or a Note Guarantee pursuant to the Security Documents.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(2) the Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Company and its Restricted Subsidiaries for such period) of the Company and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) any expenses, charges or other costs related to the issuance of any Capital Stock, or any Investment, acquisition, disposition, recapitalization or listing or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" whether or not successful; *plus*

(5) any foreign currency transaction losses of the Company and its Restricted Subsidiaries; *plus*

(6) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(7) (a) any unusual loss or charge, or (b) any non-cash charges or reserves in respect of any integration; *plus*

(8) all expenses incurred directly in connection with any early extinguishment of Indebtedness; *minus*

(9) any unusual gain; *minus*

(10) any foreign currency transaction gains of the Company and its Restricted Subsidiaries; *minus*

(11) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (10) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(1) the net income or loss of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(2) any net gain or loss realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Company) will be excluded;

(3) any one time non-cash charges or any amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries will be excluded;

(4) the cumulative effect of a change in accounting principles will be excluded;

(5) any extraordinary, exceptional or nonrecurring gains or losses or any charges in respect of any restructuring, redundancy or severance (in each case as determined in good faith by the Company) will be excluded;

(6) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(7) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards will be excluded;

(8) any goodwill or other intangible asset impairment charges will be excluded;

(9) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded; and

(10) any capitalized interest on any Subordinated Shareholder Debt will be excluded.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Credit Facilities*" means, one or more debt facilities, instruments or arrangements incurred by any Restricted Subsidiary or any Finance Subsidiary (including the Senior Credit Agreement or commercial paper facilities and overdraft facilities) or commercial paper facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds 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, bonds, notes debentures or other corporate debt instruments, 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 trustees or other banks or institutions and whether provided under the Senior Credit 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 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 Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions. For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*European Government Obligations*" means direct obligations of, or obligations guaranteed by, a member state of the European Union, and the payment for which such member state of the European Union pledges its full faith and credit.

"*Existing Senior Notes*"means the €1,209 million senior notes due 2018 issued by Ziggo Bond Company under the Existing Senior Notes Indenture and any additional notes issued thereunder.

"*Existing Senior Notes Indenture*" means the indenture dated as of May 7, 2010, among, *inter alia*, Ziggo Bond Company, as issuer, the Issuer and the Guarantors, as guarantors, and Deutsche Trustee Company Limited, as the trustee, as the same may be amended, supplemented or otherwise modified from time to time.

"*Existing Senior Secured Notes*" means the €750 million senior secured notes due 2017 issued by Ziggo Finance B.V. under the Existing Senior Secured Notes Indenture and any additional notes issued thereunder.

"*Existing Senior Secured Notes Proceeds Loan*" means the loan agreement dated September 12, 2006 and as amended and restated from time to time and including on or about the Issue Date pursuant to which the proceeds of the Existing Senior Secured Notes are lent to Torenspits II B.V.; *provided* that the principal amount of, and interest rate on, the Existing Senior Secured Notes Proceeds Loan will not be greater than the principal amount of, and interest rate on, the Indebtedness that funded the Existing Senior Secured Notes Proceeds Loan as each are amended, restated, and supplemented from time to time.

"*Existing Senior Secured Notes Indenture*" means the indenture dated as of October 29, 2010, among, *inter alios*, Ziggo Finance B.V., as issuer, Deutsche Trustee Company Limited, as the trustee, as the same may be amended, supplemented or otherwise modified from time to time.

"*Existing Senior Secured Notes Security Documents*" means each "*Senior Facility Security Document*" as defined in the Existing Senior Secured Notes Indenture as of, and existing on, the Issue Date and other instruments and documents executed and delivered pursuant to the Indenture or the Existing Senior Secured Notes Indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which the Collateral is pledged to secure the Existing Senior Secured Notes Proceeds Loan.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Company's Chief Executive Officer, Chief Financial Officer or responsible accounting or financial officer of the Company.

"*Finance Subsidiary*" means a wholly owned subsidiary that is formed for the purpose of borrowing funds or issuing securities and lending the proceeds to the Issuer or a Guarantor and that conducts no business other than as may be reasonably incidental to, or related to, the foregoing.

"*Fixed Charge Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of (a) the Consolidated EBITDA of such Person for such period to (b) the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*") (but not giving effect to any additional Indebtedness to be incurred on the Calculation Date as part of the same transaction or series of transactions pursuant to the second paragraph under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock") then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions of any Person, business or group of assets that constitutes an operating unit or division of a business that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations, amalgamations or otherwise, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries (including Persons who become Restricted Subsidiaries as a result of such increase), during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Fixed Charge Coverage Ratio) will be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Fixed Charge Coverage Ratio), will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of such specified Person or any Restricted Subsidiary which is a Subsidiary of such specified Person following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest and such Indebtedness is to be given pro forma effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Debt if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness.

For purposes of this definition, whenever *pro forma* effect is to be given to an Investment or acquisition, the amount of income or earnings relating thereto or the amount of Consolidated EBITDA associated therewith, the *pro forma* calculation shall be determined in good faith by a responsible financial or accounting Officer of the Company.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; *plus*

(2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Debt) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*

(5) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Company or a Restricted Subsidiary, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Company.

"*Guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"*Guarantors*" means, collectively, the Company, Torenspits II B.V., Ziggo Netwerk B.V. and Ziggo Netwerk II B.V. and any Subsidiary of the Company that executes a supplemental indenture and a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"*IFRS*" means International Financial Reporting Standards as endorsed by the European Union and in effect on the date of any calculation or determination required hereunder.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 20 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed; and

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The term "Indebtedness" shall not include:

(1) Subordinated Shareholder Debt;

(2) any lease of property which would be considered an operating lease under IFRS;

(3) Contingent Obligations in the ordinary course of business;

(4) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(5) the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*Investment Grade Status*" shall occur when the Notes are rated Baa3 or better by Moody's and BBB− or better by S&P (or, if either such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other Rating Agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS.

"*Issue Date*" means March 28, 2013.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of the Company or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €10 million in the aggregate outstanding at any time.

"*Material Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries (i) for the most recent fiscal year, accounted for more than 5% of the consolidated revenues of the Company or (ii) as of the end of the most recent fiscal year, was the owner of more than 5% of the consolidated assets of the Company.

"*Moody's*" means Moody's Investors Service, Inc.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Officer*" means, with respect to any Person, the Chief Executive Officer and the Chief Financial Officer of the Company or a responsible accounting or financial officer of such Person.

"*Officer's Certificate*" means a certificate signed by an Officer.

"*Parent Entity*" means any direct or indirect parent company or entity of the Company.

"*Permitted Business*" means (i) the cable television business, including the distribution, sale and/or provision of analog cable television, digital cable television, broadband Internet services, fixed-line and wireless telephony services and other services in relation thereto, (ii) the service and maintenance of the Company's cable network and related activities, (iii) any business, services or activities engaged in by the Company on the Issue Date, and (iv) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing, or are extensions or developments of any thereof.

"*Permitted Collateral Liens*" means:

(1) Liens on the Collateral to secure (i) Indebtedness under Credit Facilities that is permitted by clause (1) of the definition of Permitted Debt and (ii) Indebtedness of the Issuer and the Guarantors permitted by the first paragraph and clause (17) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" and Permitted Refinancing Indebtedness in respect thereof (and Permitted Refinancing Indebtedness in respect of such Permitted Refinancing Indebtedness); *provided* that, in each case, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secure the Notes and the Note Guarantees on a senior or *pari passu* basis; *provided further* that each of the parties thereto will have entered into the Priority Agreement or an Additional Priority Agreement;

(2) Liens on the Collateral securing the Company's or any Restricted Subsidiary's obligations under Hedging Obligations (other than Hedging Obligations in respect of commodity prices) permitted by clause (8) of the definition of Permitted Debt, *provided* that the assets and properties securing such Indebtedness will also secure the Notes and the Note Guarantees on a senior or *pari passu* basis, *provided further* that each of the parties thereto will have entered into the Priority Agreement or an Additional Priority Agreement; and

(3) Liens on the Collateral arising by operation of law or that are described in one or more of clauses (3), (6), (7), (8), (12), (13), (14), (16), (17), (18), (19), (20) and (21) of the definition of "Permitted Liens" and that, in each case, would not materially interfere with the ability of the Security Agent to enforce any Lien over the Collateral.

"*Permitted Liens*" means:

(1) Liens in favor of the Company or any of the Restricted Subsidiaries;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary;

(3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers compensation obligations, leases, performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(4) Liens to secure Indebtedness permitted by clause (4) and Capital Lease Obligations incurred pursuant to clause (17) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock", in each case, covering only the assets acquired with or financed by such Indebtedness;

(5) Liens existing on the Issue Date;

(6) Liens for taxes, assessments or governmental charges or claims that (x) are not yet due and payable or (y) are being contested in good faith by appropriate proceedings and for which a reserve or other appropriate provision, if any, as will be required in conformity with IFRS will have been made;

(7) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(8) survey exceptions, 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 or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that 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 such Person;

(9) Liens created for the benefit of (or to secure) the Notes or the Note Guarantees;

(10) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(11) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided*, *however*, that:

    (a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

    (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(13) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under applicable jurisdiction) in connection with operating leases in the ordinary course of business;

(14) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of lis pendens and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(17) leases, licenses, subleases and sublicenses of assets in the ordinary course of business;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(19) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(22) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(23) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness; and

(24) 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;

(25) Liens on property at the time the Company or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Company or any Restricted subsidiary; *provided* that such Liens are not created, incurred or assumed in connection with, or in contemplation of, such acquisition and do not extend to any other property owned by the Company or any Restricted Subsidiary;

(26) Permitted Collateral Liens; and

(27) Liens incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with respect to obligations that do not exceed €25.0 million at any one time outstanding.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable), or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually, subordinated in right of payment to the Notes or a Note Guarantee, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or such Note Guarantee, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Issuer or a Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Issuer, a Guarantor or a Finance Subsidiary.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Pre-Expansion European Union*" means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

"*Priority Agreement*" means the priority agreement between, among others, the Company, as the parent, certain of the Company's Subsidiaries, as obligors, and ING Bank N.V. as senior agent and security agent, dated September 12, 2006 and as amended and restated on October 6, 2006, November 17, 2006 and on or about the Issue Date, as amended, restated or otherwise modified or varied from time to time.

"*Proceeds Loan*" means the proceeds loan agreement dated May 7, 2010, among Ziggo Bond Company and the Company pursuant to which Ziggo Bond Company lent to the Company the proceeds of the Existing Senior Notes issued on May 7, 2010, as amended from time to time; *provided* that the principal amount of, and interest rate on, the Proceeds Loan will not be greater than the principal amount of, and interest rate on, the Indebtedness of Ziggo Bond Company that funded such Proceeds Loan.

"*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 or any Restricted Subsidiary in connection with a Qualified Receivables Transaction with a Receivables Entity, which deferred purchase price or line is repayable from cash available to the Receivables Entity, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts owing to such Investors and amounts paid in connection with the purchase of newly generated Receivables.

"*Qualified Receivables Transaction*" means any transaction or series of transactions that may be entered into by the Company or any of its Restricted Subsidiaries pursuant to which the Company 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 or any of its Restricted Subsidiaries) and (2) any other Person (in the case of a transfer by a Receivables Entity), or may grant a security interest in, any Receivables (whether now existing or arising in the future) of the Company or any of its 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 security interests are customarily granted, in connection with asset securitization involving Receivables.

"*Rating Agencies*" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Notes, any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Company as a replacement agency.

"*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 and 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 (or another Person formed for the purpose of engaging in a Qualified Receivables Transaction in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers Receivables and related assets) in which the Company or any Restricted Subsidiary makes an Investment and to which the Company 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) or which:

  (a) is guaranteed by the Company 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 or any Restricted Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings; or

(c) subjects any property or asset of the Company or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Company 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 of such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing Receivables; and

(3) to which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels or operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a certified copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions.

"*Restricted Subsidiary*" means any Subsidiary of the Company.

"*S&P*" means Standard & Poor's Ratings Group.

"*Security Documents*" means the instruments and documents executed and delivered pursuant to the Indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which the Collateral is pledged, assigned or granted to or on behalf of the Security Agent for the ratable benefit of the holders and the Trustee.

"*Senior Credit Agreement*" means the senior credit agreement between, among others, the Company, as the parent and guarantor, certain of the Company's Subsidiaries, as borrowers and guarantors, ING Bank N.V. as facility agent and security trustee, dated as of March 21, 2013, as amended, restated, supplemented, waived or otherwise modified from time to time.

"*Senior Facilities*" means the credit facilities made available pursuant to the Senior Credit Agreement.

"*Senior Secured Indebtedness*" means as of any date of determination, (i) Indebtedness of the Issuer or any Guarantor (other than Indebtedness incurred pursuant to clauses (4), (6), (8) (other than Hedging Obligations incurred with respect to Indebtedness), (10), (11), (12), (13), (14) and (15) of the second paragraph of the covenant under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock") that is secured by a Lien or that is a Capital Lease Obligation and (ii) Indebtedness of a Restricted Subsidiary that is not a Guarantor.

"*Senior Secured Leverage*" means with respect to a specified Person, as of any date of determination, the sum without duplication of the aggregate outstanding Senior Secured Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis (but not giving effect to any additional Indebtedness to be incurred on the date of determination as part of the same transaction or series of transactions pursuant to the second paragraph under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*").

"*Senior Secured Leverage Ratio*" means, with respect to any specified Person as of any date of determination, the ratio of (a) the Senior Secured Leverage of such Person on such date to (b) the Consolidated EBITDA of such Person for such Person's most recently ended two full fiscal quarters for which internal financial statements are available immediately preceding such date, multiplied by 2.0. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Senior Secured Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Senior Secured Leverage Ratio is made (the "*Calculation Date*"), then the Senior Secured Leverage Ratio will be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable two-quarter reference period.

For purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions of any Person, business or group of assets that constitutes an operating unit or division of a business that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations, amalgamations or otherwise, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries (including Persons who become Restricted Subsidiaries as a result of such increase), during the two-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Senior Secured Leverage Ratio) will be given *pro forma* effect as if they had occurred on the first day of the two-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Senior Secured Leverage Ratio), will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such two-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such two-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to an Investment or acquisition, the amount of income or earnings relating thereto or the amount of Consolidated EBITDA associated therewith, the *pro forma* calculation shall be determined in good faith by a responsible financial or accounting Officer of the Company. In determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge or Indebtedness on such date.

"*Specified Change of Control Event*" means the public confirmation of the Investment Grade Status of the Notes by two Rating Agencies within the 90-day period following the occurrence of any event that would constitute a Change of Control.

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries (i) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (ii) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

"*Standard Securitization Undertakings*" means representations, warranties, covenants and indemnities entered into by the Company or any Restricted Subsidiary of the Company which are reasonably customary in securitization of Receivables transactions.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Shareholder Debt*" means, collectively, any debt provided to the Company by any direct or indirect parent of the Company, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Debt; *provided* that such Subordinated Shareholder Debt:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Company (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the maturity of the Notes;

(4) is not secured by a lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Company;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company at least to the same extent as the guarantees of the Existing Senior Notes are subordinated to the Notes under the Priority Agreement;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or any Note Guarantee or compliance by the Issuer or a Guarantor with its obligations under the Notes, any Note Guarantee and the Indenture;

(7) does not (including upon the happening of an event) constitute Voting Stock; and

(8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Company,

provided, however, that any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Debt, such Indebtedness shall constitute an incurrence of such Indebtedness by the Company.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax).

"*Taxes*" and "*Taxation*" shall be construed to have corresponding meanings.

"*Total Assets*" means the consolidated total assets of the Company and its Restricted Subsidiaries as shown on the most recent balance sheet (excluding the footnotes thereto) of the Company.

"*Ultimate Parent*" means Ziggo N.V.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including

payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary of the Company, all of the Capital Stock of which (other than director's qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

"*Ziggo Bond Company*" means Ziggo Bond Company B.V. and its successors (including by way of merger, amalgamation or other business combination).

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited, on the closing date, with a common depositary and registered in the name of the nominee of the common depositary for the account of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note ("Rule 144A Book-Entry Interests") and ownership of interests in the Regulation S Global Note (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your 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 Notes for any purpose.

So long as the Notes are held in global form, the common depository for Euroclear and/or Clearstream (or its nominee), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither we nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive definitive registered notes:

(1) if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue definitive registered notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or us, 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 as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the Paying Agent and the Registrar shall be entitled to 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, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), 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 principal amount may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the common depositary or its nominee for Euroclear and Clearstream. The common depositary will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of the Notes—Additional Amounts." If any such deduction or withholding is required to be made, then, to the extent described under "Description of the Notes—Additional Amounts" above, we will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we and the Trustee will treat the registered holders of the Global Notes (*i.e.*, the common depository for Euroclear or Clearstream (or its respective nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the trustee or any of its agents has or will have any responsibility or liability for:

- aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests to such Notes through Euroclear or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, Euroclear and Clearstream, at the request of the holders of the Notes, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (the "Definitive Registered Notes"), and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under "Notice to Investors." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors."

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest 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 or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest 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 "Notice to Investors" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described in the Indenture 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 such Notes. Please see "Notice to Investors."

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 Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we, the Trustee, the Paying Agent, the Registrar nor the Initial Purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, 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 persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of us, any guarantor, the Trustee or the Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and 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.

CERTAIN TAX CONSIDERATIONS

Dutch Tax Considerations

General

The information set forth below is a general summary of certain material Dutch tax consequences in connection with the acquisition, ownership or transfer of the Notes. The summary does not purport to be a comprehensive description of all the Dutch tax considerations that may be relevant for a particular holder of Notes, who may be subject to special tax treatment under any applicable law and this summary is not intended to be applicable in respect of all categories of holders of Notes. The summary is based upon the tax laws of the Netherlands as in effect on the date of this Offering Memorandum, including official regulations, rulings and decisions of the Netherlands or of its taxing and other authorities available in printed form on or before such date and now in effect, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

All references in this summary to the Netherlands and Netherlands law are to the European part of the Kingdom of the Netherlands and its law, respectively, only. These tax laws are subject to change, which could apply retroactively and could affect the continuing validity of this summary. As this is a general summary, we recommend prospective holders of Notes to consult their own tax advisors as to the Dutch or other tax consequences of the acquisition, ownership and transfer of Notes, including, in particular, the application of their particular situations of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

The following summary does not address the tax consequences arising under the laws of any state, locality or taxing jurisdiction in any jurisdiction other than the Netherlands in connection with the acquisition, ownership and transfer of Notes.

Withholding Tax

All payments of interest and principal under the Notes may be made free of withholding or deduction for any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

General

The description of taxation set forth in this section is not intended for any holder of Notes, who:

- is an individual and for whom the income or capital gains derived from the Notes are attributable to employment activities the income from which is taxable in the Netherlands;
- holds, directly or indirectly, a Substantial Interest, or a deemed Substantial Interest in the Issuer (as defined below);
- is an entity that is a resident or deemed to be a resident of the Netherlands and that is, in whole or in part, not subject to or exempt from Dutch corporate income tax; or
- is a fiscal investment institution (*fiscale beleggingsinstelling*) or an exempt investment institution (*vrijgestelde fiscale beleggingsinstelling*) as meant in Articles 6a and 28 of the Dutch Corporate Income Tax Act 1969 (*Wet op de venootschapsbelasting 1969*).

Generally a holder of Notes will have a substantial interest in the Issuer (a "Substantial Interest") if he holds, alone or together with his partner (a statutorily defined term), whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5% or more of the total issued and outstanding capital of the Issuer (or the issued and outstanding capital of any class of shares), or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of the total issued and outstanding capital of the Issuer (or the issued and outstanding capital of any class of shares) or the ownership of certain profit participating certificates that relate to 5% or more of the annual profit and/or to 5% or more of the liquidation proceeds of the Issuer. A holder of Notes will also have a Substantial Interest in the Issuer if one of certain relatives of that holder or of his partner has a Substantial Interest in the Issuer. If a holder of Notes does not have a Substantial Interest, a deemed Substantial Interest will be present if (part of) a Substantial Interest has been disposed of, or is deemed to have been disposed of, without recognizing taxable gain.

Residents of the Netherlands

Individuals

An individual who is resident or deemed to be resident in the Netherlands, or who opts to be taxed as a resident of the Netherlands for purposes of Dutch taxation (a "Dutch Resident Individual") and who holds Notes is subject to Dutch income tax on income and/or capital gains derived from the Notes at progressive rates (up to 52%; rate for 2013) if:

(i) the holder derives profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), to which enterprise the Notes are attributable; or

(ii) the holder derives income or capital gains from the Notes that are taxable as benefits from "miscellaneous activities" (*resultaat uit overige werkzaamheden*, as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*)), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If conditions (i) and (ii) mentioned above do not apply, any holder of Notes who is a Dutch Resident Individual will be subject to Dutch income tax on a deemed return regardless of the actual income and/or capital gains derived from the Notes. This deemed return has been fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) insofar as this exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets (including, as the case may be, the Notes) held by the Dutch Resident Individual less the fair market value of certain qualifying liabilities, both determined on 1 January of the relevant year. The deemed return of 4% will be taxed at a rate of 30% (the rate for 2013).

Entities

An entity that is resident or deemed to be resident in the Netherlands (a "Dutch Resident Entity") will generally be subject to Dutch corporate income tax with respect to income and capital gains derived from the Notes. The Dutch corporate income tax rate for 2013 is 20% for the first €200,000 of the taxable amount and 25% for the excess of the taxable amount over €200,000.

Non-Residents of the Netherlands

A holder of Notes who is neither a Dutch Resident Individual nor Dutch Resident Entity (a "Non-Dutch Resident") is generally not subject to Dutch income or corporate income tax on the income and capital gains derived from the Notes, provided that:

(i) such Non-Dutch Resident does not derive profits from a Dutch Enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), to which Dutch Enterprise the Notes are attributable or deemed attributable; a Dutch Enterprise is an enterprise, a deemed enterprise or part of such enterprise that is carried on through a permanent establishment or a permanent representative in the Netherlands;

(ii) in the case of a Non-Dutch Resident who is an individual, such individual does not derive income or capital gains from the Notes that are taxable as benefits from "miscellaneous activities" performed or deemed to be performed in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*, as defined the Dutch Income Tax Act 2001), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*);

(iii) in the case of a Non-Dutch Resident who is not an individual such Non-Dutch Resident is neither entitled to a share in the profits of an enterprise effectively managed in the Netherlands nor co-entitled to the net worth of such enterprise, other than by way of the holding of securities, to which enterprise the Notes or payments in respect of the Notes are attributable; and

(iv) in the case of a Non-Dutch Resident who is an individual, such individual is not entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or, through an employment contract, to which enterprise the Notes or payments in respect of the Notes are attributable.

Gift or Inheritance Taxes

No Dutch gift or inheritance taxes will be levied on the transfer of Notes by way of gift by or on the death of a holder of Notes, who is neither a resident nor deemed to be a resident of the Netherlands for the purpose of the relevant provisions, unless:

- the transfer is construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of the Netherlands for the purpose of the relevant provisions;
- such holder dies while being a resident or deemed resident of the Netherlands within 180 days after the date of a gift of the Notes; or
- the gift is made under a condition precedent and such holder is or is deemed to be a resident of the Netherlands at the time the condition is fulfilled.

For purposes of Dutch gift and inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident of the Netherlands if he has been a resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual will, irrespective of his nationality, be deemed to be resident of the Netherlands if he has been a resident of the Netherlands at any time during the twelve months preceding the date of the gift.

Value-Added Tax

There is no Dutch value-added tax payable by a holder of Notes in respect of payments under the Notes or on a disposal of the Notes (other than value-added taxes on fees payable in respect of services not exempt from Dutch value-added tax).

Other Taxes and Duties

There is no Dutch registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty, other than court fees, payable in the Netherlands by a holder of Notes in respect of the acquisition, ownership or transfer of the Notes.

Residence

A holder of Notes will not become or be deemed to become a resident of the Netherlands solely by reason of the acquisition, holding or disposal of the Notes.

European Union Directive on the Taxation of Savings Income

The European Union has adopted a directive (Council Directive 2003/48/EC (the "Directive")) regarding the taxation of savings income. The Directive provides for Member States of the European Union to provide to the tax authorities of another Member State details of certain payments of interest and other similar income on debt claims of every kind paid by a person to an individual (or certain other types of person) in that other Member State, except that Austria and Luxembourg may instead impose a withholding system for a transitional period unless during such period they elect otherwise (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). The transitional period is to terminate following agreement by certain non-EU countries to the exchange of information relating to such payments. The Directive does not preclude Member States from levying other types of withholding tax. A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding).

The European Commission has published proposals for amendments to the Directive, which, if implemented, would amend and broaden the scope of the requirements above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts to the holder of the Notes or to otherwise compensate the holder of Notes for the reduction in the amounts that they will receive as a result of the imposition of such withholding tax. However, the Issuer is required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive (if such a state exists).

U.S. Federal Income Tax Considerations

Circular 230 Disclosure: **To ensure compliance with Circular 230 we inform you that any U.S. federal tax advice contained in this Offering Memorandum is not intended or written to be used, and cannot be used, (i) by any taxpayer for the purpose of avoiding tax penalties under the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or (ii) for promoting, marketing or recommending to another party any transaction or matter addressed herein. You should seek advice based on your particular circumstances from an independent tax advisor.**

The following discussion is a general summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes by U.S. Holders (as defined below). This discussion addresses only U.S. Holders (as defined below) who purchase the Notes in this Offering at their issue price (as defined below), hold the Notes as capital assets, and use the U.S. dollar as their functional currency. The summary is based on the Code, Treasury regulations, rulings, judicial decisions, and administrative pronouncements, all as in effect as of the date hereof, and all of which are subject to change or changes in interpretation, possibly on a retroactive basis.

This summary does not discuss all of the tax consequences that may be relevant to holders in light of their particular circumstances or to holders subject to special tax rules, including U.S. expatriates, insurance companies, tax-exempt institutions or investors, financial institutions, persons subject to the alternative minimum tax, dealers in securities or foreign currencies, traders who have elected "mark-to-market" treatment, investors that actually or constructively own 10% or more of the voting stock or outstanding share capital of the Issuer, persons holding their Notes as part of a short sale, straddle, hedging transaction, conversion transaction or other integrated transaction, or U.S. Holders whose functional currency is not the U.S. dollar. Such holders may be subject to U.S. federal income tax consequences different from those set forth below. This summary also does not address the Medicare tax on certain investment income.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner that is, for purposes of U.S. federal income taxation, (i) an individual who is a citizen or resident alien of the United States, (ii) a corporation or other business entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust (a) that is subject to the control of a U.S. person and the primary supervision of a U.S. court or (b) which has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person, or (iv) an estate, the income of which is subject to U.S. federal income taxation regardless of its source. If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership that holds Notes, the holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and disposition of the Notes.

The "issue price" of a Note will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes is sold for money.

Holders should consult their own tax advisors regarding the specific U.S. federal, state, local and foreign tax consequences of acquiring, owning and disposing of Notes in light of their particular circumstances, as well as any consequences arising under the laws of any other taxing jurisdiction.

Interest

Payments of interest (including payments of any additional amounts and any tax withheld from such payments) on a Note will be includible in the gross income of a U.S. Holder as ordinary interest income at the time the interest is received or accrued, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. Interest generally will be income from sources outside the United States and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income or, in certain cases, general category income. The rules relating to foreign tax credits are complex and U.S. Holders should consult their own tax advisors regarding the application of the foreign tax credit rules to their investment.

It is anticipated, and this discussion assumes that the Notes will not be treated as is issued with more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes.

A U.S. Holder of Notes that uses the cash method of accounting for tax purposes will recognize interest income equal to the U.S. dollar value of the interest payment received, based on the spot exchange rate on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

A U.S. Holder of Notes that uses the accrual method of accounting for tax purposes, or who otherwise is required to accrue interest prior to receipt, may determine the amount recognized with respect to such interest in accordance with either of two methods. Under the first method, such holder will recognize income for each taxable year equal to the U.S. dollar value of the euro accrued for such year determined by translating such amount into U.S. dollars at the average spot exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the U.S. Holder's taxable year). Alternatively, an accrual basis 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 Internal Revenue Service (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 taxable year in the case of a partial accrual period), or at 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 of Notes that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss equal to the difference between the U.S. dollar value of such payment, determined at the spot exchange rate on the date the payment is received, and the U.S. dollar value of the interest income previously included in respect of such payment. This exchange gain or loss will generally be treated as U.S. source ordinary income or loss, and generally will not be treated as an adjustment to interest income or expense.

Disposition

Upon the sale, exchange or other taxable disposition of a Note, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued and unpaid interest, which will be taxable as ordinary interest income in accordance with the U.S. Holder's method of tax accounting as described above) and the U.S. Holder's adjusted tax basis in the Note. The amount realized on the sale, exchange or other taxable disposition of a Note for an amount of foreign currency will generally be the U.S. dollar value of that amount based on the spot exchange rate on the date payment is received or the Note is disposed of. If the Note is traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of the amount realized on the settlement date of the disposition. If an accrual method taxpayer makes the election described above, such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

A U.S. Holder's tax basis in a Note generally will equal the cost of the Note to the holder. The cost of a Note purchased with foreign currency will be the U.S. dollar value of the foreign currency purchase price on the date of purchase, calculated at the exchange rate in effect on that date. If the Note is traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of the cost of the Note at the spot rate on the settlement date of the purchase.

Gain or loss recognized by a U.S. Holder upon the sale, exchange or other taxable disposition of a Note that is attributable to changes in currency exchange rates relating to the principal thereof will be ordinary income or loss and will be equal to the difference between the U.S. dollar value of the U.S. Holder's purchase price of the Note in foreign currency determined on the date of the sale, exchange or other taxable disposition, and the U.S. dollar value of the U.S. Holder's purchase price of the Note in foreign currency determined on the date the U.S. Holder acquired the Note. In addition, exchange gain or loss may be realized with respect to accrued interest. The foregoing exchange gain or loss with respect to principal and accrued interest will be recognized only to the extent of the total gain or loss realized by the U.S. Holder on the sale, exchange or other taxable disposition of the Note, and will be treated as ordinary income generally from sources within the United States for U.S. foreign tax credit limitation purposes.

Any gain or loss recognized by a U.S. Holder in excess of foreign currency gain or loss recognized on the sale, exchange or other taxable disposition of a Note will generally be U.S. source capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the sale, exchange or other taxable disposition. In the case of an individual U.S. Holder, any such gain will be eligible for preferential U.S. federal income tax rates if that U.S. Holder satisfies certain prescribed minimum holding periods. The deductibility of capital losses is subject to limitations.

Receipt of Euro

A U.S. Holder of Notes may receive euro in payment for interest or principal. The tax basis of any euro received by a U.S. Holder generally will equal the U.S. dollar equivalent of such euro at the spot rate on the date the euro are received. Upon any subsequent exchange of euro for U.S. dollars, a U.S. Holder generally will recognize exchange gain or loss equal to the difference between the amount of U.S. dollars received and the U.S. Holder's tax basis in the euro. Upon any subsequent exchange of euro for property, a U.S. Holder generally will recognize exchange gain or loss equal to the difference between the U.S. dollar value of the euro exchanged for such property based on the U.S. dollar spot rate for euro on the date of the exchange and the U.S. Holder's tax basis in the euro so exchanged. Any such exchange gain or loss generally will be treated as U.S. source ordinary income or loss.

U.S. Information Reporting and Backup Withholding

Payments of interest on and proceeds from the sale, exchange or other taxable disposition of the Notes may be subject to information reporting requirements unless the holder qualifies as an exempt recipient. Backup withholding may apply to a holder who fails to furnish a correct taxpayer identification number or any other required certification, or who otherwise fails to comply with the applicable requirements of the backup withholding rules. U.S. persons who are required to establish their exempt status generally must provide a duly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

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 timely filing the appropriate claim for refund with the IRS and furnishing any required information.

Tax Return Disclosure Requirements

A U.S. Holder may be required to report a sale or other disposition of its Notes (or, in the case of an accrual basis U.S. Holder, a payment of accrued interest) on IRS Form 8886 (Reportable Transaction Disclosure Statement) if it recognizes foreign currency exchange loss that exceeds U.S.$50,000 in a single taxable year from a single transaction in the Notes, if such U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. U.S. Holders are urged to consult their tax advisors in this regard.

Information With Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals may be required to file IRS Form 8938 (Statement of Foreign Financial Assets) to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). Under certain circumstances, an entity may be treated as an individual for purposes of the foregoing rules. U.S. Holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the Notes. Penalties may apply for failure to properly complete and file IRS Form 8938.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES.

CERTAIN ERISA CONSIDERATIONS

General

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on employee benefit plans subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans (collectively, "ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, 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 plan and its investments.

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 or an entity deemed to hold the assets of such plans (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Any Plan fiduciary which proposes to cause a Plan to purchase or hold the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

Non-U.S. plans, governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to non-U.S., state, local or other federal laws or regulations that are similar to the foregoing provisions of ERISA and the Code ("Similar Law"). Fiduciaries with respect to the assets of any such plans should consult with their counsel before purchasing the Notes to determine the need for, and the availability, if necessary, of any exemptive relief under any such law or regulations.

Prohibited Transaction Exemptions

The fiduciary of a Plan that proposes to purchase and hold any Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the Issuer, the guarantors, the Initial Purchasers, Trustee, Registrar, Paying Agent, Transfer Agent or any of their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the Notes on behalf of a Plan, Section 408(b)(17) of ERISA or Prohibited Transaction Class Exemption ("PTCE") 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

By its purchase of any Note, the purchaser thereof will be deemed to have represented and warranted that either:

> (i) no assets of a Plan or non-U.S., governmental or church plan have been used to acquire such Notes or an interest therein or (ii) the purchase and holding of such Notes or an interest therein by such person do not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or violation of Similar Law.

Each Plan fiduciary (and each fiduciary for non-U.S., governmental or church plans subject to Similar Law) should consult with its legal advisor concerning the potential consequences to the plan under ERISA, Section 4975 of the Code or such Similar Laws of an investment in the Notes.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

We have not registered and will not register the Notes under the U.S. Securities Act and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers," commonly referred to as "QIBs," as defined in Rule 144A in compliance with Rule 144A; and
- outside the United States to non-U.S. persons in offshore transactions in accordance with Regulation S.

We use the terms "offshore transaction," "U.S. person" and "United States" with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers as follows:

(1) You understand and acknowledge that the Notes have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) You are not our "affiliate" (as defined in Rule 144 under the U.S. Securities Act) or acting on our behalf and that either:

   - you are a QIB, within the meaning of Rule 144A under the U.S. Securities Act and are aware that any sale of these Notes to you will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for your own account or for the account of another QIB; or
   - you are not a U.S. person or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing the Notes in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

(3) You acknowledge that none of us, the Issuer, the Guarantors, or the Initial Purchasers, nor any person representing any of them, has made any representation to you with respect to us, the Issuer and its subsidiaries or the offer or sale of any of the Notes, other than 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 neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us, the Issuer and its subsidiaries and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within its or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the date of the original issue and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A under the U.S. Securities Act, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to our and the trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

(6) You agree that either (i) no assets of a Plan or non-U.S., governmental or church plan have been used by it to acquire the Notes or an interest therein or (ii) the purchase and holding of the Notes or an interest therein by it do not constitute a non-exempt prohibited transaction under ERISA or the Code or violation of Similar Law.

(7) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS NOTE HAS 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 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 OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS IN [THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (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 ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A 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 IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

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 agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(2) You acknowledge that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

(3) You acknowledge that the Registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth therein have been complied with.

(4) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, it shall promptly notify the Initial Purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(5) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "Plan of Distribution."

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement") to be dated as of the date of this Offering Memorandum, the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase the Notes from the Issuer.

The following table sets forth the amount of Notes to be purchased by each Initial Purchaser in the Offering:

Initial Purchaser(1)	Principal Amount of Notes
Goldman Sachs International	€ 225,000,000
J.P. Morgan Securities plc	€ 225,000,000
ABN AMRO Bank N.V.	€ 42,857,400
BNP Paribas	€ 42,857,100
Credit Suisse Securities (Europe) Limited	€ 42,857,100
ING Bank N.V., London Branch	€ 42,857,100
Morgan Stanley & Co International plc	€ 42,857,100
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)	€ 42,857,100
Société Générale	€ 42,857,100
Total	**€ 750,000,000**

(1) Sales in the United States or to nationals or residents of the United States, may be made through affiliates of the Initial Purchasers listed above.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial Offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that the Issuer and the Guarantors will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, not to, (i) offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any securities of, or guaranteed by, the Issuer or any of the Guarantors that are substantially similar to the Notes or (ii) guarantee any securities of Ziggo Bond Company B.V. or Ziggo Finance B.V. issued, in each of clauses (i) and (ii), within 45 days after the date of the Purchase Agreement, without the prior written consent of Goldman Sachs International and J.P. Morgan Securities plc.

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 except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to certain persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act. Resales of the Notes are restricted as described under "Notice to Investors."

In relation to each Member State of the European Economic Area 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 as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in 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) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the 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 Prospectus Directive.

For the purposes of this provision, the expression of an "offer of 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 and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

The Notes will only be offered in The Netherlands to Qualified Investors (as defined in the EU Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and 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 Financial Services and Markets Act 2000 (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 us or the Guarantors; and
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us 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 us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and resale of the Notes. Please see "Notice to European Economic Area Investors."

The Notes are a new issue of securities for which there currently is no market. We have applied, through our listing agent, to list the Notes on the Official List of the Luxembourg Stock Exchange and trade the Notes on the Euro MTF; however, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers are not obligated to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. Please see "Risk Factors—Risks Relating to the Notes and the Structure—There may not be an active trading market for the Notes in which case your ability to sell the Notes will be limited."

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 five United Kingdom business days following the date of pricing of the Notes (this settlement cycle is being referred to as "T + 5"). Trades in the secondary market generally 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 succeeding United Kingdom business day 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 this Offering, the Stabilizing Manager (or persons acting on its behalf) may purchase and sell Notes in the open market. These transactions may include over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids. Over-allotment involves sales in excess of this Offering size, which creates a short position for the Initial Purchasers. 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. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker/dealer when the Notes originally sold by such broker/dealer are purchased in a stabilizing or covering transaction to cover short positions. These transactions may be effected in the over-the-counter market or otherwise.

These activities may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the prices that otherwise might exist in the open market. Neither we nor the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, there is no obligation on the Stabilizing Manager to engage in such transactions and neither we nor the Initial Purchasers make any representation that the Stabilizing Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of this Offering is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager (or persons acting on its behalf) in accordance with all applicable laws and rules.

The Initial Purchasers and/or their respective affiliates have recently engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us and our affiliates. They have received, and expect to receive, customary fees and commissions for these transactions. In addition, certain of the Initial Purchasers and/or their affiliates are lenders and/or agents under our Old Senior Credit Agreement, including the Term Loan B Facility and Term Loan F Facility that will be repaid in full in connection with the Refinancing and under a €150 million credit facility with Ziggo N.V. as borrower entered into on or around January 23, 2013, as well as counterparties to our existing hedging arrangements. In addition, certain of the Initial Purchasers and/or their affiliates will be lenders and/or agents under our New Senior Secured Facility and may act as counterparties in the hedging arrangements we expect to enter into in connection with the Refinancing, and will receive customary fees for their services in such capacities.

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 United States 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.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Shearman & Sterling (London) LLP, as to matters of United States federal, New York and English law and by Stibbe N.V., as to matters of Dutch law. Certain legal matters in connection with the 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 Allen & Overy LLP, as to matters of Dutch law.

INDEPENDENT AUDITORS

The consolidated annual financial statements of ABC B.V. as of December 31, 2010, 2011 and 2012 and for each of the three years in the period ended December 31, 2012 included in this Offering Memorandum have been audited by Ernst & Young Accountants LLP, independent auditors, as stated in their independent auditors' reports appearing herein.

WHERE YOU CAN FIND MORE INFORMATION

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act.

We have agreed in the Indenture governing these Notes that, if at any time we are not subject to Section 13 or 15(d) of the U.S. Exchange Act, or are exempt from reporting pursuant to Rule 12g3-2(b) of the U.S. Exchange Act, we will, upon request of a holder of the Notes, furnish to such holder or beneficial owner or to the Trustee or any relevant paying agent for delivery to such holder or beneficial owner or prospective purchaser of the Notes, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of the Notes. Any such request should be directed to us at Ziggo, Afdeling Legal, Postbus 43048, 3540 AA Utrecht, The Netherlands, Attention: Jan Pieter Witsen Elias. All of the above documents will be available at the offices of the Luxembourg Listing Agent in Luxembourg and in London.

ENFORCEMENT OF JUDGMENTS

We have been advised by our Dutch counsel, Stibbe N.V., 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 a court in the United States, whether or not predicated solely upon U.S. securities laws, would not be enforceable in the Netherlands. However, if a person has obtained a final and conclusive judgment rendered by a U.S. court which is enforceable in the United States and files a claim with the competent Dutch court, the Dutch court may be expected to render a judgment in accordance with the judgment of the relevant U.S. court, provided that such judgment has not been rendered in violation of elementary principles of fair trial and is not contrary to the public policy of the Netherlands and has been rendered by a court which has established its jurisdiction vis-à-vis the relevant party on the basis of a valid submission by such party to the jurisdiction of such U.S. court. It is uncertain whether this practice extends to default judgments as well. Dutch courts may deny the recognition and enforcement of punitive damages or other awards. 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. Enforcement and recognition of judgments of U.S. courts in the Netherlands are solely governed by the provisions of the Dutch Civil Procedure Code.

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.

LISTING AND GENERAL INFORMATION

1. The Issuer was incorporated in the Netherlands on February 15, 1951. The address of the Issuer is Atoomweg 100, 3542 AB Utrecht, the Netherlands.

   The Issuer has an issued share capital of €885,800, which consists of 8,858 fully paid-up shares, each with a nominal value of €100.

   Article 2 of the Issuer's Articles of Association states that the Issuer's objects are: to construct and exploit receiving constructions, telecommunications and broadcasting webs and other infrastructure services related to the offering of telecommunications, media, internet, interactive broadcasting, multimedia and data transmission services; to invest funds; to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises and to provide advice and other services; to acquire, use and/or assign industrial and intellectual property rights and real property; to provide guarantees and security for the debts of legal persons or of other companies with which the company is affiliated in a group or for the debts of third parties; and to undertake all that which is connected to the foregoing or in furtherance thereof (all in the broadest sense of the words).

   Each of ABC B.V., Torenspits II B.V., Ziggo Netwerk B.V. and Ziggo Netwerk II B.V. (the "Guarantors") are providing full and unconditional guarantees of the Notes. Each of the Guarantors is located for business purposes at Atoomweg 100, 3542 AB Utrecht, the Netherlands. The share capital of each of the Guarantors is fully paid-up.

   ABC B.V., pursuant to Article 2 of its articles of association, engages in financial holdings and operates as a management and finance company.

   Torenspits II B.V., pursuant to Article 2 of its articles of association, engages in financial holdings and operates as a management and finance company.

   Ziggo Netwerk B.V., pursuant to Article 2 of its articles of association, engages in the building and exploitation of telecommunications networks and other infrastructure services.

   Ziggo Netwerk II B.V., pursuant to Article 2 of its articles of association, engages in holding activities as well as the exploitation of cable networks.

2. Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Luxembourg Stock Exchange's Euro MTF Market.

3. So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market and the rules of such exchange shall so require, copies of our Articles of Association, the Indenture, the annual audited consolidated financial statements and interim unaudited consolidated financial statements of Ziggo Bond Company B.V., on an annual and quarterly basis, respectively (which, pursuant to the Indenture must include, in the case of both the annual and interim financial statements, a description of any material differences in the financial condition and results of operations of Ziggo Bond Company B.V. and the Issuer[(1)]), and the annual audited consolidated financial statements and half-year unaudited consolidated financial statements of ABC B.V., on an annual and half-yearly basis, respectively, will be available free of charge during normal business hours on any non-holiday weekday at the specified office of the transfer agent in Luxembourg referred to in paragraph 7 below.

   The Issuer does not currently produce any separate financial statements and does not intend to produce any such separate statements in the future. Pursuant to clauses 2:403(1)(c) and (f) of the Netherlands Civil Code, the financial information of the Issuer has been consolidated at the level of ABC B.V. following a declaration by ABC B.V. (i) that it assumes joint and several liability for any obligations arising from the legal acts of the Issuer and (ii) ABC B.V. has filed the consolidated

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(1) In addition, as described in the Description of the Notes and as required by Section 4.03 of the Indenture, in the event that Ziggo Bond Company B.V. and its subsidiaries have material operational activities other than the Issuer and its subsidiaries for such periods that are the subject of such reports or there are any material differences between the consolidated results of operations, financial condition, ownership or management of Ziggo Bond Company B.V. and the Issuer, other than those related to the Existing Senior Notes, the Proceeds Loans, any Additional Proceeds Loan and other than with respect to ownership (including any employee incentive plan or arrangement) or management as otherwise disclosed in such report, the Issuer shall be required to provide the aforesaid annual audited financial statements and interim unaudited consolidated financial statements for any relevant period for the Issuer to the Luxembourg Stock Exchange instead of for Ziggo Bond Company B.V.

accounts. As a result, the Issuer has been exempted from the provisions of the Netherlands Civil Code (articles 2:391 to 2:394 (inclusive)) requiring it to prepare and file separate financial statements.

4. We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum.

5. Except as disclosed herein, there has been no material adverse change in the Issuer's or any Guarantors' financial position since the last published consolidated financial statements of ABC B.V., as of and for the year ended December 31, 2012.

6. Neither we nor any of our subsidiaries is a party to any litigation that, in our judgment, is material in the context of the issue of the Notes, except as disclosed herein.

7. We have appointed Deutsche Bank Luxembourg S.A. as our transfer agent in Luxembourg. We reserve the right to vary such appointment and shall publish notice of such change of appointment in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange's website, *www.bourse.lu*.

8. The issuance of the Notes was authorized by resolutions of the sole statutory corporate director of the Issuer passed at meetings held on March 21, 2013. The giving of the Guarantees by each of the Guarantors was authorized by resolutions of the Board and the sole shareholder of each such Guarantor held on March 21, 2013.

9. The Global Notes sold pursuant to Regulation S and Rule 144A under the U.S. Securities Act have been accepted for clearance through the facilities of Clearstream Banking and Euroclear under common codes 90978861 and 90978870, respectively. The ISIN numbers for the Global Notes sold pursuant to Regulation S are XS0909788613 and the ISIN numbers for the Global Notes sold pursuant to Rule 144A are XS0909788704.

GLOSSARY OF SELECTED TERMS

Term	Definition
ACM	The *Autoriteit Consument en Markt*, the Dutch Authority for Consumers and Markets, as well as any of the predecessors of the Autoriteit Consument en Markt (i.e. the *Nederlandse Mededingingsautoriteit*, the Netherlands Competition Authority, the *Onafhankelijke Post en Telecommunicatie Autoriteit*, the Independent Post and Telecommunications Authority and the *Consumentenautoriteit*, the Netherlands Authority for Consumers).
ADSL or ADSL2+	An asymmetric digital subscriber line is a system for high-speed data transmission over existing phone cables. In the ADSL system, the phone 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 phone band through which phone calls can be made. ADSL2+ extends the capacity of the underlying ADSL system by further utilizing the frequency spectrum and extending transfer speeds. The data rates can be as high as 24 Mbps downstream and up to 1.4 Mbps upstream depending on the distance from the central office to the customer's premises.
Analog television	Analog television encodes television picture and sound information and transmits it as an analog signal: one in which the message conveyed by the broadcast signal is a function of deliberate variations in the amplitude and/or frequency of the signal. All systems preceding digital television were analog television systems.
ARPU	Average monthly revenue per user of the relevant service for the referenced period, a measure used to evaluate how effectively we are realizing potential revenues from subscribers. ARPU is calculated by dividing total subscription related revenues for a period excluding installation and carriage fees by the average number of subscribers served in the period and by the number of months in the period.
AT	Agentschap Telecom (Radiocommunications Agency), a division of the Dutch Ministry of Economic Affairs that oversees the acquisition, allocation and protection of spectrum.
AVMS	Audiovisual Media Services Directive; came into force on December 11, 2007 and amended the TWFD.
Backbone	A backbone or network backbone is a part of a network infrastructure that interconnects various pieces of network.
Bandwidth	The transmission capacity of a communication line or transmission link at any given time.
Bi-directional network	Bi-directional networks enable a two-way communication.
Blended ARPU	Blended average revenue per user, which is calculated as the sum of total standard TV, digital pay TV, broadband internet and telephony revenues for the period divided by the period's average monthly total standard TV RGUs and divided by the number of months in that period.
Breezz	Breezz Nederland B.V. is a provider of innovative business telephone services and caters to a network of value-added resellers. The Company acquired Breezz in order to enlarge the range of products the Company can offer to small and medium sized enterprises.
Broadband internet	Internet connection with download data transfer speeds of at least 256 kbps.

Term	Definition
Bundle/bundling	Bundling is a marketing strategy that involves offering several services or products for sale as one combined product.
CMTS	A Cable Modem Termination System provides high speed data services to cable users.
CPE	Customer premise(s) equipment or telecommunications hardware, such as set-top boxes or PVRs, broadband internet modems and routers, which are located at the home or business of a customer.
Catch-Up TV	Our replay TV offering that allows subscribers to watch recently broadcasted television programs after they have been aired.
CI+	Common Interface Plus, which allows customers with modern television sets to enjoy digital TV without using a separate set-top box. The customer still requires a smartcard.
Cloud based PVR	A virtual Personal Video Recorder that allows users to watch what they want, when they want, how they want and where they want. Recorded broadcasted video content is stored on remote servers in the network, and not on the PVR at the customer's premise.
Coaxial Cable	Electrical cable with an inner conductor, surrounded by a tubular insulating layer.
CvdM	Commissariaat voor de Media (Dutch Media Authority), which enforces the rules and regulations formulated under the Dutch Media Act.
Digital television	Digital television or digital TV, is the transmission of audio and television by digital signals, in contrast to the analog signals used by analog television. 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 thus of higher quality; and second, digital signals require less transmission capacity than analog signals.
DMA	Dutch Media Act ("Mediawet"); governs the organization, financing and tasks of the public broadcasting companies in the Netherlands. It also sets basic rules for commercial broadcasting companies and cable operators.
DSL	Digital Subscriber Line, which 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.
DTA	Dutch Telecommunications Act ("Telecommunicatiewet").
DTH	Direct-to-home, which refers to satellite television broadcasts intended for home reception.
DTT	Digital terrestrial television, which is digital broadcasting of television signals over terrestrial antennas and other earthbound circuits without any use of satellite.

Term	Definition
EuroDocsis 3.0	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 EuroDocsis standard to improve speeds they can offer. The new EuroDocsis 3.0 broadband technology allows speed levels of up to 120 Mbps.
Fiber-to-the-Curb (FttC)	Network architecture that uses optical fiber to reach the end user's street in order to deliver broadband internet services.
Fiber-to-the-Home (FttH)	Network architecture that uses optical fiber to reach the end user's home in order to deliver broadband internet services.
Fiber-to-the-Office (FttO)	Network architecture that uses optical fiber to reach the end user's office in order to deliver broadband internet services.
Free-to-air	Transmission of content for which television viewers are not required to pay a fee for receiving transmissions.
FRSA	Financial Reporting Supervision Act ("Wet toezicht financiële verslaggeving").
GHz	Gigahertz, one billion hertz (a unit of frequency).
HDTV	High definition television. We provide HDTV in the 1,080i format (which assumes a widescreen aspect ratio of 16:9, implying a frame size of 1920×1080 pixels).
HFC	A Hybrid Fiber Coaxial (HFC) network is a telecommunication technology in which optical fiber cable and coaxial cable are used in different portions of a network.
Headend	A facility for receiving television signals for processing and distribution over a cable television system.
Homes connected	The number of homes and other units such as apartments that are connected to our network.
Homes passed	The number of homes and other units such as apartments that are connected or can be connected to a telecommunications network. We report "homes connected" as "homes passed."
HSPA	High-speed Packet Access, which is an upgraded version of the UMTS, or 3G, mobile telephony protocol technology and refers collectively to the HSDPA and HSUPA mobile telephony protocols. HSPA supports peak data rates of up to 14 Mbps in the downlink and 5.8 Mbps in the uplink.
ISDN	Integrated Services Digital Network (ISDN) is a set of communications standards for simultaneous digital transmission of voice, video, data, and other network services over the traditional circuits of the public switched telephone network (PSTN).
IP	Internet protocol, which 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.
IPTV	Internet Protocol television, which is the transmission of television content using IP over a network infrastructure.

Term	Definition
iTV	Interactive television; two-way communications between viewer and service provider using a television as a display. Uses include selecting television programs.
LTE	3GPP (3rd Generation Partnership Project) Long Term Evolution, a new high performance air interface for cellular mobile communication systems. LTE is the last step toward the 4th generation (4G) of radio technologies designed to increase the capacity and speed of mobile telephone networks.
Mbps	Megabits per second; a unit of data transfer rate equal to 1,000,000 bits per second. The bandwidth or speeds of broadband internet networks are often indicated in Mbps, or Mb/s.
MHz	Megahertz, or one million hertz (a unit of frequency).
NRA	National Regulating Authority (see also "ACM").
OTT-television	IPTV services that are delivered "over the top" of an existing broadband internet network.
Penetration	The number of RGUs or subscribers for a product as a percentage of the unit indicated.
PSTN	Public Switched Telephony Network.
PVR	A personal video recorder device that allows end users to digitally record television programming for later playback.
Receiver	A set-top box or CI+ module that allows people to view digital programming. In both cases, the customer requires a Smartcard.
Return path	A communications connection that carries signals from the subscriber back to the operator. The return path is used for broadband internet services, telephony and interactive television.
RGU	Revenue Generating Unit; RGU represents one service subscription for any of the following individual services: standard TV, digital pay TV, broadband internet or telephony. Total RGUs are not equal to the total number of subscribers. For example, one subscriber who receives standard TV and telephony services over our network is counted as two RGUs, and an All-in-1 bundle subscriber is counted as three RGUs—one RGU for each of standard TV, broadband internet and telephony RGUs.
Set-top box	The hardware required by the end customer to view digital TV programming.
Smart card	A pocket sized card with embedded integrated circuits which, when used with a digital receiver, enables our customers to decrypt and receive our digital TV services.
SME	Small and Medium Enterprises.
SoHo	Small office/Home office.
Standard TV	The standard TV package we offer to our customers, which includes both analog and digital channels.
SVoD	Subscription based VoD, where a customers pays a fixed subscription fee for a certain period and can place unlimited orders during that time. Ziggo offers "Films on Demand" and "Series on Demand" as part of the different TV packages.
T-DMB	Terrestrial Digital Multimedia Broadcasting, which is a technology to broadcast multimedia (radio, TV and datacasting) to mobile devices through long distance terrestrial antennas.

Term	Definition
Triple-play	The combination of television, broadband internet and telephony services.
TVoD	Transactional VoD, where a customer pays per view. Also known as “requested VoD.”
TWFD	Television Without Frontiers Directive 89/552/EEC, aimed at ensuring the free movement of broadcasting services within the internal market and at the same time to preserve certain public interest objectives, including cultural diversity, the right of reply, consumer protection and the protection of minors.
Unbundled Local Loop (ULL)	The provision of access to both physical ends of the local loop (in some cases access to the local loop is shared between two operators, as when one operator provides data services and another voice services over the same local loop).
UMTS	Universal Mobile Telecommunications System, a third generation, or “3G,” mobile telephony protocol that delivers broadband internet at speeds up to 2 Mbps.
VDSL or VDSL2	Very high bit rate DSL, a modulation technique for copper PSTN networks, with which higher speeds can be realized, dependent on distance. VDSL2 offers higher speeds than VDSL. VDSL2 deteriorates quickly with distance, but degrades at a slower rate than VDSL from 1 km onwards and in line with ADSL2+.
VoD	Video-on-demand, which is a digital TV service or package that allows subscribers to order movies and other video content at any time. There are two main types of VoD: TVoD and SVoD.
VoIP	Voice over IP, or the transmission of voice via internet Protocol.
WiFi	Term relating to wireless transmission network technology. WiFi is a trademark of the Wi-Fi Alliance. The Alliance has generally enforced its use to describe only a narrow range of connectivity technologies including wireless local area network (WLAN) based on the IEEE 802.11 standards and device to device connectivity.
WiMax	Worldwide interoperability for microwave access; a telecommunications technology that provides wireless transmission of data using a variety of transmission modes, from point-to-multipoint links to portable and fully mobile internet access.
WLAN	Wireless local area network; links devices via a wireless distribution method.

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Audited consolidated financial statements for

Amsterdamse Beheer- en Consulting maatschappij B.V.

for the year ended December 31, 2012

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REPORT OF THE BOARD OF MANAGEMENT

Under the provision of Article 2:394 of the Dutch Civil Code, a report of the Board of Management is not included with this annual report. Such report is available for review at the Company's offices in Utrecht.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

Amounts in thousands of €	Note	For the year ended 31 December 2012	For the year ended 31 December 2011
Revenues	5	1,536,865	1,478,169
Cost of goods sold		295,013	291,147
Personnel expenses	6	187,434	175,574
Contracted work		50,876	51,162
Materials & logistics		3,750	6,035
Marketing & sales		60,531	68,514
Office expenses		53,302	49,564
Other operating expenses		5,091	1,573
Amortisation and impairments	10	28,407	79,938
Depreciation and impairments	11	250,707	268,014
Total operating expenses		**935,111**	**991,521**
Operating income		**601,754**	**486,648**
Net financial income (expense)	8	(232,623)	(248,311)
Result before income taxes		**369,131**	**238,337**
Net result of joint ventures and associates (after tax)	13	(9,389)	(168)
Income tax expense	9	(92,307)	(59,866)
Net result for the year		**267,435**	**178,303**
Net result attributable to equity holders		**267,435**	**178,303**

The accompanying notes to this statement of income form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of €	For the year ended 31 December 2012	For the year ended 31 December 2011
Net result for the year	267,435	178,303
Cash flow hedges, net of tax	3,462	7,311
Total comprehensive income for the year	**270,897**	**185,614**
Total comprehensive income attributable to equity holders	**270,897**	**185,614**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of €	Note	31 December 2012	31 December 2011
ASSETS			
Intangible assets	10	3,358,387	3,359,736
Property and equipment	11	1,434,080	1,421,386
Other non-current financial assets	12	719	402
Investments in joint ventures	13	3,556	—
Deferred tax assets	9	91,654	35,886
Total non-current assets		**4,888,396**	**4,817,410**
Inventories	14	27,889	32,180
Trade accounts receivable	15	18,240	25,753
Other current assets	16	24,391	26,294
Cash and cash equivalents	17	92,363	112,634
Total current assets		**162,883**	**196,861**
TOTAL ASSETS		**5,051,279**	**5,014,271**
EQUITY AND LIABILITIES			
Issued share capital		9,813	9,813
Share premium		1,394,953	1,394,953
Other reserves		(4,327)	(7,789)
Retained earnings		(309,197)	(413,631)
Equity attributable to equity holders	18	**1,091,242**	**983,346**
Interest bearing loans	19	1,760,439	2,077,533
Interest bearing loans from shareholders	20	1,183,377	1,179,710
Derivative financial instruments	27	63,236	46,796
Provisions	21	23,059	24,886
Deferred tax liabilities	9	407,824	382,496
Other non-current liabilities	22	204	214
Total non-current liabilities		**3,438,139**	**3,711,635**
Deferred revenues		109,692	115,876
Derivative financial instruments	27	—	10,267
Provisions	21	7,480	6,892
Trade accounts payable		85,563	74,417
Corporate income tax	9	2,323	—
Other current liabilities	23	316,840	111,838
Total current liabilities		**521,898**	**319,290**
TOTAL EQUITY AND LIABILITIES		**5,051,279**	**5,014,271**

The accompanying notes to this statement of financial position form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of €	Issued capital	Share Premium	Cash flow hedge Reserve	Retained earnings	Total equity
Balance at 31 December 2010	9,813	1,394,953	(15,100)	(591,935)	797,731
Comprehensive income					
Net result for the year 2011	—	—	—	178,303	178,303
Other comprehensive income:					
cash flow hedges, net of tax	—	—	7,311	—	7,311
Total comprehensive income	—	—	7,311	178,303	185,614
Balance at 31 December 2011	**9,813**	**1,394,953**	**(7,789)**	**(413,632)**	**983,345**
Comprehensive income					
Net profit for the year 2012	—	—	—	267,435	267,435
Other comprehensive income:					
cash flow hedges, net of tax	—	—	3,462	—	3,462
Total comprehensive income	—	—	3,462	267,435	270,897
Transactions with shareholders:					
Dividend payment	—	—	—	(163,000)	(163,000)
Total transaction with shareholders	—	—	—	(163,000)	(163,000)
Balance at 31 December 2012	**9,813**	**1,394,953**	**(4,327)**	**(309,197)**	**1,091,242**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in thousands of €	Note	For the year ended 31 December 2012	For the year ended 31 December 2011
Operating activities			
Result before income taxes		369,131	238,337
Adjustments for:			
Amortisation and impairments	10	28,407	79,938
Depreciation and impairments	11	250,707	268,014
Movement in provisions	21	(1,020)	(7,974)
Net financial expense	8	232,623	248,311
Operating cash flow before changes in working capital		879,848	826,626
Changes in working capital relating to:			
Inventories	14	4,291	(13,634)
Trade accounts receivable	15	7,513	(5,386)
Other current assets	16	1,903	6,517
Trade accounts payable		10,908	(7,712)
Deferred revenues		(6,184)	18,125
Other current liabilities	23	75,716	(4,661)
Change in working capital		94,147	(6,751)
Net cash flow from operating activities		**973,995**	**819,875**
Investing activities			
Purchase of intangible and tangible assets	10,11	(279,650)	(242,918)
Purchase of business combination	4	—	(7,413)
Additional contribution to joint ventures	13	(12,954)	(15)
Interest received		424	513
Change in financial assets		(155)	(6)
Net cash flow used in investing activities		**(292,335)**	**(249,839)**
Financing activities			
Proceeds from loans	19	—	460,431
Repayments of loans	19	(320,000)	(708,858)
Interest paid		(217,906)	(267,005)
Dividend paid		(163,000)	—
Financing and commitment fees		(1,025)	(8,964)
Net cash flow from financing activities		**(701,931)**	**(524,396)**
Net (decrease)/increase in cash and cash equivalents		**(20,271)**	**45,640**
Net cash and cash equivalents at 1 January		112,634	66,994
Net cash flow from operating, investing and financing activities		(20,271)	45,640
Net cash and cash equivalents at 31 December		**92,363**	**112,634**

The accompanying notes to this statement of cash flows form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. The Company and its operations

The Company is the owner and operator of a broadband cable network in the Netherlands and provides analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 2.9 million households and businesses under the brand name Ziggo. The principal activity of the Company is the exploitation of its broadband cable network.

2. Basis of preparation

Date of authorisation of issue

The consolidated financial statements of Amsterdamse Beheer- en Consultingmaatschappij B.V. for the year ended 31 December 2012 were prepared by the Board of Management and adopted on March 1, 2013. The Company is a private limited company incorporated in Amsterdam (registered office: Winschotendiep 60, 9723 AB Groningen) in the Netherlands.

Statement of compliance

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Measurement basis

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of euros (€) except when otherwise indicated.

Foreign currency translation

The consolidated financial statements are presented in euros (€), which is the Company's functional and presentation currency. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. Monetary items denominated in foreign currencies are translated into the Company's functional currency at the spot rate of exchange ruling at the reporting date. Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in net income for the period. Non-monetary items that are measured on a historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2012. The financial statements of the subsidiaries are prepared for the same financial year as those of the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The consolidated financial statements of the Company include the subsidiaries mentioned in Note 28.

Use of estimates and assumptions

The preparation of financial statements requires management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within these consolidated financial statements represent good-faith assessments of the Company's future performance for which management believes there is a reasonable basis. These estimates and assumptions represent the Company's view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted. The estimates and assumptions that management considers most critical relate to:

- Impairment of goodwill and intangible assets with indefinite lives (Note 3 and Note 10)
- Deferred tax assets (Note 3 and Note 9)
- Fair value of financial instruments (Note 3, Note 26 and Note 27)
- Other long-term employee benefits (Note 3 and Note 21)
- Provisions and contingencies (Note 3 and Note 21)

Changes in accounting estimates

Customer lists, which are initially measured at fair value, were recognised as an asset with an indefinite life in 2012. In the first quarter of 2011, management concluded it was no longer able to estimate the useful life of the customer relationships as a result of low attrition rates and increased number of products per active connection, and consequently assessed it to be indefinite. The change was accounted for prospectively as from 1 April 2011 as a change in accounting estimates; as a result, the amortisation charges of the Company for the year 2011 amounted to €44.1 million.

3. Significant accounting policies

Significant accounting policies applied in the preparation of the consolidated financial statements are presented below. These policies have been consistently applied through all years presented, unless otherwise stated.

Segment reporting

IFRS 8 "Operating Segments" defines an operating segment as a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating segment's operating result is reviewed regularly by the Board of Management (Chief Operating Decision Maker), which makes decisions as to the resources to be allocated to the segment and assesses its performance, based on discrete financial information available.

Segment results are reported to the Board of Management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Performance of the segments is evaluated on the basis of several measures, of which operating income excluding depreciation and amortisation (EBITDA) is the most important. Segment assets and liabilities do not include corporate assets and liabilities and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

In the assessment of operating segments the Company concluded there is only one operating segment, based on the following assumptions:

- Chief Operating Decision Maker (Board of Management of the Company) makes decisions on the basis of financial results for the Company as *one* company;
- The Company has only one geographic area in which it operates;
- The Company has an integrated network for all activities;
- The Company's investments and related costs are not allocated to its specific business lines or products.

Business combinations

Business combinations are accounted for using the acquisition accounting method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other operating expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as an asset or liability are remeasured at subsequent reporting dates in accordance with IAS 39 “Financial Instruments: Recognition and Measurement” or IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as appropriate, with the corresponding gain or loss being recognised in the statement of income. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates until it is finally settled within equity.

Intangible assets

Goodwill

Goodwill represents the excess of costs of an acquisition over the Company’s interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities at the date of acquisition, and is carried at cost less accumulated impairment losses. Goodwill paid on the acquisition of joint ventures and associates is included in the carrying amount of the investment.

For the purposes of impairment testing, goodwill is allocated to each of the Company’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. The Company identifies one cash generating unit, as the network of the company services all business operations and cannot be allocated to specific segments. The cash generating unit is tested for impairment annually.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised. Expenditures are reflected in the statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the economic benefits related to the intangible asset decreased. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Such a change in the useful life assessment is made on a prospective basis.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life of the asset remains indefinite. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Customer lists acquired upon the merger into Ziggo in 2008 represent the customer relationships of Multikabel, Casema and @Home. Customer lists, which are initially measured at fair value, are recognised as an asset with an indefinite life due to low attrition rates resulting in an undefined useful life of a customer relationship. The asset is tested for impairment at least annually.

Software is amortised in 3-5 years using the straight-line method over its economically useful life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of income when the asset is derecognised.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost includes direct costs (materials, replacement parts, direct labour and contracted work) and directly attributable office expenses. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the costs of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The interest percentage used reflects the weighted average interest expense of the Company.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, taking into account residual value. Borrowing costs are depreciated over the estimated useful life of the corresponding asset. Land is not depreciated. The useful lives of the assets are as follows:

	Useful lives
Network active (head-end, local network)	10-12 years
Network passive (fibre)	12-20 years
Network equipment (IP and datacom equipment)	5 years
Other	3-20 years

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year-end. Any change in accounting caused by this review is applied prospectively.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognised.

Repairs and maintenance are charged to expense during the financial period in which they incur.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense once they occur. The company didn't have financial lease contracts in 2012.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of income on a straight-line basis over the lease term.

Impairment of non-financial assets

The Company assesses at each financial year-end whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are substantiated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations recognised in the statement of income will be recorded in a separate line item in those expense categories consistent with the classification of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised for the asset in prior years. Such a reversal is recognised in the statement of income. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Goodwill and other assets with indefinite lives are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that their carrying amounts may be impaired. An indicator for impairment may be a drop in the share price of Ziggo N.V. below the issue price of €18.50. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. The recoverable amount is the higher of the cash-generating unit's fair value less cost to sell and its value in use. The value in use of the cash-generating unit is determined using the discounted cash flow method. Where the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Investments in joint ventures and associates

A joint venture is a contractual arrangement whereby the Company and one or more other parties undertake an economic activity through a jointly controlled entity. Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint ventures and associates are accounted for using the equity method. Under the equity method, investments in joint ventures and associates are measured at cost and adjusted for post-acquisition changes in the Company's share of the net assets of the investment (net of any accumulated impairment in the value of individual investments).

Inventories

Inventories are measured at cost or net realisable value, whichever is the lower. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated marketing, distribution and selling expenses.

Most of the inventory is not sold to customers but used in the Company's network and capitalised once used. Sold inventory is included in the cost of goods sold.

Provisions

Provisions are recognised when a legal or constructive obligation, which can be reliably estimated, exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income net of any reimbursement.

A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced to the parties concerned.

The Company recognises a provision for asset retirement obligations related to dismantling and removing items at leased property and restoring the site on which these items are located after termination of the lease agreement. In addition the Company is exposed to costs of returning customer premises equipment upon termination of the subscription or renewals.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

The net assets and net liabilities recognised in the consolidated statement of financial position for defined benefit plans and other long term employee benefits represent the net liabilities of the defined benefit obligations, adjusted for unrecognised actuarial gains or losses and unamortised past-service costs. Any net asset resulting from this calculation is limited to unrecognised actuarial losses and past-service cost, plus the present value of available refunds and reductions in future contributions to the plan. No adjustment for the time value of money is made in case the Company has an unconditional right to a refund of the full amount of the surplus, even if such a refund is realisable only at a future date.

Defined benefit obligations are actuarially calculated at least annually on the reporting date using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have an average duration similar to the expected duration of the related pension liabilities.

The Company provides pension plans for qualifying employees. The plans are multi-employer defined benefit plans with publicly or privately administered pension insurance organisations (known as "bedrijfstak-pensioenfonds"). These pension insurance organisations are not able to provide the Company with sufficient information in order to account for the plans as defined benefit plans. As a result the defined benefit pension plans are treated as defined contribution plans.

Contributions to defined contribution plans are recognised as an expense when they are due. Post-employment benefits provided through industry multi-employer plans, managed by third parties, are generally accounted for using defined contribution criteria.

Provisions are recognised for other long-term employee benefits on the basis of discount rates and other estimates that are consistent with the estimates used for the defined benefit obligations. For these provisions the corridor approach is not applied and all actuarial gains and losses are recognised in the consolidated statement of income immediately.

Financial instruments

Financial assets

The Company initially recognises loans and receivables and deposits on the date they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

An impairment is recorded in operating expenses when it is probable (based on objective evidence) that the Company will not be able to collect all amounts due under the original terms. Impairments are calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified as impaired. Impaired loans and receivables are derecognised when they are assessed as uncollectible.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date they originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts being recognised in the statement of income.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade accounts and other payables.

Derivative financial instruments and hedging

The Company entered into several interest rate swaps in order to mitigate its risks associated with interest rate fluctuations. These derivatives are recognised at fair value. The fair value of interest rate swaps is the estimated amount that would be received or paid to terminate the swap at the reporting date, taking into account the current interest rates and creditworthiness of the swap counter parties. As a result of the refinancing of the Company in October 2010, hedge accounting is no longer applied. Since October 2010 changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income. Until October 2010 changes in the fair value were recorded as hedge reserve in shareholders' equity. This hedge reserve is charged linear to the income statement since October 2010 based on the term of the underlying hedge instrument.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 27. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining term to maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining term to maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

When a hedging instrument expires or is sold, any cumulative gain or loss recorded in equity at that time is immediately transferred to the statement of income under 'Other net financial income and expense'.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue primarily comprises revenues earned from subscription and usage fees on the delivery of standard cable (analogue and digital signal) and digital pay television, broadband internet and telephony and subscriptions and services provided to the business market. Revenue from other sources primarily comprises revenue from the sale of Settop-boxes and other goods, revenues customer care service numbers, revenues from connection- and installation fees and various other items. Subscription and usage revenues are recognised at the time services are provided to customers. Pre-invoiced revenues are deferred and allocated to the respective period they relate to. Any unearned revenue is recognised as deferred revenue within current liabilities. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

The Company may provide the subscriber with an installation to establish the connection to its network and offers connection-related services. Revenue from installations is recognised immediately when the installation and services have been rendered for contracts with undefined contractual terms and is allocated to the concerning periods of a contract with a defined terms.

Cost of goods sold

Cost of goods sold includes the costs for purchases of materials and services directly related to revenue, such as copyright, interconnection costs, signal delivery costs, royalties, internet service provider fees and materials and logistics cost directly related to the sale of set top boxes.

Income tax

Current income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly in equity. The current income tax is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the reporting date, and adjustments for current taxes payable (receivable) for prior years.

Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income.

Deferred income tax assets are generally recognised for all temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except to the extent that a deferred income tax asset arises from the initial recognition of goodwill. Deferred income tax liabilities are generally recognised for all temporary differences.

Deferred income tax assets and liabilities are based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse or are substantively enacted at the reporting date. The effect of a change in tax rates on deferred income tax assets and liabilities is recognised in the period that includes the enactment date. Deferred income tax assets are reduced by a valuation allowance when the Company cannot make the determination that it is more likely than not that some portion or all of the related tax assets will be realised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Statement of cash flows

The statement of cash flows is prepared using the indirect method with a breakdown into cash flows from operating, investing and financing activities. The purchase of the business combination in investing activities is presented net of cash acquired.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Standards issued but not yet effective

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2012 and have not been applied in preparing these consolidated financial statements:

Issued and effective as from the 2013 financial year:

- IAS 19 Revised Employee Benefits (*issued in June 2011*)
- IAS 1 Presentation of Items of Other Comprehensive Income (*issued in June 2011)*
- Annual Improvements to IFRSs 2009-2011 Cycle (issued in May 2012)

Issued in previous financial years and not yet effective as from 2013:

- IFRS 9 Financial Instruments (*issued in November 2009)* and subsequent amendments *(amendments to IFRS 9 and IFRS 7 issued in December 2011)*
- IFRS 10 Consolidated Financial Statements (*issued in May 2011*)
- IFRS 11 Joint Arrangements (*issued in May 2011*)
- IFRS 12 Disclosures of Interests in Other Entities (*Issued May 2011*)
- IFRS 13 Fair Value Measurement (*issued in May 2011*)
- IAS 27 Separate Financial Statements (*issued in May 2011)*
- IAS 28 Investments in Associates and Joint Ventures (*issued in May 2011*)
- Disclosures—Offsetting Financial Assets and Financial Liabilities *(Amendments to IFRS 7) (issued in December 2011)*
- Offsetting Financial Assets and Financial Liabilities *(Amendments to IAS 32) (issued on 16 December 2011)*

Issued by the IASB in this financial year but not yet effective as from 2013:

- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (issued in June 2012)

The Company will introduce the new standards, amendments to standards and interpretations as of their effective date unless otherwise indicated. Adoption of these standards and interpretations is expected to have an impact on the Consolidated statement of income, the Consolidated statement of comprehensive income and on the disclosure notes to the financial statements of the Company.

4. Business combinations

On 13 October 2011, the Company acquired 100% of the shares in Breezz Nederland B.V. ("Breezz"). Breezz is a provider of hosted VOIP telephony services for businesses which sells its solutions and services through a channel of value added resellers. The Company acquired Breezz because it enlarges the range of products the Company can offer to small and medium-sized enterprises. The Company acquired Breezz for an amount of €9.6 million of which €7.9 million is paid in cash and €1.8 million is recognised as a contingent consideration. Payment of the contingent consideration is conditional upon realisation of certain criteria such as realisation of a minimum amount of revenue and gross margin. At the end of 2012 the fair value of the contingent consideration was €1.0 million (2011: €1.8 million). A payment of €0.3 million was made in 2012, representing the first term of the earn out, and a release of €0.5 million recorded as a result of the evaluation of the performance on the consideration criteria.

In 2012 Breezz contributed €6.1 million in consolidated revenues and €2.2 million in consolidated operating income (2011: from the date of acquisition, €1.5 million in consolidated revenues and €0.5 million in consolidated operating income).

5. Revenues

The Company's revenues comprise the following:

Amounts in thousands of €	For the year ended 31 December 2012	For the year ended 31 December 2011
Standard cable subscription	464,533	481,602
Digital pay television services	168,139	151,269
Total Video revenues	632,672	632,871
Broadband Internet subscription	442,419	415,878
Telephony subscription	129,048	113,485
Telephony usage	179,701	170,800
Total Telephony revenues	308,749	284,285
Revenues from other sources	47,461	57,436
Total Consumer Market	1,431,301	1,390,470
Business Services	105,564	87,699
Total revenues	**1,536,865**	**1,478,169**

Revenues generated from bundle subscriptions amounted to €672.0 million (2011: €587.0 million) and have been allocated to the individual products Video-, Broadband Internet- and Telephony subscriptions based on the individual product prices for each product as a percentage of the sum of the individual product price.

The Company's revenues are generated through a large customer base and no customer generates more than 10% of total revenues. Revenues from other sources primarily comprises revenue from the sale of goods. Revenues from the sale of goods as at 31 December 2012 amounted to €27.8 million (2011: €36.5 million).

6. Personnel expenses

The Company's personnel expenses comprise the following:

Amounts in thousands of €	For the year ended 31 December 2012	For the year ended 31 December 2011
Wages and salaries	137,109	127,996
Social security costs	19,101	14,183
Pensions and other long-term employee benefits	17,814	15,358
External personnel	53,093	52,692
Lease- & mileage costs	10,556	7,904
Other	7,090	8,380
Work Capitalized	(57,329)	(50,940)
Total personnel expenses	**187,434**	**175,574**

The number of employees of the Company in full time equivalents (FTEs) as at 31 December 2012 was 2,498 (2011: 2,376). The average number of employees in 2012 was 2,444 FTEs (2011: 2,286).

7. Other operating expenses

Other operating expenses per 31 December 2012 comprises a management fee of €2.0 million charged to the Company by Ziggo N.V. for services rendered by the members of the Board of Management of Ziggo N.V.

8. Net financial income and expense

Amounts in thousands of €	For the year ended 31 December 2012	For the year ended 31 December 2011
Interest on loans from financial institutions	(119,834)	(167,651)
Interest on shareholder loans	(100,375)	(99,888)
Other interest expense	(739)	(932)
Capitalisation of borrowing cost	10,447	9,378
Interest expense	(210,501)	(259,093)
Interest income	424	513
Amortisation of financing fees, including write-offs of terminated facilities	(10,494)	(11,860)
Fair value gains (losses) on derivative financial instruments	(10,789)	26,176
Commitment fees	(1,047)	(2,363)
Foreign exchange results	(216)	(1,684)
Other net financial income and expense	(22,546)	10,269
Net financial income (expense)	**(232,623)**	**(248,311)**

Interest on loans from financial institutions decreased with €47.8 million mainly as a result of repayment on the loans, for which reference is made to note 19 of this consolidated financial statements. Fair value losses increased as the variable interest declined during 2012.

Other interest expense relates mainly to the interest added to provisions and long-term employee benefits. Interest income is mainly attributable to the interest on cash and cash equivalents.

9. Income taxes

The subsidiaries of the Company are incorporated into the fiscal unity of Ziggo N.V. for corporate income tax purposes. For financial reporting purposes, its consolidated subsidiaries calculate their respective tax assets, tax liabilities and tax benefits on a consolidated tax return basis. The Company's income tax comprises:

Amounts in thousands of €	For the year ended 31 December 2012	For the year ended 31 December 2011
Deferred tax assets	35,989	(85,496)
Deferred tax liabilities	(4,394)	25,630
Current tax liabilities	(2,296)	—
Current tax to related parties	(121,606)	—
Income tax benefit (expense)	**(92,307)**	**(59,866)**

The current taxes due by the Company are recognised in the current account related parties.

A reconciliation between the statutory tax rates of 25.0% and the Company's effective tax rate is as follows:

Amounts in thousands of €	Tax Rate	For the year ended 31 December 2012	Tax Rate	For the year ended 31 December 2011
Profit for the period		369,131		238,337
Notional tax income at statutory rates	25.00%	92,283	25.00%	(59,584)
Adjustments:				
Non deductable items	0.01%	24	0.12%	(282)
Effective tax rate / Income tax benefit	**25.01%**	**92,307**	**25.12%**	**(59,866)**

The Company and the Dutch tax authorities have reached agreement on all income tax filings up to and until 2009. In 2011 this resulted in a reduction of the deferred tax asset recognised for net operating losses of €1.9 million. In 2012 no taxes were paid in cash (2011: nil). A current tax liability is included for corporate income tax due per December 31, 2012 of €2.3 million. This is the result of an intragroup transaction in which the company transferred part of its assets in order to renew part of the tax loss carry-forward position to avoid expiration of these losses. In one of the subsidiaries the company will report a profit for tax purposes based on a percentage of the value of the transferred assets, which cannot be offset against the remaining losses of the fiscal unity according to Dutch carry-over rules.

Income tax recognised under other comprehensive income comprises:

	For the year ended 31 December 2012			For the year ended 31 December 2011		
Amounts in thousands of €	**Before tax**	**Tax benefit**	**Net of tax**	**Before tax**	**Tax benefit**	**Net of tax**
Cash flow hedges	4,615	(1,154)	3,462	9,748	(2,437)	7,311
	4,615	**(1,154)**	**3,462**	**9,748**	**(2,437)**	**7,311**

The tax effects of temporary differences influencing significant portions of the deferred tax assets and deferred tax liabilities as of 31 December 2012 and 2011 are presented below:

Amounts in thousands of €	**31 December 2010**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**31 December 2011**	**Recognised in profit or loss**	**Recognised in other comprehensive Income**	**Reclassification overdraft**	**31 December 2012**
Tax loss carry forwards	100,574	(78,952)	—	21,622	(21,622)	—	—	—
Property and equipment	—	—	—	—	54,914	—	20,934	75,848
Derivative financial instruments	23,245	(6,544)	(2,437)	14,264	2,697	(1,155)	—	15,806
Deferred tax assets	123,819	(85,496)	(2,437)	35,886	35,989	(1,155)	20,934	91,654
Intangible assets	(390,618)	8,037	—	(382,581)	(2,777)	—	—	(385,358)
Property and equipment	(17,508)	17,593	—	85	(1,617)	—	(20,934)	(22,466)
Deferred tax liabilities	(408,126)	25,630	—	(382,496)	(4,394)	—	(20,934)	(407,824)
Deferred tax assets and liabilities	**(284,307)**	**(59,866)**	**(2,437)**	**(346,610)**	**31,595**	**(1,155)**	**—**	**(316,170)**

The deferred tax asset and tax liability are calculated at a tax rate of 25.0%.

Recognised deferred tax assets relates to derivative financial instruments and the loss renewal transaction which resulted in a temporary difference on the fiscal value of transferred assets and thus a higher fiscal depreciation base. This balance will decrease in time due to the higher fiscal depreciation.

10. Intangible assets

The Company's intangible assets comprise:

Amounts in thousands of €	**Goodwill**	**Customer lists**	**Software**	**Total**
Balance as of 1 January 2011	1,773,068	1,582,879	50,958	3,406,905
Additions	—	—	23,847	23,847
Acquired through business combinations	9,381	—	46	9,427
Disposals	—	—	(504)	(504)
Amortisation and impairment	—	(44,124)	(35,815)	(79,939)
Total changes in 2011	9,381	(44,124)	(12,426)	(47,169)
Cost	1,782,449	2,401,568	261,899	4,445,916
Accumulated amortisation	—	(862,813)	(223,367)	(1,086,180)
Balance as of 31 December 2011	1,782,449	1,538,755	38,532	3,359,736
Additions	—	—	27,058	27,058
Disposals—cost	—	—	(59)	(59)
Disposals—accumulated amortisation	—	—	59	59
Amortisation and impairment	—	—	(28,407)	(28,407)
Total changes in 2012	—	—	(1,349)	(1,349)
Cost	1,782,449	2,401,568	288,898	4,472,915
Accumulated amortisation	—	(862,813)	(251,715)	(1,114,528)
Balance as of 31 December 2012	**1,782,449**	**1,538,755**	**37,183**	**3,358,387**

Value in use calculations for goodwill and customer lists are based on cash flow projections covering a maximum period of five years and a terminal value; the four-year financial plan approved by the Company's management and the years beyond the four-year financial plan are based on models for this projection period using growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports. The terminal value is calculated based on a growth rate that does not exceed the long term average growth rate and discounted at the weighted average cost of capital.

The key assumptions used in the goodwill impairment test and the customer list impairment test are set out below.

The main parameters used for impairment testing are as follows:

Parameters	2012	2011
WACC	8.78%	8.31%
Growth rate (after 2017)	2.00%	n/a

Goodwill

All goodwill acquired through business combinations has been allocated for impairment testing purposes to the one cash-generating unit at which management monitors the operating results. Impairment testing is based on the current group of customers of the Company.

Growth rate—The growth rates in the four-year financial plan reflect historic growth numbers and current market developments. The years beyond the four-year financial plan are extrapolated using estimated growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

Cash flow—Free cash flow consists of operating cash flow before changes in working capital, changes in net working capital and capital expenditures. Revenues are estimated based on historic growth numbers and expected future market penetration levels, resulting in related costs and capital expenditures. Cash flow projections beyond the five-year period are captured in a terminal value and are extrapolated from the final year cash flows, discounted by the appropriate discount rate.

Discount rate—The pre-tax discount rate is calculated taking into account the relative weights of each component of the capital structure and is used by management as a benchmark to assess operating performance and future investments. The pre-tax discount rate used for the 2012 goodwill impairment test is 8.78% (2011: 8.31%).

Customer lists

Customer lists acquired upon the merger of Multikabel, Casema and @Home into Ziggo in 2008 were initially amortised on a straight-line basis in 12-14 years. As from April 2011 the Company ceased amortising its customer lists as it was concluded that the useful life of its underlying customer relationships connected to the Company's network is indefinite (See Note 2). Consequently the asset is subject to impairment testing for assets with indefinite lives as discussed in Note 3. The impairment test for the customer lists is based on the historic number of active connections at the time the customer list was acquired.

Customer Relationship—The Company defines a customer relationship as an active connection to the Company's network multiplied by the number of residential products sold to this connection, also referred to as Revenue Generating Units (RGUs) for the consumer market. The maximum number of RGUs per active connection is 4 RGU.

Attrition—Attrition represents the expected decline of the customer relationships and is based on both historical information as well as management expectations and market developments.

Growth rate—The growth rates in the four-year financial plan reflect historic growth numbers and current market developments. The years beyond the four-year financial plan are extrapolated using estimated growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

Cash flow—Free cash flow consists of operating cash flow before changes in working capital, changes in net working capital and capital expenditures. Revenues comprise all revenues related to existing customer relationships at the time of the merger and exclude revenues resulting from new customer relationships. Revenues are estimated based on historic growth numbers and expected future market penetration levels, resulting in related costs and capital expenditures. Cash flow projections beyond the five-year period are captured in a terminal value and are extrapolated from the final year cash flows, discounted by the appropriate discount rate.

Discount rate—The pre-tax discount rate is calculated taking into account the relative weights of each component of the capital structure and is used by management as a benchmark to assess operating performance and future investments. The pre-tax discount rate used for the 2012 customer lists impairment test is 8.78% (2011: 8.31%).

Sensitivity to changes in assumptions

With regard to the sensitivity analyses, no reasonably possible change in any of the above key assumptions would cause the carrying amount of the unit to materially exceed its recoverable amount.

Software

During 2012 the Company did not impair capitalised development of software (2011: €1.8 million).

11. Property and equipment

The Company's property and equipment comprises:

Amounts in thousands of €	Network	Land	Other	Assets under construction	Total
Balance as of 1 January 2011	1,231,309	2,648	87,252	138,736	1,459,945
Additions	217,442	375	12,775	(1,450)	229,142
Acquired through business combinations	—	—	313	—	313
Depreciation and impairment	(236,176)	—	(31,838)	—	(268,014)
Total changes in 2011	(18,734)	375	(18,750)	(1,450)	(38,559)
Cost	4,547,200	3,023	196,095	137,286	4,883,604
Accumulated depreciation	(3,334,625)	—	(127,593)	—	(3,462,218)
Balance as of 31 December 2011	1,212,575	3,023	68,502	137,286	1,421,386
Additions	241,164	465	19,483	2,289	263,401
Reclassification—cost	(253)	—	253	—	—
Reclassification—accumulated depreciation	21	—	(21)	—	—
Disposals—cost	—	—	(38)	—	(38)
Disposals—accumulated depreciation	—	—	38	—	38
Depreciation and impairment	(227,118)	—	(23,589)	—	(250,707)
Total changes in 2012	13,814	465	(3,874)	2,289	12,694
Cost	4,788,111	3,488	215,793	139,575	5,146,967
Accumulated depreciation	(3,561,722)	—	(151,165)	—	(3,712,887)
Balance as of 31 December 2012	**1,226,389**	**3,488**	**64,628**	**139,575**	**1,434,080**

Network

The additions to the network include capitalised borrowing costs of €10.4 million (2011: €9.4 million). Generally, the capitalisation rate used to determine the amount of capitalised borrowing costs is a weighted average of the interest rate applicable. For 2012, an average interest rate of 6.76% (2011: 7.00%) was applied.

During 2012 the Company did not recognise any impairments for property and equipment (2011: nil).

Mortgages on all registered properties, related movable assets and network-related elements established under the Senior Credit Facilities as explained in Note 19.

Assets under construction

Assets under construction relates to projects for the expansion and improvement of the Company's network and IT infrastructure. Included in assets under construction is software, which is recognised as an intangible asset once in use.

12. Other non-current financial assets

Financial assets consist of long-term prepaid expenses (related to information technology contracts) of €578 (2011: €372), participation in the association COIN €99, and other financial assets €42 (2011: €30).

13. Investments in joint ventures

Amounts in thousands of €	Total 2012	ZUM BV	ZUM B BV	HBO Nederland Cooperatief U.A.	Total 2011	ZUM BV	HBO Nederland Cooperatief U.A.
Balance as of 1 January	(214)	(104)	—	(110)	(61)	(61)	—
Adjustment starting balance	(42)	—	—	(42)			
Profit/loss for the year	(9,346)	(86)	(23)	(9,237)	(168)	(43)	(125)
Funding	12,954	—	9	12,945	15	—	15
Other non-current liabilities	204	190	14	—	214	104	110
Balance as of 31 December	**3,556**	**—**	**—**	**3,556**	**—**	**—**	**—**

The Company has a 50% interest in ZUM B.V. and ZUMB B.V. ZUM B.V. and ZUMB B.V. were established to participate in, finance or have any other interest in, or conduct the management of frequency licences for mobile telecommunication.

The Company has a 50% interest in HBO Nederland Coöperatief U.A., which holds all the shares in HBO Netherland Distribution B.V., which is responsible for the marketing and distribution of premium HBO content in the Netherlands through television operators.

14. Inventories

Amounts in thousands of €	31 December 2012	31 December 2011
Equipment and cables	12,951	8,487
Set-top boxes	11,416	18,465
Customer premises equipment	4,386	6,946
Allowance for obsolete stock	(864)	(1,718)
Total Inventories	**27,889**	**32,180**

Movements in the provision for obsolete stock were as follows:

Amounts in thousands of €	2012	2011
Balance as of 1 January	1,718	457
Additions	—	1,926
Used	(854)	(665)
Balance as of 31 December	**864**	**1,718**

15. Trade accounts receivable

Trade accounts receivable as at 31 December 2012 amounted to €18.2 million (2011: €25.8 million). The provision for doubtful debts is calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified. The doubtful debts provision reflects probable losses in the account receivable balance based on historical experience by type of trade debtor and other currently available evidence.

Movements in the provision for doubtful debts were as follows:

Amounts in thousands of €	2012	2011
Balance as at 1 January	5,103	8,706
Additions	2,080	1,315
Used	(1,836)	(2,182)
Released	(1,565)	(2,736)
Balance as of 31 December	**3,782**	**5,103**

A pledge has been given on all receivables as mentioned in Note 19.

Trade accounts receivable are non-interest-bearing and are generally due on 30 days' terms. Note 25 discloses the Company's credit risk related to the trade accounts receivable.

16. Other current assets

Amounts in thousands of €	31 December 2012	31 December 2011
Prepaid expenses	11,820	10,955
Revenues to be invoiced	10,649	14,965
Related parties	169	333
Other current assets	1,753	41
Total current assets	**24,391**	**26,294**

Revenues for December, to be invoiced with the bill run of January 2013, comprise Telephony usage revenues and Video on Demand revenues.

17. Cash and cash equivalents

All cash and cash equivalents within the Company are held within bank accounts and earn interest at floating rates based on bank deposit rates.

A pledge has been given on the accounts of the Company as mentioned in Note 19.

18. Equity attributable to equity holders

The Company is incorporated as a private limited liability company under Dutch law. Its registered capital consists entirely of ordinary shares. The authorised capital is divided into 40,000 shares of €500 nominal value each.

Other reserves represents the cash flow hedge reserve. Prior to the Company's refinancing in October 2010, hedge accounting was applied resulting in a cash flow hedge reserve. After the refinancing, the Company no longer applied hedge accounting, with the hedge reserve released to statement of income during the remainder of the contractual period of the underlying hedge contracts.

19. Interest-bearing loans

Amounts in thousands of €	31 December 2012	31 December 2011
Financial institutions	1,813,337	2,133,337
Financing fees	(52,898)	(55,804)
Interest bearing loans	**1,760,439**	**2,077,533**

Movements in total interest-bearing loans were as follows:

Amounts in thousands of €	2012	2011
Balance as at 1 January	2,077,533	2,320,731
Repayments on loans including refinancing	(320,000)	(708,858)
Issuance of Facility F	—	460,431
Financing fees	(7,587)	(6,631)
Amortisation of financing fees	10,493	11,860
Balance as at 31 December	**1,760,439**	**2,077,533**

Capitalized financing fees in 2012 relate to the IPO consent fee of €7.6 million due to the lenders of the senior credit facilities upon completion of the IPO.

Loans from financial institutions

Loans from financial institutions can be broken down into the following facilities:

Amounts in thousands of €	Interest rate	Maturity	31 December 2012	31 December 2011
Senior Credit Facilities				
Facility B	EURIBOR +3.00%	2017	922,906	922,906
Facility E loan (Sr. Secured Notes)	6.125%	2017	750,000	750,000
Facility F loan	EURIBOR +3.25%	2017	140,431	460,431
Total			1,813,337	2,133,337
Financing fees			(52,898)	(55,804)
Total			**1,760,439**	**2,077,533**

Senior Credit Facilities

Facility B loan

In 2012 no repayments were made on the Facility B loan (in 2011: €169.0 million).

Facility E loan

In October 2010, Ziggo Finance B.V., a company managed by Deutsche Bank International Trust Company N.V., issued Senior Secured Notes of €750.0 million with a nominal interest rate of 6.125%, due in 2017. Interest on the Notes is payable semi-annually on 15 May and 15 November of each year. Ziggo Finance B.V. granted the proceeds of the Senior Secured Notes to The Company. The Senior Secured Notes are presented under loans from financial institutions as Facility E loan.

The Facility E loan is stated at amortised cost. Financing fees have been charged for an amount of €10.6 million, which are presented as a deduction from the loan. The subsequent effective interest rate is 6.37%, which is recognised as financial expense.

Facility F loan

In May 2011 the Company entered into an agreement for €460.4 million, the Facility F loan. Interest on the Facility F loan is Euribor+3.25% and is paid monthly. Financing fees have been charged for an amount of €10.6 million, which are presented as a deduction from the loan. During 2012 the Company made repayments on the Facility F loan for an amount of €320.0 million.

IPO Consent Fee

As a result of the IPO in March 2012, a consent fee is charged of €7.6 million by the consenting lenders within the senior credit facilities. The consent fee is presented as a deduction from the loan, and amortised over the period of the related loan.

Revolving and capital expenditure restructuring facility

Under the Senior Credit Facility agreement the Company has an uncommitted revolving credit facility of €150.0 million, of which €50.0 million is covered by a committed bilateral ancillary facility with one of our lenders, and an uncommitted capital expenditure restructuring facility of €300.0 million. During the year 2012 there were no drawings under these facilities (2011: nil). The Company pays an annual fee for the availability of the facilities, which is recognised in financial income and expense.

Prepayment

On certain occasions prepayment of part or all of the drawn facilities is mandatory. If such events materialise, all outstanding utilisations and ancillary outstandings, together with accrued interest, become immediately due and payable.

Securitisation

The total Senior Credit Facility is secured over the Company's assets as follows:

- Mortgage on all registered properties, related movable assets, the network-related elements and the claims
- Pledges on all bank accounts, intellectual property rights, receivables and movable assets

The Company needs to comply on a quarterly basis with covenants set by the lenders of the senior credit facility. These covenants are the interest coverage ratio and net leverage ratio. These financial covenants were all met during the years 2012 and 2011.

Financing fees

Financing fees associated with the issuance of the facilities are subtracted from the loans from financial institutions and amortised over the period of the related loan. Amortisation costs on financing fees are recognised as other net financial income and expense in financial income and expense.

20. Interest-bearing loans from shareholder

On 27 April, 2010, parent company Ziggo Bond Company B.V. issued unsecured Senior Notes for an amount of €1,208.9 million at a price of 99.271% with a nominal interest rate of 8.0% due in 2018. Upon the issuance by the parent, the Company simultaneously received the proceeds under the same terms and conditions as the 8.0% Senior Notes of the parent company. Financing fees have been charged in the amount of €25.9 million, which are presented as a deduction from the loan. The effective interest rate subsequently is 8.38%, which is recognised as financial expense. Interest is payable semi-annually on 15 May and 15 November.

The Senior Notes issued by the parent are guaranteed on a senior subordinated basis by all of the subsidiaries of the Company.

21. Provisions

Amounts in thousands of €	Other long Term Employee benefits	Restructuring	Legal claims	Other	Total
Current	1,552	1,400	—	3,940	6,892
Non-current	11,592	625	4,791	7,878	24,886
Balance as of 31 December 2011	13,144	2,025	4,791	11,818	31,778
Additions (including interest cost)	1,051	1,025	—	4,662	6,738
Usage	(1,665)	(1,216)	—	(2,446)	(5,327)
Released	(276)	(262)	(1,599)	(513)	(2,650)
Balance as of 31 December 2012	12,254	1,572	3,192	13,521	30,539
Current	1,719	1,095	—	4,666	7,480
Non-current	10,535	477	3,192	8,855	23,059
Balance as of 31 December 2012	**12,254**	**1,572**	**3,192**	**13,521**	**30,539**

Defined benefit plans

The Company has no obligations for deficits other than higher future pension-insurance payments. The Company pays contributions on contractual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses in the statement of income when they are due.

At 31 December 2012 the main administered pension insurance organisation had a coverage ratio of 96% (2011: 94%).

Other long-term employee benefits provision

In addition to the pension plan, the Company offers eligible participants a reduction of their working time with partial continuation of income. The plan offers eligible employees born before 1 January 1957 or employees born before 1 January 1959 and in service for at least 25 years as at 31 December 2008:

- a working time reduction of 20% between the age of 55 and 59; and
- a working time reduction of up to 40% between the age of 59 and 65.

According to the plan rules, 75% of the working time reduction is compensated by the Company. The employee benefit plan is wholly unfunded and consequently the Company funds the plan as claims are incurred. The present value of the defined benefit obligation and service cost were measured using the Projected Unit Credit Method.

Net periodic benefit expense, which is presented in the consolidated statement of income as a component of personnel expenses, was as follows:

Amounts in thousands of €	For the year ended 31 December 2012	For the year ended 31 December 2011
Service cost	691	772
Interest cost	360	406
Actuarial (gains)/losses	(276)	(372)
Net periodic benefit cost	**775**	**806**

Changes in the present value of the defined benefit obligation were as follows:

Amounts in thousands of €	2012	2011
Defined benefit obligation at 1 January	13,144	13,758
Service cost	691	772
Interest cost	360	406
Actuarial (gains)/losses	(276)	(372)
Benefits paid	(1,665)	(1,420)
Defined benefit obligation at 31 December	**12,254**	**13,144**

Since the Company recognises all actuarial results related to other long-term employee benefits immediately as an expense, the defined benefit obligation equals the liability recognised in the statement of financial position.

The assumptions used in the actuarial calculations of the defined benefit obligation and net periodic benefit expense require a degree of judgment. The key assumptions required to calculate the actuarial present value of benefit obligations and net periodic benefit expense are as follows:

	2012	2011
Discount rate	2.60%	2.60%
Price inflation	1.00%	1.00%
Future salary increase	1.00%	1.00%
Turnover rates	0.50%–1.00%	0.50%–1.00%
Additional turnover rate early retirement at 62	10.00%	10.00%
Mortality table	AG Table 2012–2062	AG Table 2010–2060

The Company has applied defined benefit accounting for the other long-term employee benefit plan since 1 January 2009. As a consequence the Company is only able to provide an experience table of four years with the defined benefit obligation:

Amounts in thousands of €	2012	2011	2010	2009
Effect of change(s) in assumptions	(7)	159	244	549
Experience adjustments	(269)	(531)	(1,285)	(294)
Actuarial (gains) losses	**(276)**	**(372)**	**(1,041)**	**255**

Restructuring provision

The Company recognised a provision for restructuring for a number of employees.

Legal claims provision

The Company recognised a provision for a limited number of disputes.

Other provisions

Other provisions include asset retirement obligations, the guarantee provision and onerous contracts.

22. Other non-current liabilities

Other non-current liabilities in 2012 consisted of the negative investments in ZUM B.V. and ZUMB B.V. Reference is made to note 13 Investments in joint ventures.

23. Other current liabilities

The Company's other current liabilities comprise the following:

Amounts in thousands of €	31 December 2012	31 December 2011
Accrued interest	5,887	6,513
Accrued expenses	73,333	57,772
Taxes and social securities	52,819	19,927
Accrued employee benefits	17,495	15,186
Related parties	167,306	12,428
Other	—	12
Total other current liabilities	**316,840**	**111,838**

24. Commitments and contingencies

Lease commitments

The Company leases buildings, certain office equipment and vehicles and has entered into various maintenance and support contracts for the support for network equipment. Lease terms generally range from three to five years with the option of renewal for varying terms. Lease commitments for the coming periods are shown in the following schedule:

	31 December 2012			31 December 2011
Amounts in thousands of €	Buildings	Other contracts	Total	Total
Within 1 year	10,031	6,248	16,279	12,490
Between 1 and 5 years	30,822	7,553	38,375	37,184
After 5 years	15,738	16	15,754	15,088
Total Lease commitments	**56,591**	**13,817**	**70,408**	**64,762**

Purchase commitments

The Company enters into purchase commitments in the ordinary course of business. As at 31 December 2012 it had purchase commitments for an amount of €62 million (2011: €56 million).

Legal proceedings

The Company is involved in a number of legal proceedings. The legal proceedings may result in a liability that is material to the Company's financial condition, results of operations, or cash flows. The Company may enter into discussions regarding settlement of these proceedings, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Company has recognised provisions with respect to these proceedings, where appropriate, which are reflected in the consolidated statement of financial position and Note 21.

Guarantees

The company has provided guarantees to unrelated parties for an amount of €3.9 million (2011: €4.2 million).

25. Related party disclosures

Identification of related parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. The related parties comprise associated companies, key management personnel and close family members of related parties.

Transactions and positions

The following significant related party transactions occurred during the year ended 31 December, 2012:

Management fees were charged to the Company by Ziggo N.V. for the services rendered by the Board of Management resulting in a charge of €2.0 million in 2012 (2011: nil).

In 2012, management fees of €0.4 million (2011: €0.5 million) were charged by the ultimate shareholders to the Ziggo Group.

As at year-end 2012 the Company had a current account receivable with ZUM B.V. of €169 and a trade account payable with HBO Nederland Coöperatief U.A. of €818 for premium content.

In the normal course of business, the Company and its subsidiaries conduct various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to the Company, either individually or in the aggregate.

26. Financial risks

The Company's financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and performance. The Company is exposed to the following financial risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

For each of these financial risks, which are included in the Company's risk management programme, the Company's exposure, objectives, policies and processes for measuring and managing risk are presented below.

Credit risk

The credit risk on consumer trade accounts receivable is considered to be low as a result of the large consumer customer base, the relatively small amount of receivables per customer and the high percentage of customers who pay by direct debit. The risk on trade accounts receivable from the Company's business customers is also considered low, but this concerns a smaller customer base with on average larger receivable per customer than for the Company's consumer customers.

The analysis of the ageing of the trade accounts receivables is as follows:

Amounts in thousands of €	Total	Not due	Past due, but not impaired				
		<30 days	30-60 days	60-90 days	90-180 days	180-365 days	>365 days
2012	18,240	10,368	2,001	1,216	2,326	2,329	—
2011	25,753	18,493	2,002	1,249	1,806	2,203	—

The Company's maximum exposure to credit risk in the event that a counterparty fails to fulfil its obligations in relation to each class of recognised financial asset, including derivatives, is the carrying amount of those assets in the consolidated statement of financial position.

Liquidity risk

The Company manages its liquidity risk on a consolidated basis with cash provided from operating activities being a primary source of liquidity. The Company manages short-term liquidity based on a rolling forecast for projected cash flows for a six month period.

Based on the current operating performance and liquidity position, the Company believes that cash generated by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends and scheduled debt repayment requirements for the next twelve months and the foreseeable future.

The following table summarises the maturity profile of the Company's financial liabilities:

31 December 2012 Amounts in thousands of €	Carrying amount	Contractual cash flows	January-March 2013	April-December 2013	2014	2015-2017	After 2017
Non-derivative financial liabilities							
Loans from financial institutions	(1,760,439)	(432,401)	(22,216)	(67,881)	(90,097)	(252,207)	—
Interest bearing loans from shareholder	(1,183,377)	(519,044)	(23,846)	(72,862)	(96,708)	(290,124)	(35,504)
Trade accounts payable	(85,563)	(85,563)	(85,563)	—	—	—	—
Derivative financial liabilities							
Interest rate swaps used for hedging	(63,236)	(69,119)	(8,475)	(25,425)	(15,161)	(20,058)	—
Total	**(3,092,615)**	**(1,106,127)**	**(140,100)**	**(166,168)**	**(201,966)**	**(562,389)**	**(35,504)**

31 December 2011 Amounts in thousands of €	Carrying amount	Contractual cash flows	January-March 2012	April-December 2012	2013	2014-2016	After 2016
Non-derivative financial liabilities							
Loans from financial institutions	(2,077,533)	(2,725,706)	(25,272)	(77,219)	(102,491)	(307,474)	(2,213,250)
Interest bearing loans from shareholder	(1,179,710)	(1,824,602)	(23,846)	(72,862)	(96,708)	(290,124)	(1,341,062)
Trade accounts payable	(74,417)	(74,417)	(74,417)	—	—	—	—
Derivative financial liabilities							
Interest rate swaps used for hedging	(57,063)	(50,614)	(5,669)	(17,007)	(22,350)	(5,588)	—
Total	**(3,388,723)**	**(4,675,339)**	**(129,204)**	**(167,088)**	**(221,549)**	**(603,186)**	**(3,554,312)**

Market risk

The Company is exposed to market risks, including interest rate and foreign currency exchange rate risks, associated with underlying assets, liabilities and anticipated transactions. Based on the analysis of these exposures, the Company selectively enters into derivatives to manage the related risk exposures.

Interest rate risk

Exposure to the risk of changes in the market interest rates relates primarily to the Company's long-term debt obligations with a (partly) floating interest rate. The Company manages its exposure to changes in interest rates and its overall cost of financing by using interest rate swap (IRS) agreements. These IRS agreements are used to transform the interest rate exposure on the underlying liability from a floating interest rate into a fixed interest rate. It is the Company's policy to keep at least 70% of its borrowings at fixed rates of interest. The net interest rate risk can be analysed as follows:

Amounts in thousands of €	31 December 2012	31 December 2011
Notional amount borrowing (floating)	(1,063,337)	(1,383,337)
Cash (floating) & deposits (floating and/or fixed)	92,363	112,634
Notional amount IRS (fixed)	1,000,000	1,000,000
Net interest rate risk—including offset IRS	**29,026**	**(270,703)**

At 31 December 2012, after taking into account the effect of interest rate swaps, approximately 101% of the Company's borrowings were at a fixed interest rate (2011: 92%).

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, of the Company's result before tax (through the impact on floating rate borrowings). There is no impact on the Company's equity.

Amounts in thousands of €	31 December 2012	31 December 2011
Increase/decrease in basis points		
+20bp	58	(541)
+10bp	29	(271)
−10bp	(29)	271
−20bp	(58)	541

Foreign currency risk

The Company has transactional currency exposures arising from purchases in USD. The Company enters into foreign exchange swaps to partially mitigate this risk. As at 31 December 2012 the net foreign currency exposure of the USD amounted to USD 0.6 million (2011: USD 12.7 million), relating to the net amount of cash and cash equivalents and trade accounts payable. At year-end the Company did not hedge this position.

27. Financial instruments

Fair values

The following table presents the fair values of financial instruments, based on the Company's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are recognised in the consolidated statement of financial position:

	31 December 2012		31 December 2011	
Amounts in thousands of €	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans	141	141	30	30
Trade accounts receivable	18,240	18,240	25,753	25,753
Cash and cash equivalents	92,363	92,363	112,679	112,679
Total financial assets	**110,744**	**110,744**	**138,462**	**138,462**
Financial liabilities				
Loans from financial institutions	(1,760,439)	(1,867,029)	(2,077,533)	(2,139,735)
Interest bearing loans from shareholder	(1,183,377)	(1,334,570)	(1,179,710)	(1,220,939)
Trade accounts payable	(85,563)	(85,563)	(74,417)	(74,417)
Total financial liabilities at amortised cost	(3,029,379)	(3,287,162)	(3,331,660)	(3,435,091)
Derivative financial instruments	(63,236)	(63,236)	(57,063)	(57,063)
Total financial liabilities	**(3,092,615)**	**(3,350,398)**	**(3,388,723)**	**(3,492,154)**

The carrying amounts of receivables, other current assets, cash and cash equivalents and accounts payable approximate their fair values because of the short-term nature of these instruments and, for receivables, because of the fact that any recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair values of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on market rates prevailing at year-end.

Hedging activities

At 31 December 2012, the Company had concluded interest rate swap (IRS) agreements with a total notional amount of €1,000.0 million (2011: €1,000.0 million) under which it pays a fixed rate of interest (between 3.55% and 3.59%) and receives a variable rate equal to EURIBOR on the notional amount. These IRS agreements are used to reduce the exposure to changes in the variable EURIBOR rates on the outstanding loan portfolio of €1,063.3 million (2011: €1,383.3 million). The notional amounts of the IRS agreements will be reduced in line with the repayment schedule on the loan portfolio (currently the last IRS agreement will mature in 2014). In addition the Company has basis swap agreements for a total notional amount of €500.0 million (2011: €700.0 million) in order to match the EURIBOR in the Senior Credit Facility.

As at 31 December 2012 the Company did not have any swap agreements to reduce its exposure to fluctuations in its purchase obligations denominated in US dollars (2011: nil).

Hedge accounting

As a consequence of the refinancing of the Company in October 2010, the Company no longer applies hedge accounting for IRS, as the underlying hedges became ineffective. As of October 2010 any change in fair value of IRS is reported in financial income and expense. The cash flow hedge reserve recognised under other comprehensive income is released to financial income and expense over the remaining contractual period of the hedges concerned.

Fair value hierarchy

Of the Company's financial instruments, only derivatives are measured at fair value using the Level 2 inputs as defined in IFRS 7 "Financial Instruments: Disclosures". These inputs are inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of derivative instruments is estimated by discounting future cash flows at prevailing market rates or based on the rates and quotations obtained from third parties.

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade ratings. There were no changes in the valuation method of the financial instruments of the Company in 2012 and 2011.

Derivatives

The numbers and the maturities of derivative contracts, the fair values and the qualification of the instruments for accounting purposes are presented in the table below:

	31 December 2012		**31 December 2011**	
Amounts in thousands of €	**Number of contracts**	**Fair value**	**Number of contracts**	**Fair value**
Interest rate swaps				
within one year	—	—	3	(10,267)
Within two–five years	6	(63,236)	3	(46,796)
Total derivative financial instruments	**6**	**(63,236)**	**6**	**(57,063)**

28. Subsidiaries

The following companies were Amsterdamse Beheer en Consultingmaatschappij's significant subsidiaries as at 31 December 2012. Unless otherwise indicated, these are wholly owned subsidiaries. Subsidiaries that are not material to providing an insight into the group as required under Dutch law are omitted from this list.

With respect to the separate financial statements of a number of legal entities included in the consolidation, the Company used the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to this section, the Company has issued liability statements for its subsidiaries. These companies are marked with an * in the following table.

- Torenspits II B.V., Amsterdam, the Netherlands*
- Ziggo B.V., Groningen, the Netherlands*
- Ziggo Netwerk B.V., Groningen, the Netherlands*
- Breezz Nederland B.V., Den Dolder, the Netherlands
- Ziggo Netwerk II B.V., Utrecht, the Netherlands
- ZUM B.V., Amsterdam, the Netherlands (50.0%)
- ZUMB B.V., Amsterdam, the Netherlands (50.0%)
- HBO Nederland Coöperatief U.A, Amsterdam, the Netherlands (50.0%)

29. Subsequent events

On 5 February 2013, Ziggo communicated the intended decision to its employees to outsource most of the activities of its contact centre in The Hague to Teleperformance. The works council has been informed about the intended decision and has been requested to give its advice. It is Ziggo's intention to outsource the activities of its contact centre involving around 80 employees to Teleperformance.

Further no material events occurred between the end of the reporting period and the date on which these financial statements were published.

Utrecht, The Netherlands
March 1, 2013

Board of Mangement

Bernard Dijkhuizen
Bert Groenewegen
Marcel Nijhoff
Paul Hendriks

CORPORATE FINANCIAL STATEMENTS

STATEMENT OF INCOME/STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of €	Note	For the year ended 31 December 2012	For the year ended 31 December 2011
Result from investments, after tax		383,052	73,969
Profit (loss) after tax		(115,617)	104,334
Net result for the year/Total comprehensive income		**267,435**	**178,303**
Net result attributable to equity holders		**267,435**	**178,303**

The accompanying notes to this statement of income/statement of comprehensive income form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

Amounts in thousands of €	Note	31 December 2012	31 December 2011
ASSETS			
Other non-current financial assets		34	85
Investments in subsidiaries	3	3,048,939	—
Loans receivable related parties	4	—	2,187,444
Deferred tax receivable		—	14,266
Total non-current assets		**3,048,973**	**2,201,795**
Receivables related parties		—	985,563
Other current assets	5	1,228,493	51
Cash and cash equivalents		6,060	4,011
Total current assets		**1,234,553**	**989,625**
TOTAL ASSETS		**4,283,526**	**3,191,420**
EQUITY AND LIABILITIES			
Issued share capital		9,813	9,813
Share premium		1,394,953	1,394,953
Other reserves		(4,327)	(7,789)
Retained earnings		(309,197)	(413,631)
Equity attributable to equity holders	6	**1,091,242**	**983,346**
Provision for the net capital deficit of investments	3	—	815,182
Interest-bearing loans from related parties	7	1,183,378	—
Derivative financial instruments		63,236	46,796
Deferred income tax liability		95,940	140,647
Total non-current liabilities		**1,342,554**	**1,002,625**
Derivative financial instruments		—	10,267
Other current liabilities	8	1,849,730	1,195,182
Total current liabilities		**1,849,730**	**1,205,449**
TOTAL EQUITY AND LIABILITIES		**4,283,526**	**3,191,420**

The accompanying notes to this statement of financial position form an integral part of these financial statements.

NOTES TO THE CORPORATE FINANCIAL STATEMENTS

1. Corporate information

Amsterdamse Beheer- en Consultingmaatschappij B.V. is a private limited company having its corporate seat in Utrecht (registered office: Atoomweg 100, 3542 AB Utrecht) the Netherlands.

Amsterdamse Beheer- en Consultingmaatschappij B.V.'s principal activities are to act as a holding company for the group companies of the Ziggo group, the owner and operator of a broadband cable network in the Netherlands, and providing analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 2.9 million households and businesses under the brand name Ziggo.

2. Basis of preparation

Date of authorisation of issue

The corporate financial statements of Amsterdamse Beheer- en Consultingmaatschappij B.V. for the year ended 31 December 2012 were prepared by the Board of Management and adopted on March 1, 2013.

Statement of compliance

The corporate financial statements of Amsterdamse Beheer- en Consultingmaatschappij B.V. have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the measurement principles applied in these corporate financial statements are the same as those applied in the consolidated financial statements (see Note 3 to the consolidated financial statements). This means that the principles for recognition and measurement of assets and liabilities and determination of the result of Amsterdamse Beheer- en Consultingmaatschappij B.V. are the same as those applied for the consolidated financial statements.

Measurement basis

In the corporate financial statements of Amsterdamse Beheer- en Consultingmaatschappij B.V., the same accounting principles were applied as set out in the notes to the consolidated financial statements. These policies were consistently applied to all years presented. The amounts in the corporate financial statements are presented in thousands of euros (€) except when otherwise indicated. Reference is made to Note 3 of the consolidated financial statements for a description of these principles.

As the financial data of Amsterdamse Beheer- en Consultingmaatschappij B.V. (the parent company) are included in the consolidated financial statements, the income statement in the parent company financial statements is presented in condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

Foreign currency translation

The corporate financial statements have been drawn up in euros (€), which is Amsterdamse Beheer- en Consultingmaatschappij B.V.'s functional and presentation currency.

Investments in subsidiaries

Investments in subsidiaries are accounted for using the net equity value. Amsterdamse Beheer- en Consultingmaatschappij B.V. calculates the net equity value using the accounting policies as described in Note 3 to the consolidated financial statements. The net equity value of subsidiaries comprises the cost, excluding goodwill, of Amsterdamse Beheer- en Consultingmaatschappij B.V.'s share in the net assets of the subsidiary, plus the share in income or losses since acquisition, less dividends received. In case the net equity value is negative and the Company is liable for the deficit of the subsidiary the carrying amount is presented as "Provision for the net capital deficit of investments".

3. Investment in subsidiaries

Movements of the Company's investment in its only subsidiary, Torenspits II B.V., were as follows:

Amounts in thousands of €	2012	2011
Balance at 1 January	(815,182)	(889,151)
Dividend payment	(163,000)	—
Funding Investment	3,644,069	—
Result subsidiary	383,052	73,969
Balance at 31 December	**3,048,939**	**(815,182)**

4. Loans receivable related parties

In 2012 Plinius Investments II B.V. and Serpering Investments B.V. merged into Torenspits II B.V. Subsequently Amsterdamse Beheer- en Consultingmaatschappij B.V. contributed the total of shareholder loans resulting in Torenspits II as share premium to Torenspits II for an amount of €3,644 million.

5. Other current assets

The other current assets comprise the following:

Amounts in thousands of €	31 December 2012	31 December 2011
Prepaid expenses	51	51
Related parties		
Christina Beheer-en Adviesmaatschappij B.V.	—	1,369
Serpering Investments B.V.	—	346,850
Plinius Investments II B.V.	—	636,834
Zesko B.V.	—	510
Torenspits II B.V.	1,228,442	—
Total other current assets	**1,228,493**	**985,614**

6. Shareholders' equity

The Company is incorporated as a private limited liability company under Dutch law. Its authorised capital consists entirely of ordinary shares.

Amounts in thousands of €	31 December 2012	31 December 2011
Authorised capital		
Ordinary shares 40,000 of €500 each	20,000	20,000
Issued and fully paid	9,813	9,813
Share premium	1,394,953	1,394,953
Other reserves	(4,327)	(7,789)
Retained earnings	(309,197)	(413,631)
Equity attributable to equity holders	**1,091,242**	**983,346**

7. Interest bearing loans from related parties

Upon the issuance of the 8.0% unsecured Senior Notes by Ziggo Bond Company B.V., Amsterdamse Beheer- en Consultingmaatschappij was provided with the proceeds under the same terms and conditions as the issued 8.0% senior notes, to contribute the proceeds with an Intercompany loan (via Torenspits II B.V.) to its indirect subsidiaries Serpering Investments B.V. and Plinius Investments II B.V.

As Serpering Investments B.V. and Plinius Investments II B.V. merged into Torenspits II B.V. in 2012, and the shareholder loans were contributed as share premium to Torenspits II B.V., the intercompany loan with Bond Company B.V. remains for an amount of €1,183.4 million.

The unsecured Senior Notes were issued on 27 April 2010 for an amount of € 1,208.9 million at a price of 99.271% with a nominal interest rate of 8.0% due in 2018. Interest on the notes is payable semi-annually on 15 May and 15 November.

The notes are senior obligations of the Company and are guaranteed on a senior subordinated basis by all of the subsidiaries of Ziggo Bond Company B.V. Financing fees have been charged in the amount of € 25.9 million, which are presented as a deduction from the loan. The effective interest rate subsequently is 8.36%, which is recognised as financial expense.

8. Other current liabilities

The other current liabilities comprise the following:

Amounts in thousands of €	31 December 2012	31 December 2011
Other current liabilities	140	246
Related parties		
Ziggo B.V.	1,660,556	1,186,236
Torenspits II B.V.	—	8,489
Ziggo Bond Company B.V.	12,089	—
Ziggo Bond Company Holding B.V.	52,490	—
Other related parties	553	211
Current account tax to related parties	123,902	—
Total other current liabilities	**1,849,730**	**1,195,182**

9. Commitments and contingencies

Amsterdamse Beheer- en Consultingmaatschappij B.V. has no outstanding commitments or contingencies.

10. Related party disclosures

Identification of related parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. Related parties include associated companies, key management personnel and close family members of related parties.

Transactions and positions

In the normal course of business, Amsterdamse Beheer- en Consultingmaatschappij B.V. conducts various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to Amsterdamse Beheer- en Consultingmaatschappij B.V., either individually or in the aggregate.

11. Subsequent events

On 5 February, 2013, Ziggo communicated the intended decision to its employees to outsource most of the activities of its contact centre in The Hague to Teleperformance. The works council has been informed about the intended decision and has been requested to give its advice. It is Ziggo's intention to outsource around 80 employees and the related activities to Teleperformance.

Further no material events occurred between the end of the reporting period and the date on which these financial statements were published.

12. Auditor's fees

The fees for services provided by the Company's independent auditor, Ernst & Young and its member firms and/or affiliates to the Company and its subsidiaries can be broken down as follows:

Amounts in thousands of €	2012	2011
Audit and audit related fees	750	650
Tax related fees	—	374
Transactional related (compliance) fees	950	1,801
Other non-audit fees	356	36
Total	**2,056**	**2,861**

Utrecht, The Netherlands
March 1, 2013

Board of Management
Bernard Dijkhuizen
Bert Groenewegen
Marcel Nijhoff
Paul Hendriks

APPROPRIATION OF RESULT

The articles of association of the Company state that the distributable profits are at the disposal of the General Meeting of Shareholders for distribution of dividend or in order to be added to the reserves or for such other purposes within the Company's objects as the meeting shall decide.

The result for the year 2012, which is a profit of € 267,435 has been added to retained earnings.

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of Amsterdamse Beheer- en Consultingmaatschappij B.V.

Report on the financial statements

We have audited the accompanying financial statements 2012 of Amsterdamse Beheer- en Consultingmaatschappij B.V., Amsterdam. The financial statements include the consolidated financial statements and the corporate financial statements. The consolidated financial statements comprise the consolidated statement of income for the year ended 31 December 2012, the consolidated statement of comprehensive income for the year ended 31 December 2012, the consolidated statement of financial position as at 31 December 2012, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes, comprising a summary of the accounting policies and other explanatory information. The corporate financial statements comprise the corporate statement of income/statement of comprehensive income for the year ended 31 December 2012, the corporate statement of financial position as at 31 December 2012 and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Amsterdamse Beheer- en Consultingmaatschappij B.V. as at 31 December 2012 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 corporate financial statements

In our opinion, the corporate financial statements give a true and fair view of the financial position of Amsterdamse Beheer- en Consultingmaatschappij B.V. as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 1 March 2013

Ernst & Young Accountants LLP

signed by F.J. Blenderman

CONTACT DETAILS AND ADDRESSES

Amsterdamse Beheer- en Consultingmaatschappij B.V.

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Disclaimer

The annual report and accounts contain certain forward-looking statements with respect to the financial condition, results, operations and businesses of Amsterdamse Beheer- en Consultingmaatschappij B.V. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this annual report and accounts should be construed as a profit forecast. The financial statements were audited by Ernst & Young Accountants.

Ziggo
Corporate Communications
P.O. Box 43048
3540 AA Utrecht
The Netherlands

Audited consolidated financial statements for

Amsterdamse Beheer- en Consulting maatschappij B.V.

for the year ended December 31, 2011

CONTENT

REPORT OF THE BOARD OF DIRECTORS

Under the provision of Article 2:394 of the Dutch Civil Code, a report of the Board of Directors is not included with this annual report. Such report is available for review at the Company's offices in Utrecht.

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the years ended 31 December

Amounts in thousands of €	Note	2011	2010
Revenues	5	1,478,169	1,375,742
Cost of goods sold		291,147	265,036
Personnel expenses	6	175,574	170,715
Contracted work		51,162	44,833
Materials & logistics		6,035	4,071
Marketing & sales		68,514	62,106
Office expenses		49,564	52,113
Other operating expenses		1,573	1,748
Amortisation and impairments	9	79,938	218,597
Depreciation and impairments	10	268,014	284,148
Total operating expenses		991,521	1,103,367
Operating income		486,648	272,375
Net financial income (expense)	7	(248,311)	(348,719)
Result before income taxes		238,337	(76,344)
Net result of joint ventures and equity investees	20	(168)	—
Income tax benefit (expense)	8	(59,866)	25,154
Net result for the year		178,303	(51,190)
Net result attributable to equity holders		178,303	(51,190)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December

Amounts in thousands of €	2011	2010
Net result for the year	178,303	(51,190)
Cash flow hedges, net of tax	7,311	12,049
Total comprehensive income for the year	185,614	(39,141)
Total comprehensive income attributable to equity holders	185,614	(39,141)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of €	Note	31 December 2011	31 December 2010
ASSETS			
Intangible assets	9	3,359,736	3,406,400
Property and equipment	10	1,421,386	1,459,945
Other non-current financial assets	11	402	396
Deferred tax assets	8	35,886	123,819
Total non-current assets		4,817,410	4,990,560
Inventories	12	32,180	18,546
Trade accounts receivable	13	25,753	20,086
Other current assets	14	26,294	32,331
Cash and cash equivalents	15	112,634	66,994
Total current assets		196,861	137,957
TOTAL ASSETS		**5,014,271**	**5,128,517**
EQUITY AND LIABILITIES			
Issued share capital		9,813	9,813
Share premium		1,394,953	1,394,953
Other reserves		(7,789)	(15,100)
Retained earnings		(413,631)	(591,935)
Equity attributable to equity holders	16	983,346	797,731
Interest-bearing loans	17	2,077,533	2,320,731
Interest-bearing loans from shareholders	18	1,179,710	1,176,530
Derivative financial instruments	24	46,796	58,447
Provisions	19	24,886	30,169
Deferred tax liabilities	8	382,496	408,126
Other non-current liabilities	20	214	—
Total non-current liabilities		3,711,635	3,994,003
Deferred revenues		115,876	97,751
Derivative financial instruments	24	10,267	34,539
Provisions	19	6,892	7,138
Trade accounts payable		74,417	80,165
Other current liabilities	21	111,838	117,190
Total current liabilities		319,290	336,783
TOTAL EQUITY AND LIABILITIES		**5,014,271**	**5,128,517**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of €	Issued capital	Share premium	Cash flow hedge reserve	Retained earnings	Equity attributable to equity holders
Balance at 31 December 2009	9,813	1,394,953	(27,149)	(540,745)	836,872
Comprehensive income					
Net loss for the year 2010	—	—	—	(51,190)	(51,190)
other comprehensive income:					
cash flow hedges, net of tax	—	—	12,049	—	12,049
Total comprehensive income	—	—	12,049	(51,190)	(39,141)
Balance at 31 December 2010	9,813	1,394,953	(15,100)	(591,935)	797,731
Comprehensive income					
Net profit for the year 2011	—	—	—	178,303	178,303
other comprehensive income:					
cash flow hedges, net of tax	—	—	7,311	—	7,311
Total comprehensive income	—	—	7,311	178,303	185,614
Balance at 31 December 2011	9,813	1,394,953	(7,789)	(413,631)	983,346

CONSOLIDATED CASH FLOW STATEMENT

For the years ended 31 December

Amounts in thousands of €	Note	2011	2010
Operating activities			
Income / (loss) before income taxes		238,337	(76,344)
Adjustments for:			
Amortisation and impairments	9	79,938	218,597
Depreciation and impairments	10	268,014	284,148
Movement in provisions	19	(7,974)	(5,781)
Net financial income and expense	7	248,311	348,719
Operating cash flow before changes in working capital		826,626	769,339
Changes in working capital relating to:			
Inventories		(13,634)	6,996
Trade accounts receivable		(5,386)	23,506
Other current assets		6,517	(5,129)
Trade accounts payable		(7,712)	(22,786)
Deferred revenues		18,125	(8,496)
Other current liabilities		(4,661)	(8,246)
Net change in working capital		(6,751)	(14,155)
Net cash flow from operating activities		**819,875**	**755,184**
Investing activities			
Purchase of intangbile and tangible assets	9, 10	(242,918)	(202,204)
Purchase of business combination	4	(7,413)	—
Purchase of joint ventures		(15)	—
Interest received		513	214
Change in financial assets		(6)	(28)
Net cash flow used in investing activities		**(249,839)**	**(202,018)**
Financing activities			
Proceeds from loans	17	460,431	1,950,037
Repayments of loans	17	(708,858)	(2,204,629)
Interest paid		(267,005)	(242,673)
Financing and commitment fees		(8,964)	(54,178)
Net cash flow from financing activities		**(524,396)**	**(551,443)**
Net (decrease) / increase in cash and cash equivalents		**45,640**	**1,723**
Net cash and cash equivalents at 1 January		66,994	65,271
Net cash flow from operating, investing and financing activities		45,640	1,723
Net cash and cash equivalents at 31 December	15	**112,634**	**66,994**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 The Company and its operations

The principal activities of Amsterdamse Beheer- en Consultingmaatschappij B.V. ('the Company') are to participate in, to finance or to have any other interest in, or to conduct the management of, other companies and enterprises. The Company is the owner and operator of a broadband cable network in the Netherlands and provides analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 3 million households under the brand name Ziggo.

2 Basis of preparation

Date of authorisation of issue

The consolidated financial statements of Amsterdamse Beheer- en Consultingmaatschappij B.V. for the year ended 31 December 2011 were prepared by the Board of Management and adopted on 23 February 2012. The Company is a private limited company incorporated in Amsterdam (address: Winschotendiep 60, 9723 AB Groningen) in the Netherlands. The Company is wholly owned by Ziggo Bond Company B.V. whose shareholders are investment funds that are ultimately managed by the private equity companies Cinven Limited and Warburg Pincus LLC.

Statement of compliance

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Measurement basis

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of Euros (€) except when otherwise indicated.

Foreign currency translation

The consolidated financial statements are presented in Euros (€), which is the Company's functional and presentation currency. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. Monetary items denominated in foreign currencies are translated into the Company's functional currency at the spot rate of exchange ruling at the reporting date. Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in net income for the period. Non-monetary items that are measured on a historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2011. The financial statements of the subsidiaries are prepared for the same reporting year as those of the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The consolidated financial statements of the Company include the subsidiaries mentioned in Note 26.

Use of estimates and assumptions

The preparation of financial statements requires management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within these consolidated financial statements represent good-faith assessments of the Company's future performance for which management believes there is a reasonable basis. These estimates and assumptions represent the Company's view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted. The estimates and assumptions that management considers most critical relate to:

- Impairment of goodwill and intangible assets with an indefinite life (Note 3)
- Deferred tax assets (Note 3 and Note 8)
- Fair value of financial instruments (Note 3, Note 24 and Note 25)
- Other long-term employee benefits (Note 3 and Note 19)
- Provisions and contingencies (Note 3 and Note 19)

Change in accounting policies

In the financial year 2011 the Company adopted the following new or revised standards and interpretations or amendments of standards and interpretations.

IAS 24 "Related Party Disclosures"—definition of a related party (amendment)

The IASB simplified the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The amendment did not impact the related parties of the Company.

IAS 32 "Financial Instruments: Presentation"—Classification of Rights Issues (amendment)

The amendment states that if certain rights are issued pro rata to all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. As the Company did not issue any rights for a fixed amount of foreign currency the amendment does not change current presentation.

IFRIC 14 "IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"—Prepayments of a minimum funding requirement (amendment)

IFRIC 14 was amended as entities in some circumstances were not permitted to recognise some prepayments for minimum funding contributions as an asset. Since the Company has not recognised any defined benefit assets this amendment has no impact on the Company's financial position.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

IFRIC 19 addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. It does not address the accounting by the creditor. The new interpretation has no impact on the Company's financial position.

Improvements to IFRSs (issued May 2010)

The IASB made improvements to six standards and one interpretation. None of the improvements has an impact on the Company's financial position, result or disclosures.

The Company did not apply any other standard, interpretation or amendment issued but not yet effective in preparing the consolidated financial statements as at 31 December 2011.

Change in accounting estimate

In the first quarter of 2011, the Company analyzed the attrition of customer relationships connected to its network. It was noted that actual attrition of customer relationships over de period 2007-2011 was marginal, whereas initially it was assessed that the number of customer relationships would substantially decline over a period of 10 to 15 years. As a result, management believes it is no longer able to estimate the useful life of the customer relationships and consequently assessed it to be indefinite. The Company will annually test the customer relationships for impairment and will no longer amortize.

The change is accounted for prospectively as from 1 April 2011 as a change in accounting estimates and as a result, the amortization charges of the Company for the current financial yearend amounted to €44.1 million (2010: 180.1 million).

3 Significant accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are presented below. These policies have been consistently applied through all years presented, unless otherwise stated.

Segment reporting

IFRS 8 "Operating Segments" defines an operating segment as a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating segment's operating result is reviewed regularly by the Board of Management (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Performance of the segments is evaluated against several measures, of which operating income excluding depreciation and amortisation (EBITDA) is the most important. Segment assets and liabilities mainly do not include corporate assets and liabilities and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

In the assessment of operating segments the Company concluded there is only one operating segment, based on the following assumptions:

- The Chief Operating Decision Maker (Board of Management of the Company) makes decisions on the basis of financial results for the Company as *one* company;
- The Company has only one geographic area in which it operates;
- The Company has an integrated network for all activities;
- The Company's investments and related costs are not allocated to its specific business lines or products.

Business combinations and goodwill

Business combinations are accounted for using the acquisition accounting method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other operating expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as an asset or liability are remeasured at subsequent reporting dates in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" or IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as appropriate, with the corresponding gain or loss recognised in the income statement. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates until it is finally settled within equity.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are adjusted. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Company's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within equity and any gain/loss arising is recognised directly in equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for a non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised. Expenditures are reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the economic benefits related to the intangible asset decreased. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Such a change in the useful life assessment is made on a prospective basis.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life of the asset remains indefinite. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Customer lists, which are measured initially at fair value, are recognised as an asset with an indefinite life. The asset is tested for impairment at least annually.

Software is amortised in 3 years using the straight-line method over its economically useful life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statement when the asset is derecognised.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost includes direct costs (materials, replacement parts, direct labour and contracted work) and direct attributable overhead costs. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the costs of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The interest percentage used reflects the weighted average interest expense of the Company.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, taking into account residual value. Borrowing costs are depreciated over the estimated useful life of the corresponding asset. Land is not depreciated. The useful lives of the assets are as follows:

	Useful lives
Network active (head-end, local network)	10–12 years
Network passive (fibre)	12–20 years
Network equipment (IP and datacom equipment)	5 years
Other	3–20 years

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year-end. Any change in accounting caused by this review is applied prospectively.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Repairs and maintenance are charged to expense during the financial period in which they incur.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense once they occur.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples.

Impairment losses of continuing operations recognised in the income statement will be recorded in a separate line item in those expense categories consistent with the classification of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised for the asset in prior years. Such a reversal is recognised in the income statement. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Goodwill and other assets with an indefinite life are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that their carrying amounts may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. The recoverable amount is the higher of the cash-generating unit's fair value less cost to sell and its value in use. The value in use of the cash-generating unit is determined using the discounted cash flow method. Where the recoverable amount of the cash-generating unit (or group of cash generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Investments in joint ventures and associates

A joint venture is a contractual arrangement whereby the Company and one or more other parties undertake an economic activity through a jointly controlled entity. Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights.

Joint ventures and associates are accounted for using the equity method. Under the equity method, investments in joint ventures and associates are measured at cost and adjusted for post-acquisition changes in the Company's share of the net assets of the investment (net of any accumulated impairment in the value of individual investments).

Inventories

Inventories are measured at cost or net realisable value, whichever is the lower. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated marketing, distribution and selling expenses.

Most of the inventory is not sold to customers but used in the Company's network and capitalised once used. Sold inventory is included in the cost of goods sold.

Provisions

Provisions are recognised when a legal or constructive obligation, which can be reliably estimated, exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced to the parties concerned.

The Company recognises a provision for asset retirement obligations related to dismantling and removing items at leased property and restoring the site on which these items are located after termination of the lease agreement. In addition the Company is exposed to costs of returning customer premises equipment upon termination of the subscription or renewals.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

The net assets and net liabilities recognised in the consolidated statement of financial position for defined benefit plans and other long term employee benefits represent the present value of the defined benefit obligations, less the fair value of plan assets, adjusted for unrecognised actuarial gains or losses and unamortised past service costs. Any net asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan. No adjustment for the time value of money is made in case the Company has an unconditional right to a refund of the full amount of the surplus, even if such a refund is realisable only at a future date.

Defined benefit obligations are actuarially calculated at least annually on the reporting date using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have an average duration similar to the expected duration of the related pension liabilities. Actuarial gains and losses are recognised using the corridor approach, which assumes that actuarial gains and losses may offset each other over the long term. Under this approach, if, for a specific plan, the net unrecognised actuarial gains and losses at the reporting date exceed the greater of 10% of the fair value of the plan assets or 10% of the defined benefit obligation, the excess is taken into account in determining net periodic expense for the subsequent period. The amount then recognised in the subsequent period is the excess divided by the expected remaining average working lives of employees covered by that plan at the reporting date. Past service costs are recognised immediately to the extent that the associated benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the associated benefits become vested. Results from curtailments or settlements, including the related portion of net unrecognised actuarial gains and losses, are recognised immediately.

Contributions to defined contribution plans are recognised as an expense when they are due. Post-employment benefits provided through industry multi-employer plans, managed by third parties, are generally accounted for using defined contribution criteria.

Provisions are recognised for other long-term employee benefits on the basis of discount rates and other estimates that are consistent with the estimates used for the defined benefit obligations. For these provisions the corridor approach is not applied and all actuarial gains and losses are recognised in the consolidated income statement immediately.

Financial instruments

Financial assets

The Company initially recognises loans and receivables and deposits on the date they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Held-to-maturity financial assets

If the Company has the positive intent and ability to hold securities to maturity (usually debt securities), then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

An impairment is recorded in operating expenses when it is probable (based on objective evidence) that the Company will not be able to collect all amounts due under the original terms. Impairments are calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified as impaired. Impaired loans and receivables are derecognised when they are assessed as uncollectible.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, including service concession receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date they originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade accounts and other payables.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported at the net amount in the consolidated statement of financial postion if, and only if, the Company has a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedging

The Company entered into several interest rate swaps in order to mitigate its risks associated with interest rate fluctuations. These derivatives are recognised at fair value. The fair value of interest rate swaps is the estimated amount that would be received or paid to terminate the swap at reporting date, taking into account the current interest rates and creditworthiness of the swap counter parties.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 24. Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining term to maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining term to maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity.

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other net financial income and expense'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'interest expense'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other net financial income and expense'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is amortised to profit or loss in the period(s) when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other net financial income and expense'.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The relevant types of revenue are recognised as follows:

Rendered services

Revenue primarily comprises revenues earned from subscription and usage fees on the delivery of standard cable and digital pay television, broadband internet and telephony and services provided to the business market. Revenue from other sources primarily comprises revenue from the sale of goods. Subscription and usage revenues are recognised at the time services are provided to customers. Pre-invoiced revenues are deferred and allocated to the respective period they relate to. Any unearned revenue is recognised as deferred revenue within current liabilities. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

The Company may provide the subscriber with installation of the connection to its network and offers connection-related services. Revenue is recognised when the installation and services have been rendered.

Cost of goods sold

Cost of goods sold includes the costs for purchases of materials and services directly related to revenue, such as authors' rights, interconnection costs, signal delivery costs, royalties, internet service provider fees and materials and logistics cost directly related to the sale of set-top boxes.

Income tax

Current income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity. The current income tax benefit is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the reporting date, and adjustments for current taxes payable (receivable) for prior years.

Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income.

Deferred income tax assets are generally recognised for all temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except to the extent that a deferred income tax asset arises from the initial recognition of goodwill.

Deferred income tax liabilities are generally recognised for all temporary differences.

Deferred income tax assets and liabilities are based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse or are substantively enacted at the reporting date. The effect of a change in tax rates on deferred income tax assets and liabilities is recognised in the period that includes the enactment date. Deferred income tax assets are reduced by a valuation allowance when the Company cannot make the determination that it is more likely than not that some portion or all of the related tax assets will be realised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Cash flow statement

The cash flow statement is prepared using the indirect method with a breakdown into cash flows from operating, investing and financing activities. The cash balances of purchased subsidiaries (cash acquired) are included in the consideration paid on acquisition (investing activities).

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Standards issued but not yet effective

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2011 and have not been applied in preparing these consolidated financial statements:

- IAS 12 "Income taxes"—Deferred Tax: recovery of Underlying Assets (amendment), effective 1 January 2012;

- IAS 1 Presentation of Financial Statements (amendment), effective 1 January 2013;
- IAS 19 Employee benefits (revised), effective 1 January 2013;
- IFRS 9 Financial Instruments: Fair Value Measurement (new), effective 1 January 2013;
- IFRS 10, Consolidated Financial Statements (new), effective 1 January 2013;
- IAS 27 Separate Financial Statements (revised),effective 1 January 2013;
- IFRS 11, Joint Arrangements (new), effective 1 January 2013;
- IAS 28 Investments in Associates and Joint Ventures (revised), effective 1 January 2013;
- IFRS 12 Disclosure of Interests in Other Entities (new), effective 1 January 2013;
- IFRS 13, Fair Value Measurement (new), effective 1 January 2013;
- IAS 32 Financial Instruments: Presentation—Offsetting (amendment), effective 1 January 2014.

The Company will introduce the new standards, amendments to standards and interpretations as of their effective date unless otherwise indicated. Adoption of these standards and interpretations is expected not to have an impact on the Company's consolidated financial statements.

4 Business combinations

On October 13, Ziggo has acquired 100% of the shares of Breezz Nederland B.V. ("Breezz"). Breezz is a provider of innovative business telephone services and caters to a network of value added resellers. The Company acquired Breezz because it enlarges the range of products the company can offer to small and medium-sized enterprises.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Breezz as at the date of acquisition were:

Amounts in thousands of €	Fair value recognised on acquisition
Assets	
Intangible assets	46
Property and equipment	313
Trade receivables	281
Other current assets	306
Cash and cash equivalents	457
	1,403
Liabilities	
Loans from financial institutions	16
Other current liabilities	1,148
	1,164
Net asset value acquired	**239**
Goodwill arising on acquisition	9,381
Total purchase consideration	**9,620**

The purchase consideration comprise of:

Purchase consideration	
Cash consideration	7,870
Contingent consideration	1,750
Total purchase consideration	**9,620**

The fair value of the trade receivables amounts to € 281. The gross amount of trade receivables does not materially differ from the fair value. None of the trade receivables has been impaired and it is expected that the full contractual amounts can be collected.

Contingent consideration

As part of the purchase agreement with the previous owner of Breezz Nederland B.V. a contingent consideration has been agreed. Payment is condition upon realisation of certain criteria such as realisation of a minimum amount of revenue and gross margin. As at the acquisition date, the fair value of the contingent consideration was € 1.8 million. If the contractual criteria are met, the maximum cash payable will not materially differ from the liability recorded. In the remainder of the year there were no changes in the underlying assumptions of the contingent consideration that required a change in the fair value of the discounted cash payment.

Cash flow on acquisition

Net cash acquired with the subsidiary	457
Cash consideration	(7,870)
Net cash flow on acquisition	**(7,413)**

The goodwill of €9.4 million comprises the value of expected future cash flows. Goodwill is allocated entirely to the cash generating unit Ziggo.

From the date of acquisition, Breezz contributed €1.5 million in revenues and €0.5 million to the operating income of the Company. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been €5.2 million and the operating income from continuing operations would have been €1.8 million for the Company.

5 Revenues

The Company's revenues comprise the following:

Amounts in thousands of €	2011	2010
Standard cable subscription	481,602	489,454
Digital pay television services	151,269	124,637
Video	632,871	614,091
Broadband Internet subscription	415,878	380,832
Telephony subscription	113,485	96,018
Telephony usage	170,800	155,648
Telephony	284,285	251,666
Revenues from other sources	57,436	51,745
Total Residential Market	1,390,470	1,298,334
Business Services	87,699	77,408
Total revenues	1,478,169	1,375,742

Revenues generated from bundle subscriptions amount to € 587.0 million (2010: € 402.2 million) and have been allocated to the individual products Video, Broadband Internet and Telephony.

The Company's revenues are generated through a large customer base, and no customer generates more than 10% of total revenues. Revenues from the sale of goods as at 31 December 2011 amount to € 36.5 million (2010: € 28.5 million).

6 Personnel expenses

The Company's personnel expenses comprise the following:

Amounts in thousands of €	2011	2010
Wages and salaries	131,021	115,811
Social security costs	14,183	13,925
Pensions and other long-term employee benefits	15,358	14,965
Other	15,012	26,014
Total personnel expenses	175,574	170,715

The number of internal employees as at 31 December 2011 of the Company in full time equivalents (FTEs) was 2,376 (2010: 2,203). The average number of internal employees in 2011 was 2,286 FTEs (2010: 2,211). For comparative purposes the average number of FTEs in 2010 has been adjusted.

Other personnel expenses comprise costs for temporary external personnel, other personnel expenses and capitalised personnel expenses. In 2011, costs for temporary external personnel amount to € 52.7 million (2010: € 53.9 million). Other personnel expenses in 2011 amount to € 13.2 million (2010: € 20.4 million) and capitalised personnel expenses amount to € 50.9 million (2010: € 48.3 million).

7 Net financial income and expense

Amounts in thousands of €	2011	2010
Interest on loans from financial institutions	(167,651)	(218,619)
Interest on shareholder loans	(99,888)	(62,591)
Other interest expense	(932)	(2,014)
Capitalisation of borrowing costs	9,378	13,191
Interest expense	(259,093)	(270,033)
Interest income	513	214
Amortisation of financing fees, including write-offs of terminated facilities	(11,860)	(53,737)
Fees related to senior credit facility	—	(15,004)
Fair value gains (losses) on derivative financial instruments	26,176	(6,899)
Commitment fees	(2,363)	(2,843)
Foreign exchange results	(1,684)	(417)
Other net financial income and expense	10,269	(78,900)
Net financial income (expense)	**(248,311)**	**(348,719)**

Other interest expense relates mainly to the interest added to provisions and long-term employee benefits. Interest income is mainly attributable to the interest on cash and cash equivalents.

8 Income taxes

The subsidiaries of the Company are incorporated in the fiscal unit of Zesko B.V. for corporate income tax purposes. Zesko Holding B.V. is taxable at the sole entity level. For financial reporting purposes, its consolidated subsidiaries calculate their respective tax assets, tax liabilities and tax benefits on a consolidated tax return basis.

The Company's income tax comprises:

Amounts in thousands of €	2011	2010
Deferred tax assets	(85,496)	(14,248)
Deferred tax liabilities	25,630	39,402
Income tax benefit (expense)	(59,866)	25,154

A reconciliation between the statutory tax rates of 25.0% and the Company's effective tax rate is as follows:

Amounts in thousands of €	Tax rate	2011	Tax rate	2010
Loss for the period		238,337		(76,344)
Notional tax income at statutory rates	25.00%	(59,584)	25.50%	19,468
Adjustments:				
Non-deductable items	0.12%	(282)		—
Deferred income (expense) due to changes in tax rates, effective		—	7.45%	5,686
Effective tax rate / Income tax benefit	25.12%	(59,866)	32.95%	25,154

Income tax recognised within other comprehensive income comprises:

	2011			2010		
Amounts in thousands of €	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Cash flow hedges	(10,385)	2,596	(7,789)	(20,133)	5,033	(15,100)

The tax effects of temporary differences influencing significant portions of the deferred tax assets and deferred tax liabilities as of 31 December 2011 and 2010 are presented below:

Amounts in thousands of €	1 January 2010	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2010	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2011
Tax loss carry forwards	116,114	(15,540)	—	100,574	(78,952)	—	21,622
Derivative financial instruments	26,076	1,292	(4,123)	23,245	(6,544)	(2,437)	14,264
Deferred tax assets	142,190	(14,248)	(4,123)	123,819	(85,496)	(2,437)	35,886
Intangible assets	(443,119)	52,501	—	(390,618)	8,037	—	(382,581)
Property and equipment	(4,409)	(13,099)	—	(17,508)	17,593	—	85
Deferred tax liabilities	(447,528)	39,402	—	(408,126)	25,630	—	(382,496)
Deferred tax assets and liabilities	(305,338)	25,154	(4,123)	(284,307)	(59,866)	(2,437)	(346,610)

The deferred tax asset and tax liability are calculated at a tax rate of 25.0%.

Recognised deferred tax assets reflect management's estimate of realisable amounts. Since the Company is incorporated in the fiscal unity of Zesko B.V. tax loss carry forwards are assessed at Zesko B.V. for the Company and its subsidiaries. The amounts of tax loss carry forwards are subject to assessment by local tax authorities.

9 Intangible assets

The Company's intangible assets comprise:

Amounts in thousands of €	Goodwill	Customer lists	Software	Total
Balance as of 1 January 2010	1,773,068	1,762,453	63,539	3,599,060
Additions	—	4	50,305	50,309
Reclassifications	—	602	(24,971)	(24,369)
Disposals	—	(4)	1	(3)
Amortisation and impairment	—	(180,176)	(38,421)	(218,597)
Total changes in 2010	—	(179,574)	(13,086)	(192,660)
Cost	1,773,068	2,401,568	238,005	4,412,641
Accumulated amortisation	—	(818,689)	(187,552)	(1,006,241)
Balance as of 31 December 2010	1,773,068	1,582,879	50,453	3,406,400
Additions	—	—	23,847	23,847
Acquired through business combinations	9,381	—	46	9,427
Amortisation and impairment	—	(44,124)	(35,814)	(79,938)
Total changes in 2011	9,381	(44,124)	(11,921)	(46,664)
Cost	1,782,449	2,401,568	261,898	4,445,915
Accumulated amortisation	—	(862,813)	(223,366)	(1,086,179)
Balance as of 31 December 2011	1,782,449	1,538,755	38,532	3,359,736

Intangible assets with an indefinite life

In 2008 the former operating companies Multikabel, Casema and @Home merged into Ziggo. As a result of the merger one cash-generating unit, Ziggo, remains. All goodwill acquired through business combinations has been allocated for impairment testing purposes to the cash-generating unit at which management monitors the operating results. Customer lists acquired upon the acquisitions have initially been amortised on a straight line basis in 12-14 years. As from April 2011 the Company ceased amortising its customer lists as it was concluded that the useful life of customer relationships connected to the Company's network is indefinite (See Note 2). Consequently the asset is subject to impairment testing for assets with an indefinite life as discussed in Note 3.

Goodwill

Value in use calculations for goodwill are based on cash flow projections covering a maximum period of five years; the three-year financial budgets approved by the Company's management and the years beyond the three year financial budget are based on models over this projection period using growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

The key assumptions used in the goodwill impairment test are set out below:

Cash flow—Free cash flow consists of revenues, costs and capital expenditure levels. Revenues are estimated based on historic growth numbers and expected future market penetration levels, resulting in related costs and capital expenditures.

Discount rate—The pre-tax discount rate is calculated taking into account the relative weights of each component of the capital structure and is used by management as a benchmark to assess operating performance and future investments. The pre-tax discount rate used for the 2011 goodwill impairment test is 8.31% (2010: 8.09%).

Growth rate—The growth rates in the three-year financial budgets reflect historic growth numbers and current market developments. The years beyond the three-year financial budget are extrapolated using estimated growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

Customer lists

Value in use calculations for the customer lists are based on revenue generated from those customer relationships that have been acquired at the date of acquisition.

The key assumptions used are set out below:

Revenues—Revenue are estimated based on historic growth numbers and expected future market penetration levels, resulting in related costs and capital expenditures.

Attrition—Attrition represents the expected decline of the customer relationships and is based on both historical information as well as management expectations and market developments.

Discount rate—The pre-tax discount rate is calculated taking into account the relative weights of each component of the capital structure and is used by management as a benchmark to assess operating performance and future investments. The pre-tax discount rate used for the 2011 customer list impairment test is 8.31%.

Sensitivity to changes in assumptions

With regard to the assessment of value in use management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Software

During 2011 the Company impaired capitalised development of software for an amount of € 1.8 million (2010: € 9.8 million) as the expected future benefits of the related projects decreased over time.

10 Property and equipment

The Company's property and equipment comprises:

Amounts in thousands of €	Network	Land	Other	Assets under construction	Total
Balance as of 1 January 2010	1,275,422	2,648	40,414	231,180	1,549,664
Additions	200,692	—	61,812	(92,444)	170,060
Reclassification	718	—	23,651	—	24,369
Disposals—net	—	—	—	—	—
Depreciation and impairment	(245,523)	—	(38,625)	—	(284,148)
Total changes in 2010	(44,113)	—	46,838	(92,444)	(89,719)
Cost	4,329,758	2,648	183,007	138,736	4,654,149
Accumulated depreciation	(3,098,449)	—	(95,755)	—	(3,194,204)
Balance as of 31 December 2010	1,231,309	2,648	87,252	138,736	1,459,945
Additions	217,442	375	12,775	(1,450)	229,142
Acquired through business combinations	—	—	313	—	313
Depreciation and impairment	(236,176)	—	(31,838)	—	(268,014)
Total changes in 2011	(18,734)	375	(18,750)	(1,450)	(38,559)
Cost	4,547,200	3,023	196,095	137,286	4,883,604
Accumulated depreciation	(3,334,625)	—	(127,593)	—	(3,462,218)
Balance as of 31 December 2011	1,212,575	3,023	68,502	137,286	1,421,386

Network

The additions to the network include capitalised borrowing costs of € 9.4 million (2010: € 13.2 million). Generally, the capitalisation rate used to determine the amount of capitalised borrowing costs is a weighted average of the interest rate applicable. For 2011 an interest rate of 7.00% (2010: 7.04%) was used.

During 2011 the Company did not recognise any impairments for property and equipment (2010: € 1.1 million).

Mortgages on all registered properties, related movable assets and the network related elements have been established under the Senior Credit Facilities as explained in Note 17.

Assets under construction

Assets under construction relates to the integration of the Company's business support system and operational support system and the integration and expansion of the Company's network and IT infrastructure. Included in assets under construction is software, which is recognised as intangible asset once in use.

11 Other non-current financial assets

Financial assets consist of long-term prepaid expenses (related to information technology contracts) of € 372 (2010: € 345) and loans to personnel of € 30 (2010: € 51).

12 Inventories

Amounts in thousands of €	2011	2010
Equipment and cables	8,487	8,575
Set-top boxes	18,465	7,858
Customer premises equipment	6,946	2,570
Allowance for obsolete stock	(1,718)	(457)
Total Inventories	32,180	18,546

Movements in the allowance for obsolete stock are as follows:

Amounts in thousands of €	2011	2010
At 1 January	457	258
Additions	1,926	228
Used	(665)	(29)
At 31 December	1,718	457

13 Trade accounts receivable

Trade accounts receivable as at 31 December 2011 amount to € 25.8 million (2010: € 20.1 million). The allowance for doubtful accounts is calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified. The doubtful accounts allowance reflects probable losses in the account receivable balance based on historical experience by type of trade debtor and other currently available evidence.

Movements in the allowance for doubtful accounts are as follows:

Amounts in thousands of €	2011	2010
At 1 January	8,706	14,304
Additions	1,315	6,136
Used	(2,182)	(9,400)
Released	(2,736)	(2,334)
At 31 December	5,103	8,706

A pledge has been given on all receivables as mentioned in Note 17.

Trade accounts receivable are non-interest-bearing and are generally due on 30 days' terms. Note 24 discloses the Company's credit risk related to the trade accounts receivable.

14 Other current assets

Amounts in thousands of €	31 December 2011	31 December 2010
Prepaid expenses	10,955	17,682
Revenues to be invoiced	14,965	14,606
Related parties	333	—
Other current assets	41	43
Total current assets	26,294	32,331

15 Cash and cash equivalents

All cash and cash equivalents within the Company are held within bank accounts and earn interest at floating rates based on bank deposit rates.

A pledge has been given on the accounts of the Company as mentioned in Note 17.

16 Equity attributable to equity holders

The Company is incorporated as a private limited liability company under Dutch law. Its registered capital consists entirely of ordinary shares. The authorised capital is divided into 40,000 shares of € 500 each.

Other reserves represents the cash flow hedge reserve.

17 Interest-bearing loans

Amounts in thousands of €	31 December 2011	31 December 2010
Loans from financial institutions	2,077,533	2,320,731
Interest-bearing loans	2,077,533	2,320,731

Movements in total interest-bearing loans are as follows:

Amounts in thousands of €	2011	2010
Balance at 1 January	2,320,731	3,712,042
Repayments on loans including refinancing	(708,858)	(2,204,629)
Facility F loan	460,431	—
Facility E loan	—	750,000
Financing fees	(6,631)	(10,564)
Interest accretion Mezzanine loan	—	22,477
Amortisation of financing fees	11,860	51,405
Balance at 31 December	2,077,533	2,320,731

Loans from financial institutions

Loans from financial institutions can be broken down into the following facilities:

Amounts in thousands of €	Interest rate	Maturity	31 December 2011	31 December 2010
Senior Credit Facilities				
Facility A loan	EURIBOR +2.00%	2013	—	35,238
Facility B loan	EURIBOR +3.00%	2017	922,906	1,091,911
Facility C loan	EURIBOR +3.50%	2015	—	254,615
Facility D loan	EURIBOR +4.75%	2016	—	250,000
Facility E loan (Sr. Secured Notes)	6.125%	2017	750,000	750,000
Facility F loan	EURIBOR +3.25%	2017	460,431	—
Total			2,133,337	2,381,764
Financing fees			(55,804)	(61,033)
Total			**2,077,533**	**2,320,731**

Senior Credit Facilities

Facility A loan

During 2011 the Company made prepayments on the Facility A loan for an amount of €35.2 million (2010: €170.0 million).

Facility B loan

During 2011 the Company made prepayments on the Facility B loan for an amount of € 169.0 million (2010: € 8.1 million). In 2011 the maturity date of the Facility B loan was extended from 2014 to 2017.

Facility C loan

During 2011 the Company made prepayments on the Facility C loan for an amount of €254.6 million (2010: €845.4 million). The prepayment on the Facility C loan is financed by the issuance of the Facility F loan.

Facility D loan

During 2011 the Company made prepayments on the Facility D loan for an amount of €250.0 million (2010: nil). The prepayment on the Facility D loan is financed by the issuance of the Facility F loan.

Facility E loan

In October 2010, Ziggo Finance B.V., a company managed by Deutsche Bank International Trust Company N.V., issued Senior Secured Notes of € 750.0 million with a nominal interest rate of 6.125%, due in 2017. Interest on the Notes is payable semi-annually on 15 May and 15 November of each year. Ziggo Finance B.V. granted the proceeds of the Senior Secured Notes to Plinius Investments II B.V. and Serpering Investments B.V., both of which are indirectly wholly owned subsidiaries of the Company. The Senior Secured Notes are presented under loans from financial institutions as Facility E loan.

The Facility E loan is stated at amortised cost. Financing fees have been charged for an amount of € 10.6 million, which are presented as a deduction from the loan. The subsequent effective interest rate is 6.37%, which is recognised as financial expense.

Facility F loan

In May 2011 the Company entered into an agreement for €460.4 million, the Facility F loan, which fully refinances both the Facility C loan and the Facility D loan. Interest on the Facility F loan is Euribor+3.25% and is paid monthly. Financing fees have been charged for an amount of € 10.6 million, which are presented as a deduction from the loan.

Revolving and capital expenditure restructuring facility Under the Senior Credit Facility agreement the Company has an uncommitted revolving credit facility of € 150.0 million which is covered by a committed bilateral ancillary facility of € 50.0 million by one of our lenders and an uncommitted capital expenditure restructuring facility of € 250.0 million. During the year 2011 there were no drawings under these facilities (2010: nil). The Company pays an annual fee for the availability of the facilities, which is recognised in financial income and expense.

Prepayment

On certain occasions prepayment of part or all of the drawn facilities is mandatory. If such events materialise, all outstanding utilisations and ancillary outstandings, together with accrued interest, become immediately due and payable.

Securitisation

The total Senior Credit Facility is secured over the Company's tangible assets as follows:

- Mortgage on all registered properties, related movable assets, the network-related elements and the claims;
- Pledges on all bank accounts, intellectual property rights, receivables and movable assets.

The Company needs to comply on a quarterly basis with covenants set by the lenders of the senior credit facility. These covenants are the interest coverage ratio and net leverage ratio. These financial covenants were all met during the years 2011 and 2010.

Financing fees

Financing fees associated with the issuance of the facilities are subtracted from the loans from financial institutions and amortised over the period of the related loan. Amortisation costs on financing fees are recognised as other net financial income and expense in financial income and expense.

18 Interest-bearing loans from shareholder

On 27 April, 2010, parent company Ziggo Bond Company B.V. issued unsecured Senior Notes for an amount of € 1,208.9 million at a price of 99.271% with a nominal interest rate of 8.0% due in 2018. Upon the issuance by the parent, the Company simultaneously received the proceeds under the same terms and conditions as the 8.0% Senior Notes of the parent company. Financing fees have been charged in the amount of € 25.9 million, which are presented as a deduction from the loan. The effective interest rate subsequently is 8.38%, which is recognised as financial expense. Interest on is payable semi-annually on 15 May and 15 November.

The Senior Notes issued by the parent are guaranteed on a senior subordinated basis by all of the subsidiaries of the Company.

19 Provisions

Amounts in thousands of €	Other long term employee benefits	Restructuring	Legal claims	Other	Total
At 31 December 2009	14,420	9,797	12,292	1,605	38,114
Additions (including interest cost)	1,433	2,501	780	6,131	10,845
Usage	(1,054)	(7,369)	—	(536)	(8,959)
Released	(1,041)	(7)	(710)	(935)	(2,693)
At 31 December 2010	13,758	4,922	12,362	6,265	37,307
Current	1,166	3,806	—	2,166	7,138
Non-current	12,592	1,116	12,362	4,099	30,169
At 31 December 2010	13,758	4,922	12,362	6,265	37,307
Additions (including interest cost)	1,178	1,369	5,083	7,449	15,079
Usage	(1,420)	(3,503)	—	(1,896)	(6,819)
Released	(372)	(763)	(12,654)	—	(13,789)
At 31 December 2011	13,144	2,025	4,791	11,818	31,778
Current	1,552	1,400	—	3,940	6,892
Non-current	11,592	625	4,791	7,878	24,886
At 31 December 2011	13,144	2,025	4,791	11,818	31,778

Defined benefit plans

The Company provides pension plans for qualifying employees. The plans are multi-employer defined benefit plans with publicly or privately administered pension insurance organisations (so called 'bedrijfstak-pensioenfonds'). These pension insurance organisations are not able to provide the Company with sufficient information in order to account for the plans as defined benefit plans. As a result the defined benefit pension plans are treated as defined contribution plans. The Company has no obligations for deficits other than higher future pension-insurance payments. The Company pays contributions on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses in the income statement when they are due.

At 31 December 2011 the main administered pension insurance organisation had a coverage ratio of 94% (2010: 105%).

Other long-term employee benefits provision

In addition to the pension plan, the Company offers eligible participants a reduction of their working time with partial continuation of income. The plan offers eligible employees born before 1 January 1957 or employees born before 1 January 1959 and in service for at least 25 years as at 31 December 2008;

- a working time reduction of 20% between the age of 55 and 59; and
- a working time reduction of up to 40% between the age of 59 and 65.

According to the plan rules, 75% of the working time reduction is compensated by the Company. The employee benefit plan is wholly unfunded and consequently the Company funds the plan as claims are incurred. The present value of the defined benefit obligation and service cost were measured using the Projected Unit Credit Method.

Net periodic benefit expense, which is presented in the consolidated income statement as a component of personnel expenses, was as follows:

Amounts in thousands of €	2011	2010
Service cost	772	943
Interest cost	406	490
Actuarial (gains) / losses	(372)	(1,041)
Net periodic benefit cost	**806**	**392**

Changes in the present value of the defined benefit obligation are as follows:

Amounts in thousands of €	2011	2010
Defined benefit obligation at 1 January	13,758	14,420
Service cost	772	943
Interest cost	406	490
Actuarial (gains) / losses	(372)	(1,041)
Benefits paid	(1,420)	(1,054)
Defined benefit obligation at 31 December	**13,144**	**13,758**

Since the Company recognises all actuarial results related to other long-term employee benefits immediately as an expense, the defined benefit obligation equals the liability recognised in the consolidated statement of financial position.

The assumptions used in the actuarial calculations of the defined benefit obligation and net periodic benefit expense require a degree of judgment. The key assumptions required to calculate the actuarial present value of benefit obligations and net periodic benefit expense are as follows:

	2011	2010
Discount rate	2.60%	4.10%
Price inflation	1.00%	1.00%
Future salary increase	1.00%	1.00%
Turnover rates	0.50%–1.00%	0.50%–1.00%
Additional turnover rate early retirement at 62	10.00%	10.00%
Mortality table	AG Generation table 2010–2060	

The Company applies defined benefit accounting for the other long-term employee benefit plan as of 1 January 2009. As a consequence the Company is only be able to provide an experience table of three years with the defined benefit obligation:

	2011	2010
Effect of change(s) in assumptions	159	244
Experience adjustments	(531)	(1,285)
Actuarial (gains) losses	**(372)**	**(1,041)**

Restructuring provision

In 2007, the Company entered into an agreement with the Works Council for a social plan with respect to the restructuring of the head office organisation resulting in a workforce reduction. Management approved a detailed formal restructuring plan and the restructuring was announced to the parties concerned. The restructuring plan was executed in 2008 and 2009. Employees were able to apply for the social plan until the end of 2009. The number of employees that applied exceeded management's initial expectation and consequently the restructuring provision was increased in both 2010 and 2009.

Legal claims provision

The company recognised a provision for a limited number of disputes.

Other provisions

Other provisions include asset retirement obligations and onerous contracts.

20 Other non-current liabilities

In 2011 the Company gained a 50% interest in ZUM B.V., a jointly controlled entity involved in mobile telecommunications and a 50% interest in the jointly controlled entity HBO Nederland Coöperatief U.A. involved in broadcasting television series. The Company accounts for its interest in the joint ventures based on the equity method.

The joint ventures have contingent liabilities for an amount of € 49 as at 31 December 2011.

21 Other current liabilities

The Company's other current liabilities comprise the following:

Amounts in thousands of €	31 December 2011	31 December 2010
Accrued interest	6,513	20,179
Accrued expenses	57,772	67,756
Taxes and social securities	19,927	15,129
Accrued employee benefits	15,186	12,938
Related parties	12,428	—
Other	12	1,188
Total	111,838	117,190

22 Commitments and contingencies

Lease commitments

The Company leases buildings, certain office equipment and vehicles and has entered into various maintenance and support contracts for the support for network equipment, in the main. Lease terms generally range from three to five years with the option of renewal for varying terms. Lease commitments for coming periods are shown in the following schedule:

Amounts in thousands of €	Buildings	Other contracts	31 December 2011 Total	31 December 2010 Total
Within 1 year	6,330	6,160	12,490	13,983
Between 1 and 5 years	27,440	9,744	37,184	34,765
After 5 years	15,088	—	15,088	7,891
Total	48,858	15,904	64,762	56,639

Purchase commitments

The Company enters into purchase commitments in the ordinary course of business. As at 31 December 2011 it had purchase commitments for an amount of € 56 million.

Legal proceedings

The Company is involved in a number of legal proceedings. The legal proceedings may result in a liability that is material to the Company's financial condition, results of operations, or cash flows. The Company may enter into discussions regarding settlement of these proceedings, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Company has recognised provisions with respect to these proceedings, where appropriate, which are reflected in the consolidated statement of financial position and Note 19.

23 Related party disclosures

Identification of related parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. The related parties comprise associated companies, key-management personnel and close family members of related parties.

Transactions and positions

In 2011 management fees of € 0.5 million (2010: € 0.5 million) were charged by the ultimate shareholders to the Company.

As at year-end 2011 the Company has a current account receivable with ZUM B.V. of € 98 and a current account receivable with HBO Nederland Coöperatief U.A. of € 235. During the year there were no sales with any associated companies.

In the normal course of business, the Company and its subsidiaries maintain various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to the Company, either individually or in the aggregate.

Remuneration of the Board of Management of the Company

As of 31 December 2011 the members of the Board of Management of the Company are:

- Mr. B.E. Dijkhuizen (Chief Executive Officer)
- Mr. H.L.L. Groenewegen (Chief Financial Officer)
- Mr. P.J. Hendriks (Chief Technology Officer)
- Mr. M.J. Nijhoff (Chief Commercial Officer)

The aggregated remuneration of the Board of Management members Mr. B.E. Dijkhuizen, Mr. H.L.L. Groenewegen (as from March 2010), Mr. W.R. Blom (until March 2010), Mr. P.J. Hendriks and Mr. M.J. Nijhoff can be broken down as follows:

Amounts in thousands of €	2011	2010
Wages and salaries	1,564	1,498
Bonus payments	897	563
Social security costs	27	28
Pension costs	245	218
Total	2,733	2,307

Remuneration of the Supervisory Board of the Company

The aggregated remuneration of Supervisory Board members in 2011 amounts to € 405 (2010: € 376). For comparative purposes remuneration of Supervisory Board members in 2010 has been adjusted.

24 Financial risks

The Company's financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and performance. The Company is exposed to the following financial risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

For each of these financial risks, which are included in the Company's risk management program, the Company's exposure, objectives, policies and processes for measuring and managing risk are presented below.

Credit risk

The credit risk on residential trade accounts receivable is considered to be low as a result of the large residential customer base, the relatively small amount of receivables per customer and the high percentage of customers who pay by direct debit. The risk on trade accounts receivable from the Company's business customers is also considered low, but this concerns a smaller customer base with larger receivables per customer than for the Company's residential customers.

The analysis of the ageing of the trade accounts receivables is as follows:

		Not due	Past due, but not impaired				
Amounts in thousands of €	**Total**	**<30 days**	**30-60 days**	**60-90 days**	**90-180 days**	**80-365 days**	**>365 days**
2011	25,753	18,493	2,002	1,249	1,806	2,203	—
2010	20,086	11,269	2,248	1,182	1,526	1,186	2,675

The Company's maximum exposure to credit risk in the event that a counterparty fails to fulfil its obligations in relation to each class of recognised financial asset, including derivatives, is the carrying amount of those assets in the consolidated statement of financial position.

Liquidity risk

The Company manages its liquidity risk on a consolidated basis with cash provided from operating activities being a primary source of liquidity. The Company manages short-term liquidity based on projected cash flows over rolling periods of six months.

Based on the current operating performance and liquidity position, the Company believes that cash generated by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends and scheduled debt repayment requirements for the next twelve months and the foreseeable future.

The table below summarises the maturity profile of the Company's financial liabilities:

31 December 2011	**Carrying amount**	**Contractual cash flows**	**January-March 2012**	**April-December 2012**	**2013**	**2014-2016**	**After 2016**
Non-derivative financial liabilities							
Loans from financial institutions	(2,133,337)	(2,725,706)	(25,272)	(77,219)	(102,491)	(307,474)	(2,213,250)
Interest bearing loans from shareholder	(1,179,710)	(1,824,602)	(23,846)	(72,862)	(96,708)	(290,124)	(1,341,062)
Trade accounts payable	(74,417)	(74,417)	(74,417)	—	—	—	—
Derivative financial liabilities							
Interest rate swaps used for hedging	(57,063)	(50,614)	(5,669)	(17,007)	(22,350)	(5,588)	—
Total	(3,444,527)	(4,675,339)	(129,204)	(167,088)	(221,549)	(603,186)	(3,554,312)

31 December 2010	**Carrying amount**	**Contractual cash flows**	**January-March 2011**	**April-December 2011**	**2012**	**2013-2015**	**After 2015**
Non-derivative financial liabilities							
Loans from financial institutions	(2,381,764)	(2,965,147)	(27,145)	(82,942)	(110,086)	(1,656,328)	(1,088,646)
Interest bearing loans from shareholder	(1,176,530)	(1,921,310)	(23,846)	(72,862)	(96,708)	(290,124)	(1,437,770)
Trade accounts payable	(80,165)	(80,165)	(80,165)	—	—	—	—
Derivative financial liabilities							
Interest rate swaps used for hedging	(92,986)	(126,021)	(18,908)	(45,059)	(27,580)	(34,474)	—
Total	(3,731,445)	(5,092,643)	(150,064)	(200,863)	(234,374)	(1,980,926)	(2,526,416)

Market risk

The Company is exposed to market risks, including interest rate and foreign currency exchange rate risks, associated with underlying assets, liabilities and anticipated transactions. Based on the analysis of these exposures, the Company selectively enters into derivatives to manage the related risk exposures.

Interest rate risk

Exposure to the risk of changes in the market interest rates relates primarily to the Company's long-term debt obligations with a (partly) floating interest rate. The Company manages its exposure to changes in interest rates and its overall cost of financing by using Interest Rate Swap (IRS) agreements. These IRS agreements are used to transform the interest rate exposure on the underlying liability from a floating interest rate into a fixed interest rate. It is the Company's policy to keep at least 50% of its borrowings at fixed rates of interest. The net interest rate risk can be analysed as follows:

Amounts in thousands of €	31 December 2011	31 December 2010
Notional amount borrowing (floating)	(1,383,337)	(1,631,764)
Cash (floating) & deposits (floating and/or fixed)	112,634	66,994
Notional amount IRS (fixed)	1,000,000	2,670,500
Net interest rate risk	(270,703)	1,105,730
Notional amount IRS—offset	—	1,142,500
Net interest rate risk—including offset IRS	(270,703)	(36,770)

At 31 December 2011, after taking into account the effect of interest rate swaps, approximately 92% of the Company's borrowings are at a fixed interest rate (2010: 99%).

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, of the Company's result before tax (through the impact on floating rate borrowings). There is no impact on the Company's equity.

Amounts in thousands of €	31 December 2011	31 December 2010
Increase/decrease in basis points		
+20bp	(541)	(74)
+10bp	(271)	(37)
— 10bp	271	37
— 20bp	541	74

Foreign currency risk

The Company has transactional currency exposures arising from purchases in USD. The Company enters into foreign exchange swaps to partially mitigate this risk. As at 31 December 2011 the net foreign currency exposure of the USD amounts to USD 12.7 million (2010: USD 7.9 million) and relates to the net amount of cash and cash equivalents and trade accounts payable. Of this exposure USD 2.9 million at an average fixed rate of USD 1.35 was hedged with maturity dates between 3 January 2011 and 28 January 2011. At year-end the Company did not hedge this position (2010: USD 2.9 million).

25 Financial instruments

Fair values

The following table presents the fair values of financial instruments, based on the Company's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are recognised in the consolidated statement of financial position:

Amounts in thousands of €	31 December 2011 Carrying amount	31 December 2011 Fair value	31 December 2010 Carrying amount	31 December 2010 Fair value
Financial assets				
Derivatives, included in other current assets	—	—	18	18
Loans	30	30	51	51
Trade accounts receivable	25,753	25,753	20,086	20,086
Cash and cash equivalents	112,634	112,634	66,994	66,994
Total financial assets	138,417	138,417	87,080	87,080
Financial liabilities				
Loans from financial institutions	(2,077,533)	(2,139,735)	(2,320,731)	(2,380,674)
Interest-bearing loans from shareholders	(1,179,710)	(1,220,939)	(1,176,530)	(1,246,122)
Trade accounts payable	(74,417)	(74,417)	(80,165)	(80,165)
Total financial liabilities at amortised cost	(3,331,660)	(3,435,091)	(3,577,426)	(3,706,961)
Derivative financial instruments	(57,063)	(57,063)	(92,986)	(92,986)
Total financial liabilities	(3,388,723)	(3,492,154)	(3,670,412)	(3,799,947)

The carrying amounts of receivables, other current assets, cash and cash equivalents and accounts payable approximate their fair values because of the short-term nature of these instruments and, for receivables, because of the fact that any recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair values of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on market rates prevailing at year-end.

Hedging activities

At 31 December 2011, the Company has interest rate swap (IRS) agreements with a total notional amount of € 1,000.0 million (2010: € 2,670.5 million) under which it pays a fixed rate of interest (between 3.33% and 3.59%) and receives a variable rate equal to EURIBOR on the notional amount. These IRS agreements are used to reduce the exposure to changes in the variable EURIBOR rates on the outstanding loan portfolio of € 1,383.3 million (2010: € 1,631.7 million). The notional amounts of the IRS agreements will be reduced in line with the repayment schedule on the loan portfolio (currently the last IRS agreement will mature in 2014). In addition the Company has basis swap agreements for a total notional amount of € 700.0 million (2010: € 1,135.0 million) in order to match the EURIBOR in the Senior Credit Facility.

As at 31 December 2011 the Company did not have any swap agreements to reduce its exposure to fluctuations in its purchase obligations denominated in USD (2010: notional amount of USD 2.9 million).

Hedge accounting

As a consequence of the refinancing of the Company in October 2010 (discussed in Note 17), the Company no longer applies hedge accounting for IRS, as the hedges concerned became ineffective. As of October 2010 any change in fair value of IRS is reported in financial income and expense. The cash flow hedge reserve recognised within other comprehensive income will be reclassified to financial income and expense in the same periods during which the hedge forecast cash flows affect the consolidated income statement.

Fair value hierarchy

Of the Company's categories of financial instruments, only derivatives are measured at fair value using the Level 2 inputs as defined in IFRS 7 "Financial Instruments: Disclosures". These inputs are inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of derivative instruments is estimated by discounting future cash flows at prevailing market rates or based on the rates and quotations obtained from third parties.

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade ratings. There were no changes in the valuation method of the financial instruments of the Company in 2011 and 2010.

Derivatives

The numbers and the maturities of derivative contracts, the fair values and the qualification of the instruments for accounting purposes are presented in the table below:

	31 December 2011		31 December 2010	
Amounts in thousands of €	**Number of contracts**	**Fair value**	**Number of contracts**	**Fair value**
Interest rate swaps				
within one year	3	(10,267)	9	(34,539)
within two—five years	3	(46,796)	3	(58,447)
Foreign currency forwards				
within one year	—	—	6	18
Total derivative financial instruments	6	(57,063)	18	(92,968)

26 Subsidiaries

The following companies are Amsterdamse Beheer- en Consultingmaatschappij 's significant subsidiaries as at 31 December 2011. Unless otherwise indicated, these are wholly owned subsidiaries. Subsidiaries that are not important to providing an insight into the group as required under Dutch law are omitted from this list.

With respect to the separate financial statements of a number of legal entities included in the consolidation, the Company used the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to this section, the Company has issued declarations of assumption of liability for its subsidiaries. These companies are marked with an * in the following table.

- Christina Beheer- en Adviesmaatschappij B.V., Amsterdam, The Netherlands *
- Serpering Investments B.V., Amsterdam, The Netherlands *
- Plinius Investments II B.V., Amsterdam, The Netherlands *
- Torenspits II B.V., Amsterdam, The Netherlands *
- Ziggo Holding B.V., Groningen, The Netherlands *
- Ziggo B.V., Groningen, The Netherlands *
- Ziggo Netwerk B.V., Groningen, The Netherlands *
- Ziggo Netwerk II B.V., Utrecht, The Netherlands
- Breezz Nederland B.V., Den Dolder, The Netherlands
- ZUM B.V., Amsterdam, The Netherlands (50%)
- HBO Nederlands Coöperatief U.A., Amsterdam, The Netherlands (50%)

27 Subsequent events

No material events occurred between the end of the reporting period and the date on which these financial statements were issued.

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

Amounts in thousands of €	Note	2011	2010
Result from investments, after tax	6	73,969	(88,297)
Profit (loss) after income taxes		104,334	37,107
Net result		178,303	(51,190)

STATEMENT OF FINANCIAL POSITION

Amounts in thousands of €	Note	31 December 2011	31 December 2010
ASSETS			
Financial assets		85	—
Loans receivable related parties	3	2,187,444	2,017,062
Deferred tax receivable		14,266	23,245
Total non-current assets		2,201,795	2,040,307
Receivables related parties	4	985,563	682,535
Other current assets		51	—
Cash and cash equivalents		4,011	—
Total current assets		989,625	682,535
TOTAL ASSETS		3,191,420	2,722,842
EQUITY AND LIABILITIES			
Issued share capital		9,813	9,813
Share premium		1,394,953	1,394,953
Other reserves		(7,789)	(15,100)
Retained earnings		(413,631)	(591,935)
Equity attributable to equity holders	5	983,346	797,731
Provision for the net capital deficit of investments	6	815,182	889,151
Derivative financial instruments		46,796	58,447
Deferred income tax liability		140,647	112,419
Total non-current liabilities		1,002,625	1,060,017
Derivative financial instruments		10,267	34,539
Current liabilities related parties	7	1,194,936	829,777
Other current liabilities		246	778
Total current liabilities		1,205,449	865,094
TOTAL EQUITY AND LIABILITIES		3,191,420	2,722,842

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate information

The principal activities of Amsterdamse Beheer- en Consultingmaatschappij B.V. ('the Company') are to participate in, to finance or to have any other interest in, or to conduct the management of, other companies and enterprises. The Company is the owner and operator of a broadband cable network in the Netherlands and offers analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 3 million households under the brand name Ziggo.

The Company is a private limited company incorporated in Amsterdam (address: Winschotendiep 60, 9723 AB Groningen) in the Netherlands. The Company is wholly owned by Ziggo Bond Company B.V. whose shareholders are investment funds that are ultimately managed by the private equity companies Cinven Limited and Warburg Pincus LLC.

2. Significant accounting policies

Basis of preparation

The parent company financial statements of Amsterdamse Beheer- en Consultingmaatschappij B.V. have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Dutch Civil Code, the measurement principles applied in these parent company financial statements are the same as those applied in the consolidated financial statements (see Note 3 to the consolidated financial statements). This means that the principles for recognition and measurement of assets and liabilities and determination of the result of the Company are the same as those applied for the consolidated financial statements.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and adopted by the European Union. The accounting policies applied in the parent company financial statements are the same as those applied in the consolidated financial statements. Reference is made to Note 3 of the consolidated financial statements for a description of these principles.

As the financial data of Amsterdamse Beheer- en Consultingmaatschappij B.V. (the parent company) are included in the consolidated financial statements, the income statement in the parent company financial statements is presented in condensed form (in accordance with Section 402, Book 2 of the Dutch Civil Code).

The comparative information has been adjusted. For further details, reference is made to Note 2 of the consolidated financial statements.

Investments in subsidiaries

Investments in subsidiaries are accounted for using the net equity value. Amsterdamse Beheer- en Consultingmaatschappij B.V. calculates the net equity value using the accounting policies as described in Note 3 to the consolidated financial statements. The net equity value of subsidiaries comprises the cost, excluding goodwill, of Amsterdamse Beheer- en Consultingmaatschappij B.V.'s share in the net assets of the subsidiary, plus the share in income or losses since acquisition, less dividends received. In case the net equity value is negative and the Company is liable for the deficit of the subsidiary the carrying amount is presented as "Provision for the net capital deficit of investments".

3. Loans receivable related parties

Amounts in thousands of €	2011	2010
Torenspits II B.V.	1,310,577	1,189,703
Christina Beheer- en Adviesmaatschappij B.V.	733,908	697,575
Serpering Investments B.V.	142,959	129,784
Balance at 31 December	2,187,444	2,017,062

On 30 January 2007 the Company granted a shareholders loans to Torenspits II B.V. The rate of interest applicable is 10.16% per annum. The Company also granted a loan to its subsidiary Christina Beheer- en

Adviesmaatschappij B.V. An amount of € 552.6 million bears an interest rate of 10.16%. The other part of the loan bears an interest rate of 14.125%. The loan to subsidiary Serpering Investments B.V. bears an interest of 10.16% per annum. Interest not paid is added to the loan and will become interest bearing. The borrowers may repay these loans or any part of it before maturity date without penalty.

4. Receivables related parties

Amounts in thousands of €	2011	2010
Christina Beheer- en Adviesmaatschappij B.V.	1,369	493
Serpering Investments B.V.	346,850	192,593
Plinius Investments II B.V.	636,834	488,151
Torenspits II B. V.	—	788
Zesko B.V.	510	510
Balance at 31 December	985,563	682,535

5. Shareholder's equity

The Company is incorporated as a private limited liability company under Dutch law. Its authorised capital consists entirely of ordinary shares.

Amounts in thousands of €	31 December 2011	31 December 2010
Authorised capital		
Ordinary shares 40,000 of €500 each	20,000	20,000
Issued and fully paid (19,625 shares)	9,813	9,813
Share premium	1,394,953	1,394,953
Other reserves	(7,789)	(15,100)
Retained earnings	(413,631)	(591,935)
Equity attributable to equity holders	983,346	797,731

Other reserves represents the cash flow hedge reserve, which is a statutory reserve.

6. Provision for the net capital deficit of investments

Movements in the Company's investments in subsidiaries were as follows:

Amounts in thousands of €	2011	2010
Opening balance	889,151	800,854
Result subsidiary	(73,969)	88,297
Balance at 31 December	815,182	889,151

As at 31 December 2011 the Company is the sole shareholder of:

- Christina Beheer- en Adviesmaatschappij B.V.
- Serpering Investments B.V.
- Torenspits II B.V.

Equity of all three subsidiaries is negative, consequently the investments are presented within "Provision for the net capital deficit of investments.

7. Current liabilities related parties

Amounts in thousands of €	2011	2010
Ziggo B.V.	1,186,236	829,777
Torenspits II B.V.	8,489	—
Other related parties	211	—
Balance at 31 December	1,194,936	829,777

8. Related party disclosures

Identification of related parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. The related parties comprise associated companies, key-management personnel and close family members of related parties.

Transactions and positions

In the normal course of business, Amsterdamse Beheer- en Consultingmaatschappij B.V. maintains various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to Amsterdamse Beheer- en Consultingmaatschappij B.V., either individually or in the aggregate.

Remuneration

For the remuneration of the Board members reference is made to Note 23 in the consolidated financial statements.

9. Subsequent events

No material events occurred between the end of the reporting period and the date on which these financial statements were issued.

10. Auditor fees

The fees for services provided by the Company's independent auditor, Ernst & Young and its member firms and/or affiliates to the Company and its subsidiaries can be broken down as follows:

Amounts in thousands of €	2011	2010
Audit and audit related fees	650	650
Tax related fees	374	539
Transactional related (compliance) fees	1,801	443
Other non-audit fees	36	—
Total	2,861	1,632

For comparative purposes auditor's fees 2010 have been adjusted.

APPROPRIATION OF RESULT

The articles of association of the Company state that the distributable profits are at the disposal of the General Meeting of Shareholders for distribution of dividend or in order to be added to the reserves or for such other purposes within the Company's objects as the meeting shall decide.

The result for the year 2011, which is a profit of € 178,303 has been added to retained earnings.

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of Amsterdamse Beheer- en Consultingmaatschappij B.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Amsterdamse Beheer- en Consultingmaatschappij B.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated income statement and the consolidated statement of comprehensive income for the year ended 31 December 2011, the consolidated statement of financial position as at 31 December 2011, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company income statement for the year ended 31 December 2011, the company statement of financial position as at 31 December 2011 and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Amsterdamse Beheer- en Consultingmaatschappij B.V. as at 31 December 2011, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Amsterdamse Beheer- en Consultingmaatschappij B.V. as at 31 December 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 23 February 2012

Ernst & Young Accountants LLP

signed by F.J. Blenderman

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Audited consolidated financial statements for

Amsterdamse Beheer- en Consulting maatschappij B.V.

for the year ended December 31, 2010

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CONSOLIDATED INCOME STATEMENT

For the years ended 31 December

Amounts in thousands of €	Note	2010	2009
Revenues	4	1,375,742	1,284,395
Cost of goods sold		265,036	263,276
Personnel expenses	5	170,715	179,782
Contracted work		44,833	68,352
Materials & logistics		4,071	3,371
Marketing & sales		62,106	55,332
Office expense		52,113	55,366
Other operating expenses		1,748	10,676
Amortisation and impairments	8	218,597	215,488
Depreciation and impairments	9	284,148	261,752
Total operating expenses		1,103,367	1,113,395
Operating income		272,375	171,000
Net financial income (expense)	6	(348,719)	(313,608)
Result before income taxes		(76,344)	(142,608)
Income tax benefit (expense)	7	25,154	36,365
Net result for the year		(51,190)	(106,243)
Net result attributable to equity holder		(51,190)	(106,243)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December

Amounts in thousands of €	2010	2009
Net result for the year	(51,190)	(106,243)
Cash flow hedges, net of income tax	12,049	(27,149)
Total comprehensive income for the year	(39,141)	(133,392)
Total comprehensive income attributable to equity holders	(39,141)	(133,392)

CONSOLIDATED BALANCE SHEET

Amounts in thousands of €	Note	31 December 2010	31 December 2009
ASSETS			
Intangible assets	8	3,406,400	3,599,060
Property and equipment	9	1,459,945	1,549,664
Financial assets	10	396	368
Deferred tax assets	7	123,819	142,190
Total non-current assets		4,990,560	5,291,282
Inventories	11	18,546	25,542
Trade accounts receivable	12	20,086	43,592
Other current assets	13	32,331	27,184
Cash and cash equivalents	14	66,994	65,271
Total current assets		137,957	161,589
TOTAL ASSETS		**5,128,517**	**5,452,871**
EQUITY AND LIABILITIES			
Issued share capital		9,813	9,813
Share premium		1,394,953	1,394,953
Other reserves		(15,100)	(27,149)
Retained earnings		(591,935)	(540,745)
Equity attributable to equity holder	15	797,731	836,872
Interest-bearing loans	16	2,320,731	3,712,042
Interest-bearing loan from shareholder	17	1,176,530	—
Derivative financial instruments	23	58,447	99,599
Provisions	18	30,169	12,682
Deferred tax liabilities	7	408,126	447,528
Total non-current liabilities		3,994,003	4,271,851
Deferred revenues		97,751	106,247
Derivative financial instruments	23	34,539	2,662
Provisions	18	7,138	25,432
Trade accounts payable		80,165	102,951
Other current liablities	19	117,190	106,856
Total current liabilities		336,783	344,148
TOTAL EQUITY AND LIABILITIES		**5,128,517**	**5,452,871**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of €	Issued capital	Share premium	Cash flow hedge reserve	Retained earnings	Total equity
Balance at 31 December 2008	9,813	1,394,953	—	(430,501)	974,265
Adjustments	—	—	—	(4,001)	(4,001)
Balance at 31 December 2008	9,813	1,394,953	—	(434,502)	970,264
Comprehensive income					
Net loss for the year 2009	—	—	—	(106,243)	(106,243)
other comprehensive income:					
cash flow hedges, net of tax	—	—	(27,149)	—	(27,149)
Total comprehensive income	—	—	(27,149)	(106,243)	(133,392)
Balance at 31 December 2009	9,813	1,394,953	(27,149)	(540,745)	836,872
Comprehensive income					
Net loss for the year 2010	—	—	—	(51,190)	(51,190)
other comprehensive income:					
cash flow hedges, net of tax	—	—	12,049	—	12,049
Total comprehensive income	—	—	12,049	(51,190)	(39,141)
Balance at 31 December 2010	9,813	1,394,953	(15,100)	(591,935)	797,731

CONSOLIDATED CASH FLOW STATEMENT

For the years ended 31 December

Amounts in thousands of euro	Note	2010	2009
Operating activities			
Loss before income taxes		(76,344)	(142,608)
Adjustments for:			
Amortisation and impairments	8	218,597	215,488
Depreciation and impairments	9	284,148	261,752
Movement in provisions	17	(5,781)	5,026
Net financial income and expense	6	348,719	313,608
Operating cash flow before changes in working capital		769,339	653,266
Changes in working capital relating to:			
Inventories		6,996	(11,564)
Trade accounts receivable		23,506	5,127
Other current assets		(5,129)	2,918
Trade accounts payable		(22,786)	42,709
Deferred revenues		(8,496)	8,840
Other current liabilities		(8,246)	(12,411)
Net cash flow from operating activities		**755,184**	**688,885**
Investing activities			
Purchase of intangible assets	8	(50,309)	(76,507)
Purchase of property and equipment	9	(165,086)	(178,602)
Interest received		214	1,002
Change in financial assets		(28)	531
Net cash flow used in investing activities		**(215,209)**	**(253,576)**
Financing activities			
Proceeds from loans	16, 17	1,950,037	—
Financing and commitment fees		(54,178)	(3,514)
Repayments of loans	16	(2,204,629)	(160,000)
Interest paid		(229,482)	(248,641)
Repayment of finance lease liabilities		—	(424)
Net cash flow from financing activities		**(538,252)**	**(412,579)**
Net (decrease)/increase in cash and cash equivalents		**1,723**	**22,730**
Net cash and cash equivalents at 1 January		65,271	42,541
Net cash flow from operating, investing and financing activities		1,723	22,730
Net cash and cash equivalents at 31 December	14	**66,994**	**65,271**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 The Company and its operations

The principal activities of Amsterdamse Beheer- en Consultingmaatschappij B.V. ('the Company') are to participate in, to finance or to have any other interest in, or to conduct the management of, other companies and enterprises. The Company is the owner and operator of a broadband cable network in the Netherlands and provides analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 3.1 million households under the brand name Ziggo.

2 Basis of preparation

Date of authorization of issue

The consolidated financial statements of Amsterdamse Beheer- en Consultingmaatschappij B.V. for the year ended 31 December 2010 were prepared by the Board of Management and adopted on 15 April 2011. The Company is a private limited company incorporated in Amsterdam (address: Winschotendiep 60, 9723 AB Groningen) in the Netherlands. The Company is wholly owned by Ziggo Bond Company B.V. whose shareholders are investment funds that are ultimately managed by the private equity companies Cinven Limited and Warburg Pincus LLC.

Statement of compliance

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Measurement basis

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of Euros (€) except when otherwise indicated.

Foreign currency translation

The consolidated financial statements are presented in Euros (€), which is the Company's functional and presentation currency. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. Monetary items denominated in foreign currencies are translated into the Company's functional currency at the spot rate of exchange ruling at the balance sheet date. Exchange differences arising on the settlement of monetary items and the translation of monetary items, are included in net income for the period. Non-monetary items that are measured on a historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting year as those of the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The consolidated financial statements of the Company include the subsidiaries mentioned in Note 25.

Comparative figures 2009

The following changes were made to the 2009 comparative figures:

- To improve insight into expenses, the Company reclassified items within operating expenses. These reclassifications did not impact net income. The reclassifications made are presented in Note 24.
- The Company acquired @Home in February 2007. Employees of @Home were entitled to a long-term employee benefit plan called PRES-arrangement. Upon acquisition this specific employee benefit was continued by the Company and made available—under the same conditions—to former

Multikabel and Casema employees born before 1957 or born before 1959 with 25 years of service at the Company, to prevent discrepancies. In accordance with IFRS (IAS 19 "Employee Benefits") the Company recognises a liability in the balance sheet. As a result, the Company adjusted the balance sheet as at 1 January 2009, 31 December 2009 and net income for the year 2009. Reference is made to Note 24.

Use of estimates and judgments

The preparation of financial statements requires management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within these consolidated financial statements represent good-faith assessments of the Company's future performance for which management believes there is a reasonable basis. These estimates and assumptions represent the Company's view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted. The estimates, assumptions and judgments that management considers most critical relate to:

- Impairment of goodwill (Note 3)
- Deferred tax assets (Note 3 and Note 7)
- Fair value of financial instruments (Note 3, Note 22 and Note 23)
- Other long-term employee benefits (Note 3 and Note 18)
- Provisions and contingencies (Note 3 and Note 18)

Change in accounting policies

IFRS 2 "Share-based Payment"—Group Cash-settled Share-based Payment Transactions

The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment does not have an impact on the financial position or performance of the Company.

IFRS 3 "Business Combinations" (revised standard 2008)

This revised standard has been applied prospectively. As the Company did not make any acquisitions during 2010 the change in IFRS 3 does not have an impact on the Company's consolidated financial statements.

IAS 27 "Consolidated and Separate Financial Statements"

The main changes are:

- Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for within shareholders' equity as transactions with owners acting in their capacity as owners.
- When a parent loses control any retained interest in the former subsidiary is recognised at its fair value at the date control is lost.

The change in accounting policy has been applied prospectively and does not have an impact on the Company's consolidated financial statements.

IAS 39 "Financial Instruments: Recognition and Measurement"—Eligible Hedged Items

The change addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The change in accounting policy has been applied prospectively and does not have an impact on the Company's consolidated financial statements.

IFRIC 17 "Distribution of Non-cash Assets to Owners"

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation does not have an impact on the Company's consolidated financial statements.

IFRIC 18 "Transfers of Assets from Customers"

This interpretation provides guidance on accounting for arrangements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services or to do both. The Company has arrangements with customers to which this interpretation applies, however the impact on the Company's consolidated financial statements is limited.

The Company did not apply any other standard, interpretation or amendment issued but not yet effective in the consolidated financial statements as at 31 December 2010.

3 Significant accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are presented below. These policies have been consistently applied through all years presented, unless otherwise stated.

Segment reporting

IFRS 8 "Operating Segments" defines an operating segment as a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating segment's operating result is reviewed regularly by the Board of Management (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Performance of the segments is evaluated against several measures, of which operating income excluding depreciation and amortisation (EBITDA) is the most important. Segment assets and liabilities mainly do not include corporate assets and liabilities and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

In the assessment of operating segments the Company concluded there is only one operating segment, based on the following assumptions:

- Chief Operating Decision Maker (Board of Management of the Company) makes decisions on the basis of financial results for the Company as *one* company;
- The Company has only one geographic area in which it operates;
- The Company has an integrated network for all activities;
- The Company's investments and related costs are not allocated to its specific business lines or products;

Business combinations and goodwill

Business combinations are accounted for using the acquisition accounting method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other operating expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as an asset or liability are remeasured at subsequent reporting dates in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" or IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as appropriate, with the corresponding gain or loss recognised in the income statement. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates until it is finally settled within equity.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are adjusted. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Company's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within equity and any gain/loss arising is recognised directly in equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for a non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised. Expenditures are reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the economic benefits related to the intangible asset may be decreased. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Such a change in the useful life assessment is made on a prospective basis.

The customer lists are initially valued at fair value and subsequently amortised in 12-14 years as far as they relate to residential customers and amortised in 13 years as far as they relate to business customers, using the straight-line method over their economic useful lives. Software is amortised in 3 years using the straight-line method over its economically useful life.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life of the asset remains indefinite. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statement when the asset is derecognised.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment, if any. The costs includes direct costs (materials, replacing parts, direct labour and contracted work) and direct attributable overhead costs. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the costs of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The interest percentage used reflects the weighted average interest expense of the Company.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, taking into account residual value. Borrowing costs are depreciated over the estimated useful life of the corresponding asset. Land is not depreciated. The useful life of the assets is as follows:

	Useful lives
Network active (head-end, local network)	10-12 years
Network passive (fibre)	12-20 years
Network equipment (IP and datacom equipment)	5 years
Other	3-20 years

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year-end. Any change in accounting caused by this review is applied prospectively.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Repairs and maintenance are charged to expense during the financial period in which they incur.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations recognised in the income statement will be recorded in a separate line item in those expense categories consistent with the classification of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the income statement. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. The recoverable amount is the higher of the cash-generating units fair value less cost to sell and its value in use. The value in use of the cash-generating unit is determined using the discounted cash flow method. Where the recoverable amount of the cash-generating unit (or group of cash generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Company performs its impairment test of goodwill annually.

The key assumptions used in the impairment test are set out below:

Cash flow—Free cash flow consists of revenues, costs and capital expenditure levels. Revenues are estimated based on historic growth numbers and expected future market penetration levels, resulting in related costs and capital expenditures.

Discount rate—The discount rate is calculated taking into account the relative weights of each component of the capital structure and is used by management as a benchmark to assess operating performance and future investments.

Growth rate—The growth rates in the three-year financial budgets reflect historic growth numbers and current market developments. The years beyond the three-year financial budget are extrapolated using estimated growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports.

With regard to the goodwill impairment test, management believes that a change in any of the key assumptions would not cause a material impact on the value in use calculation nor a subsequent adjustment of goodwill.

Investments in associates

The Company uses the equity method of accounting for investment in associates. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss of the Company's investment in its associates. The Company determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as being the difference between the fair value of the associate and the net equity value and recognises the amount in the income statement.

Inventories

Inventories are valued at cost or net realisable value, whichever is the lower. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated marketing, distribution and selling expenses. Most of the inventory is not sold to customers but used in the Company's network and capitalised once used. Sold inventory is included in the cost of goods sold.

Provisions

Provisions are recognised when a legal or constructive obligation, which can be reliably estimated, exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced to the parties concerned.

The Company recognises a provision for asset retirement obligations related to dismantling and removing items at leased property and restoring the site on which these items are located after termination of the lease agreement. In addition the Company is exposed to costs of returning customer premise equipment upon termination of the subscription or renewals.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

The net assets and net liabilities recognised in the consolidated balance sheet for defined benefit plans and other long term employee benefits represent the present value of the defined benefit obligations, less the fair value of plan assets, adjusted for unrecognised actuarial gains or losses and unamortised past service costs. Any net asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan. No adjustment for the time value of money is made in case the Company has an unconditional right to a refund of the full amount of the surplus, even if such a refund is realisable only at a future date.

Defined benefit obligations are actuarially calculated at least annually on the balance sheet date using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have an average duration similar to the expected duration of the related pension liabilities. Actuarial gains and losses are recognised using the corridor approach, which assumes that actuarial gains and losses may offset each other over the long term. Under this approach, if, for a specific plan, the net unrecognised actuarial gains and losses at the balance sheet date exceed the greater of 10% of the fair value of the plan assets or 10% of the defined benefit obligation, the excess is taken into account in determining net periodic expense for the subsequent period. The amount then recognised in the subsequent period is the excess divided by the expected remaining average working lives of employees covered by that plan at the balance sheet date. Past service costs are recognised immediately to the extent that the associated benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the associated benefits become vested. Results from curtailments or settlements, including the related portion of net unrecognised actuarial gains and losses, are recognised immediately.

Contributions to defined contribution plans are recognised as an expense when they are due. Post-employment benefits provided through industry multi-employer plans, managed by third parties, are generally accounted for using defined contribution criteria.

Provisions are recognised for other long-term employee benefits on the basis of discount rates and other estimates that are consistent with the estimates used for the defined benefit obligations. For these provisions the corridor approach is not applied and all actuarial gains and losses are recognised in the consolidated income statement immediately.

Financial instruments

Financial assets

The Company initially recognises loans and receivables and deposits on the date that they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Held-to-maturity financial assets

If the Company has the positive intent and ability to hold securities to maturity (usually debt securities), then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

An impairment is recorded in operating expenses when it is probable (based on objective evidence) that the Company will not be able to collect all amounts due under the original terms. Impairments are calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified as impaired. Impaired loans and receivables are derecognised when they are assessed as uncollectible.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, including service concession receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade accounts and other payables.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported at the net amount in the consolidated balance sheet if, and only if, the Company has a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedging

The Company entered into several interest rate swaps in order to mitigate its risks associated with interest rate fluctuations. These derivatives are recognised at fair value. The fair value of interest rate swaps is the estimated amount that would be received or paid to terminate the swap at balance sheet date, taking into account the current interest rates and creditworthiness of the swap counter parties.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 24. Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity.

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other net financial income and expense'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'interest expense'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other net financial income and expense'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is amortised to profit or loss in the period(s) when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other net financial income and expense'.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The relevant types of revenue are recognised as follows:

Rendered services

Revenue primarily comprises revenues earned from subscription and usage fees on the delivery of standard cable and digital pay television, broadband internet and telephony and services provided to the business market. Revenue from other sources primarily comprises revenue from the sale of goods. Subscription and usage revenues are recognised at the time services are provided to customers. Pre-invoiced revenues are deferred and allocated to the respective period they relate to. Any unearned revenue is recognised as deferred revenue within current liabilities. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

The Company may provide the subscriber with installation of the connection to its network and offers connection-related services. Revenue is recognised when the installation and services have been rendered.

Cost of goods sold

Cost of goods sold includes the costs for purchases of materials and services directly related to revenue, such as author rights, interconnection costs, signal delivery costs, royalties, internet service provider fees and materials and logistics cost directly related to the sale of set top boxes.

Income Tax

Current income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity. The current income tax benefit is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, and adjustments for current taxes payable (receivable) for prior years.

Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income.

Deferred income tax assets are generally recognised for all temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except to the extent that a deferred income tax asset arises from the initial recognition of goodwill.

Deferred income tax liabilities are generally recognised for all temporary differences.

Deferred income tax assets and liabilities are based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse or are substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred income tax assets and liabilities is recognised in the period that includes the enactment date. Deferred income tax assets are reduced by a valuation allowance when the Company cannot make the determination that it is more likely than not that some portion or all of the related tax assets will be realised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Cash flow statement

The cash flow statement is prepared using the indirect method with a breakdown into cash flows from operating, investing and financing activities. The cash balances of purchased subsidiaries (cash acquired) are included in the consideration paid on acquisition (investing activities).

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Standards issued but not yet effective

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010 and have not been applied in preparing these consolidated financial statements:

- IFRS 9 "Financial Instruments"
- IAS 24 "Related Party Disclosures" (amendment)
- IAS 32 "Financial Instruments: Presentation"—Classification of Rights Issues (amendment)
- IFRIC 14 "IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"—Prepayments of a minimum funding requirement (amendment)
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
- Improvements to IFRSs (issued May 2010)

The Company will introduce the new standards, amendments to standards and interpretations on or after 1 January 2011. Adoption of these standards and interpretations is expected not to have an impact on the consolidated financial statements of the Company.

4 Revenues

The Company's revenues comprise the following:

Amounts in thousands of €	2010	2009
Standard cable subscription	489,454	499,192
Digital pay television services	124,637	92,964
Video	614,091	592,156
Broadband Internet subscription	380,832	351,247
Telephony subscription	96,018	74,679
Telephony usage	155,648	135,449
Telephony	251,666	210,128
Revenues from other sources	51,745	47,462
Total Residential Market	1,298,334	1,200,993
Business Services	77,408	83,402
Total revenues	1,375,742	1,284,395

Revenues generated from bundle subscriptions amount to € 402.2 million (2009: € 228.2 million) and have been allocated to the individual products Video, Broadband Internet and Telephony.

The Company's revenues are generated through a large customer base, none of which generates more than 10% of total revenues. Revenues from the sale of goods as at 31 December 2010 amount to € 28.5 million (2009: € 16.6 million).

5 Personnel expenses

The Company's personnel expenses comprise the following:

Amounts in thousands of €	2010	2009
Wages and salaries	115,811	107,853
Social security costs	13,925	13,420
Pensions and other long-term employee benefits	14,965	13,736
Other	26,014	44,773
Total personnel expenses	170,715	179,782

The number of internal employees as at 31 December 2010 of the Company in full time equivalents (FTEs) was 2,203 (2009: 2,257). The average number of internal employees in 2010 was 2,219 FTEs (2009: 2,112).

Other personnel expenses comprise costs for temporary external personnel, other personnel expenses and capitalised personnel expenses. In 2010, costs for temporary external personnel amount to € 53.9 million (2009: € 71.6 million). Other personnel expenses in 2010 amount to € 20.4 million (2009: € 25.6 million) and capitalised personnel expenses amount to € -/- 48.3 million (2009: € -/- 52.4 million).

6 Net financial income and expense

Amounts in thousands of €	2010	2009
Interest on loans from loans financial institutions	(218,619)	(302,403)
Interest on shareholder loan	(62,591)	—
Other interest expense	(2,014)	(2,777)
Capitalisation of borrowing costs	13,191	3,380
Interest expense	(270,033)	(301,800)
Interest income	214	1,002
Amortisation of financing costs, including write-offs terminated facilities	(53,737)	(17,348)
Fees related to Senior Credit Facility	(15,004)	—
Fair value gains (losses) on derivative financial instruments	(6,899)	8,115
Commitment fees	(2,843)	(3,577)
Foreign exchange results	(417)	—
Other net financial income and expense	(78,900)	(12,810)
Net financial income (expense)	**(348,719)**	**(313,608)**

Other interest expense relates mainly to the interest added to provisions and pensions and other long-term employee benefits. Other interest income is mainly attributable to the interest on cash and cash equivalents.

7 Income taxes

The Company and its subsidiaries are incorporated in the fiscal unit of Zesko B.V. for corporate income tax purposes. For financial reporting purposes, its consolidated subsidiaries calculate their respective tax assets, tax liabilities and tax benefits on a consolidated tax return basis.

The Company's income tax comprises:

Amounts in thousands of €	2010	2009
Deferred tax assets	(14,248)	162
Deferred tax liabilities	39,402	36,203
Income tax benefit (expense)	25,154	36,365

A reconciliation between the statutory tax rates of 25.5% and the Company's effective tax rate is as follows:

Amounts in thousands of €	Tax rate	2010	Tax rate	2009
Loss for the period		(76.344)		(142.608)
Notional income tax at statutory rates	25,50%	19.468	25,50%	36.365
Adjustments:				
Deferred income (expense) due to changes in tax rates, × rates, effective 2011	7,45%	5.686		—
Effective tax rate/income tax benefit	32,95%	25.154	25,50%	36.365

Income tax recognised within other comprehensive income comprises:

	2010			2011		
Amounts in thousands of €	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Cash flow hedges	(20,133)	5,033	(15,100)	(36,441)	9,292	(27,149)

The tax effects of temporary differences influencing significant portions of the deferred tax assets and deferred tax liabilities as of 31 December 2010 and 2009 are presented below:

Amounts in thousands of €	1 January 2009	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2009	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2010
Tax loss carry-forwards	113,883	2,231	—	116,114	(15,540)	—	100,574
Derivative financial instruments	18,853	(2,069)	9,292	26,076	1,292	(4,123)	23,245
Deferred tax assets	132,736	162	9,292	142,190	(14,248)	(4,123)	123,819
Intangible assets	(488,125)	45,006	—	(443,119)	52,501	—	(390,618)
Property and equipment	4,394	(8,803)	—	(4,409)	(13,099)	—	(17,508)
Deferred tax liabilities	(483,731)	36,203	—	(447,528)	39,402	—	(408,126)
Deferred tax assets and liabilities	(350,995)	36,365	9,292	(305,338)	25,154	(4,123)	(284,307)

The deferred tax asset and tax liability are calculated at a tax rate of 25.0%.

Recognised deferred tax assets reflect management's estimate of realisable amounts. Since the Company is incorporated in the fiscal unity of Zesko B.V. tax loss carry forwards are assessed at Zesko B.V. for the Company and its subsidiaries. The amounts of tax loss carry forwards are subject to assessment by local tax authorities.

8 Intangible assets

The Company's intangible assets comprise:

Amounts in thousands of €	Goodwill	Customer lists	Trade names	Software	Total
Cost	1,773,068	2,318,353	34,800	86,461	4,212,682
Accumulated amortisation	—	(382,318)	(34,800)	(71,128)	(488,246)
Balance as of 1 January 2009	1,773,068	1,936,035	—	15,333	3,724,436
Additions	—	1,445	—	75,062	76,507
Reclassifications	—	5,885	—	7,720	13,605
Amortisation	—	(180,912)	—	(34,576)	(215,488)
Total changes 2009	—	(173,582)	—	48,206	(125,376)
Cost	1,773,068	2,400,962	34,800	227,752	4,436,582
Accumulated amortisation	—	(638,509)	(34,800)	(164,213)	(837,522)
Balance as of 31 December 2009	1,773,068	1,762,453	—	63,539	3,599,060
Additions	—	4	—	50,305	50,309
Reclassifications	—	602	—	(24,971)	(24,369)
Disposals	—	(4)	—	1	(3)
Amortisation and impairments	—	(180,176)	—	(38,421)	(218,597)
Total changes 2010	—	(179,574)	—	(13,086)	(192,660)
Cost	1,773,068	2,401,568	—	238,005	4,412,641
Accumulated amortisation	—	(818,689)	—	(187,552)	(1,006,241)
Balance as of 31 December 2010	1,773,068	1,582,879	—	50,453	3,406,400

Goodwill

In 2008 the former operating companies Multikabel, Casema and @Home merged into Ziggo. As a result of the merger one cash generating unit, Ziggo, remains. All goodwill acquired through business combinations has been allocated for impairment testing purposes to the cash-generating unit at which management monitors the operating results. For the goodwill impairment test the Company uses the 'Value in use'-method. 'Value in use'-calculations are based on cash flow projections covering a maximum period of five years.

Cash flow projections for Ziggo are based on three-year financial budgets approved by the Company's management and extrapolated cash flows beyond the three-year period using estimated growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports. The calculation exceeded the amount carried forward of the cash generating unit Ziggo and consequently no impairment was recognised. The discount rate used for the 2010 goodwill impairment test is 6.62% (2009: 7.00%).

Software

During 2010 the Company impaired capitalised development of software for an amount of € 9.8 million (2009: nil) as the expected future benefits of the related projects decreased over time.

9 Property and equipment

The Company's property and equipment comprises:

Amounts in thousands of €	Network	Land	Other	Assets under construction	Total
Cost	1,896,228	2,648	66,065	243,155	2,208,096
Accumulated depreciation	(534,513)	—	(27,164)	—	(561,677)
Balance as of 1 January 2009	1,361,715	2,648	38,901	243,155	1,646,419
Additions	172,298	—	18,279	(11,975)	178,602
Reclassifications	(7,431)	—	(6,174)	—	(13,605)
Depreciation	(251,160)	—	(10,592)	—	(261,752)
Total changes 2009	(86,293)	—	1,513	(11,975)	(96,755)
Cost	4,129,427	2,648	92,493	231,180	4,455,748
Accumulated depreciation	(2,854,005)	—	(52,079)	—	(2,906,084)
Balance as of 31 December 2009	1,275,422	2,648	40,414	231,180	1,549,664
Additions	200,692	—	61,812	(92,444)	170,060
Reclassification	718	—	23,651	—	24,369
Depreciation and impairments	(245,523)	—	(38,625)	—	(284,148)
Total changes 2010	(44,113)	—	46,838	(92,444)	(89,719)
Cost	4,329,758	2,648	183,007	138,736	4,654,149
Accumulated depreciation	(3,098,449)	—	(95,755)	—	(3,194,204)
Balance as of 31 December 2010	1,231,309	2,648	87,252	138,736	1,459,945

Network

The additions to network include capitalised borrowing costs of € 13.2 million (2009: € 3.4 million). Generally, the capitalisation rate used to determine the amount of capitalised borrowing costs is a weighted average of the interest rate applicable. For 2010 an interest rate applied of 7.04% (2009: 5.89%).

During 2010 the Company impaired property and equipment for an amount of € 1.1 million (2009: nil) as the expected future benefits of the related projects decreased over time.

Mortgages on all registered properties, related movable assets and the network related elements have been established under the Senior Credit Facilities as explained in Note 16.

Assets under construction

Assets under construction relates to the integration of the Company's business support system and operational support system and the integration and expansion of the Company's network and IT infrastructure. Included in assets under construction is software, which is recognised as intangible asset once in use.

At 31 December 2010 there were no contractual commitments for the acquisition of any property and equipment.

10 Financial assets

Financial assets consist of long-term prepaid expenses (related to information technology contracts) of € 345 (2009: € 281) and loans to personnel of € 51 (2009: € 87).

11 Inventories

Amounts in thousands of €	31 December 2010	31 December 2009
Equipment and cables	8,575	8,027
Set top boxes	7,858	11,089
Customer premises equipment	2,570	6,684
Allowance for obsolete stock	(457)	(258)
Total Inventories	18,546	25,542

Movement in allowance for obsolete stock is as follows:

Amounts in thousands of €	2010	2009
At 1 January	258	—
Additions	228	258
Used	(29)	—
Released	—	—
At 31 December	457	258

12 Trade accounts receivable

Trade accounts receivable as at 31 December 2010 amount to € 20.1 million (2009: € 43.6 million). The allowance for doubtful accounts is calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified. The doubtful debt allowance reflects probable losses in the account receivable balance based on historical experience by kind of trade debtor and other currently available evidence.

Movements in the allowance for doubtful accounts are as follows:

Amounts in thousands of €	2010	2009
At 1 January	14,304	5,600
Additions	6,136	11,643
Used	(9,400)	(2,939)
Released	(2,334)	—
At 31 December	8,706	14,304

A pledge has been given on all receivables as mentioned in Note 16.

Trade accounts receivables are non-interest-bearing and are generally due on 30 days' terms. Note 22 discloses the Company's credit risk related to the trade accounts receivable.

13 Other current assets

Amounts in thousands of €	31 December 2010	31 December 2009
Prepaid expenses	17,682	13,470
Revenues to be invoiced	14,606	13,656
Other current assets	43	58
Total current assets	32,331	27,184

14 Cash and cash equivalents

All cash and cash equivalents within the Company are held within bank accounts and earn interest at floating rates based on daily bank deposit rates.

A pledge has been given on the accounts of the Company as mentioned in Note 16.

15 Equity attributable to equity holders

The Company is incorporated as a private limited liability company under Dutch law. Its registered capital consists entirely of ordinary shares. The authorised capital is divided into 40,000 shares of € 500 each.

Other reserves represents the cash flow hedge reserve.

16 Interest-bearing loans

Loans from financial institutions can be broken down into the following facilities:

Amounts in thousands of €	Interest rate	Maturity	31 December 2010	31 December 2009
Senior Credit Facilities				
Facility A	EURIBOR +2.00%	2013	35,238	205,250
Facility B	EURIBOR +2.75%	2014	1,091,911	1,100,000
Facility C	EURIBOR +3.50%	2015	254,615	1,100,000
Facility D	EURIBOR +4.75%	2016	250,000	250,000
Facility E (Sr. Secured Notes)	6.125%	2017	750,000	—
Total			2,381,764	2,655,250
Mezzanine loan			—	1,159,360
Financing fees			(61,033)	(102,568)
Total			**2,320,731**	**3,712,042**

Movements in total interest-bearing loans are as follows:

Amounts in thousands of €	2010	2009
Balance at 1 January	3,712,042	3,800,859
Repayments on loans	(2,204,629)	(160,000)
Issuance of Facility E	750,000	—
Financing fees	(10,564)	—
Interest accretion Mezzanine loan	22,477	53,835
Amortisation of financing fees	51,405	17,348
Balance at 31 December	2,320,731	3,712,042

Senior Credit Facilities

Facility A loan

The Company is required to repay the Facility A loan in several instalments. Furthermore the Company is allowed to prepay any future instalments. Any prepayments are deducted from future repayments, thus reducing short term repayment obligations.

During 2010 the Company made prepayments on the Facility A loan for an amount of € 170.0 million (2009: € 160.0 million). According to the repayment schedule the remaining facility must be repaid on 31 March 2013 and 30 September 2013 in equal instalments of € 17.6 million each.

Facility B loan

During 2010 the Company made prepayments on the Facility B loan for an amount of € 8.1 million (2009: nil).

Facility C loan

During 2010 the Company made prepayments on the Facility C loan for an amount of € 845.4 million (2009: nil). The prepayment on the Facility C loan is financed by the issuance of the 6.125% Senior Secured Notes.

Facility D loan

During 2010 the Company did not make any (p)repayments on the Facility D loan; hence the Facility D loan is stated at its principal amount of € 250.0 million (2009: € 250.0 million).

Revolving and capital expenditure restructuring facility

Under the Senior Credit Facility agreement the Company has a revolving credit facility of € 150.0 million and a capital expenditure restructuring facility of € 250.0 million. During the year 2010 there were no drawings under these facilities (2009: nil). The Company pays an annual fee for the availability of the facilities, which is recognised in financial income and expense.

Facility E loan

In October 2010, Ziggo Finance B.V., a company managed by Deutsche Bank International Trust Company N.V., issued Senior Secured Notes of € 750.0 million with a nominal interest rate of 6.125%, due in 2017. Interest on the Notes is payable semi-annually on 15 May and 15 November of each year. Ziggo Finance B.V. granted the proceeds of the notes to Plinius Investments II B.V. and Serpering Investments B.V., both indirectly wholly owned subsidiaries of the Company. The senior secured notes are presented under loans from financial institutions as Facility E loan.

The Facility E loan is stated at amortised cost. Financing fees have been charged for an amount of € 10.6 million, which are presented as a deduction from the loan. The subsequent effective interest rate is 6.37%, which is recognised as financial expense.

Prepayment

On certain occasions prepayment of part or all of the drawn facilities is mandatory. For example the occurrence of a change in control or the sale of all or substantially all of the assets of the Company will lead to a cancellation of the facilities. All outstanding utilisations and ancillary outstandings, together with accrued interest, become immediately due and payable.

Securitisation

The total Senior Credit Facility is secured over the Company's tangible assets as follows:

- Mortgage on all registered properties, related movable assets, the network-related elements and the claims;
- Pledges on all bank accounts, intellectual property rights, receivables and movable assets.

The Company needs to comply on a quarterly basis with covenants set by the lenders of the senior credit facility. These covenants are the interest coverage ratio and net leverage ratio. These financial covenants were all met during the years 2010 and 2009.

Mezzanine facility

The Company repaid the Mezzanine facility in 2010 with an original maturity date in 2016 for an amount of € 1,181.1 million including PIK interest of € 181.1 million of which € 21.8 million relates to accrued PIK interest in 2010.

Financing fees

Financing fees associated with the issuance of the facilities are subtracted from the loans from financial institutions and amortised over the period of the related loan. Amortisation costs on financing fees are recognised as other net financial income and expense in financial income and expense.

17 Interest-bearing loan from shareholder

On 27 April 2010, parent company Ziggo Bond Company B.V. issued unsecured Senior Notes for an amount of € 1,208.9 million at a price of 99.271% with a nominal interest rate of 8.0% due in 2018. Upon the issuance by the parent, the Company simultaneously received the proceeds under the same terms and conditions as the 8.0% Senior Notes of the parent company. Financing fees have been charged in the amount of € 25.9 million, which are presented as a deduction from the loan. The effective interest rate subsequently is 8.38%, which is recognised as financial expense. Interest is payable semi-annually on 15 May and 15 November.

The Senior Notes issued by the parent are guaranteed on a senior subordinated basis by all of the subsidiaries of the Company.

18 Provisions

Amounts in thousands of €	Other long-term employee benefits	Restructuring	Legal claims	Other	Total
At 31 December 2008	13,424	5,121	11,980	2,000	32,525
Additions (including interest cost)	1,795	9,694	720	146	12,355
Usage	(799)	(3,258)	(408)	(541)	(5,006)
Released	—	(1,760)	—	—	(1,760)
At 31 December 2009	14,420	9,797	12,292	1,605	38,114
Current	1,738	9,797	12,292	1,605	25,432
Non-current	12,682	—	—	—	12,682
At 31 December 2009	14,420	9,797	12,292	1,605	38,114
Additions (including interest cost)	1,433	2,501	780	6,131	10,845
Usage	(1,054)	(7,369)	—	(536)	(8,959)
Released	(1,041)	(7)	(710)	(935)	(2,693)
At 31 December 2010	13,758	4,922	12,362	6,265	37,307
Current	1,166	3,806	—	2,166	7,138
Non-current	12,592	1,116	12,362	4,099	30,169
At 31 December 2010	13,758	4,922	12,362	6,265	37,307

Defined benefit plans

The Company provides pension plans for qualifying employees. The plans are multi-employer defined benefit plans with publicly or privately administered pension insurance organisations (so called 'bedrijfstak-pensioenfonds'). These pension insurance organisations are not able to provide the Company with sufficient information in order to account for the plans as defined benefit plans. As a result the defined benefit pension plans are treated as defined contribution plans. The Company has no obligations for deficits other than higher future pension-insurance payments. The Company pays contributions on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses in the income statement when they are due.

At 31 December 2010 the main administered pension insurance organisation had a coverage ratio of 105%.

Other long-term employee benefits provision

In addition to the pension plan, the Company offers eligible participants a reduction of their working time with partial continuation of income. The plan offers eligible employees born before 1 January 1957 or employees born before 1 January 1959 and in service for at least 25 years as at 31 December 2008;

- a working time reduction of 20% between the age of 55 and 59; and
- a working time reduction of up to 40% between the age of 59 and 65.

According to the plan rules, 75% of the working time reduction is compensated by the Company. The employee benefit plan is wholly unfunded and consequently the Company funds the plan as claims are incurred. The present value of the defined benefit obligation and service cost were measured using the Projected Unit Credit Method.

Net periodic benefit expense, which is presented in the consolidated income statement as a component of personnel expenses, was as follows:

Amounts in thousands of €	2010	2009
Service cost	943	977
Interest cost	490	563
Actuarial (gains)/losses	(1,041)	255
Net periodic benefit cost	**392**	**1,795**

Changes in the present value of the defined benefit obligation are as follows:

Amounts in thousands of €	2010	2009
Defined benefit obligation at 1 January	14,420	13,424
Service cost	943	977
Interest cost	490	563
Actuarial (gains)/losses	(1,041)	255
Benefits paid	(1,054)	(799)
Defined benefit obligation at 31 December	**13,758**	**14,420**

Since the Company recognises all actuarial results related to other long-term employee benefits immediately as an expense, the defined benefit obligation equals the liability recognised in the balance sheet.

The assumptions used in the actuarial calculations of the defined benefit obligation and net periodic benefit expense require a degree of judgment. The key assumptions required to calculate the actuarial present value of benefit obligations and net periodic benefit expense are as follows:

	2010	2009
Discount rate	4.10%	3.30%
Price inflation	1.00%	1.00%
Futures alary in crease	1.00%	1.00%
Turnover rates	0.50%–1.00%	0.50%–1.00%
Additional turnover rate early retirement at 62	10.00%	10.00%
Mortality table	AG Generation able 2010–2060	

The Company applies defined benefit accounting for the other long-term employee benefit plan retrospectively as of 1 January 2009 (see Note 2). As a consequence the Company is not able to provide an experience table with the defined benefit obligation (since actuarial gains and losses are recognised when they occur, they do not have an impact on the plan liabilities) for the years 2008, 2007 and 2006.

Restructuring provision

In 2007, the Company entered into an agreement with the Works Council for a social plan with respect to the restructuring of the head office organisation resulting in a workforce reduction. Management approved a detailed formal restructuring plan and the restructuring was announced to the parties concerned. The restructuring plan was executed in 2008 and 2009. Employees were able to apply for the social plan until the end of 2009. The number of employees that applied exceeded management's initial expectation and consequently the restructuring provision was increased in both 2010 and 2009.

Legal claims provision

The Company recognised a provision for disputes with a limited number of municipalities on the operation of the network. The addition to the legal claims is interest expense recognised within financial income and expense.

Other provisions

Other provisions include asset retirement obligations and onerous contracts.

19 Other current liabilities

The Company's other current liabilities comprise the following:

Amounts in thousands of €	31 December 2010	31 December 2009
Accrued interest	20,179	1,561
Accrued expenses	67,756	70,744
Taxes and social security	15,129	19,613
Accrued employee benefits	12,938	12,003
Other	1,188	2,935
Total	117,190	106,856

20 Commitments and contingencies

Lease commitments

The Company leases buildings, certain office equipment and vehicles and has entered into various maintenance and support contracts for the support for network equipment, in the main. Lease terms generally range from three to five years with the option of renewal for varying terms. Lease commitments for coming periods are shown in the following schedule:

	31 December 2010			
Amounts in thousands of €	Buildings	Other contracts	Total	31 December 2009
Within 1 year	9,023	4,960	13,983	14,542
Between 1 and 5 years	25,177	9,588	34,765	45,076
After 5 years	7,891	—	7,891	10,349
Total	42,091	14,548	56,639	69,967

Purchase commitments

The Company enters into purchase commitments in the ordinary course of business. As at 31 December 2010 it had purchase commitments for an amount of € 36 million.

Legal proceedings

The Company is involved in a number of legal proceedings. The legal proceedings may result in a liability that is material to the Company's financial condition, results of operations, or cash flows. The Company may enter into discussions regarding settlement of these proceedings, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Company has recognised provisions with respect to these proceedings, where appropriate, which are reflected in the consolidated balance sheet and Note 18.

21 Related party disclosures

Identification of related parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. The related parties comprise associated companies, key-management personnel and close family members of related parties.

Transactions and positions

For details on the shareholders loan received from Ziggo Bond Company B.V., reference is made to Note 17. Furthermore, management fees of € 0.5 million (2009: € 0.5 million) have been charged by the ultimate shareholders to the Company.

In the normal course of business, the Company and its subsidiaries maintain various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to the Company, either individually or in the aggregate.

Remuneration of the Board of Management of the Company

As of 31 December 2010 the members of the Board of Management of the Company are:

- Mr. B.E. Dijkhuizen (Chief Executive Officer)
- Mr. H.L.L. Groenewegen (Chief Financial Officer)
- Mr. P.J. Hendriks (Chief Technology Officer)
- Mr. M.J. Nijhoff (Chief Commercial Officer)

The following appointments were made in 2010:

- Mr. H.L.L. Groenewegen succeeded Mr. W.R. Blom as Chief Financial Officer in March 2010.
- Mr. P.J. Hendriks was appointed Chief Technology Officer in April 2010

The aggregated remuneration of the Board of Management members B.E. Dijkhuizen, H.L.L. Groenewegen (as from March 2010), W.R. Blom (until March 2010), P.J. Hendriks and M.J. Nijhoff can be broken down as follows:

Amounts in thousands of €	2010	2009
Wages and salaries	1,498	1,090
Bonus Payments	563	350
Social security costs	28	18
Pension costs	218	176
Total	2,307	1,634

Remuneration of the Supervisory Board of the Company

The aggregated remuneration of four Supervisory Board members in 2010 amounts to € 207 (2009: € 122).

22 Financial risks

The Company's financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and performance. The Company is exposed to the following financial risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

For each of these financial risks, which are included in the Company's risk management program, the Company's exposure, objectives, policies and processes for measuring and managing risk are presented below.

Credit risk

The credit risk on residential trade accounts receivable is considered to be low as a result of the large residential customer base, the relatively small amount of receivables per customer and the high percentage of customers who pay by direct debit. The risk on trade accounts receivable from the Company's business customers is also considered low, but this concerns a smaller customer base with larger receivables per customer than for the Company's residential customers.

The analysis of the ageing of the trade accounts receivables is as follows:

	Total	Not due	Past due, but not impaired				
Amounts in thousands of €		<30 days	30-60 days	60-90 days	90-180 days	180-365 days	>365 days
2010	20,086	11,269	2,248	1,182	1,526	1,186	2,675
2009	43,592	24,725	3,307	2,653	6,190	6,537	180

The Company's maximum exposure to credit risk in the event that a counterparty fails to fulfil its obligations in relation to each class of recognised financial asset, including derivatives, is the carrying amount of those assets in the balance sheet.

Liquidity risk

The Company manages its liquidity risk on a consolidated basis with cash provided from operating activities being a primary source of liquidity. The Company manages short-term liquidity based on projected cash flows over rolling periods of six months.

Based on the current operating performance and liquidity position, the Company believes that cash generated by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends and scheduled debt repayment requirements for the next twelve months and the foreseeable future.

The table below summarises the maturity profile of the Company's financial liabilities:

31 December 2010	Carrying amount	Contractual cash flows	January-March 2011	April-December 2011	2012	2013-2015	After 2015
Non-derivative financial liabilities							
Loans from financial institutions	(2,381,764)	(2,965,147)	(27,145)	(82,942)	(110,086)	(1,656,328)	(1,088,646)
Loan from shareholder	(1,176,530)	(1,921,310)	(23,846)	(72,862)	(96,708)	(290,124)	(1,437,770)
Trade accounts payable	(80,165)	(80,165)	(80,165)	—	—	—	—
Derivative financial liabilities							
Interest Rate Swaps used for hedging	(92,986)	(252,042)	(126,021)	(18,908)	(45,059)	(27,580)	(34,474)
Total	(3,731,445)	(5,218,664)	(257,177)	(174,712)	(251,853)	(1,974,032)	(2,560,890)

31 December 2009	Carrying amount	Contractual cash flows	January-March 2010	April-December 2010	2,011	2012-2014	After 2014
Non-derivative financial liabilities							
Loans from financial institutions	(3,814,610)	(5,155,266)	(35,584)	(109,791)	(148,204)	(1,749,101)	(3,112,586)
Trade accounts payable	(102,951)	(102,951)	(102,951)	—	—	—	—
Derivative financial liabilities							
Interest Rate Swaps used for hedging	(102,261)	(219,054)	(24,012)	(61,368)	(67,960)	(65,714)	—
Total	(4,019,822)	(5,477,271)	(162,547)	(171,159)	(216,164)	(1,814,815)	(3,112,586)

Market risk

The Company is exposed to market risks, including interest rates and foreign currency exchange rate risks, associated with underlying assets, liabilities and anticipated transactions. Based on the analysis of these exposures, the Company selectively enters into derivatives to manage the related risk exposures.

Interest rate risk

Exposure to the risk of changes in the market interest rates relates primarily to the Company's long-term debt obligations with a (partly) floating interest rate. The Company manages its exposure to changes in interest rates and its overall cost of financing by using Interest Rate Swap (IRS) agreements. These IRS agreements are used to transform the interest rate exposure on the underlying liability from a floating interest rate into a fixed interest rate. It is the Company's policy to keep at least 50% of its borrowings at fixed rates of interest. The net interest rate risk can be analysed as follows:

Amounts in thousands of €	31 December 2010	31 December 2009
Notional amount—borrowing (floating)	(1,631,764)	(3,814,610)
Cash (floating) & deposits (floating and/or fixed)	66,994	65,271
Notional amount IRS (fixed)	2,670,500	2,838,000
Net interest rate risk	1,105,730	(911,339)
Notional amount IRS—offset	1,142,500	—
Net interest rate risk—including offset IRS	(36,770)	(911,339)

At 31 December 2010, after taking into account the effect of Interest Rate Swaps, approximately 99% of the Company's borrowings are at a fixed interest rate (2009: 84%).

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, of the Company's result before tax (through the impact on floating rate borrowings). There is no impact on the Company's equity.

	31 December 2010	31 December 2009
Increase/decrease in basis points		
+20bp	(74)	(1,823)
+10bp	(37)	(911)
−10bp	37	911
−20bp	74	1,823

Foreign currency risk

The Company has transactional currency exposures arising from purchases in USD. The Company enters into foreign exchange swaps to partially mitigate this risk. As at 31 December 2010 the net foreign currency exposure of the USD amounts to USD 7.9 million (2009: USD 15.0 million) and relates to the net amount of cash & cash equivalents and trade accounts payable. Of this exposure USD 2.9 million at an average fixed rate of USD 1.35 was hedged with maturity dates between 3 January 2011 and 28 January 2011.

23 Financial instruments

Fair values

The following table presents the fair values of financial instruments, based on the Company's categories of financial instruments, including current portions, compared to the carrying amounts at which these instruments are recognised in the balance sheet:

	31 December 2010		31 December 2009	
Amounts in thousands of €	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Derivatives, included in other current assets	18	18	—	—
Loans	51	51	87	87
Trade accounts receivable	20,086	20,086	43,592	43,592
Cash and cash equivalents	66,994	66,994	65,297	65,297
Total financial assets	87,080	87,080	108,889	108,889
Financial liabilities				
Loans financial institutions	(2,320,731)	(2,380,674)	(3,814,610)	(3,715,849)
Loan from shareholder	(1,176,530)	(1,246,122)	—	—
Trade accounts payable	(80,165)	(80,165)	(102,951)	(102,951)
Total financial liabilities at amortised cost	(3,577,426)	(3,706,961)	(3,917,561)	(3,818,800)
Derivative financial instruments	(92,986)	(92,986)	(102,261)	(102,261)
Total financial liabilities	(3,670,412)	(3,799,947)	(4,019,822)	(3,921,061)

The carrying amounts of receivables, other current assets, cash and cash equivalents and accounts payable approximate their fair values because of the short-term nature of these instruments and, for receivables, because of the fact that any recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair values of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on market rates prevailing at year-end.

Hedging activities

At 31 December 2010, the Company has Interest Rate Swap (IRS) agreements with a total notional amount of € 2,670.5 million (2009: € 2,838.0 million) under which it pays a fixed rate of interest (between 3.55% and 3.84%) and receives a variable rate equal to EURIBOR on the notional amount. These IRS agreements are used to reduce the exposure to changes in the variable EURIBOR rates on the outstanding loan portfolio of € 1,631.7 million (2009: € 3,814.6 million). The notional amounts of the IRS agreements will be reduced in line with the repayment schedule on the loan portfolio (currently the last IRS agreement will mature in 2014). In addition the Company has basis swap agreements for a total notional amount of € 1,135.0 million in order to match the EURIBOR in the Senior Credit Facility.

In 2010, repayments totalling € 2,204.6 million on interest-bearing loans from financial institutions with floating interest rates (see Note 16) were made and changed the exposure of the Company to interest rate fluctuations. As a result existing IRS agreements in place to mitigate these fluctuations exceeded the Company's notional amount of loans to financial institutions subject to changes in the variable EURIBOR rates. To reduce this over-hedged position the Company offset IRS agreements with a notional amount of € 1,142.5 million.

The Company has foreign currency swap agreements to reduce its exposure on fluctuations of its purchase obligations in US Dollars. Settlement of these agreements occurs within three months. As at 31 December 2010 the notional amount of these agreements was USD 2.9 million.

Hedge accounting

As a consequence of the refinancing of the Company in October 2010 (discussed in Note 16), the Company no longer applies hedge accounting for IRS, as the hedges concerned became ineffective. As of October 2010 any change in fair value of IRS is reported in financial income and expense. The cash flow hedge reserve recognised within other comprehensive income will be reclassified to financial income and expense in the same periods during which the hedge forecast cash flows affect the consolidated income statement. The cash flow hedge reserve recognised up to the effectiveness amounted € 16.3 million, after income tax.

Fair value hierarchy

Of the Company's categories of financial instruments, only derivatives are measured at fair value using the Level 2 inputs as defined in IFRS 7 "Financial Instruments: Disclosures". These inputs are inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of derivative instruments is estimated by discounting future cash flows at prevailing market rates or based on the rates and quotations obtained from third parties.

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade ratings. There were no changes in the valuation method of the financial instruments of the Company in 2010 and 2009.

Derivatives

The numbers and the maturities of derivative contracts, the fair values and the qualification of the instruments for accounting purposes are presented in the table below:

	31 December 2010		31 December 2009	
Amounts in thousands of €	**Number of contracts**	**Fair value**	**Number of contracts**	**Fair value**
Interest Rate Swaps				
Within 1 year	9	(34,539)	7	(99,599)
Within 2-5 years	3	(58,447)	3	(2,662)
Foreign currency forwards				
Within 1 year	6	18	—	—
Total derivative financial instruments	18	(92,968)	10	(102,261)

24 Adjustments of prior periods

Other long-term employee benefits

The Company acquired @Home in February 2007. Employees of @Home were entitled to a long-term employee benefit plan (see Note 18 for details of the plan). Upon acquisition the plan was continued by the Company and made available—under the same conditions—to former Multikabel and Casema employees to prevent discrepancies. The Company did not recognise a liability for its obligations under the benefit plan however. IFRS (IAS 19 "Employee Benefits") requires the Company to recognise this liability in the balance sheet, and therefore the balance sheet as at 1 January 2009 and as at 31 December 2009 have been adjusted as well as the income statement for 2009.

To improve insight into the expenses the Company reclassified items within operating expenses. These reclassifications did not impact net income.

The overview below presents the income statement for 2009 as previously reported, reclassifications and adjustments made.

	2009			
Amounts in thousands of €	**Previously reported**	**Reclassifications**	**Adjustments**	**Adjusted**
Revenues	1,284,395	—	—	1,284,395
Cost of goods sold	255,481	7,795	—	263,276
Personnel expenses	175,868	3,481	433	179,782
Contracted work	80,980	(12,628)	—	68,352
Materials & logistics	11,166	(7,795)	—	3,371
Marketing & sales	36,944	18,388	—	55,332
Office expense	64,405	(9,039)	—	55,366
Other operating expenses	10,878	(202)	—	10,676
Amortisation and impairments	215,488	—	—	215,488
Depreciation and impairments	261,752	—	—	261,752
Total operating expenses	1,112,962	—	433	1,113,395
Operating income	171,433	—	(433)	171,000
Net financial income (expense)	(313,045)	—	(563)	(313,608)
Result before income taxes	(141,612)	—	(996)	(142,608)
Income tax benefit (expense)	36,111	—	254	36,365
Net result for the year	(105,501)	—	(742)	(106,243)
Net result attributable to equity holder	(105,501)	—	(742)	(106,243)

The overview below presents the balance sheet at year-end 2009 as previously reported and the adjustments made.

Amounts in thousands of €	31 December 2009 Previously reported	Reclassifications	Adjustments	Adjusted
ASSETS				
Intangible assets	3,593,060	—	6,000	3,599,060
Property and equipment	1,549,664	—	—	1,549,664
Financial assets	368	—	—	368
Deferred tax assets	138,513	—	3,677	142,190
Total non-current assets	5,281,605	—	9,677	5,291,282
Inventories	25,542	—	—	25,542
Trade accounts receivable	43,592	—	—	43,592
Other current assets	27,184	—	—	27,184
Cash and cash equivalents	65,271	—	—	65,271
Total current assets	161,589	—	—	161,589
TOTAL ASSETS	**5,443,194**	**—**	**9,677**	**5,452,871**
EQUITY AND LIABILITIES				
Issued share capital	9,813	—	—	9,813
Share premium	1,394,953	—	—	1,394,953
Other reserves	(27,149)	—	—	(27,149)
Retained earnings	(536,002)	—	(4,743)	(540,745)
Equity attributable to equity holder	841,615	—	(4,743)	836,872
Interest-bearing loans	3,712,042	—	—	3,712,042
Derivative financial instruments	99,599	—	—	99,599
Provisions	—	—	12,682	12,682
Deferred tax liabilities	447,528	—	—	447,528
Total non-current liabilities	4,259,169	—	12,682	4,271,851
Deferred revenues	106,247	—	—	106,247
Derivative financial instruments	2,662	—	—	2,662
Provisions	23,694	—	1,738	25,432
Trade accounts payable	102,951	—	—	102,951
Other current liabilities	106,856	—	—	106,856
Total current liabilities	342,410	—	1,738	344,148
TOTAL EQUITY AND LIABILITIES	**5,443,194**	**—**	**9,677**	**5,452,871**

The overview below presents the opening balance sheet of 2009 as previously reported and the adjustments made.

Amounts in thousands of €	1 January 2009 Previously reported	Reclassifications	Adjustments	Adjusted
ASSETS				
Intangible assets	3,718,436	—	6,000	3,724,436
Property and equipment	1,646,419	—	—	1,646,419
Financial assets	899	—	—	899
Deferred tax assets	129,313	—	3,423	132,736
Total non-current assets	5,495,067	—	9,423	5,504,490
Inventories	13,978	—	—	13,978
Trade accounts receivable	48,719	—	—	48,719
Other current assets	30,102	—	—	30,102
Cash and cash equivalents	42,541	—	—	42,541
Total current assets	135,340	—	—	135,340
TOTAL ASSETS	**5,630,407**	**—**	**9,423**	**5,639,830**
EQUITY AND LIABILITIES				
Issued share capital	9,813	—	—	9,813
Share premium	1,394,953	—	—	1,394,953
Other reserves	—	—	—	—
Retained earnings	(430,501)	—	(4,001)	(434,502)
Equity attributable to equity holder	974,265	—	(4,001)	970,264
Interest-bearing loans	3,801,283	—	—	3,801,283
Derivative financial instruments	73,935	—	—	73,935
Provisions	5,093	—	12,097	17,190
Deferred tax liability	483,731	—	—	483,731
Total non-current liabilities	4,364,042	—	12,097	4,376,139
				—
Deferred revenues	97,407	—	—	97,407
Provisions	14,008	—	1,327	15,335
Trade accounts payable	60,242	—	—	60,242
Other current liabilities	120,443	—	—	120,443
Total current liabilities	292,100	—	1,327	293,427
TOTAL EQUITY AND LIABILITIES	**5,630,407**	**—**	**9,423**	**5,639,830**

25 Subsidiaries

The following companies are Amsterdamse Beheer- en Consultingmaatschappij ‘s significant subsidiaries as at 31 December 2010. Unless otherwise indicated, these are wholly owned subsidiaries. Subsidiaries that are not important to providing an insight into the group as required under Dutch law are omitted from this list.

With respect to the separate financial statements of a number of legal entities included in the consolidation, the Company used the exemption laid down in section 403, subsection 1 of Book 2 of the Netherlands Civil Code. Pursuant to this section, the Company has issued declarations of assumption of liability for its subsidiaries. These companies are marked with a * in the following table.

- Christina Beheer- en Adviesmaatschappij B.V., Amsterdam, the Netherlands *
- Serpering Investments B.V., Amsterdam, the Netherlands *
- Plinius Investments II B.V., Amsterdam, the Netherlands *
- Torenspits II B.V., Amsterdam, the Netherlands *
- Ziggo Holding B.V., Groningen, the Netherlands *

- Ziggo B.V., Groningen, the Netherlands *
- Ziggo Netwerk B.V., Groningen, the Netherlands *

26 Subsequent events

No material events occurred between the end of the reporting period and the date on which these financial statements were issued.

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

Amounts in thousands of euro	Note	2010	2009
Result investments, after tax	6	(88,297)	(169,151)
Profit (loss) after income tax		37,107	62,908
Net result		(51,190)	(106,243)

BALANCE SHEET

Amounts in thousands of euro	Note	31 December 2010	31 December 2009
ASSETS			
Loans receivable related parties	3	2,017,062	1,861,772
Deferred tax receivable		23,245	26,078
Total non-current assets		2,040,307	1,887,850
Receivables related parties	4	682,535	323,691
Cash and cash equivalents		—	8
Total current assets		682,535	323,699
TOTAL ASSETS		2,722,842	2,211,549
EQUITY AND LIABILITIES			
Issued share capital		9,813	9,813
Share premium		1,394,953	1,394,953
Other reserves		(15,100)	(27,149)
Retained earnings		(591,935)	(540,745)
Equity attributable to equity holder	5	797,731	836,872
Provision for the net capital deficit of investments	6	889,151	800,854
Derivative financial instruments		58,447	102,261
Deffered income tax liability		112,419	98,426
Total non-current liabilities		1,060,017	1,001,541
Derivative financial instruments		34,539	—
Current liabilities related parties	7	829,777	372,623
Other current liabilities		778	513
Total current liabilities		865,094	373,136
TOTAL EQUITY AND LIABILITIES		2,722,842	2,211,549

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate information

The principal activities of Amsterdamse Beheer- en Consultingmaatschappije ('the Company') are to participate in, to finance or to have any other interest in, or to conduct the management of, other companies and enterprises. The Company is the owner and operator of a broadband cable network in the Netherlands and offers analogue and digital radio and television, broadband internet and telephony services in the Netherlands to 3.1 million households under the brand name Ziggo.

The Company is a private limited company incorporated in Amsterdam (address: Winschotendiep 60, 9723 AB Groningen) in the Netherlands. The Company is wholly owned by Ziggo Bond Company B.V. whose ultimate shareholders are investment funds that are ultimately managed by the private equity companies Cinven Limited and Warburg Pincus LLC.

2. Significant accounting policies

Basis of preparation

The parent company financial statements of Amsterdamse Beheer- en Consultingmaatschappij B.V. have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the measurement principles applied in these parent company financial statements are the same as those applied in the consolidated financial statements (see Note 3 to the consolidated financial statements). This means that the principles for recognition and measurement of assets and liabilities and determination of the result of the Company are the same as those applied for the consolidated financial statements.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and adopted by the European Union. The accounting policies applied in the parent company financial statements are the same as those applied in the consolidated financial statements. Reference is made to Note 3 of the consolidated financial statements for a description of these principles.

As the financial data of Amsterdamse Beheer- en Consultingmaatschappij B.V. (the parent company) are included in the consolidated financial statements, the income statement in the parent company financial statements is presented in condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

The comparative information has been adjusted. For further details, reference is made to Note 2 of the consolidated financial statements.

Investments in subsidiaries

Investments in subsidiaries are accounted for using the net equity value. Amsterdamse Beheer- en Consultingmaatschappij B.V. calculates the net equity value using the accounting policies as described in Note 3 to the consolidated financial statements. The net equity value of subsidiaries comprise the cost, excluding goodwill, of Amsterdamse Beheer- en Consultingmaatschappij B.V.'s share in the net assets of the subsidiary, plus the share in income or losses since acquisition, less dividends received. In case the net equity value is negative and the Company is liable for the deficit of the subsidiary the carrying amount is presented as "Provision for the net capital deficit of investments".

3. Loans receivable related parties

Amounts in thousands of euro	2010	2009
Torenspits II B.V.	1,189,703	1,079,978
Christina Beheer- en Adviesmaatschappij B.V.	697,575	663,980
Serpering Investments B.V.	129,784	117,814
Balance at 31 December	2,017,062	1,861,772

On 30 January 2007 the Company granted a shareholders loans to Torenspits II B.V. The rate of interest applicable is 10.16% per annum. The Company also granted a loan to its subsidiary Christina Beheer- en Adviesmaatschappij B.V. An amount of € 552.6 million bears an interest rate of 10.16%. The other part of

the loan bears an interest rate of 14.125%. The loan to subsidiary Serpering Investments B.V. bears an interest of 10.16% per annum. Interest not paid is added to the loan and will become interest bearing. The borrowers may repay these loans or any part of it earlier than 30 January 2016 without penalty.

4. Receivables related parties

Amounts in thousands of euro	2010	2009
Christina Beheer- en Adviesmaatschappij B.V.	493	440
Serpering Investments B.V.	192,593	124,961
Plinius Investments II B.V.	488,151	197,765
Torenspits II B.V.	788	525
Zesko B.V.	510	—
Balance at 31 December	682,535	323,691

5. Shareholders' equity

The Company is incorporated as a private limited liability company under Dutch law. Its authorised capital consists entirely of ordinary shares.

Amounts in thousands of euro	31 December 2010	31 December 2009
Authorised capital		
Ordinary shares 40,000 of €500 each	20,000	20,000
Issued and fully paid (19,625 shares)	9,813	9,813
Share premium	1,394,953	1,394,953
Other reserves	(15,100)	(27,149)
Retained earnings	(591,935)	(540,745)
Equity attributable to equity holders	797,731	836,872

Other reserves represents the cash flow hedge reserve, which is a legal reserve.

6. Provision for the net capital deficit of investments

Movements in the Company's investments in subsidiaries were as follows:

Amounts in thousands of euro	2010	2009
Opening balance	800,854	631,703
Result subsidiaries	88,297	169,151
Balance at 31 December	889,151	800,854

As at 31 December 2010 the Company is the sole shareholder of:

- Christina Beheer- en Adviesmaatschappij B.V.
- Serpering Investments B.V.
- Torenspits II B.V.

Equity of all three subsidiaries is negative, consequently the investments are presented within "Provision for the net capital deficit of investments.

7. Current liabilities related parties

Amounts in thousands of euro	2010	2009
Ziggo B.V.	829,777	372,623
Balance at 31 December	829,777	372,623

8. Related party disclosures

Identification of related parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party's financial or operational decisions. The related parties comprise associated companies, key management personnel and close family members of related parties.

Transactions and positions

In the normal course of business, Amsterdamse Beheer- en Consultingmaatschappij B.V. maintains various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to Amsterdamse Beheer- en Consultingmaatschappij B.V., either individually or in the aggregate.

Remuneration

For the remuneration of the Board members reference is made to Note 21 in the consolidated financial statements.

9. Subsequent events

No material events occurred between the end of the reporting period and the date on which these financial statements were issued.

10. Auditor fees

The fees for services provided by the Company's independent auditor, Ernst & Young and its member firms and/or affiliates to the Company and its subsidiaries can be broken down as follows:

Amounts in thousands of €	2010	2009
Audit fees	300	300
Audit related fees	175	125
Other non-audit fees	200	206
Total	675	631

APPROPRIATION OF RESULT

The articles of association of the Company state that the distributable profits are at the disposal of the General Meeting of Shareholders for distribution of dividend or in order to be added to the reserves or for such other purposes within the Company's objects as the meeting shall decide.

The result for the year 2010, which is a loss of € 51.190, has been added to retained earnings.

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of Amsterdamse Beheer- en Consultingmaatschappij B.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 of Amsterdamse Beheer- en Consultingmaatschappij B.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statements of comprehensive income, the consolidated balance sheet as at 31 December 2010, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2010 the company profit and loss account for the year 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 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Amsterdamse Beheer- en Consultingmaatschappij B.V. as at 31 December 2010 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 Amsterdamse Beheer- en Consultingmaatschappij B.V. as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the board report , to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 15 April 2011

Ernst & Young Accountants LLP

signed by F.J. Blenderman

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March 21, 2013