IMPORTANT NOTICE

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

Confirmation of Your Representation: In order to be eligible to view this preliminary offering memorandum or make an investment decision with respect to the securities, you must: (i) not be a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")), and be outside the United States; or (ii) be a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act). You have been sent the attached preliminary offering memorandum on the basis that you have confirmed to each of the initial purchasers set forth in the attached preliminary offering memorandum (collectively, the "Initial Purchasers"), being the sender or senders of the attached, that either: (A)(i) you and any customers you represent are not U.S. persons; and (ii) the e-mail address to which this preliminary offering memorandum has been delivered is not located in the United States, its territories and possessions, any state of the United States or the District of Columbia; "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands; or (B) you and any customers you represent are qualified institutional buyers and, in either case, that you consent to delivery by electronic transmission.

This preliminary offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, none of the Initial Purchasers, any person who controls any Initial Purchaser, UPCB Finance III Limited, UPC Financing Partnership, UPC Broadband Holding B.V., UPC Holding B.V., Liberty Global Europe Holding B.V., Liberty Global, Inc. or any of their respective subsidiaries, nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the preliminary offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You are reminded that the attached preliminary offering memorandum has been delivered to you on the basis that you are a person into whose possession this preliminary offering memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not nor are you authorized to deliver this preliminary offering memorandum to any other person. You will not transmit the attached preliminary offering memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers.

Restrictions: Recipients of this preliminary offering memorandum who intend to subscribe for or purchase securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the final offering memorandum. Any securities to be issued will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act)except to (i) qualified institutional buyers in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or (ii) non-U.S. persons in offshore transactions in reliance on Regulation S.

This communication is directed solely at persons who (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("Financial Promotion Order") (ii) are persons falling within Article 49(2)(a) to (d) 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 be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this preliminary offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

Subject to Completion. Dated February 7, 2011.

CONFIDENTIAL
PRELIMINARY OFFERING MEMORANDUM

NOT FOR GENERAL CIRCULATION
IN THE UNITED STATES

$1,000,000,000 % Senior Secured Notes due 2020

issued by

UPCB FINANCE III LIMITED

UPCB Finance III Limited, incorporated as an exempted company limited by shares under the laws of the Cayman Islands (the "Issuer") and owned 100% by a charitable trust, is offering $1 billion aggregate principal amount of its % senior secured notes due 2020 (the "Notes"). The Notes will mature on July 1, 2020. The Issuer will pay interest on the Notes semi-annually on each January 1 and July 1, commencing on July 1, 2011.

The proceeds from the offering of the Notes will be used by the Issuer to fund an additional facility under the UPC Broadband Holding Bank Facility (as defined in this offering memorandum) (the "Finco Loan"), denominated in U.S. dollars, borrowed by UPC Financing Partnership ("UPC Financing"). UPC Financing is an entity indirectly wholly-owned by UPC Holding B.V. ("UPC Holding"). The Issuer is dependent upon payments under the Finco Loan and related agreements to make payments under the Notes. The Issuer will apply all payments it receives under the Finco Loan and such related agreements, including in respect of principal, premiums and interest, to make corresponding payments under the Notes.

The accession agreement related to the Finco Loan will provide for the payment of certain premiums in connection with certain voluntary and mandatory prepayments of the Finco Loan that will enable the Issuer to pay the premiums payable in respect of corresponding redemptions of the Notes, as described in "*Description of the Notes—Redemption and Repurchase*". Following a change of control as defined under the UPC Broadband Holding Bank Facility, UPC Broadband Holding B.V. ("UPC Broadband Holding"), a wholly-owned subsidiary of UPC Holding, and UPC Financing will be required to, at the election of the Majority Lenders under the UPC Broadband Holding Bank Facility, prepay the Finco Loan plus a payment equal to 1% of the principal amount of the Finco Loan. Following such repayment, the Issuer will redeem all of the Notes issued under the indenture governing the Notes at a redemption price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of redemption. See "*Description of the Notes—Redemption upon a Change of Control*". In the event of certain asset sales, UPC Broadband Holding and UPC Financing may elect, at their option, to (i) offer to prepay a principal amount of the Finco Loan in an amount equal to the principal amount of the Notes tendered in the related asset sale offer to be made by the Issuer (not to exceed the available proceeds from the related asset sale) or (ii) subject to the payment of certain premiums, repay the Finco Loan in an amount equal to the available proceeds from the related asset sale, and, in the case of clauses (i) and (ii) of this sentence the Issuer will redeem a corresponding amount of Notes. See "*Description of the Notes—Redemption and Repurchase—Disposal Proceeds*". Further, the Notes may be redeemed at a price equal to their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in tax law and, subject to certain limitations, in connection with a UPC Exchange Transaction (as defined in this offering memorandum). See "*Description of the Notes—Redemption for Changes in Withholding Taxes*" and "*Description of the Notes—Redemption and Repurchase—Special Optional Redemption in connection with a UPC Exchange Transaction*".

Neither UPC Holding nor any of its subsidiaries will guarantee or provide any credit support to the Issuer with respect to its obligations under the Notes. Other than under the limited circumstances described herein, holders of the Notes will not have a direct claim on the cash flow or assets of UPC Holding or any of its subsidiaries, and neither UPC Holding nor any of its subsidiaries has any obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of UPC Financing to make payments to the Issuer pursuant to the Finco Loan and agreements related thereto.

The Notes will be senior obligations of the Issuer. The Notes will be secured by, among other things, a first ranking security interest over the Issuer's rights to and benefit in the Finco Loan (including all rights of the Issuer as a lender under the UPC Broadband Holding Bank Facility). In addition, other than in certain limited circumstances specified herein, holders of the Notes will not have any recourse to the Issuer other than in respect of amounts received by the Issuer under the UPC Broadband Holding Bank Facility and the related agreements. For a description of the terms of the Notes, see "*Description of the Notes*".

See "*Risk Factors*" beginning on page 20 for a discussion of certain risks that you should consider in connection with an investment in any of the Notes.

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. The Issuer is offering the Notes only to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act and to non-U.S. persons outside the United States in accordance with Regulation S under the U.S. Securities Act. For a description of certain restrictions on the transfer of the Notes see "*Plan of Distribution*" and "*Transfer Restrictions*".

Application will be made to the Irish Stock Exchange for the Notes to be admitted to listing on its Official List and trading on its Global Exchange Market.

The Notes will be in registered form in denominations of $150,000 and integral multiples of $1,000 above $150,000. Notes will only be issued in minimum denominations of $150,000 principal amount. The Notes will be represented on issue by global Notes that will be delivered through The Depository Trust Company ("DTC"), on or about , 2011. Interests in the global Notes will be exchangeable for the relevant definitive Notes only in certain limited circumstances. See "*Book-Entry, Delivery and Form*".

Price: % plus accrued interest from the Issue Date.

Sole Physical Bookrunner:

BofA Merrill Lynch

Joint Bookrunners:

Citi	**Credit Suisse**	**Deutsche Bank**
J.P. Morgan	**The Royal Bank of Scotland**	**UBS Investment Bank**

The date of this offering memorandum is , 2011.

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

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Neither the Issuer nor UPC Holding has authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this offering memorandum. You must not rely on unauthorized information or representations.

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

The information in this offering memorandum is current only as of the date on the cover page, and may change after that date. For any time after the cover date of this offering memorandum, UPC Holding does not represent that its affairs are the same as described or that the information in this offering memorandum is correct, nor does UPC Holding imply those things by delivering this offering memorandum or selling securities to you. UPC Holding will not guarantee or provide any credit support to the Issuer with respect to its obligations under the Notes.

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 OF NOTES, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED WILL UNDERTAKE ANY SUCH STABILIZATION ACTION. SUCH STABILIZATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE OF ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES AND MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE AND 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES.

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

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

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

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the "Prospectus Directive"), as implemented in member states of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. None of the Issuer, UPC Holding or the Initial Purchasers has authorized, nor does any of them authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers which constitute the final placement of the Notes contemplated in this offering memorandum.

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

The Issuer and UPC Holding have prepared this offering memorandum solely for use in connection with this offering and for applying to the Irish Stock Exchange for the Notes to be listed on its Official List and trading on its Global Exchange Market. In the United States, you may not distribute this offering memorandum or make copies of it without the Issuer's and UPC Holding's prior written consent other than to people you have retained to advise you in connection with this offering.

You are not to construe the contents of this offering memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of a purchase of the Notes. You are responsible for making your own examination of UPC Holding and your own assessment of the merits and risks of investing in the Notes. None of the Issuer, UPC Holding or the Initial Purchasers is making any representation to you regarding the legality of an investment in the Notes by you.

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

The Issuer (except as noted in the following paragraph) and UPC Holding accept responsibility for the information contained in this offering memorandum. UPC Holding has made all reasonable inquiries and confirmed to the best of its knowledge, information and belief that the information contained in this offering memorandum with regard to UPC Holding, each of its 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 it is 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.

The Issuer accepts responsibility for the information contained in this offering memorandum (except in relation to the information in respect of UPC Holding, each of its subsidiaries and affiliates, for which UPC Holding takes sole responsibility). To the best of the knowledge and belief of the Issuer, the information contained in this offering memorandum for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorized in connection with any offering made pursuant to this offering memorandum to give any information or to make any representation not contained in this offering memorandum, and, if given or made, any other information or representation must not be relied upon as having been authorized by the Issuer, UPC Holding 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 either the Issuer's or UPC Holding's affairs since the date of this offering memorandum.

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

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

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. None of the Issuer, UPC Holding or the Initial Purchasers is responsible for your compliance with these legal requirements.

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

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE

PURSUANT TO INTERNAL REVENUE SERVICE CIRCULAR 230, THE ISSUER HEREBY INFORMS YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE. SUCH DESCRIPTION WAS WRITTEN IN CONNECTION WITH THE MARKETING OF THE NOTES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

NOTICE TO U.S. INVESTORS

Each purchaser of Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this offering memorandum under "*Transfer Restrictions*". The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer Restrictions*". The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this offering memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any note to the public.

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

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

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

(b) to fewer than 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), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or

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

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC and amendments hereto, 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 the offering located within a member state of the EEA 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 trust and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the offering.

NOTICE TO CERTAIN EUROPEAN INVESTORS

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

Germany The Notes may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as amended, the Commission Regulation (EC) No 809/2004 of April 29, 2004 as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. This offering memorandum has not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the Directive 2003/71/EC and accordingly the Notes may not be offered publicly in Germany.

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

Italy No action has been or will be taken which could allow an offering of the Notes to the public in the Republic of Italy. Accordingly, the Notes may not be offered or sold directly or indirectly in the Republic of Italy, and neither this offering memorandum nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in the Republic of Italy, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. The Notes cannot be offered or sold to any natural persons or to entities other than qualified investors (according to the definition provided for by the Prospectus Directive) either on the primary or on the secondary market.

Grand Duchy of Luxembourg The terms and conditions relating to this offering memorandum have 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 circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except for the sole purpose of the admission to trading and listing of the Notes on the Official List of the Luxembourg Stock Exchange and except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities.

The Netherlands The Notes (including rights representing an interest in each global note that represents the Notes) may not be offered or sold to individuals or legal entities in The Netherlands unless a prospectus relating to the offer is available to the public which is approved by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) or by a supervisory authority of another member state of the European Union. Article 5:3 Financial Supervision Act (the "FSA") and article 53 paragraph 2 and 3 Exemption Regulation FSA provide for several exceptions to the obligation to make a prospectus available such as an offer to qualified investors within the meaning of article 5:3 FSA.

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

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

United Kingdom This offering memorandum is directed solely at persons who (i) are investment professionals, as such term is defined in Article 19(5) of 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 FMSA) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

NOTICE TO CAYMAN INVESTORS

NO INVITATION MAY BE MADE TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR THE OFFERED NOTES UNLESS AT THE TIME OF INVITATION THE ISSUER IS LISTED ON THE CAYMAN ISLANDS STOCK EXCHANGE. THE ISSUER DOES NOT INTEND TO BE SO LISTED.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Data

Unless otherwise indicated, the historical consolidated financial information presented herein has been prepared in compliance with U.S. GAAP.

This offering memorandum includes the September 30, 2010 Condensed Consolidated Financial Statements of UPC Holding and its subsidiaries and the December 31, 2009 Consolidated Financial Statements of UPC Holding and its subsidiaries. UPC Holding's consolidated subsidiaries include UPC Financing and UPC Broadband Holding. UPC Holding's historical results do not necessarily indicate results that may be expected for any future period.

UPC Holding's financial results are reported in euro denominations. Certain references to the aggregate principal amount of the Notes offered hereby and related references have been translated in this offering memorandum, for convenience, into euros at the September 30, 2010 rate of $1.36 per €1.00. Unless otherwise indicated, other convenience translations into euros have also been calculated as of September 30, 2010.

This offering memorandum also includes the Issuer's opening balance sheet as of its date of incorporation. The Issuer intends to publish its first annual financial statements in respect of the year ended 2011. Financial statements will be published by the Issuer on an annual basis and the Issuer will not prepare interim financial statements.

As further described under "*General Description of UPC Holding's Business, the Issuer and the Offering—The Issuer and Consolidation of the Issuer by UPC Holding*" below, following the issuance of the Notes and the related advance of the proceeds to UPC Financing pursuant to the Finco Loan, UPC Financing and its parent entities, including UPC Holding, will consolidate the Issuer.

Certain amounts and percentages presented herein have been rounded and, accordingly, may not total.

Definitions

Unless otherwise stated or unless the context otherwise requires, the terms "we", "us" and "our" and "UPC Holding" as used in this offering memorandum refer to UPC Holding, with or without its consolidated subsidiaries, as the context requires.

"7¾% Notes" refers to UPC Holding's €500 million aggregate principal amount of 7¾% Senior Notes due 2014.

"8% Notes" refers to UPC Holding's €300 million aggregate principal amount of 8% Senior Notes due 2016.

"8⅜% Notes" refers to UPC Holding's €640 million aggregate principal amount of 8⅜% Senior Notes due 2020.

"8⅝% Notes" refers to UPC Holding's €300 million aggregate principal amount of 8⅝% Senior Notes due 2014.

"9¾% Additional Notes" refers to UPC Holding's €150 million aggregate principal amount of 9¾% Senior Notes due 2018 issued on May 29, 2009.

"9¾% Notes" refers to the 9¾% Original Notes and the 9¾% Additional Notes.

"9¾% Original Notes" refers to UPC Holding's €250 million aggregate principal amount of 9¾% Senior Notes due 2018 issued on April 30, 2009.

"9⅞% Notes" refers to UPC Holding's $400 million aggregate principal amount of 9⅞% Senior Notes due 2018.

"Additional Amounts" has the meaning given to such term in "*Description of the Notes*".

"Additional Notes" has the meaning given to such term in "*Description of the Notes*".

"Austria GmbH" refers to UPC Austria GmbH, one of UPC Holding's Austrian subsidiaries, with or without its consolidated subsidiaries, as the context requires.

"Cablecom" refers to Cablecom Holdings GmbH, the indirect parent of Cablecom GmbH, with or without its consolidated subsidiaries, as the context requires.

"Cablecom Luxembourg" refers to Cablecom Luxembourg SCA, with or without its consolidated subsidiaries, as the context requires.

"Cablecom Transfer" refers to the transaction on April 16, 2007, pursuant to which Cablecom, the indirect parent of Cablecom GmbH, became an indirect subsidiary of UPC Holding.

"Chellomedia" refers to Chellomedia B.V., with or without its consolidated subsidiaries, as the context requires.

"Clearstream" refers to Clearstream Banking, *société anonyme*.

"Collateral" has the meaning given to such term in "*Description of the Notes*".

"December 31, 2009 Consolidated Financial Statements" refers to UPC Holding's audited consolidated financial statements as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007 and the notes thereto included in this offering memorandum.

"Declaration of Trust" refers to the declaration of trust dated February 2, 2011 under the terms of which the Share Trustee holds the Issuer's issued shares.

"DirecTV" refers to The DirecTV Group, Inc., with or without its consolidated subsidiaries, as the context requires.

"DTC" refers to The Depositary Trust Company.

"EU" refers to the European Union.

"Euroclear" refers to the Euroclear system.

"Expenses Agreement" refers to the expenses agreement dated February 2, 2011 between the Issuer and LG Europe.

"Fee Letter" refers to the fee letter between the Issuer and UPC Financing dated on or around the Issue Date.

"Indenture" refers to the indenture governing the Notes.

"Initial Purchasers" refers to Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities LLC, Deutsche Bank Securities Inc., The Royal Bank of Scotland plc, and UBS Limited.

"Intercreditor Agreement" refers to the Intercreditor Agreement, as amended, which was originally entered into on July 29, 2005 among LGE Financing, the trustee on behalf of the holders of the 7¾% Notes and acceded to on October 10, 2005, April 17, 2007, April 30, 2009, May 29, 2009 and August 13, 2010 by the trustee on behalf of the holders of the 8⅝% Notes, the 8% Notes, the 9¾% Notes, the 9⅞% Notes and the 8⅜% Notes, respectively, and June 14, 2007 by the security agent on behalf of the lenders under the UPC Holding Facility (to the extent any amounts are outstanding thereunder from time to time).

"Issue Date" refers to the date of first issuance of the Notes.

"Issuer" refers to UPCB Finance III Limited, wholly owned by a charitable trust, and the issuer of the Notes.

"LG Europe" refers to Liberty Global Europe B.V.

"LGE Financing" refers to Liberty Global Europe Financing B.V., the direct parent of UPC Holding, with or without its consolidated subsidiaries, as the context requires.

"LGI" refers to Liberty Global, Inc., with or without its consolidated subsidiaries, as the context requires.

"LGI Combination" refers to the combination of LGI International and UGC on June 15, 2005.

"LGI International" refers to LGI International, Inc. (formerly Liberty Media International, Inc.), with or without its consolidated subsidiaries, as the context requires.

"Liberty Global Europe" refers to Liberty Global Europe Holding B.V., with or without its consolidated subsidiaries, as the context requires.

"Liberty Global Europe Management" refers to Liberty Global Europe Management B.V. (formerly UGC Europe Management B.V.), with or without its consolidated subsidiaries, as the context requires.

"Liberty Global Holding" refers to Liberty Global Holding B.V.

"Liberty Media" refers to Liberty Media Corporation, with or without its consolidated subsidiaries, as the context requires.

"Loan Documents" has the meaning given to such term in "*Description of the Notes*".

"Luxco DTH" refers to UPC DTH S.a.r.l., with or without its consolidated subsidiaries, as the context requires.

"Metrópolis" refers to Metrópolis Intercom S.A., with or without its consolidated subsidiaries, as the context requires.

"Notes" refers to the $1 billion aggregate principal amount of % Notes due 2020 offered hereby.

"Paying Agent" refers to the Principal Paying Agent and The Bank of New York Mellon acting in its capacity as New York paying agent under the Indenture.

"Principal Paying Agent" refers to The Bank of New York Mellon acting in its capacity as paying agent under the Indenture.

"Registrar" refers to The Bank of New York Mellon (Luxembourg) S.A. acting in its capacity as registrar under the Indenture.

"Security Agent" refers to The Bank of New York Trust Company (Cayman) Limited acting in its capacity as security agent under the Indenture.

"Share Charge" refers to a charge granted by the Share Trustee in favor of the Security Agent to be dated the issue date of the Notes.

"Share Trustee" refers to MaplesFS Limited, in its capacity as share trustee under the Declaration of Trust.

"Telefónica" refers to Compañia de Telecommunicaciones de Chile SA, with or without its consolidated subsidiaries, as the context requires.

"Telenet" refers to Telenet Group Holding N.V., with or without its consolidated subsidiaries, as the context requires.

"Tirol" refers to Telesystem Tirol GmbH & Co. KG, with or without its consolidated subsidiaries, as the context requires.

"Tirol Acquisition" refers to the acquisition of Tirol by UPC Holding's operating subsidiary in Austria on October 2, 2007.

"Transfer Agent" refers to The Bank of New York Mellon acting in its capacity as transfer agent and New York transfer agent under the Indenture.

"Trustee" refers to The Bank of New York Mellon acting in its capacity as trustee under the Indenture.

"September 30, 2010 Condensed Consolidated Financial Statements" refers to UPC Holding's unaudited condensed consolidated financial statements as of September 30, 2010 and 2009 and for the three and nine months ended September 30, 2010 and 2009 and the notes thereto included in this offering memorandum.

"UGC" refers to UnitedGlobalCom, Inc., with or without its consolidated subsidiaries, as the context requires.

"Unite Holdco" refers to Unite Holdco III B.V., a subsidiary of UPC Holding.

"Unitymedia" refers to Unitymedia GmbH, an indirect subsidiary of LGI, with or without its consolidated subsidiaries as the context requires.

"UPC Broadband Holding" refers to UPC Broadband Holding B.V., with or without its consolidated subsidiaries, as the context requires.

"UPC Broadband Holding Bank Facility" refers to the senior secured credit facility agreement entered into on January 16, 2004, as amended or supplemented from time to time, including as amended and restated pursuant to a deed of amendment and restatement dated May 10, 2006 and further amended pursuant to amendment letters dated December 11, 2006, April 16, 2007, April 30, 2009 and June 9, 2009, between, among others, UPC Broadband Holding, as borrower, The Bank of Nova Scotia, as facility agent and as security agent, and certain banks and financial institutions as lenders.

"UPC Europe Division" refers to UPC Holding's European broadband communications operations.

"UPC Financing" refers to UPC Financing Partnership, an indirectly wholly-owned subsidiary of UPC Holding.

"UPC Holding" refers to UPC Holding B.V., with or without its consolidated subsidiaries, as the context requires.

"UPC Holding Facility" refers to the €250 million term loan facility agreement dated June 14, 2007 among UPC Holding, as borrower, TD Securities (USA) LLC and JP Morgan plc, as mandated lead arrangers, Toronto Dominion (Texas) LLC, as facility agent, and The Bank of New York, as security agent. Effective May 16, 2008, amounts outstanding under the €250 million UPC Holding Facility were rolled into the UPC Broadband Holding Bank Facility.

"UPC Holding Senior Notes" or "UPCH Notes" refers to the 8% Notes, 8⅜% Notes, the 9¾% Notes and the 9⅞% Notes.

"UPC Holding Subordinated Loans" refers to related-party loans provided under a master (loan) agreement dated February 28, 2001 under which LGE Financing, another subsidiary of LG Europe, from time to time provides loans to UPC Holding. See "*Description of Other Indebtedness of UPC Holding—UPC Holding Subordinated Loans*".

"UPC Polska" refers to UPC Polska, Sp.z.o.o., with or without its consolidated subsidiaries, as the context requires.

"UPC Qualified Notes" has the meaning given to such term in "*Description of the Notes*".

"UPC Slovenia" refers to UPC Telemach širokopasovne komunikacije d.o.o., with or without its consolidates subsidiaries, as the context requires, which UPC Slovenia Holding B.V. sold to an unrelated third party on July 15, 2009.

"UPCB Finance Limited" refers to UPCB Finance Limited, a Cayman Islands exempted company limited by shares and the issuer of the UPCB Senior Secured Notes.

"UPCB Finance II Limited" refers to UPCB Finance II Limited, a Cayman Islands exempted company limited by shares and the issuer of the UPCB II Senior Secured Notes.

"UPCB Senior Secured Notes" refers to the €500 million aggregate principal amount of 7⅝% senior secured notes due 2020 issued by UPCB Finance Limited.

"UPCB II Senior Secured Notes" refers to the €750 million aggregate principal amount of 6⅜% senior secured notes due 2020 issued by UPCB Finance II Limited.

"U.S. Exchange Act" refers to the U.S. Securities Exchange Act of 1934, as amended.

"U.S. GAAP" refers to generally accepted accounting principles in the United States.

"U.S. Securities Act" refers to the U.S. Securities Act of 1933, as amended.

"VTR" refers to VTR GlobalCom S.A., with or without its consolidated subsidiaries, as the context requires.

"VTR Bank Facility" refers to the amended and restated $475 million senior secured credit facility agreement dated as of May 18, 2007 among VTR as borrower, Citibank N.A. and other lenders party thereto from time to time as lenders and Toronto Dominion (Texas) LLC as facility agent (which was replaced by Citibank, N.A. on June 25, 2007 pursuant to a resignation letter). On March 22, 2010, the third-party lender assigned its rights and obligations under the VTR facility to a subsidiary of UPC Broadband Holding.

All references in this offering memorandum to "EUR" or "€" are to euro, to "U.S.$" or "$" are to U.S. dollars, to "CHF" are to Swiss francs, to "CLP" are to Chilean pesos, to "HUF" are to Hungarian forints, "RON" are to Romanian new leu, to "CZK" are to Czech koruna and to "PLN" are to Polish zloty.

For an explanation or definition of certain other terms used in this offering memorandum, see "*Glossary*" starting on page G-1 of this offering memorandum.

SUBSCRIBER, MARKET AND INDUSTRY DATA

Subscriber Data

Each subscriber is counted as a revenue generating unit ("RGU") for each service subscribed. Thus, a subscriber who receives from UPC Holding cable television, broadband internet and telephony services (regardless of their number of telephony access lines) would be counted as three RGUs. The subscriber data included in this offering memorandum, including penetration rates, average monthly subscription revenue earned per average RGU ("ARPU") are determined by management, are not part of UPC Holding's financial statements and have not been audited or otherwise reviewed by an outside auditor, consultant or expert or by any of the Initial Purchasers.

Market and Industry Data

UPC Holding operates in an industry in which it is difficult to obtain precise market and industry information. UPC Holding has generally obtained the market and competitive position data in this offering memorandum from industry publications and from surveys or studies conducted by third party sources that it believes to be reliable.

However, none of the Issuer, UPC Holding, the Initial Purchasers or any of their respective advisors can verify the accuracy and completeness of such information and none of the Issuer, UPC Holding, the Initial Purchasers or any of their respective advisors has independently verified such market and position data. UPC Holding does, however, accept responsibility for the correct reproduction of this information and, as far as it is aware and is able to ascertain from information published, no facts have been omitted that would render the reproduced information inaccurate or misleading.

In addition, in many cases UPC Holding has made statements in this offering memorandum regarding its industry and its position in the industry based on its experience and its own investigation of market conditions. None of the Issuer, UPC Holding, the Initial Purchasers or any of their respective advisors can assure you that any of these assumptions are accurate or correctly reflect its position in the industry, and none of its internal surveys or information has been verified by independent sources.

EXCHANGE RATE INFORMATION

UPC Holding presents its consolidated financial statements in euro. UPC Holding has set forth in the table below, for the periods and dates indicated, certain information regarding the exchange rates between U.S. dollars and the euro based on the market rates at 6 p.m. London time. UPC Holding has provided this exchange rate information solely for your convenience. Neither the Issuer nor UPC Holding makes any representation that any amount of currencies specified in the table below has been, or could be, converted into the applicable currency at the rates indicated or any other rate. The market rate at 6 p.m. London time of the euro on September 30, 2010 was $1.36 = €1.00.

	U.S.$ per €1.00			
	Period Average	High	Low	Period End
Year				
2005	1.24	1.35	1.17	1.18
2006	1.26	1.33	1.19	1.32
2007	1.37	1.49	1.29	1.46
2008	1.47	1.60	1.24	1.39
2009	1.39	1.51	1.25	1.43
2010	1.33	1.45	1.20	1.34
Month				
January 2011	1.34	1.37	1.29	1.37
February 2011 (through February 4, 2011)	1.37	1.38	1.36	1.36

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 UPC Holding's future financial condition, results of operations and business, UPC Holding's product, acquisition, disposition and finance strategies, UPC Holding's capital expenditures, subscriber growth and retention rates, competitive and economic factors, anticipated cost increases, liquidity, credit risks, foreign currency risks and target leverage levels. In some cases, you can identify these statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "potential", "predict", "project", "should", and "will" and similar words used in this offering memorandum.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond the control of the Issuer or UPC Holding. 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 UPC Holding's present and future business strategies and the environment in which it operates. The Issuer and UPC Holding caution readers not to place undue reliance on the statements, which speak only as of the date of this offering memorandum, and the Issuer and UPC Holding expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in its 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, the Issuer or UPC Holding expresses 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*".

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

- economic and business conditions and industry trends in the countries in which UPC Holding, and the entities in which it has interests, operate;
- the competitive environment in the broadband communications and programming industries in the countries in which UPC Holding, and the entities in which it has interests, operate;
- competitor responses to products and services of UPC Holding, and the products and services of the entities in which it has interests;
- fluctuations in currency exchange rates and interest rates;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of existing service offerings, including UPC Holding's digital video, voice and broadband internet services;
- consumer acceptance of new technology, programming alternatives and broadband services that UPC Holding may offer;
- UPC Holding's ability to manage rapid technological changes;
- UPC Holding's ability to maintain or increase the number of subscriptions to its digital video, voice and broadband internet services and its average revenue per household;
- UPC Holding's ability to maintain or increase rates to its subscribers or to pass through increased costs to its subscribers;

- the impact of UPC Holding's future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- the outcome of any pending or threatened litigation;
- continued consolidation of the foreign broadband distribution industry;
- changes in, or failure or inability to comply with, government regulations in the countries in which UPC Holding, and the entities in which it has interests, operate and adverse outcomes from regulatory proceedings;
- UPC Holding's ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions, as well as its ability to satisfy conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- government intervention that opens UPC Holding's broadband distribution networks to competitors;
- the ability of UPC Holding to successfully negotiate rate increases with local authorities;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in countries in which UPC Holding, or the entities in which it has interests, operate;
- changes in laws or regulations that may impact the availability and cost of credit and the derivative instruments that hedge certain of UPC Holding's financial risks;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- capital spending for the acquisition and/or development of telecommunications networks and services;
- UPC Holding's ability to successfully integrate and recognize anticipated efficiencies from the businesses it acquires;
- problems UPC Holding may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses it acquires;
- the ability of suppliers and vendors to timely deliver products, equipment, software and services;
- the availability of attractive programming for UPC Holding's digital video services at reasonable costs;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint venturers; and
- events that are outside of UPC Holding's control, such as political unrest in international markets, terrorist attacks, natural disasters, pandemics and other similar events.

The broadband communications services industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this offering memorandum are subject to a significant degree of risk. These forward-looking statements and the above described risks, uncertainties and other factors speak only as of the date of this offering memorandum, and the Issuer and UPC Holding expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in its expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer or UPC Holding or persons acting on their behalf may issue. The Issuer and UPC Holding do not undertake any 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.

The Issuer and UPC Holding disclose important factors that could cause their actual results to differ materially from their expectations in this offering memorandum. These cautionary statements qualify all forward-looking statements attributable to the Issuer or UPC Holding or persons acting on their behalf. When UPC Holding indicates that an event, condition or circumstance could or would have an adverse effect on it, it means to include effects upon business, financial and other conditions, results of operations and ability to make payments on the Finco Loan, which in turn would have an adverse effect on the Issuer's ability to make payments under the Notes.

AVAILABLE INFORMATION

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

Neither the Issuer nor UPC Holding is currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, the Issuer will furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Information*".

GENERAL DESCRIPTION OF UPC HOLDING'S BUSINESS, THE ISSUER AND THE OFFERING

This general description of UPC Holding's business, the Issuer and the offering highlights selected information contained in this offering memorandum regarding UPC Holding, the Issuer and the Notes. It does not contain all the information you should consider prior to investing in the Notes. You should read the entire offering memorandum carefully, including the "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations of UPC Holding", the September 30, 2010 Condensed Consolidated Financial Statements and the December 31, 2009 Consolidated Financial Statements and the notes to those financial statements included in this offering memorandum. Please see page G-1 of this offering memorandum for a glossary of technical terms used in this offering memorandum.

UPC Holding's Business

UPC Holding provides video, voice and broadband internet services in nine countries in Europe through its UPC Europe Division. UPC Holding also provides fixed line and mobile telephony services. In terms of video subscribers, UPC Holding operates the largest cable network in each of Austria, the Czech Republic, Hungary, Ireland, Poland, Slovakia and Switzerland and the second largest cable network in the Netherlands and in Romania. In addition, VTR, UPC Holding's 80%-owned subsidiary, is the operator of the largest cable network in Chile. Provided below is country specific information with respect to the broadband communications services of the UPC Europe Division and VTR. Unless otherwise indicated, the operational and statistical data provided below is as of September 30, 2010.

The geographical distribution of subscribers and homes passed in these groups and certain other operational data as of September 30, 2010, is set forth in the tables below.

	September 30, 2010		
	Homes Passed (1)	Two-way Homes Passed (2)	Customer Relationships (3)
Market			
UPC Europe Division:			
The Netherlands (4)	2,782,500	2,663,200	1,909,700
Switzerland (4)	2,029,100	1,714,100	1,573,000
Austria	1,167,000	1,167,000	706,500
Ireland	876,300	648,700	531,000
Total Western Europe	6,854,900	6,193,000	4,720,200
Hungary	1,244,100	1,230,500	876,200
Romania	2,068,900	1,632,400	1,156,000
Poland	2,040,000	1,914,800	1,086,300
Czech Republic	1,323,300	1,213,500	752,900
Slovakia	494,200	444,400	271,700
Total Central and Eastern Europe	7,170,500	6,435,600	4,143,100
Total UPC Europe Division	14,025,400	12,628,600	8,863,300
VTR (Chile)	2,665,700	2,015,000	1,068,800
Total	16,691,100	14,643,600	9,932,100

	September 30, 2010								
		Video Subscribers				Internet		Telephony	
	Total RGUs (5)	Analog Cable Subscribers (6)	Digital Cable Subscribers (7)	DTH Subscribers (8)	MMDS Subscribers (9)	Homes Serviceable (10)	Subscribers (11)	Homes Serviceable (12)	Subscribers (13)
Market									
UPC Europe Division:									
The Netherlands (4)	3,424,900	1,051,000	855,800	—	—	2,701,300	815,600	2,672,100	702,500
Switzerland (4)	2,358,400	1,105,200	431,700	—	—	2,101,000	500,900	2,100,800	320,600
Austria	1,276,300	269,600	257,500	—	—	1,167,000	435,100	1,167,000	314,100
Ireland	762,700	115,300	308,600	—	66,900	648,700	184,700	578,200	87,200
Total Western Europe	7,822,300	2,541,100	1,853,600	—	66,900	6,618,000	1,936,300	6,518,100	1,424,400
Hungary	1,386,800	357,500	225,800	177,900	—	1,230,500	358,100	1,232,900	267,500
Romania	1,554,200	694,200	263,600	198,200	—	1,632,400	256,000	1,570,600	142,200
Poland	1,732,200	683,900	332,800	—	—	1,914,800	498,900	1,914,700	216,600
Czech Republic	1,191,400	123,200	402,400	83,300	—	1,213,500	399,000	1,209,400	183,500
Slovakia	360,900	145,800	78,300	34,000	3,000	407,000	67,900	407,000	31,900
Total Central and Eastern Europe	6,225,500	2,004,600	1,302,900	493,400	3,000	6,398,200	1,579,900	6,334,600	841,700
Total UPC Europe Division	14,047,800	4,545,700	3,156,500	493,400	69,900	13,016,200	3,516,200	12,852,700	2,266,100
VTR (Chile)	2,201,900	308,400	586,500	—	—	2,015,000	689,700	2,004,000	617,300
Total	16,249,700	4,854,100	3,743,000	493,400	69,900	15,031,200	4,205,900	14,856,700	2,883,400

(1) Homes Passed are homes or residential multiple dwelling units that can be connected to UPC Holding's networks without materially extending the distribution plant, except for direct-to-home (DTH) and Multi-channel Multipoint (microwave) Distribution System (MMDS) homes. UPC Holding's Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results. With respect to MMDS, one MMDS customer is equal to one Home Passed. Due to the fact that UPC Holding does not own the partner networks (defined below) used in Switzerland and the Netherlands (see note 4) or the unbundled loop and shared access network used by one of its Austrian subsidiaries, Austria GmbH, UPC Holding does not report homes passed in Switzerland's or the Netherlands' partner networks or the unbundled loop and shared access network used by Austria GmbH.

(2) Two-way Homes Passed are Homes Passed by those sections of UPC Holding's networks that are technologically capable of providing two-way services, including video and internet services and, in most cases, telephony services. Due to the fact that UPC Holding does not own the partner networks used in Switzerland and the Netherlands or the unbundled loop and shared access network used by Austria GmbH, it does not report two-way homes passed for Cablecom's or the Netherlands' partner networks or the unbundled loop and shared access network used by Austria GmbH.

(3) Customer Relationships are the number of customers who receive at least one of our video, internet or voice services that UPC Holding counts as Revenue Generating Units (RGUs), without regard to which, or to how many services they subscribe. To the extent that RGU counts include equivalent billing unit (EBU) adjustments, UPC Holding reflects corresponding adjustments to its Customer Relationship counts. For further information regarding UPC Holding's EBU calculation, see "*Additional General Notes to the Subscriber Tables*" below. Customer Relationships generally are counted on a unique premise basis. Accordingly, if an individual receives UPC Holding's services in two premises (e.g., primary home and vacation home), that individual generally will count as two Customer Relationships. UPC Holding excludes mobile customers from Customer Relationships.

(4) Pursuant to service agreements, Cablecom and, to a much lesser extent UPC Netherlands, offer digital cable, broadband internet and telephony services over networks owned by third-party cable operators (partner networks). A partner network RGU is only recognized if there is a direct billing relationship with the customer. Homes Serviceable for partner networks represent the estimated number of homes that are technologically capable of receiving the applicable service within the geographic regions covered by the applicable service agreements. Internet and Telephony Homes Serviceable with respect to partner networks have been estimated by Cablecom. These estimates may change in future periods as more accurate information becomes available. At September 30, 2010, Cablecom's partner networks account for 108,200 Customer Relationships, 157,300 RGUs, 71,600 Digital Cable Subscribers, 386,900 Internet Homes Serviceable, 386,700 Telephony Homes Serviceable, 51,900 Internet Subscribers, and 33,800 Telephony Subscribers. In addition, partner networks account for 476,500 digital cable homes serviceable that are not included in Homes Passed or Two-way Homes Passed in UPC Holding's September 30, 2010 subscriber table.

(5) Revenue Generating Unit is separately an Analog Cable Subscriber, Digital Cable Subscriber, DTH Subscriber, MMDS Subscriber, Internet Subscriber or Telephony Subscriber. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer in UPC Holding's Austrian system subscribed to its digital cable service, telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Analog Cable, Digital Cable, DTH, MMDS, Internet and Telephony Subscribers. RGUs generally are counted on a unique premise basis such that a given premise does not count as more than one RGU for any given service. On the other hand, if an individual receives UPC Holding's service in two premises (e.g. a primary home and a vacation home), that individual will count as two RGUs. Each bundled cable, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers, free service to employees) generally are not counted as RGUs.

(6) Analog Cable Subscriber is a home, residential multiple dwelling unit or commercial unit that receives UPC Holding's analog cable service over its broadband network. In Europe, UPC Holding has approximately 416,300 "lifeline" customers that are counted on a per connection basis, representing the least expensive regulated tier of basic cable service, with only a few channels.

(7) Digital Cable Subscriber is a home, residential multiple dwelling unit or commercial unit that receives UPC Holding's digital cable service over its broadband network or through a partner network. UPC Holding counts a subscriber with one or more digital converter boxes that receives its digital cable service as just one subscriber. A Digital Cable Subscriber is not counted as an Analog Cable Subscriber. As UPC Holding migrates customers from analog to digital cable services, it reports a decrease in its Analog Cable Subscribers equal to the increase in its Digital Cable Subscribers. Individuals who receive digital cable service through a purchased digital set-top box or cable card but do not pay a monthly digital service fee are counted as Digital Cable Subscribers to the extent that such individuals are subscribing to UPC Holding's analog cable service. In

the case of Cablecom, UPC Holding estimates the number of such subscribers using surveys and other means. At September 30, 2010, UPC Holding included 42,600 of these subscribers in the Digital Cable Subscribers reported for Cablecom. Subscribers to digital cable services provided by Cablecom over partner networks receive analog cable services from the partner networks as opposed to Cablecom.

(8) DTH Subscriber is a home, residential multiple dwelling unit or commercial unit that receives UPC Holding's video programming broadcast directly via a geosynchronous satellite.

(9) MMDS Subscriber is a home, residential multiple dwelling unit or commercial unit that receives UPC Holding's video programming via a multichannel multipoint (microwave) distribution system.

(10) Internet Homes Serviceable are Two-way Homes Passed that can be connected to UPC Holding's network, or a partner network with which UPC Holding has a service agreement, for the provision of broadband internet services if requested by the customer, building owner or housing association, as applicable. With respect to Austria GmbH, UPC Holding does not report as Internet Homes Serviceable those homes served either over an unbundled loop or over a shared access network.

(11) Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over UPC Holding's networks, or that UPC Holding services through a partner network. UPC Holding's Internet Subscribers in Austria include 79,300 residential digital subscriber line (DSL) subscribers of Austria GmbH that are not serviced over its networks. UPC Holding's Internet Subscribers do not include customers that receive services from dial-up connections.

(12) Telephony Homes Serviceable are Two-way Homes Passed that can be connected to UPC Holding's network, or a partner network with which it has a service agreement, for the provision of telephony services if requested by the customer, building owner or housing association, as applicable. With respect to Austria GmbH, UPC Holding does not report as Telephony Homes Serviceable those homes served over an unbundled loop rather than its network.

(13) Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives voice services over UPC Holding's networks, or that it services through a partner network. Telephony Subscribers exclude mobile telephony subscribers. UPC Holding's Telephony Subscribers in Austria include 55,600 residential subscribers of Austria GmbH that are not serviced over its networks.

Additional General Notes to the Subscriber Tables

With respect to Chile, residential multiple dwelling units with a discounted pricing structure for video, broadband internet or telephony services are counted on an EBU basis. With respect to commercial establishments, such as bars, hotels and hospitals, to which UPC Holding provides video and other services primarily for the patrons of such establishments, the subscriber count is generally calculated on an EBU basis by UPC Holding's subsidiaries. EBU is generally calculated by dividing the bulk price charged to accounts in an area by the most prevalent price charged to non-bulk residential customers in that market for the comparable tier of service. As such, UPC Holding may experience variances in its EBU counts solely as a result of changes in rates. On a business-to-business basis, certain of UPC Holding's subsidiaries provide data, telephony and other services to businesses, primarily in the Netherlands, Switzerland, Austria, Ireland, Hungary and Romania. UPC Holding generally does not count customers of these services as subscribers, customers or RGUs.

While UPC Holding takes appropriate steps to ensure that subscriber statistics are presented on a consistent and accurate basis at any given balance sheet date, the variability from country to country in (i) the nature and pricing of products and services, (ii) the distribution platform, (iii) billing systems, (iv) bad debt collection experience and (v) other factors add complexity to the subscriber counting process. UPC Holding periodically reviews its subscriber counting policies and underlying systems to improve the accuracy and consistency of the data reported. Accordingly, it may from time to time make appropriate adjustments to its subscriber statistics based on those reviews.

Subscriber information for acquired entities is preliminary and subject to adjustment until UPC Holding has completed its review of such information and determined that it is presented in accordance with its policies.

UPC Holding's Services

UPC Holding offers a variety of broadband services over its cable television systems, including video, broadband internet and telephony. Available service offerings depend on the bandwidth capacity of UPC Holding's systems and whether they have been upgraded for two-way communications. In select markets, UPC Holding also offers video services through DTH or through MMDS. UPC Holding's video service offerings include basic programming and, in some markets, expanded basic programming. UPC Holding tailors both its basic channel line-up and its additional channel offerings to each system according to culture, demographics, programming preferences and local regulation. UPC Holding's video service offerings include basic and premium programming, and in most markets, incremental product and service offerings such as enhanced pay-per-view programming, including video-on-demand ("VoD") and near-video-on-demand ("NVoD"), digital video recorders ("DVR") and high definition ("HD") television services. UPC Holding offers broadband internet services in all of its broadband communications markets. UPC Holding's residential subscribers generally access the internet, via cable modems connected to their personal computers, at various speeds depending on the tier of service selected. UPC Holding determines pricing for each different tier of internet service through analysis of speed, data limits, market conditions and other factors.

UPC Holding offers telephony services in all of its broadband communications markets. In Austria, Chile, Hungary and the Netherlands, UPC Holding provides circuit switched telephony services and voice-over-internet-protocol ("VoIP") telephony services. Telephony services in the remaining markets are provided using VoIP technology. In select markets, UPC Holding also offers mobile telephony services using third party networks.

UPC Holding's Strategy

Subject to competitive and economic factors, UPC Holding continues to focus on growing its subscriber base and average revenue per subscriber by rolling out bundled entertainment, information and communications services. UPC Holding believes its triple-play offering of video, telephony and broadband access to the internet (and its quadruple-play offering of video, broadband access, fixed line telephony and mobile telephony in Switzerland) will continue to prove attractive to its existing customer base.

UPC Holding intends to continue to examine and pursue acquisition and joint venture opportunities to aid growth of its subscriber base and distribution presence, to pursue new business opportunities and to maximize operating efficiencies. In addition, UPC Holding intends to continue to examine and pursue opportunities in the short and long term to proactively manage its liquidity position and to extend its debt maturity profile, and may from time to time pay down without cancelling its re-drawable term loan facilities with additional borrowings under the UPC Broadband Holding Bank Facility.

The Issuer and Consolidation of the Issuer by UPC Holding

The Issuer was incorporated under the laws of the Cayman Islands on February 1, 2011, as a special purpose financing company for the primary purpose of facilitating the offering of the Notes and is owned 100% by a charitable trust. The authorized share capital of the Issuer is $50,000 divided into 50,000 ordinary shares of $1.00 each, 250 of which have been issued. All of the issued shares of the Issuer are fully-paid and are held by MaplesFS Limited as share trustee (in such capacity, the "Share Trustee") under the terms of the Declaration of Trust. These shares will be subject to the Share Charge granted by the Share Trustee in favor of the Security Agent.

The Issuer has no material business operations and upon completion of this offering will have no material assets other than the Finco Loan advanced in connection with the offering of the Notes and its rights under certain related agreements. The Issuer has not engaged in any business activities or incurred any material liabilities since the date of its incorporation, other than relating to this offering and transactions related thereto. The Issuer is dependent on payments by UPC Financing under the Finco Loan in order to service its obligations under the Notes. The proceeds from the offering of the Notes will be loaned by the Issuer to UPC Financing pursuant to the Finco Loan. Although UPC Financing has no equity or voting interest in the Issuer, the Finco Loan creates a variable interest in the Issuer for which UPC Financing is the primary beneficiary, as contemplated by U.S. GAAP. As such, UPC Financing and its parent entities, including UPC Holding, will be required by the provisions of U.S. GAAP to consolidate the Issuer following the issuance of the Notes. Accordingly, following the issuance of the Notes, the Finco Loan will be eliminated through the consolidation of the Issuer within UPC Holding's consolidated financial statements. See "*Risk Factors—Holders of the Notes have limited recourse to the Issuer, as payments under the Notes are limited to the amount of certain payments received by the Issuer under the UPC Broadband Holding Bank Facility and the related agreements*".

Brief Description of the Structure of the Offering

In connection with the offering of the Notes, the Issuer will enter into a Finco Accession Agreement with UPC Financing and the facility agent under the UPC Broadband Holding Bank Facility pursuant to which the Issuer will make available to UPC Financing an additional facility under the UPC Broadband Holding Bank Facility in a principal amount equal to the aggregate principal amount of the Notes issued in the offering. On the Issue Date, the Issuer will advance the proceeds of the issuance of the Notes together with the fees payable to it by UPC Financing under the Fee Letter to the extent the Notes are issued with original issue discount to UPC Financing pursuant to the Finco Accession Agreement.

The Issuer, as a lender under the UPC Broadband Holding Bank Facility (a "UPCB Lender"), will be treated the same as all other lenders under that facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to other UPCB Lenders. Through the covenants in the Indenture and the security interests over all of the issued shares of the Issuer and the Finco Loan granted to secure the Issuer's obligations under the Notes, the holders of Notes will be provided indirectly with the benefits, rights and protections granted to the Issuer as a UPCB Lender, including the indirect benefit of the covenants contained in the UPC Broadband Holding Bank Facility and of the security granted for the benefit of the UPCB Lenders. See "*Description of the UPC Broadband Holding Bank Facility*". Thus, in the case of the ongoing obligations of UPC Broadband Holding and its subsidiaries (the "UPCB Group") and UPC Financing under the UPC Broadband Holding Bank Facility, the Issuer will be treated in the same way as the other UPCB Lenders, with the right to vote as part of the lending group at the direction of the holders of the Notes and to receive principal and interest on the Finco Loan, which it will in turn use to make payments on the Notes. For a description of procedures under the Indenture and the Finco Accession Agreement regarding voting rights of holders of the Notes with respect to decisions under the UPC Broadband Holding Bank Facility, see below under "*Description of the Notes—Amendment, Supplement and Waiver—To the UPC Broadband Holding Bank Facility*".

Under the UPC Broadband Holding Bank Facility, to the extent the UPCB Group is in compliance with certain financial ratios, the borrowers under the UPC Broadband Holding Bank Facility, at their discretion and without the consent of the UPCB Lenders, are permitted to incur additional *pari passu* indebtedness pursuant to additional facilities under the UPC Broadband Holding Bank Facility, which benefit from the protections provided to all UPCB Lenders, including the representations and warranties, covenants, guarantees and security provided thereunder. For a further description of the UPC Broadband Holding Bank Facility, see "*Description of the Notes—Description of the UPC Broadband Holding Bank Facility*". However, the UPC Broadband Holding Bank Facility limits the ability of the UPCB Group to directly issue the Notes. As a result, we have created this structure for this offering pursuant to which the Issuer will loan the proceeds of this offering of the Notes to UPC Financing, thus indirectly affording holders of Notes the ability to participate in the UPC Broadband Holding Bank Facility.

On the Issue Date, the gross proceeds of the offering, together with the fees payable to it from UPC Financing under the Fee Letter to the extent to the Notes are issued with original issue discount, will be used by the Issuer to fund a loan borrowed under an additional facility under the UPC Broadband Holding Bank Facility, and the Issuer will become a UPCB Lender. In addition to indirect benefits arising from the protections and security afforded to the Issuer as a UPCB Lender, holders of Notes will also benefit directly from the first-ranking security interests in the Collateral granted to the security agent on behalf of the Trustee and the holders of the Notes, as described in "*Description of the Notes—Security*". The principal amount of the Notes due at maturity, as well as the maturity date, rate of interest and currency, among other things, will be identical to the corresponding provisions of the Finco Loan.

Recent Developments of UPC Holding

Pending Acquisition of Aster Sp.z.o.o

On December 6, 2010, UPC Polska, a subsidiary of UPC Holding, reached an agreement to acquire 100% of the equity of Aster Sp.z.o.o ("Aster") from funds managed by Mid Europa Partners LLP. At September 30, 2010, Aster provided services to 368,000 video (including 92,000 digital TV), 177,000 internet and 70,000 fixed telephony subscribers.(1) UPC Polska will acquire 100% of the shares of Aster for an equity purchase price of PLN 870 million (€219 million). The purchase price, together with Aster's adjusted net debt at September 30, 2010 of approximately PLN 1,530 million (€385 million), represents total consideration before transaction costs of approximately PLN 2,400 million (€605 million). LGI currently anticipates that it will fund the purchase price with liquidity available to LGI, including cash on hand and available debt capacity. The transaction is subject to regulatory approval by the Polish competition authorities, and is expected to close in the first half of 2011. Upon closing, it is anticipated that Aster will be part of the UPC Holding credit group.

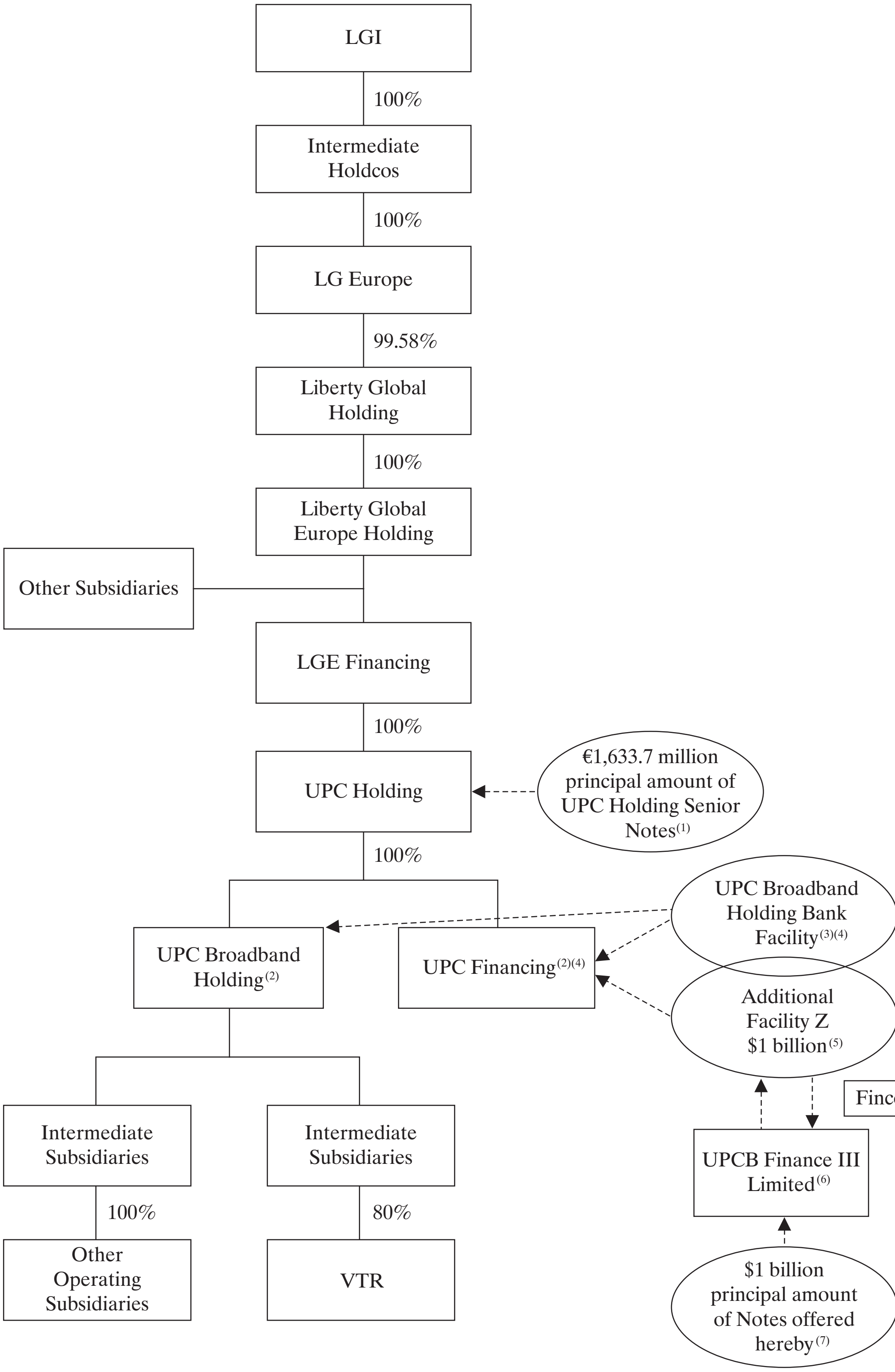
(1) Subscriber information is provided by Aster and reflects Aster's subscriber policies and not the policies of UPC Holding.

UPCB II Senior Secured Notes and Facility Y under the UPC Broadband Holding Bank Facility

On January 31, 2011, UPCB Finance II Limited, an unaffiliated special purpose financing entity created for the primary purpose of issuing senior notes, issued the UPCB II Senior Secured Notes. UPCB Finance II Limited used the proceeds from the UPCB II Senior Secured Notes to fund a new Facility Y under the UPC Broadband Holding Bank Facility. UPC Financing Partnership, an indirectly wholly-owned subsidiary of UPC Holding, is the borrower under the UPC Broadband Holding Bank Facility. The proceeds from Facility Y were used to repay outstanding borrowings under Facilities M and U under the UPC Broadband Holding Bank Facility.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following is a simplified summary of the corporate and financing structure of UPC Holding as of September 30, 2010 adjusted to give effect to the offering of the Notes and the offering of the UPCB II Senior Secured Notes.



(1) Consisting of UPC Holding's €300 million aggregate principal amount of 8% senior notes due 2016, €400 million aggregate principal amount of 9¾% senior notes due 2018, $400 million (€293.7 million equivalent) aggregate principal amount of 9⅞% senior notes due 2018 and €640 million aggregate principal amount of 8⅜% senior notes due 2020.

(2) Both UPC Broadband Holding and UPC Financing are, and will continue to be following the offering of the Notes, the funding of the Finco Loan and the application of the proceeds of the Finco Loan, borrowers under the UPC Broadband Holding Bank Facility. See "*Description of the UPC Broadband Holding Bank Facility*". UPC Financing will be the borrower under the Finco Loan, which will be a new Facility Z under the UPC Broadband Holding Bank Facility.

(3) UPC Broadband Holding and UPC Financing are borrowers, and UPC Holding and certain of UPC Broadband Holding's subsidiaries are guarantors, under the UPC Broadband Holding Bank Facility. For a description of the UPC Broadband Holding Bank Facility, see "*Description of the UPC Broadband Holding Bank Facility*".

(4) The UPC Broadband Holding Bank Facility includes Facility V, which consists of a loan made to UPC Financing by UPCB Finance Limited, a special purpose financing company owned 100% by a charitable trust, using the proceeds from the issuance of the UPCB Senior Secured Notes through an offering structured substantially similar to this offering. The UPC Broadband Holding Bank Facility also includes Facility Y, which consists of a loan made to UPC Financing by UPCB Finance II Limited, a special purpose financing company owned 100% by a charitable trust, using the proceeds from the issuance of the UPCB II Senior Secured Notes through an offering structured substantially similar to this offering. Following the issuance of the UPCB Senior Secured Notes and the UPCB II Senior Secured Notes and the making of the loans under Facility V and Facility Y, respectively, UPCB Finance Limited and UPCB Finance II Limited were, and will continue to be as long as Facility V and Facility Y, respectively, remain outstanding, consolidated by UPC Holding. Accordingly, the loans under Facility V and Facility Y are eliminated through the consolidation of UPCB Finance Limited and UPCB Finance II Limited, respectively, within UPC Holding's consolidated financial statements. See "*Capitalization of UPC Holding and the Issuer*".

(5) The proceeds from the issuance of the Notes will be used by the Issuer to fund a Finco Loan, denominated in U.S. dollars, under an additional facility, Facility Z, borrowed by UPC Financing under the UPC Broadband Holding Bank Facility. The Issuer is a special purpose financing company that will be consolidated by UPC Holding following the issuance of the Notes, and, accordingly, the Finco Loan will be eliminated through the consolidation of the Issuer within UPC Holding's consolidated financial statements.

(6) UPCB Finance III Limited, the Issuer of the Notes, is owned 100% by a charitable trust.

(7) The Notes will be senior obligations of the Issuer and will rank equally with all other future senior debt of the Issuer. The Notes will be secured by, among other things, a first ranking security interest over the Issuer's rights to and benefit in the Finco Loan (including all rights of the Issuer as a lender under the UPC Broadband Holding Bank Facility). Other than under the limited circumstances described in this offering memorandum, holders of the Notes will not have a direct claim on the cash flow or assets of UPC Holding and its subsidiaries and UPC Holding and its subsidiaries will have no obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of UPC Financing to make payments to the Issuer pursuant to the Finco Loan and agreements related thereto.

SUMMARY CONDENSED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF UPC HOLDING

The table below sets out certain summary historical financial information for UPC Holding for the indicated periods. The summary condensed consolidated historical financial information as of September 30, 2010 and for the nine months ended September 30, 2010 and 2009 presented below is derived from the September 30, 2010 Condensed Consolidated Financial Statements included in this offering memorandum. The summary condensed consolidated historical financial information as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007 presented below is derived from the audited December 31, 2009 Consolidated Financial Statements included in this offering memorandum.

The consolidated financial statements included in this offering memorandum have been prepared in accordance with U.S. GAAP. The following information should be read in conjunction with the "*Management's Discussion and Analysis of Financial Condition and Results of Operations of UPC Holding*" and the September 30, 2010 Condensed Consolidated Financial Statements and the December 31, 2009 Consolidated Financial Statements included in this offering memorandum. Our historical results do not necessarily indicate results that may be expected for any future period.

As further described in note 4 to the December 31, 2009 Consolidated Financial Statements included in this offering memorandum, the consolidated financial statements for the periods presented give retroactive effect to transfers of various entities under the common control of LGI, including Cablecom and VTR, that were completed between 2007 and 2009, such that our consolidated financial statements reflect the effects of these common control transfers for all periods presented in which such entities were under the control of LGI.

UPC Holding's ultimate parent is LGI. LGI was formed for the purpose of effecting the June 2005 LGI Combination. LGI International, the predecessor to LGI, was formed on March 6, 2004 in contemplation of the spin off of certain international cable television and programming subsidiaries and assets of Liberty Media, including a majority interest in UGC. The spin off of LGI International was completed on June 7, 2004.

	Nine months ended September 30,		Year ended December 31,		
	2010	2009	2009	2008	2007
			in millions		
Consolidated Statements of Operations Data:					
Revenue	€ 2,767.7	€ 2,571.0	€ 3,453.9	€ 3,472.9	€ 3,297.2
Operating costs and expenses:					
Operating (other than depreciation and amortization) (including stock-based compensation)	1,006.9	930.9	1,251.0	1,267.2	1,298.4
Selling, general and administrative (SG&A) (including stock-based compensation)	452.4	408.3	555.2	587.2	599.2
Related party fees and allocations, net	9.1	22.8	30.6	31.5	49.2
Depreciation and amortization	738.0	790.2	1,048.5	1,079.9	1,062.8
Impairment, restructuring and other operating charges, net	10.1	89.1	90.5	118.9	20.3
	2,216.5	2,241.3	2,975.8	3,084.7	3,029.9
Operating income	551.2	329.7	478.1	388.2	267.3
Non-operating income (expense):					
Interest expense:					
Related party	(304.2)	(479.8)	(568.1)	(616.5)	(513.0)
Third party	(340.9)	(282.5)	(383.0)	(463.3)	(454.4)
Interest income	4.5	13.7	16.0	23.2	46.3
Realized and unrealized losses on derivative instruments, net	(662.2)	(474.9)	(642.9)	(181.9)	(99.5)
Foreign currency transaction gains (losses), net	22.8	101.6	102.6	(185.3)	138.8
Unrealized gains (losses) due to changes in fair values of certain investments, net	0.3	3.6	0.1	(2.1)	—
Loss on debt modifications and extinguishments, net	(18.2)	(18.0)	(17.7)	—	(16.8)
Other income (expense) net	(2.1)	1.5	1.3	(0.9)	(0.5)
	(1,300.0)	(1,134.8)	(1,491.7)	(1,426.8)	(899.1)
Loss from continuing operations before income taxes	(748.8)	(805.1)	(1,013.6)	(1,038.6)	(631.8)
Income tax benefit (expense)	(45.5)	16.8	124.8	(62.0)	(12.6)
Loss from continuing operations	(794.3)	(788.3)	(888.8)	(1,100.6)	(644.4)
Discontinued operations:					
Earnings from operations	—	2.8	2.7	11.3	9.8
Gain on disposal of discontinued operations	—	15.3	15.2	—	—
	—	18.1	17.9	11.3	9.8
Net loss	(794.3)	(770.2)	(870.9)	(1,089.3)	(634.6)
Net earnings attributable to noncontrolling interests	(16.2)	(11.6)	(16.8)	(20.1)	(9.2)
Net loss attributable to parent	€ (810.5)	€ (781.8)	€ (887.7)	€(1,109.4)	€ (643.8)

	September 30, 2010	December 31, 2009	December 31, 2008
		in millions	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	€ 71.3	€ 159.7	€ 108.6
Total assets	€ 10,206.8	€ 10,511.6	€ 10,848.5
Total current liabilities	€ 1,401.6	€ 1,533.9	€ 1,506.5
Total debt and capital lease obligations:			
Third party	€ 7,953.6	€ 8,217.1	€ 7,787.8
Related party	€ 8,271.6	€ 8,331.4	€ 8,418.7
Total liabilities	€ 19,138.3	€ 18,920.4	€ 18,458.9
Parent's deficit	€ (9,097.0)	€ (8,569.5)	€ (7,748.8)
Noncontrolling interests	€ 165.5	€ 160.7	€ 138.4
Total owners' deficit	€ (8,931.5)	€ (8,408.8)	€ (7,610.4)

Other Financial Information:

	Nine months ended September 30, 2010	Nine months ended September 30, 2009	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
			in millions		
Revenue:					
UPC Europe Division:					
The Netherlands	€ 647.7	€ 609.7	€ 817.5	€ 803.7	€ 773.5
Switzerland	594.8	545.9	731.9	692.7	637.1
Other Western Europe	460.5	445.4	599.0	607.4	591.0
Total Western Europe	1,703.0	1,601.0	2,148.4	2,103.8	2,001.6
Central and Eastern Europe	623.1	598.5	803.1	883.7	830.7
Central operations	0.4	(0.4)	0.1	0.4	2.3
Total UPC Europe Division	2,326.5	2,199.1	2,951.6	2,987.9	2,834.6
VTR (Chile)	441.2	371.9	502.3	485.0	462.6
Total UPC Holding	€2,767.7	€2,571.0	€3,453.9	€3,472.9	€3,297.2

	Nine months ended September 30, 2010	Nine months ended September 30, 2009	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
			in millions		
Operating Cash Flow(1)(2):					
UPC Europe Division:					
The Netherlands	€ 376.8	€ 356.1	€ 477.0	€ 457.2	€ 400.3
Switzerland	329.8	305.1	404.8	368.3	305.2
Other Western Europe	211.5	206.5	281.0	282.1	248.8
Total Western Europe	918.1	867.7	1,162.8	1,107.6	954.3
Central and Eastern Europe	308.9	308.4	411.8	461.6	419.7
Central operations	(86.6)	(84.0)	(118.2)	(124.0)	(135.8)
Total UPC Europe Division	1,140.4	1,092.1	1,456.4	1,445.2	1,238.2
VTR (Chile)	182.6	150.7	206.4	200.9	181.4
Total UPC Holding	€1,323.0	€1,242.8	€1,662.8	€1,646.1	€1,419.6

Certain As Adjusted Covenant Information:

	As of and for the nine months ended September 30, 2010
	in millions
Annualized EBITDA[3]	€ 1,806.1
As adjusted covenant senior debt[4][5]	€ 6,734.1
Ratio of as adjusted covenant senior debt to annualized EBITDA[4][5]	3.73x

(1) Operating cash flow is the primary measure used by UPC Holding's chief operating decision maker to evaluate segment operating performance. Operating cash flow is also a key factor that is used by UPC Holding's internal decision makers to (i) determine how to allocate resources to segments and (ii) evaluate the effectiveness of UPC Holding's management for purposes of annual and other incentive compensation plans. As UPC Holding uses the term, operating cash flow is defined as revenue less operating and SG&A expenses (excluding stock-based compensation, related-party fees and allocations, depreciation and amortization, and impairment, restructuring and other operating charges or credits). Other operating charges or credits include (i) gains and losses on the disposition of long-lived assets, (ii) direct acquisition costs, such as third party due diligence, legal and advisory costs and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. UPC Holding's internal decision makers believe operating cash flow is a meaningful measure and is superior to other available U.S. GAAP measures because it represents a transparent view of its recurring operating performance that is unaffected by its capital structure and allows management to (i) readily view operating trends, (ii) perform analytical comparisons and benchmarking between segments and (iii) identify strategies to improve operating performance in the different countries in which UPC Holding operates. UPC Holding believes its operating cash flow measure is useful to investors because it is one of the bases for comparing its performance with the performance of other companies in the same or similar industries, although its measure may not be directly comparable to similar measures used by other public companies. Operating cash flow should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net earnings (loss), cash flow from operating activities and other U.S. GAAP measures of income or cash flows.

(2) The following table presents a reconciliation of total operating cash flow to consolidated operating income for the indicated periods:

	Nine months ended September 30,		Year ended December 31,		
	2010	2009	2009	2008	2007
			in millions		
Total segment operating cash flow	€ 1,323.0	€ 1,242.8	€ 1,662.8	€ 1,646.1	€ 1419.6
Stock-based compensation	(14.6)	(11.0)	(15.1)	(27.6)	(20.0)
Related party fees and allocations, net	(9.1)	(22.8)	(30.6)	(31.5)	(49.2)
Depreciation and amortization	(738.0)	(790.2)	(1,048.5)	(1,079.9)	(1,062.8)
Impairment, restructuring and other operating charges, net	(10.1)	(89.1)	(90.5)	(118.9)	(20.3)
Operating income	€ 551.2	€ 329.7	€ 478.1	€ 388.2	€ 267.3

(3) Annualized EBITDA is calculated by multiplying EBITDA (as defined in the UPC Broadband Holding Bank Facility) for the six months ended September 30, 2010 (€903.1 million) by two. Annualized EBITDA and EBITDA may differ from the operating cash flow amounts reported for corresponding periods.

(4) As adjusted covenant senior debt takes into consideration the (i) $1 billion principal amount of the Notes offered hereby and assumes that the gross proceeds from the Finco Loan will be used by UPC Holding to reduce part of or all amounts outstanding under Facilities N, P, T or X and/or some of the euro-denominated Facilities (other than Facilities V and Y) under the UPC Broadband Holding Bank Facility through the repayment of borrowings, the novation of commitments to a subsidiary of UPC Broadband Holding or otherwise and (ii) the €750 million principal amount of

UPCB II Senior Secured Notes offered by UPCB Finance II Limited for which the proceeds were loaned under Facility Y which was in turn used to repay outstanding borrowings under Facilities M and U under the UPC Broadband Holding Bank Facility. As such, as adjusted covenant senior debt is equivalent to the actual covenant senior debt reported at September 30, 2010. The proceeds of the Notes have been converted into euros at a rate of $1.36 to €1.00. As further described under "*General Description of UPC Holding's Business, the Issuer and the Offering—The Issuer and Consolidation of the Issuer by UPC Holding*", the Issuer is a special purpose financing company that will be consolidated by UPC Holding following the issuance of the Notes. Accordingly, the Finco Loan is eliminated through the consolidation of the Issuer within UPC Holding's consolidated financial statements. See "*Capitalization of UPC Holding and the Issuer*".

(5) UPC Broadband Holding Bank Facility covenant calculations are based on "covenant" debt figures which take into account currency swaps but do not take into account original issue discounts. Additionally, network related leases are excluded from "covenant" debt figures and weighted foreign exchange rates are used. Thus, the debt used in these calculations may differ from the debt balances reported in UPC Holding's consolidated financial statements. For the purpose of covenant calculations under the UPC Broadband Holding Bank Facility, Interest (as defined therein) has been calculated (in accordance with the terms therein) to include net payments (or receipts if relevant) under interest rate hedging agreements only and not currency hedging agreements. UPC Holding has excluded payments made under currency hedging agreements (as opposed to combined interest rate and currency hedging agreements which are included). For the period ending June 30, 2010, the amount of interest attributable to cross-currency hedging agreements was €31.3 million and for the period ending September 30, 2010, the amount was €34.9 million.

THE OFFERING

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this offering memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer	UPCB Finance III Limited.
Notes offered	$1 billion aggregate principal amount of % senior secured notes due 2020.
Maturity date	July 1, 2020.
Interest payment dates	Semi-annually in arrears on each January 1 and July 1, commencing July 1, 2011. Interest will accrue from the Issue Date.
Denomination	$150,000 and any integral multiples of $1,000 in excess of $150,000. Notes in denominations of less than $150,000 will not be available.
Issue price	% plus accrued interest, if any, from the Issue Date.
Ranking	The Notes will be senior obligations of the Issuer and will rank equally with all other future senior debt of the Issuer.
UPC Broadband Holding Bank Facility	The proceeds from the issuance of the Notes will be used by the Issuer to fund a loan (the "Finco Loan"), denominated in U.S. dollars, under an additional facility (Facility Z) borrowed by UPC Financing under the UPC Broadband Holding Bank Facility. Under the terms of the UPC Broadband Holding Bank Facility and the related arrangements, the Issuer will benefit from, among other things, all the rights of a lender under the UPC Broadband Holding Bank Facility.
Limited recourse	Except under the limited circumstances specified under "*Description of the Notes—Events of Default and Remedies*", the obligations of the Issuer under the Indenture, the Notes and the Notes Security Documents (as defined under "*Description of the Notes*") will be solely to make payments of amounts in aggregate equivalent to the amounts actually received by or for the account of the Issuer from UPC Financing under the UPC Broadband Holding Bank Facility and agreements related thereto. In addition, other than under the limited circumstances described under "*Description of the Notes—Events of Default and Remedies*", holders of the Notes will not have a direct claim on the cash flow or assets of UPC Holding or its subsidiaries and UPC Holding and its subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of UPC Financing to make payments to lenders under the UPC Broadband Holding Bank Facility and agreements related thereto. Neither UPC Holding nor any of its subsidiaries will guarantee the Issuer's obligations under the Notes.
Security	The holders of the Notes will benefit directly from first-ranking security interests granted to the security agent on behalf of the

	Trustee and the holders of the Notes in the following rights, property and assets: (1) all of the issued shares of the Issuer; (2) all of the assets of the Issuer (excluding the proceeds of the paid up share capital of the Issuer and any transaction fees payable to the Issuer pursuant to the Expenses Agreement and excluding as provided below) including: (a) the Issuer's rights to and benefit in the Finco Loan (including all rights of the Issuer as a UPCB Lender under the UPC Broadband Holding Bank Facility and the Finco Accession Agreement); (b) the Issuer's rights under the Deed of Covenant; (c) the Issuer's rights under the Fee Letter; (d) the Issuer's rights under the Expenses Agreement (excluding the Issuer's rights to be indemnified in respect of fees, costs, expenses and any other amounts payable to parties that do not benefit from the security interests in the Collateral); and (e) sums of money held from time to time in all bank accounts of the Issuer (excluding the bank account in which the Issuer has deposited the proceeds of its share capital ($250.00) and the transaction fee ($250.00)). The Issuer, as a lender under the UPC Broadband Holding Bank Facility, will be treated the same as all other lenders under that facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to other UPCB Lenders. Through the covenants in the Indenture and the security interests over all of the issued shares of the Issuer and the Finco Loan granted to secure the Issuer's obligations under the Notes, the holders of the Notes will be provided indirectly with the benefits, rights and protections granted to the Issuer as a UPCB Lender, including the indirect benefit of the covenants contained in the UPC Broadband Holding Bank Facility and of the security granted for the benefit of the UPCB Lenders.
Mandatory redemption	Following a change of control as defined under the UPC Broadband Holding Bank Facility, UPC Broadband Holding and UPC Financing will be required to, at the election of the Majority Lenders under the UPC Broadband Holding Bank Facility, prepay the Finco Loan plus a payment equal to 1% of the principal amount the Finco Loan. Following such repayment, the Issuer will redeem all of the Notes issued under the Indenture at a redemption price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of redemption.
Optional redemption with disposal proceeds	In the event of certain asset sales, UPC Broadband Holding and UPC Financing may elect, at their option, to (i) offer to prepay a principal amount of the Finco Loan in an amount equal to the principal amount of the Notes tendered in the related asset sale offer to be made by the Issuer (not to exceed the available proceeds from the related asset sale) or (ii) subject to the payment of certain premiums, repay the Finco Loan in an

amount equal to the available proceeds from the related asset sale, and, in the case of clauses (i) and (ii) the Issuer will redeem a corresponding amount of Notes. See "*Description of the Notes—Redemption and Repurchase—Disposal Proceeds*".

Special optional redemption in connection with a UPC Exchange Transaction

At any time following the issue date, the Issuer may, at its option, initiate a UPC Exchange Transaction, pursuant to which it will make an offer to all holders of the Notes to exchange their Notes for senior secured notes issued by UPC Broadband Holding or UPC Financing.

If, among other requirements, a majority of the aggregate principal amount of the outstanding Notes elect to participate in such UPC Exchange Transaction and UPC Broadband Holding or UPC Financing, as the case may be, accepts for exchange all Notes tendered in such UPC Exchange Transaction, UPC Broadband Holding or UPC Financing, as the case may be, will be entitled to prepay all, but not less than all, of the remaining principal amount of the Finco Loan. In order to effect any such prepayment, either UPC Broadband Holding or UPC Financing, as the case may be, is required to give notice of such prepayment to the Issuer not later than three Business Days prior to the completion of such UPC Exchange Transaction and make such prepayment on the completion date of such UPC Exchange Transaction.

The Issuer will redeem all, but not less than all, of the Notes issued under the Indenture not exchanged in the UPC Exchange Transaction on the date of the prepayment of the Finco Loan described above, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption.

A UPC Exchange Transaction means an exchange offer by UPC Broadband or UPC Financing, as applicable, pursuant to which UPC Qualified Notes are offered in exchange for all outstanding Notes issued under the Indenture; *provided*, that:

(i) no Default or Event of Default (each as defined in "*Description of the Notes*") has occurred and is continuing at the time any such exchange offer is made or would result therefrom;

(ii) holders of a majority in aggregate principal amount of the outstanding Notes have elected to participate in such offer;

(iii) for each $1,000 in principal amount of Notes tendered and accepted, each holder tendering such Notes will receive $1,000 in principal amount of UPC Qualified Notes;

(iv) the exchange offer complies with Rule 14e-1 under the U.S. Exchange Act and any other applicable securities law or regulation;

(v) UPC Broadband or UPC Financing, as applicable, accepts for exchange all Notes tendered in such exchange offer and issues the relevant UPC Qualified Notes in exchange therefor;

(vi) the exchange offer is open to all holders of the Notes on substantially similar terms; and

	(vii) the exchange offer is not conditioned upon holders of the Notes consenting to any amendments to the terms of the Notes or the Indenture.
Additional amounts; tax redemption	All payments in respect of the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Issuer will pay additional amounts so that the net amount you receive is no less than that which you would have received in the absence of such withholding or deduction. See "*Description of the Notes—Withholding Taxes*". The Issuer may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if certain changes in tax law impose certain withholding taxes on amounts payable on the Notes or the Finco Loan and, as a result, the Issuer is required to pay additional amounts with respect to such withholding taxes. If the Issuer decides to exercise such redemption right, it must pay holders a redemption price equal to the principal amount of the Notes being redeemed, together with accrued and unpaid interest to the redemption date. See "*Description of the Notes—Redemption and Repurchase—Redemption for Changes in Withholding Taxes*".
Certain covenants	The Issuer will issue the Notes under the Indenture. The Indenture will contain restrictive covenants with respect to limitations with respect to business activities of the Issuer; maintenance of the existence of the Issuer; maintenance of listing; maintenance of rating; minimum period for consents under loan documents; payments for consent; amendments to loan documents to be applied equally to all lenders; and information.
Voting in respect of the Finco Loan and the UPC Broadband Holding Bank Facility	The Issuer will vote as a lender under the UPC Broadband Holding Bank Facility. The voting method to be used to determine the voting position of the Issuer on any matter subject to a lender vote under the UPC Broadband Holding Bank Facility is described under "*Description of the Notes—Amendment, Supplement and Waiver—To the UPC Broadband Holding Bank Facility or the Finco Accession Agreement*". The Finco Accession Agreement contains the advance consent of the Issuer, as a UPCB Lender, to certain amendments to the UPC Broadband Holding Bank Facility that UPC Broadband Holding may request in the future. Although the Issuer will have the same voting rights as the other UPCB Lenders in all matters under the UPC Broadband Holding Bank Facility, the Issuer will give its consent to any and all of the following amendments at the time it enters into the Finco Accession Agreement and, therefore, will not be entitled to vote on any future request for consent to the following amendments. As a result, the holders of Notes will not, directly or indirectly, be entitled to direct the vote of the Issuer on such matters. Pursuant to the Finco Accession Agreement, the Issuer will consent to the following future amendments: • an amendment to provide that loans under the UPC Broadband Holding Bank Facility will be deemed to be no longer outstanding for voting purposes upon delivery of an irrevocable prepayment notice with respect to such loans;

- an amendment to change the percentage of UPCB Lenders that constitute "Majority Lenders" from 66⅔% to 50.1% for any or all purposes under the UPCB Broadband Holding Bank Facility and related documents;
- an amendment to change the definition of "Western Europe" to reflect the current make-up of the European Union (which will have the effect of providing the UPCB Group additional geographical flexibility with respect to permitted acquisitions);
- certain other amendments to provide additional flexibility with respect to permitted acquisitions, including eliminating or making less restrictive certain requirements to deliver financial and other information with respect to target companies;
- an amendment to provide additional flexibility with respect to permitted asset disposals, including eliminating or making less restrictive certain geographical limitations and modifying the concept of the reinvestment of disposition proceeds to include not only prior acquisitions but also certain committed future acquisitions (which will have the effect of eliminating in certain instances the 17.5% aggregate cap on asset disposals and generally will increase the capacity for asset disposals under the UPC Broadband Holding Bank Facility);
- an amendment to increase the general indebtedness basket from €25,000,000 to €100,000,000;
- an amendment to increase the general lien basket from €15,000,000 to €100,000,000;
- an amendment to allow for the netting of cash and cash equivalents against indebtedness for purposes of calculating "Senior Debt" and "Total Debt" for purposes of the covenants, including certain financial ratios; and
- an amendment to eliminate the requirement to deliver annual budgets.

In the event UPC Broadband Holding solicits the consents for any or all of the amendments to the UPC Broadband Holding Bank Facility described above, the Issuer will not be entitled to receive any consent fee or similar fee that may be paid to other lenders under the UPC Broadband Holding Bank Facility in connection with their approval of these amendments (although UPC Broadband Holding will generally be required to pay to the Issuer the same consent fee that it pays to other lenders with respect to other amendments). See "*Description of the Notes—Finco Accession Agreement and the UPC Broadband Holding Bank Facility*" and "*Description of the Notes—Certain Covenants—Payments for Consent*".

Transfer restrictions

The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. See "*Transfer Restrictions*" and "*Plan of Distribution*".

Absence of a public market for the Notes	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed the Issuer and UPC Holding 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, neither the Issuer nor UPC Holding can assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application will be made to the Irish Stock Exchange for the Notes to be admitted to listing on the Official List, and trading on its Global Exchange Market. See "*Description of the Notes—Maintenance of Listing*".
Trustee	The Bank of New York Mellon.
Principal paying agent and transfer agent	The Bank of New York Mellon.
New York paying agent and New York transfer agent	The Bank of New York Mellon.
Registrar	The Bank of New York Mellon (Luxembourg) S.A.
Security Agent	The Bank of New York Trust Company (Cayman) Limited.
Irish listing agent	Maples and Calder.
Use of proceeds	The gross proceeds from the issuance of the Notes (together with any fees allocable to original issue discount on the Notes payable to the the Issuer by UPC Financing under the Fee Letter) will be used by the Issuer to fund the Finco Loan, denominated in U.S. dollars, under an additional facility (Facility Z) borrowed by UPC Financing under the UPC Broadband Holding Bank Facility. The proceeds from the Finco Loan are intended to be used to reduce part of or all amounts outstanding under Facilities N, P, T or X and/or some of the euro-denominated Facilities (other than Facilities V and Y) under the UPC Broadband Holding Bank Facility through the repayment of borrowings, the novation of commitments to a subsidiary of UPC Broadband Holding or otherwise. See "*Use of Proceeds*".
Governing law	The Indenture and the Notes will be governed by the laws of the State of New York. The UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Deed of Covenant and the Fee Letter will be governed by, and construed in accordance with, English law. The Expenses Agreement and the Notes Security Documents will be governed by, and construed in accordance with, the law of the Cayman Islands. See "*Description of the Notes—Security*".
Risk factors	Please see the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.
Certain ERISA considerations	The Notes and/or any interest therein may, subject to certain restrictions described herein under "*Certain Employee Benefit Plan Considerations*", be sold and transferred to ERISA Plans (as defined in this offering memorandum). See "*Certain Employee Benefit Plan Considerations*".

RISK FACTORS

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

This offering memorandum also contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this offering memorandum.

Risks Relating to UPC Holding's Financial Profile

UPC Holding's substantial leverage could adversely affect its business, financial condition and results of operations and prevent it from fulfilling its obligations under the Finco Loan, and in turn, prevent the Issuer from fulfilling its obligations under the Notes.

UPC Holding is highly leveraged. As of September 30, 2010, as adjusted to give effect to the issuance of the Notes and the application of the proceeds thereof and the issuance of the UPCB II Senior Secured Notes and the application of the proceeds thereof, UPC Holding's total consolidated third party debt would have been approximately €8.0 billion (excluding approximately €8.3 billion of UPC Holding Subordinated Loans). Of this as adjusted indebtedness, €1.6 billion represents indebtedness of UPC Holding under the UPCH Notes, €5.1 billion represents indebtedness under the UPC Broadband Holding Bank Facility (excluding Facility V, Facility Y and the Finco Loan), €735.3 million represents indebtedness under the Notes, €500 million represents indebtedness under the UPCB Senior Secured Notes and €750 million represents indebtedness under the UPCB II Senior Secured Notes.

From time to time, UPC Holding may raise additional indebtedness, including additional capital markets indebtedness, to refinance tranches of the UPC Broadband Holding Bank Facility and extend maturities. UPC Holding will be permitted to incur additional indebtedness in the future to the extent such indebtedness is incurred in compliance with certain covenants included in the indentures governing the UPCH Notes and the UPC Broadband Holding Bank Facility. Based on UPC Holding's covenant compliance calculations as of September 30, 2010, approximately €438.7 million was available for borrowing under the UPC Broadband Holding Bank Facility.

Further, the indentures governing the UPCH Notes and the UPC Broadband Holding Bank Facility allow UPC Holding, in certain circumstances, to make dividend payments, payments on the subordinated loans owed by UPC Holding to LGE Financing and to make other distributions under the applicable covenants thereunder limiting restricted payments or make minority investments or investments in joint ventures. See the discussions under the heading "*Description of the UPC Broadband Holding Bank Facility*" and heading "*Description of Other Indebtedness of UPC Holding*" for further information about UPC Holding's substantial debt.

Because the Issuer has no material operations and no material assets other than the Finco Loan, UPC Holding's high level of debt could have important consequences for you as a holder of the Notes including, but not limited to:

- making it more difficult for UPC Holding to satisfy its obligations under the Finco Loan, and in turn making it more difficult for the Issuer to satisfy its obligations under the Notes;
- requiring UPC Holding to dedicate a substantial portion of its cash flows from operations to payments on its debt, thereby reducing the funds available to it to finance its operations, capital expenditures, working capital, research and development and other general corporate purposes, including maintaining the quality of its network and product performance;

- placing UPC Holding at a competitive disadvantage compared to other broadband communications providers in its key markets that have less debt than it does;
- limiting UPC Holding's flexibility in planning for, or reacting to, changes in its business and the competitive and economic environment in which it operates; and
- impeding UPC Holding's ability to obtain additional debt or equity financing, and increasing the cost of any such financing.

Any of these or other consequences or events could have a material adverse effect on UPC Holding's ability to satisfy its debt obligations, including the Finco Loan, and in turn, the Issuer's ability to satisfy its obligations under the Notes.

In addition, the UPC Broadband Holding Bank Facility and the indentures governing the UPCH Notes contain financial and other restrictive covenants that will limit UPC Holding's ability to engage in activities that may be in its long term best interests, including, among other things, borrowing additional funds. These restrictions are subject to significant exceptions. UPC Holding's failure to comply with such covenants could result in an event of default under the UPC Broadband Holding Bank Facility and/or the UPCH Notes which, if not cured or waived, could result in the acceleration of all UPC Holding's debts or have a similar material adverse effect on it.

Further, under the terms of the outstanding notes issued by UPC Germany, subject to certain conditions, the UPC Germany notes may be exchanged for an equal principal amount of notes issued by UPC Holding or UPC Broadband Holding (the "UPC Germany Notes Exchange"). If the UPC Germany Notes Exchange occurs, UPC Holding's leverage may increase by a substantial amount and the risks described above and under "*UPC Holding's substantial leverage could adversely affect its business, financial condition and results of operations and prevent it from fulfilling its obligations under the Finco Loan, and in turn, prevent the Issuer from fulfilling its obligations under the Notes*" would be intensified.

UPC Holding may incur substantial additional debt in the future, including in connection with any future acquisition. In connection with its financial strategy, UPC Holding continually evaluates different financing alternatives, and it may decide to enter into new credit facilities or incur other indebtedness from time to time, including during the period following the consummation of this offering. If UPC Holding incurs new debt in addition to its current debt, the related risks that it now faces, as described above and elsewhere in these "*Risk Factors*", could intensify.

UPC Holding's substantial leverage could limit its ability to obtain additional financing and have other adverse effects.

UPC Holding seeks to maintain its debt at levels that provide for attractive returns without assuming undue risk. In this regard, UPC Holding strives to cause its operating subsidiaries to maintain their debt at levels that result in a consolidated debt balance that is between four and five times UPC Holding's consolidated operating cash flow (as defined in note 13 to the September 30, 2010 Condensed Consolidated Financial Statements included in this offering memorandum). At September 30, 2010 UPC Holding's total third-party consolidated outstanding debt and capital lease obligations were €8.0 billion, of which €1.9 million is due over the next 12 months. UPC Holding believes that it has sufficient resources to repay or refinance the current portion of its debt and capital lease obligations and to fund its foreseeable liquidity requirements during the next 12 months. However, as UPC Holding's debt maturities grow in later years, it anticipates that it will seek to refinance or otherwise extend its debt maturities. No assurance can be given that UPC Holding would be able to refinance or otherwise extend its debt maturities in light of current market conditions. In this regard, it is not possible to predict how the recent disruption in the credit and equity markets and the associated difficult economic conditions could impact UPC Holding's future financial position.

UPC Holding's ability to service or refinance its debt and to maintain compliance with its leverage covenants is dependent primarily on its ability to maintain or increase its cash provided by operations and to achieve adequate returns on its capital expenditures and acquisitions. Accordingly, if UPC Holding's cash provided by operations declines or it encounters other material liquidity requirements, UPC Holding may be required to seek additional debt financing in order to meet its debt obligations and other liquidity requirements as they come due. In addition, UPC Holding's current debt levels may limit its ability to incur additional debt financing to fund working capital needs, acquisitions, capital expenditures, or other general corporate requirements. UPC Holding can give no assurance that any additional debt financing will be available on terms that are as favorable as the terms of its existing debt or at all, particularly in light of current market conditions. UPC Holding's ability to access available borrowings under the UPC Broadband Holding Bank Facility can also be impacted by the interplay of average and spot foreign currency rates with respect to leverage calculations under the indentures for the UPC Holding Senior Notes.

UPC Holding is subject to debt covenants that could adversely affect its ability to finance its future operations and capital needs and to pursue business opportunities and activities.

UPC Broadband Holding and its subsidiaries and UPC Financing are subject to the restrictive covenants contained in the UPC Broadband Holding Bank Facility. These covenants restrict, in certain circumstances, the ability of UPC Broadband Holding's subsidiaries to, among other things, make any payments to UPC Financing in order to enable it to make any payments on the Finco Loan, which will, in turn, affect the ability of the Issuer to make payments under the Notes, repay any loans or advances to any such subsidiary or transfer any property or assets to UPC Broadband Holding, UPC Financing or other subsidiaries of UPC Holding. The UPC Broadband Holding Bank Facility also requires UPC Broadband Holding and UPC Financing to maintain specified financial ratios and satisfy financial tests which become more restrictive over the life of the facilities. The ability of UPC Broadband Holding and UPC Financing to satisfy those financial tests can be affected by events beyond their control, and there can be no assurance that they will satisfy them. In addition to customary default provisions, including defaults on other indebtedness of UPC Broadband Holding and its subsidiaries, the UPC Broadband Holding Bank Facility provides that any event of default with respect to indebtedness of €50.0 million or more in the aggregate of (i) LG Europe (the parent of Liberty Global Holding and an indirect subsidiary of UGC), (ii) any other company of which UPC Broadband Holding is a subsidiary and which is a subsidiary of LG Europe and (iii) UPC Holding II B.V. (a direct subsidiary of UPC Holding) is an event of default under the UPC Broadband Holding Bank Facility. A breach of any of those covenants, ratios, tests or restrictions under such indebtedness could result in an event of default under the UPC Broadband Holding Bank Facility or hinder UPC Broadband Holding's or UPC Financing's ability to borrow under the UPC Broadband Holding Bank Facility, which could have a material adverse effect on UPC Broadband Holding's and/or UPC Financing's ability to operate their business and to make payments under their debt instruments. Upon the occurrence of any event of default under the UPC Broadband Holding Bank Facility, the lenders thereunder could cancel the availability of the facilities and elect to declare all amounts outstanding under the UPC Broadband Holding Bank Facility, together with accrued interest, immediately due and payable. If UPC Broadband Holding and/or UPC Financing were unable to repay those amounts, including amounts owing under the Finco Loan, the lenders could proceed against the collateral granted to it to secure repayment of those amounts. If the lenders under the UPC Broadband Holding Bank Facility demand repayment of those amounts, there can be no assurance that the assets of UPC Broadband Holding and UPC Financing would be sufficient to repay in full those amounts, or to satisfy all of their other liabilities, which would be due and payable, or to make payments to enable them to repay the Finco Loan which would, in turn, enable the Issuer to redeem the Notes in full or in part.

In addition, UPC Holding and its subsidiaries are subject to the restrictive covenants contained in the indentures governing the UPCH Notes. Each issue of the UPCH Notes are senior obligations that rank equally with all of the existing and future senior debt, and are senior to all existing and future subordinated debt, of UPC Holding. The UPCH Notes are secured by a first-ranking pledge of the shares of UPC Holding. In addition, the UPCH Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of €50.0 million or more in the aggregate of UPC Holding or its Restricted Subsidiaries (as defined in the indentures), including UPC Broadband Holding, is an event of default under the UPCH Notes. A breach of any of the covenants or restrictions in the UPCH Notes could result in an event of default under the indentures governing the UPCH Notes, which could have a material adverse effect on UPC Holding's ability to operate its business and to make payments under its debt instruments. Upon the occurrence of any event of default under the indentures governing the UPCH Notes, the holders of the UPCH Notes could elect to declare all amounts outstanding under the indentures governing the UPCH Notes, together with accrued interest, immediately due and payable subject to the terms of the Intercreditor Agreement. If UPC Holding or its subsidiaries were unable to repay those amounts, the holders of the UPCH Notes could proceed against the share pledge granted to them to secure repayment of those amounts.

All of these limitations will be subject to significant exceptions and qualifications, including the ability to pay dividends, make investments and make significant prepayments of shareholder debt. However, these covenants could limit UPC Holding's ability to finance its future operations and capital needs and its ability to pursue business opportunities and activities that may be in its interest. In addition, UPC Holding's ability to comply with the provisions of the indentures governing the UPCH Notes may be affected by events beyond its control.

In addition to limiting UPC Holding's flexibility in operating its business, the breach of any covenants or obligations under the agreements governing its debt will result in a default under the applicable debt agreement and could trigger acceleration of the related debt. Such a default or acceleration could in turn trigger defaults under other agreements governing UPC Holding's debt. A default under the agreements governing UPC Holding's other debt could materially adversely affect its growth, its financial condition and results of operations and result in UPC Financing not having sufficient assets to make payments on the Finco Loan, and in turn, result in the Issuer not having sufficient assets to make payments under the Notes. See "*Description of Other Indebtedness of UPC Holding*".

UPC Holding is exposed to interest rate risks. Shifts in such rates may adversely affect the debt service obligations of UPC Holding.

UPC Holding is exposed to the risk of fluctuations in interest rates, primarily under the UPC Broadband Holding Bank Facility, which are indexed to EURIBOR, LIBOR, or other base rates. Although UPC Holding enters into various derivative transactions to manage exposure to movements in interest rates, there can be no assurance that it will be able to continue to do so at a reasonable cost.

UPC Holding is subject to increasing operating costs and inflation risks which may adversely affect its earnings.

While UPC Holding's operations attempt to increase its subscription rates to offset increases in operating costs, there is no assurance that it will be able to do so. Therefore, operating costs may rise faster than associated revenue, resulting in a material negative impact on UPC Holding's cash flow and net earnings (loss). UPC Holding is also impacted by inflationary increases in salaries, wages, benefits and other administrative costs in certain of its markets.

UPC Holding is exposed to various foreign currency exchange rate risks.

UPC Holding is exposed to foreign currency exchange risk with respect to its debt in situations where its debt is denominated in a currency other than the functional currency of the operations whose cash flows support its ability to repay or refinance such debt. Although UPC Holding generally seeks to match the denomination of its borrowings, and the borrowings of its subsidiaries, with the functional currency of the operations that are supporting the respective borrowings, market conditions or other factors may cause it to enter into borrowing arrangements that are not denominated in the functional currency of the underlying operations (unmatched debt). In these cases, UPC Holding's policy is to provide for an economic hedge against foreign currency exchange rate movements by using cross-currency interest rate swaps to synthetically convert unmatched debt into the applicable underlying currency.

In addition to the exposure that results from the mismatch of UPC Holding's borrowings and underlying functional currencies, it is exposed to foreign currency risk to the extent that it enters into transactions denominated in currencies other than UPC Holding's, or its subsidiaries', respective functional currencies (non-functional currency risk), such as investments in debt and equity securities of foreign subsidiaries, equipment purchases, programming contracts, notes payable and notes receivable (including intercompany amounts) that are denominated in a currency other than the applicable functional currency. Changes in exchange rates with respect to amounts recorded in UPC Holding's consolidated balance sheets related to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that UPC Holding's revenue, costs and expenses are denominated in currencies other than its respective functional currencies, UPC Holding will experience fluctuations in its revenue, costs and expenses solely as a result of changes in foreign currency exchange rates. In this regard, UPC Holding estimates that during 2010, (i) less than 2% of its revenue, (ii) approximately 6% to 8% of its aggregate operating and selling, general and administrative (SG&A) expenses (exclusive of stock-based compensation expense) and (iii) approximately 26% to 28% of its capital expenditures (including capital lease additions) were denominated in non-functional currencies, including amounts denominated in (a) U.S. dollars in Chile and Europe, and (b) euros in Switzerland, Hungary, Poland, Romania and the Czech Republic. The actual levels of UPC Holding's non-functional currency transactions may differ from these estimates. Generally, UPC Holding will consider hedging non-functional currency risks when the foreign currency risk arises from agreements with third parties that involve the future payment or receipt of cash or other monetary items to the extent that it can reasonably predict the timing and amount of such payments or receipts. In this regard, through its subsidiaries, UPC Holding has entered into foreign currency exchange contracts that, as of September 30, 2010, covered the forward purchase of the U.S. dollar and the euro and the forward sale of the Hungarian forint, Polish zloty, Czech koruna, U.S. dollar and Chilean peso to hedge certain of these risks. Certain non-functional currency risks related to UPC Holding's operating and SG&A expenses and most of the non-functional currency risks related to UPC Holding's capital expenditures were not hedged as of September 30, 2010.

UPC Holding is also exposed to unfavorable and potentially volatile fluctuations of the euro (its reporting currency) against the currencies of its operating subsidiaries and affiliates when their respective financial statements are translated into euro for inclusion in UPC Holding's consolidated financial statements. Cumulative translation adjustments are recorded in accumulated other comprehensive earnings (loss) as a separate component of owners' deficit. Any increase (decrease) in the value of the euro against any foreign currency that is the functional currency of one of UPC Holding's operating subsidiaries or affiliates will cause it to experience unrealized foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. As a result of foreign currency risk, UPC Holding may experience a negative impact on its comprehensive loss and owners' deficit with respect to its holdings solely as a result of foreign currency translation. UPC Holding's primary exposure to foreign currency risk from a foreign currency translation perspective is to the Swiss franc and the Chilean peso. In addition, UPC Holding has significant exposure to changes in the exchange rates for the Hungarian forint, the Romanian lei, the Polish zloty, the Czech koruna and other local currencies in Europe. UPC Holding generally does not hedge against the risk that it may incur non-cash losses upon the translation of the financial statements of its subsidiaries and affiliates into euros.

Risks Relating to UPC Holding's Business

UPC Holding operates in increasingly competitive markets, and there is a risk that it will not be able to effectively compete with other service providers.

The markets for cable television, broadband internet and telephony in many of the regions in which UPC Holding operates are highly competitive. In the provision of video services UPC Holding faces competition from digital terrestrial television ("DTT") broadcasters, video provided over satellite platforms, networks using digital subscriber line ("DSL") technology, fiber-to-the-home ("FTTH") networks and, in some countries where parts of its systems are overbuilt, cable networks, among others. UPC Holding's operating businesses are facing increasing competition from video services provided by or over the networks of incumbent telecommunications operators and other service providers. As the availability and speed of broadband internet increases, we may also face competition from over-the-top video content providers. In the provision of telephony and broadband internet services, it is experiencing increasing competition from the incumbent telecommunications operators and other service providers in each country in which it operates. The incumbent telecommunications operators typically dominate the market for these services and have the advantage of nationwide networks and greater resources than UPC Holding has to devote to the provision of these services. Many of the incumbent operators are now offering double-play and triple-play bundles of services. In many countries, UPC Holding also competes with other operators using the unbundled local loop of the incumbent telecommunications operator to provide these services, other facilities-based operators and wireless providers. Developments in the DSL technology used by the incumbent telecommunications operators and alternative providers have improved the attractiveness of UPC Holding's competitor's products and services and strengthened their competitive position. Developments in wireless technology, such as WiMax and long-term evolution (the next generation of ultra high-speed mobile data), may lead to additional competitive challenges.

In some European markets, national and local government agencies may seek to become involved, either directly or indirectly, in the establishment of FTTH networks, DTT systems or other communications systems. UPC Holding intends to pursue available options to restrict such involvement or to ensure that such involvement is on commercially reasonable terms. There can be no assurance, however, that it will be successful in these pursuits. As a result, UPC Holding may face competition from entities not requiring a normal commercial return on their investments. In addition, it may face more vigorous competition than would have been the case if there was no government involvement.

UPC Holding expects the level and intensity of competition to continue to increase from both existing competitors and new market entrants as a result of changes in the regulatory framework of the industries in which it operates, advances in technology, the influx of new market entrants and strategic alliances and cooperative relationships among industry participants. Increased competition has resulted in increased customer churn and reductions of customer acquisition rates for some services and significant price competition in most of its markets. In combination with difficult economic environments, these competitive pressures could adversely impact UPC Holding's ability to increase, or in certain cases, maintain the ARPU, RGUs, operating cash flows, operating cash flow margins and liquidity of its operating segments.

UPC Holding may not report net earnings.

UPC Holding reported losses from continuing operations of (i) €794.3 million and €788.3 million during the nine months ended September 30, 2010 and 2009, respectively, and (ii) €888.8 million, €1,100.6 million and €644.4 million during the years ended December 31, 2009, 2008 and 2007, respectively. In light of UPC Holding's historical financial performance, it cannot assure you that it will report net earnings in the near future or at all.

UPC Holding's capital expenditures may not generate a positive return.

The video, broadband internet and telephony businesses in which UPC Holding operates are capital intensive. Significant capital expenditures are required to add customers to its networks and to upgrade our networks to enhance our service offerings and improve the customer experience, including expenditures for equipment and labor costs. No assurance can be given that UPC Holding's future capital expenditures will generate a positive return or that it will have adequate capital available to finance such future upgrades. If UPC Holding is unable to, or elects not to, pay for costs associated with adding new customers, expanding or upgrading its networks or making its other planned or unplanned capital expenditures, its growth could be limited and its competitive position could be harmed.

Changes in technology may limit the competitiveness of and demand for UPC Holding's services.

Technology in the video, telecommunications and data services industries is changing rapidly. This significantly influences the demand for the products and services that are offered by UPC Holding's businesses. The ability to anticipate changes in technology and consumer tastes and to develop and introduce new and enhanced products on a timely basis will affect UPC Holding's ability to continue to grow, increase its revenue and number of subscribers and remain competitive. New products, once marketed, may not meet consumer expectations or demand, can be subject to delays in development and may fail to operate as intended. A lack of market acceptance of new products and services which UPC Holding may offer, or the development of significant competitive products or services by others, could have a material adverse impact on its revenue and operating cash flow.

If UPC Holding is unable to obtain attractive programming or necessary equipment and software on satisfactory terms for its digital cable services, the demand for its services could be reduced, thereby lowering revenue and profitability.

UPC Holding relies on digital programming suppliers for the bulk of its programming content. UPC Holding may not be able to obtain sufficient high-quality programming for its digital cable services on satisfactory terms or at all in order to offer compelling digital cable services. This may also limit its ability to migrate customers from lower tier programming to higher tier programming, thereby inhibiting its ability to execute its business plans. Furthermore, UPC Holding may not be able to obtain attractive country-specific programming for video services. In addition, must carry requirements may consume channel capacity otherwise available for other services. Any or all of these factors could result in reduced demand for, and lower revenue and profitability from, UPC Holding's digital video services. Further, it may not be able to obtain the equipment, software and services required for its businesses on a timely basis or on satisfactory terms. UPC Holding depends on third-party suppliers and licensors to supply its equipment, software and certain services. If demand exceeds these suppliers' and licensors' capacity or if they experience financial difficulties, the ability of UPC Holding's businesses to provide some services may be materially adversely affected, which in turn could affect its businesses' ability to attract and retain customers.

Failure in UPC Holding's technology or telecommunications systems could significantly disrupt its operations, which could reduce its customer base and result in lost revenue.

UPC Holding's success depends, in part, on the continued and uninterrupted performance of its information technology and network systems as well as its customer service centers. The hardware supporting a large number of critical systems for its cable network in a particular country or geographic region is housed in a relatively small number of locations. UPC Holding's systems are vulnerable to damage from a variety of sources, including telecommunications failures, power loss, malicious human acts and natural disasters. For example, a significant portion of VTR's network was affected by the earthquake in Chile in February 2010. Moreover, despite security measures, its servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Despite the precautions UPC Holding has taken, unanticipated problems affecting its systems could cause failures in its information technology systems or disruption in the transmission of signals over its networks. Sustained or repeated system failures that interrupt UPC Holding's ability to provide service to its customers or otherwise meet its business obligations in a timely manner would adversely affect its reputation and result in a loss of customers and net revenue.

UPC Holding cannot be certain that it will be successful in acquiring new businesses or integrating acquired businesses with its existing operations.

Historically, UPC Holding's businesses have grown, in part, through selective acquisitions that enabled them to take advantage of existing networks, local service offerings and region-specific management expertise. UPC Holding expects to seek to continue growing its businesses through acquisitions in selected markets. UPC Holding's ability to acquire new businesses may be limited by many factors, including availability of financing, debt covenants, the prevalence of complex ownership structures among potential targets and government regulation and competition from other potential acquirers, primarily private equity funds. Even if UPC Holding is successful in acquiring new businesses, the integration of new businesses may present significant costs and challenges, including: realizing economies of scale in interconnection, programming and network operations; eliminating duplicative overheads; and integrating personnel, networks, financial systems and operational systems. There can be no assurance that UPC Holding will be successful in acquiring new businesses or realizing the anticipated benefits of any completed acquisition.

UPC Holding's businesses are conducted in nine European countries and in Chile, which gives rise to numerous operational risks.

UPC Holding's businesses operate in nine European countries and in Chile and are thereby subject to the following inherent risks:

- foreign currency exchange rates;
- difficulties in staffing and managing international operations;
- potentially adverse tax consequences;
- export and import restrictions, custom duties, tariffs and other trade barriers;
- increases in taxes and governmental fees;
- economic and political instability and related impacts on foreign currency exchange rates; and
- changes in foreign and domestic laws and policies that govern operations of foreign-based companies.

Operational risks that UPC Holding may experience in certain countries include disruptions of services or loss of property or equipment that are critical to overseas businesses due to expropriation, nationalization, war, insurrection, terrorism or general social or political unrest.

Difficult economic conditions may reduce subscriber spending for UPC Holding's video, internet and telephony services and reduce its rate of growth of subscriber additions.

Most of the countries in which UPC Holding operates are experiencing difficult economic conditions. In addition, the current sovereign debt crisis in Europe is further contributing to challenging economic conditions globally and in the countries in which UPC Holding operates. Because a substantial portion of its revenue is derived from residential subscribers who may be impacted by these conditions, it may be

(i) more difficult to attract new subscribers, (ii) more likely that certain of its subscribers will downgrade or disconnect their services and (iii) more difficult to maintain ARPUs at existing levels. In addition, UPC Holding's operating results may be adversely affected by the current sovereign debt crisis in Europe and related global economic conditions generally. Accordingly, UPC Holding's ability to increase, or in certain cases, maintain the revenue, ARPU, RGUs, operating cash flow, operating cash flow margins and liquidity of its operating segments could be adversely affected to the extent that relevant economic environments remain weak or decline further. UPC Holding is currently unable to predict the extent of any of these potential adverse effects.

Disruptions in the credit and equity markets could increase the risk of default by the counterparties to UPC Holding's financial instruments, undrawn debt facilities and cash investments and may impact its future financial position.

Although UPC Holding seeks to manage the credit risks associated with its financial instruments, cash and cash equivalents and undrawn debt facilities, disruptions in credit and equity markets could increase the risk that its counterparties could default on their obligations to it. At September 30, 2010, UPC Holding's exposure to credit risk included (i) derivative assets with a fair value of €131.0 million, (ii) cash and cash equivalents balance of €71.3 million and (iii) aggregate undrawn debt facilities of €820.8 million. Were one or more of UPC Holding's counterparties to fail or otherwise be unable to meet its obligations to UPC Holding, UPC Holding's cash flows, results of operations and financial condition could be adversely affected. It is not possible to predict how disruptions in the credit and equity markets and the associated difficult economic conditions could impact UPC Holding's future financial position. In this regard, (i) the financial failures of any of UPC Holding's counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact its ability to access cash deposited with any failed financial institution and (ii) sustained or further tightening of the credit markets could adversely impact its ability to access debt financing on favorable terms, or at all. In addition, sustained or increased competition, particularly in combination with weak economies, could adversely impact UPC Holding's cash flows and liquidity.

Risks Relating to Legislative and Regulatory Matters

UPC Holding's businesses are subject to risks of adverse regulation.

UPC Holding's businesses are subject to the unique regulatory regimes of the countries in which they operate. Cable and telecommunications businesses are subject to licensing or registration eligibility rules and regulations, which vary by country. The provision of electronic communications networks and services requires licensing from, or registration with, the appropriate regulatory authorities, and for telephony services, entrance into interconnection arrangements with the incumbent phone companies. It is possible that countries in which UPC Holding operates may adopt laws and regulations regarding electronic commerce which could dampen the growth of the internet services being offered and developed by these businesses. In addition, regulatory authorities may grant new licenses to third parties and, in any event, in most of UPC Holding's markets, new entry is possible without a license, resulting in greater competition in territories where UPC Holding's businesses may already be active. More significantly, regulatory authorities may require UPC Holding to grant third parties access to, or allow third parties to resell, its bandwidth, frequency capacity, facilities or services. For example, and as discussed below, most of the countries in which UPC Holding operates will need to transpose into their national laws new EU level requirements and the transposition of these requirements into national laws may be unfavorable to UPC Holding. Consequently, UPC Holding's businesses must adapt their ownership and organizational structure as well as their pricing and service offerings to satisfy the rules and regulations to which they are subject. A failure to comply with these rules and regulations could result in penalties, restrictions on such business or loss of required licenses or other adverse conditions.

Such adverse conditions could:

- impair UPC Holding's ability to use its bandwidth in ways that would generate maximum revenue and operating cash flow;
- create a shortage of capacity on UPC Holding's network, which could limit the types and variety of services that it seeks to provide its customers;
- strengthen UPC Holding's competitors by granting them access and lowering their costs to enter into UPC Holding's markets; and

- have a significant adverse impact on UPC Holding's profitability.

Businesses, including UPC Holding, that offer multiple services, such as video distribution as well as internet and telephony, or that are vertically integrated and offer both video distribution and programming content, often face close regulatory scrutiny from competition authorities in several countries in which UPC Holding operates. This is particularly the case with respect to any proposed business combinations which will often require clearance from national competition authorities. The regulatory authorities in several countries in which UPC Holding does business have considered from time to time what access rights, if any, should be afforded to third-parties for use of existing cable television networks and in certain countries have imposed access obligations. This has resulted, for example, in call termination obligations in respect of UPC Holding's telephony business in Europe and video "must carry" obligations in many markets in which it operates.

When UPC Holding acquires additional communications companies, these acquisitions may require the approval of governmental authorities (either at country or European level), which can block, impose conditions on, or delay an acquisition, thus hampering UPC Holding's opportunities for growth.

New legislation may significantly alter the regulatory regime applicable to UPC Holding, which could adversely affect UPC Holding's competitive position and profitability, and UPC Holding may become subject to more extensive regulation if it is deemed to possess significant market power in any of the markets in which it operates.

Significant changes to the existing regulatory regime applicable to the provision of cable television, telephony and internet services have been and are still being introduced. For example, in the European Union a large element of regulation affecting UPC Holding's business derives from a number of legal measures, which it refers to as "Directives" and that are the basis of the regulatory regime concerning communications services across the EU. The various Directives require Member States to harmonize their laws on communications and cover issues such as access, user rights, privacy and competition. These Directives are reviewed from time to time and any changes to them could lead to substantial changes in the way in which UPC Holding's businesses are regulated and to which they would have to adapt.

UPC Holding does not have complete control over the prices that it charges.

UPC Holding's cable television business is in some countries subject to regulation or review by various regulatory, competition or other government authorities responsible for the regulation or the review of the charges to its subscribers for cable television services. Such authorities, in certain cases, could potentially require UPC Holding to repay such fees to the extent they are excessive or discriminatory. UPC Holding also may not be able to enforce future changes to its cable television subscription prices. Additionally, in certain European markets, UPC Holding's ability to bundle or discount its services may be constrained if it is held to be dominant with respect to any product it offers. This may have an adverse impact on UPC Holding's revenue, profitability of new products and services and its ability to respond to changes in the cable television market.

Risks Relating to UPC Holding's Management, Principal Shareholders and Related Parties

The loss of certain key personnel could harm UPC Holding's business.

UPC Holding has experienced employees at both the corporate and operational levels who possess substantial knowledge of its business and operations. There can be no assurance that UPC Holding will be successful in retaining the services of these employees or that it 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 UPC Holding's business operations, which could materially adversely affect its results of operations.

The interests of LGI, UPC Holding's indirect parent company, may conflict with UPC Holding's interests.

LGI is UPC Holding's indirect parent, indirectly owning 100% of the voting interests in UPC Holding. When business opportunities, or risks and risk allocation arise, the interests of LGI (or other LGI controlled entities) may be different from, or in conflict with, UPC Holding's interests on a stand-alone basis. Because UPC Holding is indirectly controlled by the parent entity, LGI may allocate certain or all of its risks to UPC Holding and there can be no assurance that LGI will permit UPC Holding to pursue certain business opportunities.

UPC Holding's ability to exercise control over certain of its subsidiaries may be, in some cases, dependent upon the consent and co-operation of other equity participants who are not under UPC Holding's control.

UPC Holding currently has operations in 10 countries (including Chile). Its participation of ownership in each of these subsidiaries varies from market to market, and in certain countries it has agreements with minority shareholders which provide these minority shareholders with different rights and possibly the ability to block transactions or decisions which UPC Holding would otherwise undertake. UPC Holding's ability to withdraw funds, including dividends, from its participation in, and to exercise management control over, some of these subsidiaries and investments depends on the consent of the other equity participants in these subsidiaries. Although the terms of UPC Holding's investments vary, its operations may be affected if disagreements develop with other equity participants in its subsidiaries. Failure to resolve such disputes could restrict payments to UPC Holding and have an adverse effect on its business operations.

Risks Relating to the Notes and the Structure

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

The Issuer has been formed as a special purpose financing company for the primary purpose of facilitating the offering of the Notes. The Issuer is a special purpose financing company that has no material business operations, no direct subsidiaries and no employees and, upon completion of the offering of the Notes, its only material assets will be the Finco Loan and its rights under certain related agreements. Furthermore, the Indenture prohibits the Issuer from engaging in any activities other than certain limited activities permitted under the heading "*Description of the Notes—Certain Covenants—Limitations with Respect to Business Activities of the Issuer*". As such, the Issuer will be wholly dependent upon payments from UPC Financing under the Finco Loan, other than certain amounts due on the Notes (such as prepayment premiums and additional amounts following certain tax events), which will be financed by UPC Financing pursuant to the Fee Letter or by LG Europe pursuant to the Expenses Agreement, respectively, in order to service its obligations under the Notes.

UPC Broadband Holding and UPC Financing conduct no business operations of their own. UPC Financing will depend on payments from UPC Broadband Holding's subsidiaries to make payments on the Finco Loan.

UPC Broadband Holding and UPC Financing conduct no business operations of their own. The ability of any of UPC Broadband Holding's direct or indirect subsidiaries to pay dividends or to make other payments or advances to UPC Broadband Holding depends on their individual operating results and any statutory, regulatory or contractual restrictions to which they may be or may become subject, and in some cases UPC Broadband Holding's receipt of such payments or advances may be subject to onerous tax consequences. Most of UPC Broadband Holding's operating subsidiaries are subject to credit agreements or indentures that restrict sales of assets and prohibit or limit the payment of dividends or the making of distributions, loans or advances to stockholders and partners, including UPC Broadband Holding. In addition, because these subsidiaries are separate and distinct legal entities they have no obligation to provide UPC Broadband Holding or UPC Financing funds for payment obligations, whether by dividends, distributions, loans or other payments, except to the extent they are guarantors under the UPC Broadband Holding Bank Facility. If any of UPC Broadband Holding's direct or indirect subsidiaries are unable to make distributions or other payments to it or their respective parent entities, UPC Financing does not expect to have any other sources of funds that would allow it to make payments under the Finco Loan, and in turn, allow the Issuer to make payments under the Notes.

There can be no assurance that arrangements with UPC Broadband Holding's subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of UPC Broadband Holding's subsidiaries will provide UPC Financing with sufficient dividends, distributions or loans to fund payments under the Finco Loan, and in turn, fund payments by the Issuer under the Notes, when due.

Your ability to recover under the collateral securing the Notes may be limited.

The holders of the Notes will benefit from security interests in the Collateral.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the Trustee and any other creditors that also have the benefit of first liens on the Collateral securing the Notes from time to time, whether on or after the date the Notes are issued. The Initial Purchasers have neither analyzed the effect of, nor participated in any negotiations relating to, such exceptions, defects, encumbrances, liens and other imperfections. 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.

The security interest of the Security Agent will be subject to practical problems generally associated with the realization of security interests in Collateral. For example, the Security Agent may need to obtain the consent of a third party to obtain or enforce a security interest in a contract. The Issuer cannot assure you that the Security Agent will be able to obtain any such consent. It 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.

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 assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the Collateral securing the Notes may not be perfected with respect to the claims of the Security Agent on behalf of the Trustee and the holders of the Notes if the Security Agent is not able to take the actions necessary to perfect any of these liens on or prior to the date of the Indenture. For example, applicable law may require 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 the time such property and rights are acquired and identified. The Issuer has limited obligations to perfect the noteholders' security interest in specified collateral. There can be no assurance that the Trustee or the Security Agent for the Notes will monitor, or that the Issuer will inform the Trustee or the Security Agent of, the future acquisition of property and rights that constitute Collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired Collateral. The Security Agent for the Notes has no obligation to monitor the acquisition of additional property or rights that constitute Collateral or the perfection of any security interest. Such failure may result in the loss of the security interest in the Collateral or the priority of the security interest in favor of the Security Agent on behalf of the Trustee and the holders of the Notes against third parties.

The security interest in the collateral securing the Finco Loan will not be granted directly to the holders of the Notes.

The security interests in the collateral securing the Finco Loan will not be granted directly to holders of the Notes. Instead, they will be granted in favor of the security agent in respect of the UPC Broadband Holding Bank Facility, including the Finco Loan, and the Finco Loan will in turn serve as collateral for the obligations of the Issuer under the Notes.

As a result, upon the occurrence of an event of default under the Notes, the Security Agent on behalf of the Trustee and the holders of the Notes will not have the right to enforce the collateral for the Finco Loan directly but, instead, must enforce the security interest in the Finco Loan and then enforce the collateral granted in favor of the Finco Loan. This indirect claim over the collateral could delay or make more costly any realization of such collateral.

Creditors under the UPC Broadband Holding Bank Facility are entitled to be repaid with the proceeds of the collateral sold in any enforcement sale on a pari passu basis with the Finco Loan and the value of the collateral may not be sufficient to satisfy UPC Financing's obligations under the Finco Loan.

The security granted in favor of the Finco Loan also secures all other indebtedness existing under the UPC Broadband Holding Bank Facility as a whole on a *pari passu* basis. In the event of a foreclosure on the liens securing the Finco Loan, any proceeds received by the security agent in respect of the UPC Broadband Holding Bank Facility, as a whole, from the sale of the collateral would be distributed to repay on a *pari passu* basis all of the creditors under the UPC Broadband Holding Bank Facility.

No appraisals of any collateral securing the UPC Broadband Holding Bank Facility have been prepared in connection with this offering. The value of such collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers, the jurisdiction in which the enforcement action or sale is completed and the ability to readily liquidate the collateral. Each of these factors or any challenge to the validity of any arrangements governing creditors' rights under the UPC Broadband Holding Bank Facility could reduce the proceeds realized upon enforcement of the collateral. Consequently, there can be no assurance that the proceeds from the sale of the collateral will be sufficient to satisfy the obligations under the Finco Loan. In addition, there can be no assurance that the collateral could be sold in a timely manner, if at all.

UPC Financing and UPC Broadband Holding may not have the ability to raise the funds necessary to finance required prepayments of the UPC Broadband Holding Bank Facility (including prepayment of the Finco Loan) in the event of a change of control thereunder.

Upon the occurrence of a Change of Control (as defined in the UPC Broadband Bank Facility) and if the majority lenders thereunder so require, UPC Broadband Holding and UPC Financing will be required to prepay the UPC Broadband Holding Bank Facility (including the Finco Loan) and to pay any premiums or other amounts that may be due under the UPC Broadband Holding Bank Facility, including a payment equal to 1% of the principal amount of the Finco Loan, as required under the Finco Accession Agreement. The ability of UPC Broadband Holding and UPC Financing to prepay the Finco Loan upon a Change of Control would be limited by their access to funds at the time of the prepayment and the terms of their other debt agreements, which agreements could restrict or prohibit such a prepayment. Upon a Change of Control, UPC Broadband Holding and UPC Financing may be required immediately to repay the outstanding principal, any accrued interest on and any other amounts owed by them under one or more of their other bank facilities. The source of funds for these repayments would be their available cash or cash generated from other sources. However, there can be no assurance that UPC Broadband Holding and UPC Financing will have sufficient funds available upon a Change of Control to make these repayments. If they are not able to make the required prepayment of the UPC Broadband Holding Bank Facility (including the Finco Loan), the Issuer will not be able to redeem the Notes.

Holders of the Notes have limited recourse to the Issuer, as payments under the Notes are limited to the amount of certain payments received by the Issuer under the UPC Broadband Holding Bank Facility and the related agreements.

The obligations of the Issuer under the Indenture, the Notes and the Notes Security Documents (as defined under "*Description of the Notes*") will be limited as set forth in the Indenture. All payments to be made by the Issuer under the Indenture, the Notes and the Notes Security Documents will be made only from and to the extent of such sums received or recovered by or on behalf of the Issuer, the Trustee or the security agent under the UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Fee Letter, the Deed of Covenant and the Expenses Agreement, and other than under the limited circumstances described below under "*Description of the Notes—Events of Default and Remedies*", none of the Trustee, the Security Agent, the Principal Paying Agent, the Registrar or the holders of Notes will have any further recourse to the Issuer in respect thereof in the event that the amount due and payable by the Issuer under the Indenture, the Notes and the Notes Security Documents exceeds the amounts so received under the UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Fee Letter, the Deed of Covenant and the Expenses Agreement.

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

Holders of the Notes have limited direct recourse to UPC Financing.

Except for the specific interests of the Issuer as a UPCB Lender under the UPC Broadband Holding Bank Facility or as otherwise expressly provided in the terms of the Indenture, no proprietary or other direct interest in the Issuer's rights under or in respect of the UPC Broadband Holding Bank Facility exists for the benefit of the holders of the Notes. Further, subject to the terms of the Indenture, no holder of

Notes can enforce any provision of the UPC Broadband Holding Bank Facility or have direct recourse to UPC Financing as borrower except through an action by the Trustee or the Security Agent pursuant to the rights granted to the Trustee and Security Agent under the Indenture and the Notes Security Documents. Under the Indenture, the Trustee shall not be required to take proceedings to enforce payment under the UPC Broadband Holding Bank Facility unless it has been indemnified or secured by the holders of the Notes to its satisfaction. In addition, neither the Issuer nor the Trustee is required to monitor UPC Financing's financial performance.

United States securities laws restrict the circumstances under which you can transfer the Notes.

The Issuer is offering the Notes in reliance upon exemptions from registration under the U.S. Securities Act and applicable state securities laws. Therefore, the Notes may be transferred or resold only in transactions registered under, exempt from or not subject to the registration requirements of the U.S. Securities Act and all applicable state securities laws. In addition, transfer restrictions with respect to the Notes which relate to exceptions provided for under the U.S. Investment Company Act of 1940, as amended, prohibit transfer except as provided by the transfer restrictions under "*Plan of Distribution*" and "*Transfer Restrictions*". You should read the discussions under "*Plan of Distribution*" and "*Transfer Restrictions*" for further information about these and other transfer restrictions. It is your obligation to ensure that your offers and sales of Notes comply with applicable law.

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

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

Although the Issuer will, in the Indenture, agree to use its reasonable efforts to have the Notes listed on the Official List and admitted to trading on the Global Exchange Market of the Irish Stock Exchange 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 Irish Stock Exchange or it becomes unduly burdensome to make or maintain such listing (for the avoidance of doubt, the preparation of financial statements in accordance with International Financial Reporting Standards or any accounting standard other than U.S. GAAP and any other standard pursuant to which the Issuer prepares its financial statements shall be deemed unduly burdensome), the Issuer may cease to make or maintain such listing on the Irish Stock Exchange, provided that 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 Irish Stock Exchange or another recognized listing exchange for high yield issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Notes from the Irish Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

The various insolvency and administrative laws to which UPC Holding and the Issuer are subject may not be favorable to creditors, including the Issuer as lender under the Finco Loan and holders of Notes, as the case may be, and may limit the Issuer's ability to enforce its rights under the Finco Loan and your ability to enforce your rights under the Notes.

The Netherlands and the EU

UPC Holding and certain of its subsidiaries are organized under the laws of the Netherlands and have their center of main interests within the meaning of the EU Insolvency Regulation (EU 1346/2000) in the Netherlands (the "Dutch Companies"). Consequently, in the event of a bankruptcy or insolvency event with respect to a Dutch Company, primary proceedings would likely be initiated in the Netherlands while secondary proceedings could be initiated in one or more EU jurisdictions (with the exception of Denmark) in which UPC Holding conducts operations. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding enforcement of your rights. The Issuer's rights as a lender under the UPC Broadband Holding Bank Facility, and indirectly your rights as a holder of Notes, may be subject to insolvency and administrative laws of several jurisdictions that may differ substantially from each other, including with regard to the rights of creditors, priority claims and procedures and may contain provisions that are unfavorable to you. For example in some jurisdictions:

- after the occurrence of an insolvency event, secured lenders with a first ranking priority have additional rights, including, among other things, the right to direct the disposition of any collateral security, which could result in the sale of certain assets for less than their going concern value, whereas in other jurisdictions a secured creditor may be stayed from taking any enforcement action for an indeterminate period of time;
- certain claims, such as (i) amounts owed in respect of occupational pension schemes, (ii) certain amounts owed to employees, (iii) amounts owed to governmental entities and (iv) expenses of an insolvency trustee or administrator may have priority over claims of unsecured creditors, including secured creditors to the extent the collateral is insufficient;
- the grant of collateral security for the UPC Broadband Holding Bank Facility, including the Finco Loan underlying the Notes, may be voided if entered into or granted within specified hardening periods in advance of an insolvency event and/or if this is found to be detrimental to the creditors; and
- the ability to claim for or collect interest or other amounts accruing after the commencement of bankruptcy proceedings may be limited and may not be entitled to priority.

In addition, although the EU Insolvency Regulation does provide guidance, there can be no assurance as to how these laws would be applied in the event of a multi-jurisdictional insolvency proceeding. As a result, UPC Holding cannot assure you that the Trustee and/or Security Agent will be able to enforce the Issuer's rights as a creditor effectively in such bankruptcy or insolvency proceedings.

Dutch insolvency laws may make it difficult or impossible to effect a restructuring. There are two primary insolvency regimes under Dutch law: the first, moratorium of payment (*surséance 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 moratorium of payment proceedings, the court will grant a provisional moratorium. A definitive moratorium will generally be granted in a creditors' meeting called for that purpose, unless rejected by a qualified minority of the general unsecured non-preferential creditors. In both cases, general unsecured and non-preferential creditors will be precluded from attempting to recover their claims from the assets of the debtor. Moratorium is subject to exceptions, the most important of which excludes secured creditors and preferential creditors (such as tax and social security authorities) from the application of the moratorium. During Dutch moratorium of payment 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. A recovery under Dutch law, therefore, could involve a sale of assets in a manner that does not reflect the going concern value of the debtor. In a moratorium, a composition (*akkoord*) may be offered to the unsecured and non-preferential creditors. Such a composition will be binding upon all unsecured and non-preferential creditors, irrespective whether they voted in favor or against it or whether they were represented at the creditor's meeting called for the purpose of voting on the composition plan, if (i) it is approved by more than 50% in number of the general unsecured and non-preferential creditors present or represented at the creditor's meeting, representing at least 50% in amount of the general unsecured and non-preferential claims admitted for voting purposes and (ii) it is subsequently ratified (*gehomologeerd*) by the Court. Consequently, Dutch insolvency laws could preclude or inhibit the ability of the holders of the Notes to effect a restructuring of UPC Holding and could reduce the holders' recovery in a Dutch insolvency proceeding.

Under Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors on a pari passu basis and certain creditors (such as secured creditors and preferential creditors) will have special rights that may adversely affect the interests of the Issuer as a lender under the UPC Broadband Holding Bank Facility. The claim of a creditor may be limited depending on the date the claim becomes due and payable in accordance with its terms. Generally, claims of the Issuer as a lender under the UPC Broadband Holding Bank Facility which were not due and payable by their terms on the date of a bankruptcy are admissible only for their net present value if they mature more than one year after opening of the bankruptcy. Each of these claims will have to be submitted to the receiver to be verified by the receiver. "Verification" under Dutch law means that the receiver verifies the value of the claim and whether and to what extent it may be admitted in the bankruptcy proceedings. The valuation of claims that otherwise would not have been payable at the time of the bankruptcy proceedings may be based on the net present value analysis. Creditors that wish to dispute the valuation of their claims by the receiver will need to commence a court proceeding. These verification procedures could cause holders of the Notes to recover less than the principal amount of their Notes.

The Cayman Islands

Your rights as a creditor may not be the same under Cayman Islands insolvency laws as under U.S. or other insolvency laws.

The Issuer is incorporated under the laws of the Cayman Islands. The insolvency laws of the Cayman Islands are likely to differ from those of the United States or another jurisdiction with which you may be familiar. The following is a brief description of certain aspects of insolvency law in the Cayman Islands. In the event that the Issuer experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Under Cayman Islands law, insolvency proceedings involve the appointment of a liquidator whose function it is to act as the agent of the company and (i) to realize the company's unsecured assets; (ii) to identify the company's unsecured creditors and the amounts of their claims; and (iii) to distribute the proceeds of realization of the company's unsecured assets (net of expenses and claims of preferred creditors) to the company's unsecured creditors pro rata, and after the creditors have been paid in full to the company's shareholders. Cayman Islands legislation provides for three different procedural systems for winding-up companies, namely (i) compulsory winding-up by order of the Cayman Island Court (the "Court"), (ii) voluntary winding-up initiated by a resolution of the shareholders or in accordance with the provisions of the company's articles of association, and (iii) voluntary winding-up originally initiated by a resolution of the shareholders that is subsequently made subject to the supervision of the Court. A petition to the Court for a winding up order may be made by the company itself or a creditor (including a contingent or prospective creditor) or shareholder of the company. A winding up order is usually sought by demonstrating to the Court that the company is unable to pay its debts, or because it is otherwise just and equitable to make a winding-up order. When considering inability to pay debts, Cayman Islands law emphasizes a company's cash-flow position although the net asset position of the company may also be taken into account by the Court. When a winding up order is made by the Court, an automatic moratorium on proceedings against the company is imposed and proceedings may not be commenced or continued against the company except with the express permission of the Court. Dispositions of property, transfers of shares and alterations in the status of shareholders are void unless approved by the Court. The moratorium does not affect any valid rights to set off or subordination agreements acquired or entered into before the commencement of the liquidation. A secured creditor is entitled to enforce his security without the leave of the Court and without reference to the liquidator.

It is a rule of Cayman Islands insolvency law that all ordinary unsecured and unsubordinated creditors are treated equally irrespective of the nature of their claims. This is referred to as the *pari passu* rule. Local creditors (save in certain cases for a minimal category of statutorily preferred creditors including statutory fees, and very limited amounts owed to Cayman Islands employees) do not have any preference or priority over foreign creditors. This rule applies among ordinary unsecured and unsubordinated creditors existing as of the commencement of the liquidation or whose claims arise out of causes or action that accrued before the date of the commencement of the liquidation. These will include creditors whose claims against the company arise out of contract, common law and statutory torts, equitable claims, etc.

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

The Issuer is incorporated under the laws of the Cayman Islands and does not have any assets in the United States. It is anticipated that some or all of the directors and 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 respective directors and officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. In addition, the Issuer cannot assure you that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in the Cayman Islands. See "*Enforcement of Judgments*".

Employee Benefit Plan Considerations.

Each acquirer or transferee of a Note or any interest therein will be deemed to have represented, warranted and agreed that (1) either (a) it is not, and is not acting on behalf of (and for so long as such acquirer or transferee holds such Notes or any interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor (as defined under "*Transfer Restrictions*") or a governmental, church or non-U.S. plan which is subject to Similar Laws (as defined under "*Transfer Restrictions*"), and no part of the assets used by it to acquire or hold the Note or any interest herein constitutes the assets of any Benefit Plan Investor or such a governmental, church, or non-U.S. plan, or (b) its acquisition, holding and disposition of such Notes does not and will not constitute or otherwise result in a non-exempt prohibited transaction under the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or, in the case of a governmental, church or non-U.S. plan a non-exempt violation of any Similar Laws); and (2) neither the Issuer nor any of its affiliates is a "fiduciary" (within the meaning of Section 3(21) of ERISA or, with respect to a governmental, church or non-U.S. plan, any definition of "fiduciary" under Similar Laws) (a "Fiduciary") with respect to the purchaser or holder in connection with any purchase or holding of the Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of the purchaser and holder in connection with the Notes and the transactions contemplated with respect to the Notes; and (3) it will not sell or otherwise transfer the Note or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its acquisition, holding and disposition of the Note.

See "*Certain Employee Benefit Plan Considerations*" herein for a more detailed discussion of certain ERISA and related considerations with respect to an investment in the Notes.

USE OF PROCEEDS

The Issuer expects that the gross proceeds from the sale of the Notes offered hereby (together with any fees allocable to original issue discount on the Notes payable to the Issuer by UPC Financing under the Fee Letter, as described below) will be $1 billion and will be used by the Issuer to fund the Finco Loan, denominated in U.S. dollars, in an aggregate principal amount equal to the aggregate principal amount of the Notes offered hereby under a new additional Facility Z borrowed by UPC Financing under the UPC Broadband Holding Bank Facility. The proceeds of the Finco Loan are intended to be used to reduce part of or all amounts outstanding under Facilities N, P, T or X and/or some of the euro-denominated Facilities (other than Facilities V and Y) under the UPC Broadband Holding Bank Facility through the repayment of borrowings, the novation of commitments to a subsidiary of UPC Broadband Holding or otherwise. Initial Purchasers' commissions and certain estimated expenses incurred in connection with this offering of approximately €7.0 million, including legal, accounting and other professional fees incurred in connection therewith, are being paid by UPC Financing. In addition, an amount equal to the original issue discount, if any, on the Notes will be paid by UPC Financing to the Issuer as an upfront fee in connection with the Finco Loan. As a result, the principal amount of the Finco Loan will equal the aggregate principal amount of the Notes issued in this offering. As UPC Holding will consolidate the Issuer following the issuance of the Notes, the Finco Loan and UPC Financing's payment of the upfront fee to the Issuer will be eliminated in consolidation. For a description of the Fee Letter, see "*Description of the Notes—Certain Transaction Documents*".

CAPITALIZATION OF UPC HOLDING AND THE ISSUER

The following table sets forth, in each case as of September 30, 2010, (i) the actual consolidated cash and cash equivalents and capitalization of UPC Holding and (ii) the consolidated cash and cash equivalents and capitalization of UPC Holding on an as adjusted basis after giving effect to (a) the offering of the Notes and the use of the proceeds as set forth in "*Use of Proceeds*", (b) the issuance of €750 million aggregate principal amount of UPCB II Senior Secured Notes by UPCB Finance II Limited and the use of proceeds thereof and (c) the consolidation of the Issuer and UPCB Finance II Limited by UPC Holding.

You should read this table in conjunction with "*Use of Proceeds*", "*Summary Condensed Consolidated Historical Financial Information of UPC Holding*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations of UPC Holding*", "*Description of Other Indebtedness of UPC Holding*", "*Description of the Notes*" and the September 30, 2010 Condensed Consolidated Financial Statements and the December 31, 2009 Consolidated Financial Statements included elsewhere in this offering memorandum.

The impact of any derivative instruments that UPC Holding may enter into to manage foreign currency risk associated with the Finco Loan has not been reflected in the as adjusted data presented in this table. Except as set forth in the footnotes to this table, there have been no material changes to UPC Holding's third-party capitalization since September 30, 2010.

CASH AND CASH EQUIVALENTS AND CAPITALIZATION OF UPC HOLDING	September 30, 2010	
	Actual	As Adjusted
	in millions	
Cash and cash equivalents(1):		
UPC Holding	€ —	€ —
UPC Holding subsidiaries	71.3	57.3
Total cash and cash equivalents	€ 71.3	€ 57.3
Third-party debt:		
UPC Holding Senior Notes	€ 1,589.0	€ 1,589.0
UPCB Finance Limited(2)	495.9	495.9
UPCB Finance II Limited(3)	—	750.0
UPCB Finance III Limited (the Issuer)(4)	—	735.3
UPC Broadband Holding Bank Facility(5)	5,845.0	4,359.7
Other debt of UPC Holding subsidiaries	0.4	0.4
Capital lease obligations of UPC Holding subsidiaries(6)	23.3	23.3
Total third-party debt	7,953.6	7,953.6
UPC Holding Shareholder (Subordinated) Loans(7)	8,271.6	8,271.6
Owners' deficit(8)	(8,931.5)	(8,931.5)
Total capitalization	€ 7,293.7	€ 7,293.7

(1) The amount of cash and cash equivalents presented in the "*As Adjusted*" column (i) that the gross proceeds from the Finco Loan will be used to reduce part of or all amounts outstanding under Facilities N, P, T or X and/or some of the euro-denominated Facilities (other than Facilities V and Y) under the UPC Broadband Holding Bank Facility through the repayment of borrowings, the novation of commitments to a subsidiary of UPC Broadband Holding or otherwise, and accordingly, will not result in an increase to the cash and cash equivalents of UPC Holding subsidiaries and (ii) that the €7.0 million of commissions and expenses associated with the offering of the Notes and the €7.0 million of commissions and expenses associated with the issuance of the UPCB II Senior Secured Notes are paid out of the cash and cash equivalents of UPC Holding subsidiaries. The proceeds of the Notes have been converted into euros at a rate of $1.36 : €1.00.

(2) UPCB Finance Limited is a special purpose financing entity that, following the issuance of the UPCB Senior Secured Notes, was, and will continue to be for so long as the loan made under Facility V under the UPC Broadband Holding Bank Facility remains outstanding, consolidated by UPC Holding.

(3) UPCB Finance II Limited is a special purpose financing entity that, following the issuance of the UPCB II Senior Secured Notes, was, and will continue to be for so long as the loan made under

Facility Y under the UPC Broadband Holding Bank Facility remains outstanding, consolidated by UPC Holding.

(4) The "*As Adjusted*" amount reflects (i) the issuance of the Notes by the Issuer and the use of the proceeds from the Finco Loan to reduce part of or all amounts outstanding under Facilities N, P, T or X and some of the euro-denominated Facilities (other than Facilities V and Y) under the UPC Broadband Holding Bank Facility through the repayment of borrowings, the novation of commitments to a subsidiary of UPC Broadband Holding or otherwise and (ii) the issuance of the UPCB II Senior Secured Notes by UPCB Finance II Limited and the use of the proceeds from a loan under Facility Y to reduce borrowings under Facilities M and U under the UPC Broadband Holding Bank Facility. As further described under *"General Description of UPC Holding's Business, the Issuer and the Offering—The Issuer and Consolidation of the Issuer by UPC Holding*", the Issuer is a special purpose financing entity that will be consolidated by UPC Holding following the issuance of the Notes. The aggregate principal amount of the Notes have been convereted into euros at a rate of $1.36 : €1.00.

(5) Facility V, Facility Y and Facility Z of the UPCB Broadband Holding Bank Facility were, or will be, funded through the issuance of the UPCB Senior Secured Notes, the UPCB II Senior Secured Notes and the issuance of the Notes, respectively. The amounts outstanding under Facility V, Facility Y and Facility Z are, or will be, eliminated through the consolidation of UPCB Finance Limited, UPCB Finance II Limited and the Issuer within UPC Holding's consolidated financial statements and are not reflected in this table.

(6) Network lease obligations are included in capital lease obligations but are generally excluded from the definition of Indebtedness in the financial covenants of UPC Holding's senior credit facilities and the indentures relating to the UPCH Notes.

(7) The UPC Holding Subordinated Loans are subordinated to the UPCH Notes and mature on March 1, 2020. The interest rate was 4.8% for the nine months ended September 30, 2010 and is reviewed on an annual basis. Interest may be paid in kind or, at the option of UPC Holding, subject to certain limitation, in cash. See "*Description of Other Indebtedness of UPC Holding—UPC Holding Subordinated Loans*".

(8) Owners' deficit represents the excess of UPC Holding's liabilities over its assets and includes parent's deficit and noncontrolling interests. For additional information, see the September 30, 2010 Condensed Consolidated Financial Statements and the December 31, 2009 Consolidated Financial Statements. The "As Adjusted" column does not include any adjustment to reflect the write-off of deferred financing fees associated with the amounts outstanding under the UPC Broadband Holding Bank Facility that will be reduced with proceeds from the Finco Loan and Facility Y. The actual amount of deferred financing fees to be written-off is not expected to exceed €15 million.

The following table sets forth, in each case as of September 30, 2010, (i) the actual cash and capitalization of the Issuer and (ii) the cash and capitalization of the Issuer on an as adjusted basis after giving effect to the issuance of the Notes, together with any cash received from UPC Financing under the Fee Letter to the extent the Notes are issued with original issue discount, and the related advance of the $1 billion of proceeds therefrom to UPC Financing pursuant to the Finco Loan, as set forth in "*Use of Proceeds*". The Finco Loan will be reflected as an asset on the Issuer's balance sheet.

CASH AND CAPITALIZATION OF THE ISSUER	September 30, 2010	
	Actual	As Adjusted
	in millions	
Total cash	$ —	$ —
Total debt	—	$ 1,000
Total stockholders' equity	—	—
Total capitalization	$ —	$ 1,000

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

The following discussion and analysis is intended to assist in providing an understanding of UPC Holding's financial condition, changes in financial condition and results of operations and should be read together with the September 30, 2010 Condensed Consolidated Financial Statements and the December 31, 2009 Consolidated Financial Statements, including the accompanying notes, included elsewhere in this offering memorandum. Some of the information in this discussion and analysis includes forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" and "Risk Factors" for a discussion of important factors to be evaluated in connection with a prospective purchase of Notes. In the following text, the terms, "we", "our", "our company" and "us" may refer, as the context requires, to UPC Holding or collectively to UPC Holding and its subsidiaries. The capitalized terms used below have been defined in the notes to the September 30, 2010 Condensed Consolidated Financial Statements and the December 31, 2009 Consolidated Financial Statements. Unless otherwise indicated, convenience translations into euros are calculated as of September 30, 2010 or December 31, 2009, as applicable.

This discussion is organized as follows:

- *Overview.* This section provides a general description of our business and recent events.
- *Results of Operations.* This section provides an analysis of our results of operations for the three and nine months ended September 30, 2010 and 2009 and for the years ended December 31, 2009, 2008 and 2007.
- *Liquidity and Capital Resources.* This section provides an analysis of our corporate and subsidiary liquidity, consolidated cash flow statements, off balance sheet arrangements and contractual commitments.
- *Critical Accounting Policies, Judgments and Estimates.* This section discusses those material accounting policies that contain uncertainties and require significant judgment in their application.

Overview

We are an indirect subsidiary of LGI and an international provider of video, voice and broadband internet services with consolidated broadband communications and/or DTH operations at September 30, 2010 in nine European countries and in Chile. Our European broadband communications and DTH operations are collectively referred to as UPC Europe. Our broadband communications operations in Chile are provided through VTR.

Our analog video service offerings include basic programming and, in some markets, expanded basic programming. We tailor both our basic channel line-up and our additional channel offerings to each system according to culture, demographics, programming preferences and local regulation. Our digital video service offerings include basic and premium programming and incremental product and service offerings such as enhanced pay-per-view programming (including video-on-demand and near video-on-demand), digital video recorders and high definition programming.

We offer broadband internet services in all of our broadband communications markets. Our residential subscribers generally access the internet via cable modems connected to their personal computers at various speeds depending on the tier of service selected. We determine pricing for each different tier of broadband internet service through analysis of speed, data limits, market conditions and other factors. We currently offer ultra high-speed internet services in most of our European markets with download speeds ranging up to 128 Mbps. We expect to continue to expand the availability of ultra high-speed internet services throughout our European broadband communications markets.

We offer voice-over-internet-protocol, or "VoIP" telephony services in all of our broadband communications markets. In Austria, Chile, Hungary and the Netherlands, we also provide circuit-switched telephony services. In select markets we also offer mobile telephony services using third-party networks.

As further described in note 3 to our September 30, 2010 Condensed Consolidated Financial Statements and in note 4 to our December 31, 2009 Consolidated Financial Statements, we give retroactive effect to various common control transfers that were completed during 2009 and 2007, such that our September 30, 2010 Condensed Consolidated Financial Statements and our December 31, 2009

Consolidated Financial Statements reflect the effects of these common control transfer for all periods presented.

As further described in note 4 to our December 31, 2009 Consolidated Financial Statements, we have completed a number of transactions that impact the comparability of our 2009, 2008 and 2007 results of operations. On October 2, 2007, we completed the acquisition of Tirol, a broadband communications operator in Austria. In addition, we completed a number of less significant acquisitions during 2009, 2008 and 2007.

As further described in note 3 to our September 30, 2010 Condensed Consolidated Financial Statements and note 5 to our December 31, 2009 Consolidated Financial Statements, we sold UPC Slovenia on July 15, 2009 and accordingly, our consolidated statements of operations and cash flows have been reclassified to present UPC Slovenia as a discontinued operation. In the following discussion and analysis, the operating statistics, results of operations, cash flows and financial condition that we present and discuss are those of our continuing operations unless otherwise indicated.

UPC Europe provides DTH services to customers in the Czech Republic, Hungary, Romania and Slovakia. During the first quarter of 2010, we initiated the process of centralizing these DTH operations into a Luxembourg-based organization, which we refer to as "Luxco DTH," and began reporting Luxco DTH's operations under a centralized management structure within UPC Europe's Central and Eastern Europe reportable segment. Under the previous management structure, these DTH operations were managed locally in the respective countries with support from UPC Europe's central operations and, accordingly, were reported within the results of UPC Europe's Central and Eastern Europe and central operations categories. With the exception of the Romanian DTH operations, management responsibility for all of these DTH operations has been transferred to Luxco DTH as of September 30, 2010. As a result of this change in management structure, the Luxco DTH operating results that were previously reported within UPC Europe's central operations are now reported within UPC Europe's Central and Eastern Europe segment. In the below discussion and analysis, references to the financial amounts and operating statistics of the applicable individual countries within our Central and Eastern Europe reportable segment include the Luxco DTH amounts that are associated with the subscribers that reside in the respective countries.

From a strategic perspective, we are seeking to build broadband communications and video programming businesses that have strong prospects for future growth in revenue and operating cash flow. As discussed further under *Liquidity and Capital Resources—Capitalization* below, we also seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk.

We focus on achieving organic revenue and customer growth in our broadband communications operations by developing and marketing bundled entertainment and information and communications services, and extending and upgrading the quality of our networks where appropriate. As we use the term, organic growth excludes foreign currency translation effects (FX) and the estimated impact of acquisitions. While we seek to obtain new customers, we also seek to maximize the average revenue we receive from each household by increasing the penetration of our digital cable, broadband internet and telephony services with existing customers through product bundling and upselling, or by migrating analog cable customers to digital cable services that include various incremental service offerings, such as video-on-demand, digital video recorders and high definition programming. We plan to continue to employ this strategy to achieve organic revenue and customer growth.

At September 30, 2010, we owned and operated networks that passed 16,691,100 homes and served 16,249,700 revenue generating units (RGUs), consisting of 9,160,400 video subscribers, 4,205,900 broadband internet subscribers and 2,883,400 telephony subscribers.

Excluding the effects of acquisitions (RGUs added on the acquisition date), but including post-acquisition RGU additions, our continuing operations added 52,900 and 225,200 RGUs during the three and nine months ended September 30, 2010, as compared to 58,800 and 167,700 RGUs that were added on an organic basis during the corresponding periods in 2009. The organic RGU growth during the 2010 periods is attributable to the growth of our (i) digital cable services, which added 153,900 and 519,600 RGUs, respectively, (ii) broadband internet services, which added 78,800 and 261,600 RGUs, respectively and (iii) telephony services, which added 51,800 and 209,900 RGUs, respectively. The growth of our digital cable, broadband internet and telephony services was partially offset by declines in our analog cable RGUs of 229,200 and 747,400 respectively. We also experienced other less significant changes in our multi-channel multi-point (microwave) distribution system (MMDS) and DTH video RGUs during the 2010 periods.

At December 31, 2009, we owned and operated networks that passed 16,535,000 homes and served 16,046,600 RGUs, consisting of 9,420,100 video subscribers, 3,949,300 broadband internet subscribers and 2,677,200 telephony subscribers.

Including the effects of acquisitions, our continuing operations added a total of 375,800 RGUs during 2009. Excluding the effects of acquisitions (RGUs added on the acquisition date), but including post-acquisition RGU additions, our continuing operations added 365,800 RGUs during 2009, as compared to 476,600 RGUs that were added on an organic basis during 2008. The organic RGU growth during 2009 is attributable to the growth of our (i) digital cable services, which added 894,100 RGUs, (ii) broadband internet services, which added 344,400 RGUs, (iii) telephony services, which added 290,400 RGUs and (iv) DTH video services, which added 12,100 RGUs. The growth of our digital cable, telephony, broadband internet and DTH video services was partially offset by (i) a decline in our analog cable RGUS of 1,160,700 and (ii) a decline in our MMDS video RGUs of 14,500.

We are experiencing significant competition in all of our broadband communications markets, particularly in Europe. This significant competition, together with the effects of weakened economic conditions and the maturation of certain of our markets, has contributed to:

(i) organic declines in overall revenue in Austria, Romania, the Czech Republic and Slovakia during the third quarter of 2010, as compared to the second quarter of 2010;

(ii) organic declines in subscription and overall revenue in Hungary, Austria and Romania during the third quarter of 2010, as compared to the third quarter of 2009;

(iii) organic declines in subscription revenue from (a) video services in Ireland and Romania and (b) telephony services in Switzerland during the third quarter of 2010, as compared to the second quarter of 2010;

(iv) organic declines in subscription revenue from (a) video services in Hungary and Romania, (b) broadband internet services in Austria and Switzerland and (c) telephony services in Switzerland and Chile during the third quarter of 2010, as compared to the third quarter of 2009;

(v) an organic decline in RGUs in Romania and, to a lesser extent, the Czech Republic during the third quarter of 2010;

(vi) organic declines in video RGUs in all of our European markets except Poland and in Chile during the third quarter of 2010; and

(vii) organic declines in the average monthly subscription revenue per average RGU (ARPU) in Austria, Hungary, the Czech Republic and, to a lesser extent, Slovakia during the third quarter of 2010, as compared to the third quarter of 2009.

On February 27, 2010, certain areas served by VTR's broadband distribution network in Chile experienced a significant earthquake. This earthquake and the related tsunami destroyed or otherwise adversely impacted an estimated 24,000 homes passed by VTR's broadband communications network, resulting in the loss of an estimated 15,500 RGUs. With the exception of homes destroyed by the earthquake, service has been restored to substantially all of the homes within VTR's network footprint. Although the direct financial impacts of the earthquake adversely affected VTR's results of operations during the first quarter of 2010, VTR's operations in subsequent periods have not been materially impacted by the earthquake. Although no assurance can be given, we do not expect any adverse impacts of the earthquake to be material in relationship to VTR's standalone or our consolidated operations in future periods.

In general, our ability to increase or maintain the fees we receive for our services is limited by competitive, economic and, to a lesser extent, regulatory factors. In this regard, most of our broadband communications markets experienced declines in ARPU from broadband internet and telephony services during (a) the first quarter of 2010, as compared to the first quarter of 2009 and (b) 2009, as compared to 2008. These declines were largely mitigated by (i) the impact of increased digital cable RGUs and other improvements in our RGU mix and (ii) the implementation of rate increases for analog cable and, to a lesser extent, other product offerings in certain markets.

We continue to face difficult economic environments in most of the countries in which we operate. These economic environments have an adverse impact on our ability to (i) attract new subscribers, (ii) prevent certain of our subscribers from downgrading or disconnecting their services and (iii) maintain or increase ARPUs. Accordingly, our ability to increase, or in certain cases maintain, the revenue, RGUs, operating cash flow, operating cash flow margins and liquidity of our operating subsidiaries could be adversely affected to the extent that relevant economic environments remain weak or decline further. We are currently unable to predict the extent of any of these potential adverse effects.

The video, broadband internet and telephony businesses in which we operate are capital intensive. Significant capital expenditures are required to add customers to our networks, including expenditures for equipment and labor costs. Significant competition, the introduction of new technologies or adverse regulatory or economic developments could cause us to decide to undertake previously unplanned upgrades of our broadband communications networks in the impacted markets. In addition, no assurance can be given that any future upgrades will generate a positive return or that we will have adequate capital available to finance such future upgrades. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding or upgrading our networks or making our other planned or unplanned capital expenditures, our growth could be limited and our competitive position could be harmed. For information regarding our capital expenditures, see *Liquidity and Capital Resources—Consolidated Cash Flow Statements* below.

Results of Operations

As noted under *Overview* above, the comparability of our operating results is affected by acquisitions. In the following discussion, we quantify the impact of acquisitions on our operating results. The acquisition impact represents our estimate of the difference between the operating results of the periods under comparison that is attributable to an acquisition. In general, we base our estimate of the acquisition impact on an acquired entity's operating results during the first three months following the acquisition date such that changes from those operating results in subsequent periods are considered to be organic changes.

Changes in foreign currency exchange rates have a significant impact on our reported operating results as certain of our operating segments have functional currencies other than the euro. Our primary exposure to FX risk during the three months ended September 30, 2010 was to the Swiss franc and the Chilean peso. In addition, our reported operating results are impacted by changes in the exchange rates for other local currencies in Europe. In this regard, 57.7% of our euro revenue during that period was derived from subsidiaries whose functional currency is other than the euro. The portions of the changes in the various components of our results of operations that are attributable to changes in FX are highlighted under *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Consolidated Operating Results* below.

The amounts presented and discussed below represent 100% of each operating segment's revenue and operating cash flow. As we have the ability to control VTR, we consolidate 100% of the revenue and expenses of VTR in our condensed consolidated statements of operations despite the fact that a third party owns a significant interest in VTR. The noncontrolling owners' interests in the operating results of VTR and other less significant majority owned subsidiaries are reflected in net earnings attributable to noncontrolling interests in our condensed consolidated statements of operations.

Discussion and Analysis of our Reportable Segments

All of the reportable segments set forth below derive their revenue primarily from broadband communications and/or DTH services, including video, voice and broadband internet services. Certain segments also provide B2B services. At September 30, 2010, our operating segments in UPC Europe provided services in nine European countries. Our Other Western Europe segment includes our operating segments in Austria and Ireland. Our Central and Eastern Europe segment includes our operating segments in the Czech Republic, Hungary, Poland, Romania and Slovakia. VTR provides broadband communications services in Chile. UPC Europe's central operations category includes billing systems, network operations, technology, marketing, facilities, finance and other administrative costs.

During the first quarter of 2010 and the first and fourth quarters of 2009, we made certain changes to our reportable segments. Segment information for all periods presented has been reclassified to reflect these changes. For additional information concerning these changes and for other information concerning our reportable segments, including a discussion of our performance measures and a reconciliation of total segment operating cash flow to our loss from continuing operations before income taxes, see note 18 to our

December 31, 2009 Consolidated Financial Statements and note 13 to our September 30, 2010 Condensed Consolidated Financial Statements.

The tables presented below in this section provide a separate analysis of each of the line items that comprise operating cash flow (revenue, operating expenses and SG&A expenses, excluding allocable stock-based compensation, as further discussed in note 13 to our September 30, 2010 Condensed Consolidated Financial Statements) as well as an analysis of operating cash flow by reportable segment for (i) the three and nine months ended September 30, 2010 as compared to the corresponding periods in 2009, (ii) 2009, as compared to 2008, and (iii) 2008, as compared to 2007. In each case, the tables present (i) the amounts reported by each of our reportable segments for the comparative periods, (ii) the euro change and percentage change from period to period and (iii) the percentage change from period to period, after removing FX. The comparisons that exclude FX assume that exchange rates remained constant at the prior year rate during the comparative periods that are included in each table. We have significant exposure to movements in foreign currency exchange rates. We also provide a table showing the operating cash flow margins of our reportable segments for the three and nine months ended September 30, 2010 and 2009 and the years ended December 31, 2009, 2008 and 2007 at the end of this section.

The revenue of our reportable segments includes amounts received from subscribers for ongoing services, installation fees, advertising revenue, mobile telephony revenue, channel carriage fees, telephony interconnect fees, late fees and amounts received for B2B services. Consistent with the presentation of our revenue categories in note 13 to our September 30, 2010 Condensed Consolidated Financial Statements, we use the term "subscription revenue" in the following discussion to refer to amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile telephony revenue.

The rates charged for certain video services offered by our broadband communications operations in Europe and Chile are subject to rate regulation. Additionally, in Europe, our ability to bundle or discount our services may be constrained if we are held to be dominant with respect to any product we offer. The amounts we charge and incur with respect to telephony interconnection fees are also subject to regulatory oversight in many of our markets. Adverse outcomes from rate regulation or other regulatory initiatives could have a significant negative impact on our ability to maintain or increase our revenue.

Most of our revenue is derived from jurisdictions that administer value-added or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating expenses and related declines in our operating cash flow and operating cash flow margins to the extent of any such tax increases. In this regard, (i) during 2010, value added tax rates have increased in Romania and, to a lesser extent, in the Czech Republic, and (ii) in October 2010, the Hungarian government approved and published a revenue-based tax that will be applicable to our broadband communications operations in Hungary when the tax becomes law later in the fourth quarter of 2010. The new Hungarian tax law is currently scheduled to expire at the end of 2012 and will have retroactive effect to the beginning of 2010. Accordingly, we anticipate that our operating expenses in Hungary will increase by approximately HUF 3.6 billion (€13.0 million) during the fourth quarter of 2010 to reflect the cumulative 2010 impact of this tax. It is not yet clear whether the new Hungarian tax is compliant with European Union regulations.

Revenue of our Reportable Segments

Revenue—Three and Nine Months Ended September 30, 2010 compared to Three and Nine Months Ended September 30, 2009

	Three months ended September 30,		Increase (decrease)		Increase excluding FX
	2010	2009	€	%	%
		in millions			
UPC Europe:					
The Netherlands	€ 218.8	€ 201.6	€ 17.2	8.5	8.5
Switzerland	209.8	181.0	28.8	15.9	1.6
Other Western Europe	152.8	147.8	5.0	3.4	3.4
Total Western Europe	581.4	530.4	51.0	9.6	4.7
Central and Eastern Europe	208.6	205.2	3.4	1.7	0.9
Central operations	(0.1)	0.2	(0.3)	N.M.	N.M
Total UPC Europe	789.9	735.8	54.1	7.4	3.6
VTR (Chile)	159.2	125.7	33.5	26.7	7.1
Total	€ 949.1	€ 861.5	€ 87.6	10.2	4.1

	Nine months ended September 30,		Increase		Increase (decrease) excluding FX
	2010	2009	€	%	%
		in millions			
UPC Europe:					
The Netherlands	€ 647.7	€ 609.7	€ 38.0	6.2	6.2
Switzerland	594.8	545.9	48.9	9.0	1.0
Other Western Europe	460.5	445.4	15.1	3.4	3.4
Total Western Europe	1,703.0	1,601.0	102.0	6.4	3.6
Central and Eastern Europe	623.1	598.5	24.6	4.1	(0.2)
Central operations	0.4	(0.4)	0.8	N.M.	N.M.
Total UPC Europe	2,326.5	2,199.1	127.4	5.8	2.6
VTR (Chile)	441.2	371.9	69.3	18.6	3.7
Total	€2,767.7	€2,571.0	€ 196.7	7.7	2.8

N.M.—Not Meaningful.

The Netherlands. The Netherlands' revenue increased €17.2 million or 8.5% and €38.0 million or 6.2% during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. These increases are primarily attributable to increases in subscription revenue and, to a lesser extent, non-subscription revenue. The increases in subscription revenue are attributable to (i) higher ARPU and (ii) higher average numbers of RGUs. ARPU increased during the three and nine month ended September 30, 2010, as compared to the corresponding periods in 2009, as the positive impacts of (i) improvements in the Netherlands' RGU mix, attributable to higher proportions of digital cable, broadband internet and telephony RGUs, (ii) January 2010 price increases for certain video, broadband internet and telephony services and (iii) growth in the Netherlands' digital cable services, including increased revenue from customers selecting higher-priced tiers of service and premium digital services and products, were only partially offset by the negative impacts of (a) competition, including the impact of product bundling discounts, (b) higher proportions of customers selecting lower-priced tiers of broadband internet service and (c) lower telephony call volumes for customers on usage-based calling plans. The increases in the average numbers of RGUs are attributable to the net effect of (i) increases in the average numbers of digital cable, broadband internet and telephony RGUs and (ii) declines in the average numbers of analog cable RGUs. The declines in the Netherlands' average numbers of analog cable RGUs led to declines in the average numbers of total video RGUs in the Netherlands during the three and nine months ended September 30, 2010, as compared to the corresponding periods in 2009. These analog cable declines are primarily attributable to (i) the migration of analog cable customers to digital cable services and (ii) the effects of significant competition from the incumbent telecommunications operator in the Netherlands. We expect that we will continue to face significant competition from the incumbent telecommunications operator in future periods. The increases in the Netherlands' non-subscription revenue are largely attributable to increases in (i) B2B revenue, due primarily to growth in business broadband internet and telephony services, and (ii) installation revenue.

Switzerland. Switzerland's revenue increased €28.8 million or 15.9% and €48.9 million or 9.0% during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. Excluding the effects of FX, Switzerland's revenue increased €3.0 million or 1.6% and €5.2 million or 1.0%, respectively. These increases are primarily attributable to increases in non-subscription revenue and, during the three-month period, an increase in subscription revenue. Subscription revenue during the nine-month period decreased slightly. The increase in subscription revenue during the three-month period is primarily attributable to an increase in the average number of RGUs and the decrease in subscription revenue during the nine-month period is attributable to a slight decline in ARPU that was only partially offset by an increase in the average number of RGUs. The increases in the average numbers of RGUs are attributable to the net impact of (i) increases in the average numbers of digital cable, broadband internet and telephony RGUs and (ii) decreases in the average numbers of analog cable RGUs. The declines in the average numbers of Switzerland's analog cable RGUs led to declines in the average numbers of total video RGUs in Switzerland during the three and nine months ended September 30, 2010, as compared to the corresponding periods in 2009. These analog cable declines are primarily attributable to (i) the migration of analog cable subscribers to digital cable services and (ii) the effects of significant competition from the incumbent telecommunications operator in Switzerland. We expect that we will continue to face significant competition from the incumbent telecommunications operator in future periods. ARPU remained relatively unchanged during the three-month period and declined slightly during the nine-month period, due primarily to the net impact of (i) improvements in Switzerland's RGU mix, attributable to higher proportions of digital cable and, to a lesser extent, broadband internet and telephony RGUs, (ii) increased revenue from premium digital services and products, (iii) the adverse effects of competition, including the impact of product bundling discounts, (iv) a July 2010 price increase for certain analog video services, (v) lower telephony call volumes for customers on usage-based calling plans and (vi) increases in the proportion of broadband internet subscribers selecting lower-priced tiers of service. The negative effect of the declines in ARPU from broadband internet and telephony services led to organic declines in Switzerland's revenue from each of these services during the three and nine months ended September 30, 2010, as compared to the corresponding periods in 2009. The increases in Switzerland's non-subscription revenue are largely attributable to increases in (i) installation revenue and (ii) B2B revenue, due primarily to growth in business broadband internet and telephony services.

Other Western Europe. Other Western Europe's revenue increased €5.0 million or 3.4% and €15.1 million or 3.4% during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. These increases are primarily attributable to increases in subscription revenue that resulted from the net effect of (i) higher average numbers of RGUs and (ii) lower ARPU. The increases in subscription revenue in Other Western Europe are net of declines in revenue from broadband internet and, to a lesser extent, telephony services in Austria. The revenue declines in Austria, which are largely attributable to increased competition, led to decreases in Austria's subscription and overall revenue during the three and nine months ended September 30, 2010, as compared to the corresponding periods in 2009. The increases in Other Western Europe's average numbers of RGUs are attributable to increases in the average numbers of digital cable, telephony and broadband internet RGUs that were only partially offset by decreases in the average numbers of analog cable and, to a lesser extent, MMDS RGUs. The declines in the average numbers of analog cable RGUs are primarily attributable to (i) the migration of analog cable customers to digital cable services and (ii) the effects of competition. The negative impact of lower average numbers of analog cable and MMDS RGUs led to declines in the average numbers of total video RGUs in Other Western Europe during the three and nine months ended September 30, 2010, as compared to the corresponding periods in 2009. ARPU decreased in our Other Western Europe segment during the 2010 periods, due primarily to the negative impacts of (i) competition, including the impact of product bundling discounts, (ii) during the nine-month period, fewer subscriptions to premium digital products and services, (iii) higher proportions of subscribers selecting lower-priced tiers of analog cable services, (iv) lower telephony call volumes for customers on usage-based calling plans and, in Austria, higher proportions of customers selecting such usage-based calling plans and (v) higher proportions of customers selecting lower-priced tiers of broadband internet services. These negative factors were partially offset by the positive impacts of (i) improvements in RGU mix, attributable to higher proportions of digital cable and broadband internet RGUs and (ii) rate increases for video, broadband internet and telephony services. Other Western Europe's non-subscription revenue increased during the 2010 nine-month period, due primarily to an increase in B2B revenue, including the positive impact of a first quarter 2010 settlement with the incumbent telecommunications operator in Austria. Non-subscription revenue in our Other Western Europe segment remained relatively unchanged during the third quarter of 2010, as compared to the third quarter of 2009.

Central and Eastern Europe. Central and Eastern Europe's revenue increased €3.4 million or 1.7% and €24.6 million or 4.1% during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. The increase for the nine-month period includes €0.4 million attributable to the impact of an acquisition. Excluding the effects of the acquisition and FX, Central and Eastern Europe's revenue increased €1.9 million or 0.9% and decreased €1.6 million or 0.3%, respectively. These changes are attributable to the net impact of (i) decreases in subscription revenue and (ii) increases in non-subscription revenue. The decreases in subscription revenue during the 2010 periods are attributable to the net effect of (i) lower ARPU and (ii) higher average numbers of RGUs. ARPU decreased in our Central and Eastern Europe segment during the three and nine months ended September 30, 2010, as compared to the corresponding periods in 2009, due primarily to the negative impacts of (i) competition, including the impact of product bundling discounts, (ii) higher proportions of broadband internet and video subscribers selecting lower-priced tiers of service, (iii) lower analog cable revenue from premium video services and products and (iv) lower telephony call volumes for customers on usage-based calling plans. These negative factors were partially offset by the positive impacts of (i) improvements in RGU mix, primarily attributable to higher proportions of digital cable and broadband internet RGUs, (ii) higher digital cable revenue from premium video services and products and (iii) a June 2010 price increase for certain digital cable services in Poland. The increases in Central and Eastern Europe's average numbers of RGUs are primarily attributable to increases in the average numbers of digital cable, broadband internet, telephony and, to a lesser extent, DTH video RGUs that were only partially offset by declines in the average numbers of analog cable and, to a much lesser extent, MMDS video RGUs. The declines in the average numbers of analog cable RGUs, which are attributable primarily to (i) the migration of analog cable subscribers to digital cable services and (ii) the effects of competition, led to declines in the average numbers of total video RGUs in each country (other than Poland during the three-month period) within our Central and Eastern Europe segment during the three and nine months ended September 30, 2010, as compared to the corresponding periods in 2009. Non-subscription revenue in our Central and Eastern Europe segment increased during the 2010 periods, as increases in (i) interconnect revenue, primarily in Poland, and (ii) revenue from B2B services in Poland, Hungary and the Czech Republic were only partially offset by decreases in revenue from B2B services in Romania.

Although competition is a factor throughout Central and Eastern Europe, we are experiencing particularly intense competition in Hungary and Romania. In response to the competition in Hungary and Romania, we have implemented aggressive pricing and marketing strategies. In Hungary, competition, including competition from a competitor that, as of September 30, 2010, has overbuilt more than half of our broadband communications network, has contributed to declines during the third quarter of 2010 in (i) video, broadband internet, telephony and overall revenue, and (ii) ARPU, each as compared to the corresponding 2009 period. In Romania, competition contributed to organic declines in video, broadband internet and telephony RGUs during the third quarter of 2010. Despite the fact that we have increased our subscriber retention efforts in Romania, we believe that competitive and regulatory factors will continue to adversely impact our ability to retain analog cable customers in Romania. Competition also has impacted the Czech Republic and Slovakia during the third quarter of 2010, as lower average numbers of video RGUs led to organic declines in revenue from video services and total subscription revenue in each of these countries, as compared to the third quarter of 2009. Additionally, in Poland, our competitors include DTH operators and other cable operators that have overbuilt significant portions of our broadband communications network. We expect that we will continue to experience significant competition in future periods in Hungary, Romania and other markets within Central and Eastern Europe.

Through September 30, 2010, we have turned over 275,000 satellite dishes of Luxco DTH customers in connection with Luxco DTH's migration to a new satellite. We expect to turn substantially all of the remaining satellite dishes during the fourth quarter of 2010. We cannot predict the extent, if any, that the disruption associated with these dish-turning activities will impact Luxco DTH's revenue, RGUs and operating results.

VTR (Chile). As further described in *Overview* above, the direct financial impacts of the February 27, 2010 earthquake in Chile adversely impacted VTR's revenue, RGU base and ARPU during the first quarter of 2010. VTR's revenue increased €33.5 million or 26.7% and €69.3 million or 18.6% during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. Excluding the effects of FX, VTR's revenue increased €9.0 million or 7.1% and €13.6 million or 3.7%, respectively. These increases are attributable to increases in subscription revenue and, to a lesser extent, non-subscription revenue. The increases in subscription revenue during the three and nine months ended September 30, 2010 are attributable to (i) higher average numbers of RGUs and (ii) during the three-month period, higher ARPU. ARPU was relatively unchanged during the 2010 nine-month period, as compared to the corresponding period in 2009. The increases in the average number of RGUs are attributable to increases in the average numbers of digital cable, broadband internet and telephony RGUs that were only partially offset by declines in the average numbers of analog cable RGUs. VTR's ARPU during the 2010 periods reflects the net effect of (i) higher proportions of subscribers selecting higher-priced tiers of broadband internet and telephony services, (ii) competition, particularly from the incumbent telecommunications operator in Chile, (iii) higher proportions of subscribers selecting lower-priced tiers of video service, (iv) improvements in VTR's RGU mix, attributable to higher proportions of digital cable and broadband internet RGUs, (v) increases in revenue from premium digital services and products, (vi) during the nine-month period, the negative impact of credits provided to customers in the weeks following the earthquake and (vii) increases due to inflation and other price adjustments. We expect that VTR will continue to face significant competition from the incumbent telecommunications operator in future periods. The increases in VTR's non-subscription revenue are attributable to (i) increases in installation revenue and (ii) net increases resulting from individually insignificant changes in other non-subscription revenue categories.

Revenue—2009 compared to 2008

	Year ended December 31,		Increase (decrease)		Increase (decrease) excluding FX
	2009	2008	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 817.5	€ 803.7	€ 13.8	1.7	1.7
Switzerland	731.9	692.7	39.2	5.7	0.6
Other Western Europe	599.0	607.4	(8.4)	(1.4)	(1.4)
Total Western Europe	2,148.4	2,103.8	44.6	2.1	0.5
Central and Eastern Europe	803.1	883.7	(80.6)	(9.1)	2.3
Central operations	0.1	0.4	(0.3)	(75.0)	(75.0)
Total UPC Europe	2,951.6	2,987.9	(36.3)	(1.2)	1.0
VTR (Chile)	502.3	485.0	17.3	3.6	5.7
Total	€3,453.9	€3,472.9	€ (19.0)	(0.5)	1.6

The Netherlands. The Netherlands' revenue increased €13.8 million or 1.7% during 2009, as compared to 2008. This increase is attributable to an increase in subscription revenue that was partially offset by a decrease in non-subscription revenue. The increase in subscription revenue during 2009 reflects the net effect of (i) the positive impacts of higher ARPU and a slightly higher number of average RGUs and (ii) the impact of a €4.8 million decrease that is primarily related to favorable analog cable rate settlements with certain municipalities that we recognized in 2008, with €3.1 million of the decrease occurring in the fourth quarter. ARPU increased during 2009, as compared to 2008, as the positive impacts of (i) an improvement in the Netherlands' RGU mix, attributable to higher proportions of digital cable, telephony and broadband internet RGUs, (ii) January 2009 price increases for certain video, broadband internet and telephony services and (iii) growth in the Netherlands' digital cable services, including increased revenue from customers selecting higher-priced tiers of service and premium digital services and products, were only partially offset by the negative impacts of (a) competition, (b) lower ARPU from telephony services, due primarily to lower telephony call volumes, and (c) a higher proportion of customers selecting lower-priced tiers of broadband internet services. The slight increase in the average number of RGUs during 2009 is attributable to the net effect of increases in the average numbers of digital cable, telephony and broadband internet RGUs and a decline in the average number of analog RGUs. The decline in the Netherlands' average number of analog cable RGUs is primarily attributable to (i) the effects of significant competition from the incumbent telecommunications operator in the Netherlands and (ii) the migration of analog cable customers to digital cable services. We expect that we will continue to face significant competition from the incumbent telecommunications operator in future periods. The decrease in the Netherlands' non-subscription revenue is primarily attributable to (i) a decrease in revenue from B2B services, due largely to the loss of certain B2B contracts during the latter part of 2008, and (ii) lower interconnect revenue, due largely to January 1, 2009 and July 1, 2009 reductions in termination rates imposed by regulatory authorities.

Switzerland. Switzerland's revenue increased €39.2 million or 5.7% during 2009, as compared to 2008. Excluding the effects of FX, Switzerland's revenue increased €4.2 million or 0.6%. This increase is attributable to an increase in subscription revenue that was partially offset by a slight decrease in non-subscription revenue. The increase in subscription revenue is due to an increase in the average number of RGUs and slightly higher ARPU. The increase in the average number of RGUs during 2009 is attributable to the net effect of increases in the average numbers of digital cable, broadband internet and telephony RGUs and a decline in the average number of analog cable RGUs. The decline in the average number of Switzerland's analog cable RGUs is primarily attributable to (i) the migration of analog cable subscribers to digital cable services and (ii) the effects of competition. During 2009, competition in Switzerland contributed to a net organic decline in total RGUs, as declines in analog cable and telephony RGUs were only partially offset by increases in digital cable and broadband internet RGUs. ARPU increased slightly during 2009, as compared to 2008, as the positive impacts of (i) an improvement in Switzerland's RGU mix, attributable to higher proportions of digital cable, broadband internet and telephony RGUs, and (ii) increased revenue from premium digital services and products more than offset the negative impacts of (a) competition, (b) lower ARPU from telephony services, due primarily to lower telephony call volumes, and (c) lower ARPU from broadband internet services, due primarily to an increase in the proportion of broadband internet subscribers selecting lower-priced tiers of service. The negative effect of the decline in Switzerland's telephony ARPU contributed to an organic decline in revenue from telephony services during 2009, as compared to 2008. The slight decrease in Switzerland's non-subscription revenue is primarily attributable to the net effect of (i) lower revenue from B2B construction services and equipment sales and (ii) an increase in revenue from late fees.

Other Western Europe. Other Western Europe's revenue decreased €8.4 million or 1.4% during 2009, as compared to 2008. This decrease is net of an increase of €1.5 million attributable to the impact of acquisitions. Excluding the effects of acquisitions, Other Western Europe's revenue decreased €9.9 million or 1.6%. This decrease is attributable to a decrease in subscription revenue that was only partially offset by an increase in non-subscription revenue. The decrease in subscription revenue during 2009 is due to the net effect of lower ARPU and a higher average number of RGUs. The decline in subscription revenue in Other Western Europe, which is largely attributable to the significant competition we are experiencing in Austria and Ireland, includes declines in (i) revenue from broadband internet and telephony services in Austria, and (ii) revenue from video services in Ireland. The declines in Austria's revenue from broadband internet and telephony services led to declines in Austria's subscription and overall revenue during 2009. ARPU decreased in Other Western Europe during 2009, as compared to 2008, due primarily to the negative impacts of (i) competition, (ii) a higher proportion of subscribers selecting lower-priced tiers of digital cable service and fewer premium digital products and services, (iii) a higher proportion of customers selecting lower-priced tiers of broadband internet services and, in Austria, telephony services (including usage-based calling plans) and (iv) in Austria, lower telephony call volumes and an increase in the proportion of subscribers selecting VoIP telephony service, which generally is priced lower than Austria's circuit-switched telephony service. These negative factors were partially offset by the positive impacts of (a) an improvement in RGU mix, primarily attributable to higher proportions of digital cable RGUs, (b) rate increases for certain analog cable, digital cable and broadband internet services and (c) higher telephony call volume and a higher proportion of customers selecting higher-priced tiers of telephony services in Ireland. The increase in the average number of RGUs is attributable to increases in the average numbers of digital cable, telephony and broadband internet RGUs that were only partially offset by decreases in the average numbers of analog cable and, to a lesser extent, MMDS RGUs. The decline in the average number of analog cable RGUs is primarily attributable to (i) the migration of analog cable customers to digital cable services and (ii) the effects of competition. The negative impact of lower average numbers of analog cable and MMDS RGUs contributed to an organic decline in the average number of video RGUs in Other Western Europe during 2009, as compared to 2008. During the fourth quarter of 2009, Ireland experienced a sequential increase in revenue from premium digital services, due largely to steps taken during the latter part of 2009 to combat signal theft. Other Western Europe's non-subscription revenue increased during 2009, primarily attributable to increases in (i) B2B revenue, due primarily to growth in the number of business broadband internet and telephony customers, and (ii) installation revenue.

Central and Eastern Europe. Central and Eastern Europe's revenue decreased €80.6 million or 9.1% during 2009, as compared to 2008. This decrease is net of a €1.4 million increase attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, Central and Eastern Europe's revenue increased €19.0 million or 2.2%. Most of this increase is attributable to an increase in subscription revenue as the positive impact of a higher average number of RGUs was only partially offset by the negative impact of a decrease in ARPU. The increase in the average number of RGUs is primarily attributable to increases in the average numbers of digital cable, broadband internet and telephony RGUs that were only partially offset by a decline in the average number of analog cable RGUs. The decline in the average number of analog cable RGUs, which is attributable primarily to (i) the migration of analog cable subscribers to digital cable services and (ii) the effects of competition, led to a decline in the average number of total video RGUs in Central and Eastern Europe during 2009, as compared to 2008. This decline includes average video RGU decreases in Romania, Hungary, the Czech Republic and, to a lesser extent, Slovakia that were only partially offset by a small increase in Poland. The decline in average video RGUs in Romania, Hungary, the Czech Republic and Slovakia led to organic declines in revenue from video services in each of these countries during 2009, as compared to 2008. ARPU decreased in our Central and Eastern Europe segment during 2009, as the negative impacts of (i) competition, (ii) a higher proportion of broadband internet and video subscribers selecting lower-priced tiers of service, (iii) lower analog and digital cable revenue from premium video services and products and (iv) lower telephony call volumes and other changes in telephony subscriber calling patterns were only partially offset by the positive impacts of (a) an improvement in RGU mix, primarily attributable to higher proportions of digital cable and broadband internet RGUs, and (b) rate increases for certain video and telephony services in several countries. Decreases in ARPU from broadband internet services in Hungary and Slovakia led to organic declines in revenue from broadband internet services in each of these countries during 2009, as compared to 2008. Central and Eastern Europe's non-subscription revenue increased during 2009, as compared to 2008, as a decrease in revenue from B2B services in Romania was more than offset by (i) an increase in interconnect revenue, (ii) higher installation revenue and (iii) a net increase resulting from individually insignificant changes in other non-subscription revenue categories.

Although competition is a factor throughout Central and Eastern Europe, we are experiencing particularly intense competition in Hungary and Romania. In Hungary, competition, including competition from a competitor that, as of December 31, 2009, had overbuilt nearly half of Hungary's broadband communications network, has contributed to declines during the quarter and full year ended December 31, 2009 in (i) video, broadband internet and overall revenue and (ii) ARPU, each as compared to the corresponding period in 2008. In addition, competition has contributed to a decline in the total number of RGUs in Hungary during 2009. In Romania, competition contributed to declines in video revenue and overall revenue during 2009, as compared to 2008. In response to the competition in Hungary and Romania, we have implemented aggressive pricing and marketing strategies. We expect that we will continue to experience significant competition in future periods in Hungary, Romania and other markets within Central and Eastern Europe.

VTR (Chile). VTR's revenue increased €17.3 million or 3.6% during 2009, as compared to 2008. Excluding the effects of FX, VTR's revenue increased €27.6 million or 5.7%. Most of this increase is attributable to an increase in subscription revenue that resulted primarily from a higher average number of RGUs. The increase in the average number of RGUs is attributable to increases in the average numbers of digital cable, broadband internet and telephony RGUs that were only partially offset by a decline in the average number of analog cable RGUs. ARPU remained relatively constant during 2009 as (i) an improvement in VTR's RGU mix, attributable to a higher proportion of digital cable and broadband internet RGUs, and (ii) increases due to various inflation and other price adjustments for certain video, broadband internet and telephony services were offset by (a) a decrease due to competition, particularly from the incumbent telecommunications operator in Chile, and (b) a decrease due to higher proportions of subscribers selecting lower-priced tiers of video, broadband internet and telephony services. A decline in VTR's telephony ARPU contributed to an organic decline in revenue from telephony services during 2009, as compared to 2008.

Revenue—2008 compared to 2007

	Year ended December 31,		Increase (decrease)		Increase (decrease) excluding FX
	2008	2007	€	%	%
		in millions			
UPC Europe:					
The Netherlands	€ 803.7	€ 773.5	€ 30.2	3.9	3.9
Switzerland	692.7	637.1	55.6	8.7	4.9
Other Western Europe	607.4	591.0	16.4	2.8	2.8
Total Western Europe	2,103.8	2,001.6	102.2	5.1	3.9
Central and Eastern Europe	883.7	830.7	53.0	6.4	3.6
Central operations	0.4	2.3	(1.9)	(82.6)	(82.6)
Total UPC Europe	2,987.9	2,834.6	153.3	5.4	3.7
VTR (Chile)	485.0	462.6	22.4	4.8	11.6
Total	€3,472.9	€3,297.2	€ 175.7	5.3	4.8

The Netherlands. The Netherlands' revenue increased €30.2 million or 3.9% during 2008, as compared to 2007. This increase is attributable to an increase in subscription revenue that was partially offset by a decrease in non-subscription revenue. The increase in subscription revenue is due to (i) higher ARPU and (ii) a higher number of average RGUs during 2008, as compared to 2007. ARPU was higher during 2008, as the positive impacts of (i) an improvement in the Netherlands' RGU mix, attributable to a higher proportion of telephony, digital cable and broadband internet RGUs, (ii) January 2008 price increases for certain video, broadband internet and telephony services and (iii) growth in the Netherlands' digital cable services, including increased revenue from premium digital services and products, were only partially offset by the negative impacts of (a) increased competition, (b) changes in telephony subscriber calling patterns and an increase in the proportion of telephony subscribers selecting fixed-rate calling plans and (c) an increase in the proportion of customers selecting lower-priced tiers of broadband internet services. The increase in average RGUs is attributable to an increase in average telephony, digital cable and broadband internet RGUs that was only partially offset by a decline in average analog cable RGUs. The decline in the Netherlands' average analog cable RGUs is primarily attributable to (i) the migration of certain analog cable customers to digital cable services and (ii) the effects of significant competition from the incumbent telecommunications operator in the Netherlands. We expect that we will continue to face significant competition from the incumbent telecommunications operator in future periods. The increase in subscription revenue during 2008 also includes the impact of a €4.8 million increase that is primarily related to favorable analog cable rate settlements with certain municipalities, with €3.1 million of the impact relating to the fourth quarter of 2008. The decrease in the Netherlands' non-subscription revenue is primarily attributable to (i) a decrease in revenue from B2B services, as increased competition has led to the loss of certain B2B contracts, and (ii) lower revenue from installation fees as a result of higher discounting and lower subscriber additions.

Switzerland. Switzerland's revenue increased €55.6 million or 8.7% during 2008, as compared to 2007. Excluding the effects of FX, Switzerland's revenue increased €31.2 million or 4.9%. This increase is attributable to an increase in subscription revenue, due to (i) a higher number of average RGUs and (ii) higher ARPU during 2008. The increase in average RGUs is attributable to increases in average digital cable, broadband internet and telephony RGUs that were only partially offset by a decline in average analog cable RGUs. ARPU was higher during 2008, as the positive impacts of (i) an improvement in Switzerland's RGU mix, attributable to a higher proportion of digital cable, telephony and broadband internet RGUs, (ii) a January 2008 price increase for analog and digital cable services and (iii) Switzerland's digital migration efforts were only partially offset by the negative impacts of (a) increased competition, (b) lower telephony call volume, (c) an increase in the proportion of customers selecting lower-priced tiers of broadband internet services and (d) a lower-priced tier of digital cable services and a decrease in the rental price charged for digital cable set-top boxes that Switzerland began offering in April 2007 to comply with the regulatory framework established by the Swiss Price Regulator in November 2006. Switzerland's non-subscription revenue remained relatively constant during 2008, as a decrease in interconnect revenue was offset by a net increase resulting from individually insignificant changes in other components of non-subscription revenue. The decrease in interconnect revenue primarily is attributable to reductions in interconnect tariffs that were imposed by a regulatory authority during the fourth quarter of 2008. These tariff reductions, which were retroactive to January 1, 2007, resulted in decreases in interconnect revenue of €1.6 million for the year ended December 31, 2008 and €3.0 million for the fourth quarter of 2008, each as compared to the corresponding prior year period.

Other Western Europe. Other Western Europe's revenue increased €16.4 million or 2.8% during 2008, as compared to 2007. This increase includes €16.0 million attributable to the impacts of the October 2007 Tirol Acquisition and another less significant acquisition. Excluding the effects of these acquisitions, Other Western Europe's revenue increased €0.4 million or 0.1%. This increase is attributable to an increase in subscription revenue, as the positive impact of a higher number of average RGUs during 2008, as compared to 2007, was only partially offset by lower ARPU. The increase in Other Western Europe's average RGUs is attributable to increases in the average number of digital cable, telephony and broadband internet RGUs that were only partially offset by declines in average analog cable and MMDS video RGUs. ARPU decreased during 2008, as the positive impacts of (i) an improvement in Other Western Europe's RGU mix, primarily attributable to a higher proportion of digital cable RGUs, (ii) January 2008 price increases for certain analog cable, digital cable and MMDS video services and (iii) a July 2008 price increase in Ireland for certain broadband internet services were more than offset by the negative impacts of (a) increased competition, (b) lower telephony call volume and (c) an increase in the proportion of subscribers selecting VoIP telephony service, which generally is priced lower than circuit-switched telephony service. In Austria, subscription revenue decreased during 2008, as compared to 2007. This decrease, which is largely related to the significant competition we are experiencing in Austria, includes declines in revenue from broadband internet and telephony services that were only partially offset by an increase in revenue from video services. Other Western Europe's non-subscription revenue decreased slightly during 2008, as compared to 2007, as a decrease in installation revenue in Austria was only partially offset by a net increase resulting from individually insignificant changes in other components of Other Western Europe's non—subscription revenue.

Central and Eastern Europe. Central and Eastern Europe's revenue increased €53.0 million or 6.4% during 2008, as compared to 2007. This increase includes €4.3 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, Central and Eastern Europe's revenue increased €25.2 million or 3.0%. Most of this increase is attributable to an increase in subscription revenue as a result of the positive impact of higher average RGUs during 2008 that was only partially offset by the negative impact of lower ARPU. The increase in average RGUs is attributable to increases in average broadband internet RGUs (mostly in Poland, Romania, Hungary and the Czech Republic) and telephony RGUs (mostly related to the expansion of VoIP telephony services in Hungary, the Czech Republic, Poland and Romania), that were only partially offset by a decline in average video RGUs. The decline in average video RGUs is attributable to decreases in Romania and, to a lesser extent, the Czech Republic, Hungary and Slovakia that were only partially offset by a small increase in Poland. ARPU declined in Central and Eastern Europe during 2008, as compared to 2007, as the positive impacts of (i) an improvement in RGU mix, primarily attributable to a higher proportion of digital cable (due in part to the second quarter 2008 launch of digital cable services in Poland and Slovakia) and broadband internet RGUs, and (ii) rate increases for video services in certain countries were more than offset by the negative impacts of (a) increased competition, (b) a higher proportion of broadband internet and video subscribers selecting lower-priced tiers of service and (c) changes in telephony subscriber calling patterns and an increase in the proportion of telephony subscribers selecting fixed-rate calling plans. An increase in non-subscription revenue also contributed to the increase in revenue during 2008, primarily attributable to increases in installation, interconnect and B2B revenue.

In Romania, competition contributed to (i) an organic decline in total RGUs during the three months ended December 31, 2008 and (ii) declines in ARPU, video revenue and overall revenue during 2008, as compared to 2007. In response to the elevated level of competition in Romania, we implemented aggressive pricing and marketing strategies. These strategies, which contributed to the organic decline in Romania's revenue during 2008, were implemented with the objective of maintaining our market share in Romania and enhancing our prospects for continued revenue growth in future periods. In Hungary, competition contributed to a decline in subscription revenue during 2008, as compared to 2007, as a decline in revenue from video services was only partially offset by increases in revenue from broadband internet and telephony services. In the case of the Czech Republic, competition has contributed to declines during 2008, as compared to 2007, in (i) ARPU from all product categories and (ii) revenue from video services.

VTR (Chile). VTR's revenue increased €22.4 million or 4.8% during 2008, as compared to 2007. Excluding the effects of FX, VTR's revenue increased €53.4 million or 11.6%. This increase is attributable to an increase in subscription revenue, due primarily to higher average numbers of broadband internet, telephony and video RGUs during 2008 and, to a lesser extent, a slight increase in ARPU. ARPU increased slightly during 2008, as the positive impacts of (i) an improvement in VTR's RGU mix, attributable to a higher proportion of digital cable and broadband internet RGUs, (ii) various inflation adjustments for certain video, broadband internet and telephony services and (iii) the continued migration of certain telephony subscribers to an unlimited fixed-rate calling plan were only partially offset by the negative impacts of (a) increased competition, particularly from the incumbent telecommunications operator in Chile, and (b) an increase in the proportion of subscribers selecting lower-priced tiers of analog video services.

Operating Expenses of our Reportable Segments

Operating Expenses—Three and Nine Months Ended September 30, 2010 compared to Three and Nine Months Ended September 30, 2009

	Three months ended September 30,		Increase (decrease)		Increase (decrease) excluding FX
	2010	2009	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 66.1	€ 58.2	€ 7.9	13.6	13.6
Switzerland	61.0	53.8	7.2	13.4	(0.6)
Other Western Europe	59.0	56.8	2.2	3.9	3.9
Total Western Europe	186.1	168.8	17.3	10.2	5.8
Central and Eastern Europe	78.5	75.2	3.3	4.4	3.6
Central operations	8.8	7.8	1.0	12.8	12.6
Total UPC Europe	273.4	251.8	21.6	8.6	5.4
VTR (Chile)	65.2	54.1	11.1	20.5	1.8
Total operating expenses excluding stock-based compensation expense	338.6	305.9	32.7	10.7	4.7
Stock-based compensation expense	0.4	1.1	(0.7)	(63.6)	
Total	€ 339.0	€ 307.0	€ 32.0	10.4	

	Nine months ended September 30,		Increase (decrease)		Increase excluding FX
	2010	2009	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 196.5	€ 185.8	€ 10.7	5.8	5.8
Switzerland	179.2	163.9	15.3	9.3	1.4
Other Western Europe	180.5	170.7	9.8	5.7	5.7
Total Western Europe	556.2	520.4	35.8	6.9	4.4
Central and Eastern Europe	236.6	220.9	15.7	7.1	2.9
Central operations	26.6	26.1	0.5	1.9	1.9
Total UPC Europe	819.4	767.4	52.0	6.8	3.9
VTR (Chile)	185.8	161.6	24.2	15.0	0.5
Total operating expenses excluding stock-based compensation expense	1,005.2	929.0	76.2	8.2	3.3
Stock-based compensation expense	1.7	1.9	(0.2)	(10.5)	
Total	€1,006.9	€ 930.9	€ 76.0	8.2	

General. Operating expenses include programming, network operations, interconnect, customer operations, customer care, stock-based compensation expense and other direct costs. We do not include stock-based compensation in the following discussion and analysis of the operating expenses of our reportable segments as stock-based compensation expense is not included in the performance measures of our reportable segments. Stock-based compensation expense is discussed under the *Discussion and Analysis of Our Consolidated Operating Results* below. Programming costs, which represent a significant portion of our operating costs, are expected to rise in future periods as a result of the expansion of service offerings and the potential for price increases. In addition, we are subject to inflationary pressures with respect to our labor and other costs and foreign currency exchange risk with respect to costs and expenses that are denominated in currencies other than the respective functional currencies of our operating segments (non-functional currency expenses). Any cost increases that we are not able to pass on to our subscribers through service rate increases would result in increased pressure on our operating margins.

UPC Europe. UPC Europe's operating expenses (exclusive of stock-based compensation expense) increased €21.6 million or 8.6% and €52.0 million or 6.8% during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. The nine month increase includes €0.1 million attributable to the impact of an acquisition. Excluding the effects of this acquisition and FX, UPC Europe's operating expenses increased €13.5 million or 5.4% and €29.6 million or 3.9%, respectively. These increases include the following factors:

- Increases in programming and related costs of €7.9 million or 13.0% and €20.0 million or 11.0%, respectively, due primarily to (i) growth in digital cable services, predominantly in the Netherlands, Ireland and Poland, and (ii) during the nine-month period, foreign currency exchange rate fluctuations with respect to non-functional currency expenses associated with certain programming contracts, primarily in Poland, Switzerland, the Czech Republic and Hungary;
- Increases in network related expenses of €1.3 million or 4.1% and €9.0 million or 9.5%, respectively, due largely to (i) higher costs associated with the refurbishment of customer premise equipment in the Netherlands, Switzerland and Poland and (ii) higher energy costs in the Netherlands, the Czech Republic and Hungary. The higher energy costs in the Netherlands are due primarily to an energy tax refund that was received during the first quarter of 2009;
- A decrease in bad debt and collection expenses of €6.5 million during the nine-month period due largely to improved collection experience in the Czech Republic, Romania and Hungary;
- Increases in outsourced labor and professional fees of €1.8 million or 9.1% and €5.5 million or 9.0%, respectively, due largely to (i) higher outsourced labor associated with customer-facing activities, primarily in Switzerland and Ireland and (ii) costs incurred in connection with the centralization of Luxco DTH's operations;
- A €2.3 million decrease during the three months ended September 30, 2010 due to the impact of a favorable interconnect rate settlement in Switzerland; and
- Net increases during the three-month period resulting from individually insignificant changes in other operating expense categories.

For information regarding the expected impacts of a new revenue-based tax in Hungary, please see discussion under *Discussion and Analysis of our Reportable Segments* above.

VTR (Chile). VTR's operating expenses (exclusive of stock-based compensation expense) increased €11.1 million or 20.5% and €24.2 million or 15.0% during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. Excluding the effects of FX, VTR's operating expenses increased €1.0 million or 1.8% and €0.9 million or 0.5%, respectively. These increases include the following factors:

- Decreases in network-related expenses of €1.7 million or 21.2% and €4.1 million or 17.9%, respectively, due primarily to lower tariff rates for pole rentals;
- Increases in programming and related costs of €1.0 million or 5.7% and €2.2 million or 4.0%, respectively, as increases associated with growth in digital cable services were only partially offset by decreases associated with foreign currency exchange rate fluctuations with respect to VTR's U.S. dollar denominated programming contracts. Most of VTR's programming costs are denominated in U.S dollars;

- Increases in personnel costs of €0.7 million or 8.9% and €1.7 million or 7.6%, respectively, due primarily to higher bonus costs; and
- Increases in bad debt expense of €0.4 million or 5.9% and €1.6 million or 8.9%, respectively, due primarily to growth in subscribers and economic conditions.

For information regarding the impact on VTR's operations of the February 27, 2010 earthquake in Chile, see *Overview* above.

Operating Expenses—2009 compared to 2008

	Year ended December 31,		Increase (decrease)		Increase (decrease) excluding FX
	2009	2008	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 249.3	€ 253.3	€ (4.0)	(1.6)	(1.6)
Switzerland	221.4	220.8	0.6	0.3	(4.6)
Other Western Europe	228.8	236.5	(7.7)	(3.3)	(3.3)
Total Western Europe	699.5	710.6	(11.1)	(1.6)	(3.1)
Central and Eastern Europe	296.5	314.1	(17.6)	(5.6)	6.4
Central operations	37.5	35.5	2.0	5.6	6.5
Total UPC Europe	1,033.5	1,060.2	(26.7)	(2.5)	0.1
VTR (Chile)	214.9	202.3	12.6	6.2	8.2
Total operating expenses excluding stock-based compensation expense	1,248.4	1,262.5	(14.1)	(1.1)	1.4
Stock-based compensation expense	2.6	4.7	(2.1)	(44.7)	
Total	€1,251.0	€1,267.2	€ (16.2)	(1.3)	

UPC Europe. UPC Europe's operating expenses (exclusive of stock-based compensation expense) decreased €26.7 million or 2.5% during 2009, as compared to 2008. This decrease is net of a €1.2 million increase attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, UPC Europe's operating expenses decreased €0.6 million or 0.1%. This decrease includes the following factors:

- An increase in programming and related costs of €16.0 million or 6.7%, due primarily to (i) growth in digital cable services, predominantly in the Netherlands, Poland, Romania and Austria, and (ii) FX with respect to non-functional currency expenses associated with certain programming contracts in Central and Eastern Europe, particularly in Romania, Poland and Hungary. These increases were partially offset by a decrease in programming and related costs in Ireland as a result of (i) a lower average number of video cable RGUs and (ii) the impact of subscribers selecting lower-priced tiers of digital cable services and products;
- A decrease in interconnect and access costs of €13.1 million or 10.6%, due primarily to the net effect of (i) lower interconnect and access rates in the Netherlands and Austria, (ii) lower B2B volume in the Netherlands and (iii) higher interconnect rates and growth in the number of telephony and internet subscribers in Ireland. These decreases were partially offset by the impact of interconnect tariff reductions that were imposed by a regulatory authority in Switzerland during the fourth quarter of 2008. The fourth quarter 2008 adjustments that we recorded to reflect these tariff reductions, which were retroactive to January 1, 2007, gave rise to increases in interconnect expense of €2.1 million and €1.0 million during the quarter and year ended December 31, 2009, respectively;
- An increase in network and information technology related expenses of €12.3 million or 9.8%, due primarily to (i) higher maintenance costs in UPC Europe's central operations, the Netherlands and Poland, (ii) higher utility costs in Poland and (iii) an increase relating to the impact of a €1.9 million energy tax credit received by the Netherlands during the fourth quarter of 2008;

- A decrease associated with lower levels of B2B construction services and equipment sales in Switzerland of €9.0 million;
- A decrease in personnel costs of €5.1 million or 2.4%, due primarily to certain restructuring activities in Austria and lower staffing levels in Romania;
- A decrease in bad debt and collection expenses of €2.1 million, due largely to decreases in bad debt expenses in Romania and Ireland that were only partially offset by increases in Switzerland and Austria. The decrease in bad debt expense in Romania, which amounted to €6.7 million, was due primarily to Romania's improved credit and collection policies; and
- A net increase resulting from individually insignificant changes in other operating expense categories.

VTR (Chile). VTR's operating expenses (exclusive of stock-based compensation expense) increased €12.6 million or 6.2% during 2009, as compared to 2008. Excluding the effects of FX, VTR's operating expenses increased €16.7 million or 8.2%. This increase includes the following factors:

- An increase in programming and related costs of €9.5 million or 15.4%, due primarily to (i) growth in VTR's digital cable services and (ii) foreign currency exchange fluctuations with respect to VTR's U.S. dollar denominated programming contracts. Most of VTR's programming costs are denominated in U.S. dollars;
- An increase in bad debt expense of €5.9 million, due primarily to (i) an increase in VTR's customer base and (ii) the impact of difficult economic conditions. An increase associated with the €2.3 million impact of a second quarter 2008 reversal of a bad debt reserve in connection with the settlement of an interconnect fee dispute also contributed to the increase;
- A decrease in interconnect and access costs of €5.8 million or 13.3%, due primarily to the net effect of (i) decreases associated with lower tariff rates and call volumes and (ii) increases associated with higher average numbers of broadband internet and telephony subscribers; and
- An increase in network-related expenses of €5.1 million or 20.3%, due primarily to higher maintenance and materials costs.

Operating Expenses—2008 compared to 2007

	Year ended December 31,		Increase (decrease)		Increase (decrease) excluding FX
	2008	2007	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 253.3	€ 269.9	€ (16.6)	(6.2)	(6.2)
Switzerland	220.8	226.7	(5.9)	(2.6)	(5.8)
Other Western Europe	236.5	246.1	(9.6)	(3.9)	(3.9)
Total Western Europe	710.6	742.7	(32.1)	(4.3)	(5.3)
Central and Eastern Europe	314.1	300.4	13.7	4.6	3.0
Central operations	35.5	53.2	(17.7)	(33.3)	(33.3)
Total UPC Europe	1,060.2	1,096.3	(36.1)	(3.3)	(4.4)
VTR (Chile)	202.3	198.7	3.6	1.8	8.5
Total operating expenses excluding stock-based compensation expense	1,262.5	1,295.0	(32.5)	(2.5)	(2.4)
Stock-based compensation expense	4.7	3.4	1.3	38.2	
Total	€1,267.2	€1,298.4	€ (31.2)	(2.4)	

UPC Europe. UPC Europe's operating expenses (exclusive of stock-based compensation expense) decreased €36.1 million or 3.3% during 2008, as compared to 2007. This decrease includes €7.3 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, UPC Europe's operating expenses decreased €55.3 million or 5.0%. This decrease includes the following factors:

- A decrease in interconnect and access costs of €21.6 million or 11.9%, due primarily to (i) lower interconnect and access rates in Austria, Switzerland and the Netherlands, (ii) lower B2B volume in the Netherlands, (iii) decreased telephony usage in Austria and (iv) reductions in interconnect tariffs in Switzerland that were imposed by a regulatory authority during the fourth quarter of 2008. These tariff reductions, which were retroactive to January 1, 2007, resulted in decreases in interconnect expense of €1.0 million for the year ended December 31, 2008 and €1.9 million for the fourth quarter of 2008, each as compared to the corresponding prior year period;
- A decrease in personnel costs of €12.3 million or 5.6%, due largely to (i) decreased staffing levels, particularly in (a) the Netherlands, in connection with the integration of certain components of the Netherlands' operations, (b) Switzerland and Austria, in connection with the increased usage of third parties to manage excess call volume and (c) Romania, in connection with certain restructuring activities, and (ii) an increase in personnel and related costs allocable to capital activities, such as the installation of customer premise equipment for digital cable services;
- A decrease in network related expenses of €6.9 million or 6.1%, due primarily to (i) cost containment efforts in Switzerland and the Netherlands and (ii) the impact of a €1.9 million energy tax credit received by the Netherlands during the fourth quarter of 2008;
- A decrease in management fees of €6.4 million, due primarily to the renegotiation of an agreement with the noncontrolling interest owner of one of our operating subsidiaries in Austria;
- An increase in outsourced labor and consulting fees of €6.2 million or 7.5%, associated with the use of third parties to manage excess call center volume, primarily in Switzerland, Austria and the Czech Republic. This increase, which was due in part to growth in digital cable services, was partially offset by a decrease in Ireland associated with higher costs during 2007 related to a billing system conversion and the integration of certain call center operations;
- An increase in programming and related costs of €3.1 million or 1.4%, due primarily to growth in digital cable services, predominantly in the Netherlands, Austria and Switzerland. These increases were partially offset by decreases in programming and related costs as a result of lower analog cable RGUs in Romania, Hungary, the Czech Republic and Ireland;
- A decrease in bad debt expense of €1.0 million, due primarily to reductions in bad debt expense in Switzerland, Austria and to a lesser extent, the Czech Republic, the Netherlands, and Ireland, due largely to improved credit and collection procedures. These decreases were largely offset by a €5.5 million increase in bad debt expense in Romania; and
- A net decrease resulting from individually insignificant changes in other operating expense categories.

VTR (Chile). VTR's operating expenses (exclusive of stock-based compensation expense) increased €3.6 million or 1.8% during 2008, as compared to 2007. Excluding the effects of FX, VTR's operating expenses increased €17.0 million or 8.5%. This increase includes the following factors:

- An increase in programming and related costs of €9.1 million or 17.3%, due primarily to increases in the average number of VTR's video RGUs, an increasing proportion of which consists of digital cable RGUs;
- An increase in interconnect and access charges of €6.0 million or 14.7%, due primarily to (i) a higher volume of traffic associated with increases in VTR's telephony RGUs and (ii) increased costs associated with (a) increased usage of broadband internet services, due in part to speed upgrades that were completed in March 2008 and November 2008, and (b) an increase in VTR's broadband internet RGUs;
- An increase in personnel costs of €2.3 million or 5.9%, largely due to periodic wage increases, including inflation adjustments; and
- An increase in bad debt expense of €1.2 million, as increases associated with RGU growth and weak economic conditions in Chile were only partially offset by a €2.4 million decrease associated with the impact of the second quarter 2008 reversal of a bad debt reserve in connection with the settlement of an interconnect fee dispute.

SG&A Expenses of our Reportable Segments

SG&A Expenses—Three and Nine Months Ended September 30, 2010 compared to Three and Nine Months Ended September 30, 2009

	Three months ended September 30,		Increase (decrease)		Increase (decrease) excluding FX
	2010	2009	€	%	%
		in millions			
UPC Europe:					
The Netherlands	€ 23.4	€ 21.2	€ 2.2	10.4	10.4
Switzerland	27.4	24.0	3.4	14.2	—
Other Western Europe	21.4	21.7	(0.3)	(1.4)	(1.4)
Total Western Europe	72.2	66.9	5.3	7.9	2.8
Central and Eastern Europe	24.8	20.7	4.1	19.8	19.5
Central operations	20.8	19.4	1.4	7.2	7.0
Total UPC Europe	117.8	107.0	10.8	10.1	6.8
VTR (Chile)	24.9	19.4	5.5	28.4	8.5
Total SG&A expenses excluding stock-based compensation expense	142.7	126.4	16.3	12.9	7.1
Stock-based compensation expense	3.7	5.1	(1.4)	(27.5)	
Total	€ 146.4	€ 131.5	€ 14.9	11.3	

	Nine months ended September 30,		Increase		Increase excluding FX
	2010	2009	€	%	%
		in millions			
UPC Europe:					
The Netherlands	€ 74.4	€ 67.8	€ 6.6	9.7	9.7
Switzerland	85.8	76.9	8.9	11.6	3.6
Other Western Europe	68.5	68.2	0.3	0.4	0.4
Total Western Europe	228.7	212.9	15.8	7.4	4.5
Central and Eastern Europe	77.6	69.2	8.4	12.1	7.7
Central operations	60.4	57.5	2.9	5.0	4.9
Total UPC Europe	366.7	339.6	27.1	8.0	5.2
VTR (Chile)	72.8	59.6	13.2	22.1	6.9
Total SG&A expenses excluding stock-based compensation expense	439.5	399.2	40.3	10.1	5.5
Stock-based compensation expense	12.9	9.1	3.8	41.8	
Total	€ 452.4	€ 408.3	€ 44.1	10.8	

General. SG&A expenses include human resources, information technology, general services, management, finance, legal and marketing costs, stock-based compensation and other general expenses. We do not include stock-based compensation in the following discussion and analysis of the SG&A expenses of our reportable segments as stock-based compensation expense is not included in the performance measures of our reportable segments. Stock-based compensation expense is discussed under *Discussion and Analysis of Our Consolidated Operating Results* below. As noted under *Operating Expenses* above, we are subject to inflationary pressures with respect to our labor and other costs and foreign currency exchange risk with respect to non-functional currency expenses.

UPC Europe. UPC Europe's SG&A expenses (exclusive of stock-based compensation expense) increased €10.8 million or 10.1% and €27.1 million or 8.0%, respectively, during the three and nine months ended September 30, 2010, as compared to the corresponding periods in 2009. Excluding the effects of FX, UPC Europe's SG&A expenses increased €7.3 million or 6.8% and €17.7 million or 5.2%, respectively. These increases include the following factors:

- Increases in personnel costs of €2.1 million or 4.4% and €5.5 million or 3.7%, respectively, due largely to (i) increased marketing staffing levels in Switzerland and the Netherlands and (ii) increased staffing levels for our Luxco DTH operations;
- Increases in sales and marketing costs of €1.6 million or 5.8% and €3.4 million or 3.5%, respectively, due primarily to the net effect of (i) higher marketing expenditures in the Netherlands due largely to campaigns promoting high definition programming, (ii) higher costs associated with rebranding efforts in Ireland and (iii) lower sales commissions and decreased marketing activities in Austria, the Czech Republic and Hungary;
- Increases in outsourced labor and professional fees of €0.7 million and €1.8 million, respectively, due largely to (i) an increase in consulting activities related to sales and marketing and information technology activities in Switzerland and (ii) costs associated with the centralization of Luxco DTH operations;
- Increases in information technology related expenses of €2.2 million or €1.5 million, respectively, due primarily to increased billing system software costs; and
- Net increases during the nine-month period resulting from individually insignificant changes in other operating expense categories.

VTR (Chile). VTR's SG&A expenses (exclusive of stock-based compensation expense) increased €5.5 million or 28.4% and €13.2 million or 22.1%, during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. Excluding the effects of FX, VTR's SG&A expenses increased €1.6 million or 8.5% and €4.1 million or 6.9%, respectively. These increases include the following factors:

- Increases in personnel costs of €1.3 million or 17.0% and €3.2 million or 14.4%, respectively, due primarily to (i) higher bonus costs, (ii) higher severance costs and (iii) increased employee sales commissions;
- Increases in sales and marketing costs of €1.0 million or 20.3% and €2.2 million or 13.2%, due primarily to volume-related increases in third-party sales commissions. These increases also reflect an increase in marketing costs during the three-month period and a decrease in marketing costs during the nine-month period; and
- Net decreases resulting from individually insignificant changes in other SG&A expense categories.

For information regarding the impact on VTR's operations of the February 27, 2010 earthquake in Chile, see *Overview* above.

SG&A Expenses—2009 compared to 2008

	Year ended December 31,		Increase (decrease)		Increase (decrease) excluding FX
	2009	2008	€	%	%
		in millions			
UPC Europe:					
The Netherlands	€ 91.2	€ 93.2	€ (2.0)	(2.1)	(2.1)
Switzerland	105.7	103.6	2.1	2.0	(2.9)
Other Western Europe	89.2	88.8	0.4	0.5	0.5
Total Western Europe	286.1	285.6	0.5	0.2	(1.6)
Central and Eastern Europe	94.8	108.0	(13.2)	(12.2)	(0.9)
Central operations	80.8	88.9	(8.1)	(9.1)	(9.0)
Total UPC Europe	461.7	482.5	(20.8)	(4.3)	(2.8)
VTR (Chile)	81.0	81.8	(0.8)	(1.0)	1.7
Total SG&A expenses excluding stock-based compensation expense	542.7	564.3	(21.6)	(3.8)	(2.1)
Stock-based compensation expense	12.5	22.9	(10.4)	(45.4)	
Total	€ 555.2	€ 587.2	€ (32.0)	(5.4)	

UPC Europe. UPC Europe's SG&A expenses (exclusive of stock-based compensation expense) decreased €20.8 million or 4.3% during 2009, as compared to 2008. This decrease is net of a €0.2 million increase attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, UPC Europe's SG&A expenses decreased €13.7 million or 2.8%. This decrease includes the following factors:

- A decrease in outsourced labor and professional fees of €5.0 million or 24.0%, due primarily to (i) a decrease in system implementation and other information technology costs incurred by UPC Europe's central operations, (ii) a decrease related to costs incurred during 2008 associated with a billing system migration in Switzerland and (iii) a decrease in consulting costs in the Netherlands related to sales and marketing and information technology activities;
- A €3.1 million increase due to the impact of a favorable settlement of a value added tax contingency in Switzerland during the fourth quarter of 2008;
- A decrease in sales and marketing costs of €2.8 million or 2.0%, due largely to lower marketing expenditures in Austria, the Netherlands, Hungary and the Czech Republic; and
- A net decrease resulting from individually insignificant changes in telecommunications, travel and entertainment, personnel and other SG&A expense categories, due largely to cost containment efforts.

VTR (Chile). VTR's SG&A expenses (exclusive of stock-based compensation expense) decreased €0.8 million or 1.0% during 2009, as compared to 2008. Excluding the effects of FX, VTR's SG&A expenses increased €1.4 million or 1.7%. This increase includes the following factors:

- An increase in sales and marketing costs of €2.2 million or 10.2%, due primarily to (i) higher sales commissions and (ii) an increase in marketing efforts;
- A decrease in labor and related costs of €1.7 million or 5.2%, due primarily to reduced staffing levels; and
- A net increase resulting from individually insignificant changes in other SG&A expense categories, including a decrease associated with legal fees incurred during the second quarter 2008 in connection with the settlement of an interconnect fee dispute.

SG&A Expenses—2008 compared to 2007

	Year ended December 31,		Increase (decrease)		Increase (decrease) excluding FX
	2008	2007	€	%	%
		in millions			
UPC Europe:					
The Netherlands	€ 93.2	€ 103.3	€ (10.1)	(9.8)	(9.8)
Switzerland	103.6	105.2	(1.6)	(1.5)	(5.7)
Other Western Europe	88.8	96.1	(7.3)	(7.6)	(7.6)
Total Western Europe	285.6	304.6	(19.0)	(6.2)	(7.7)
Central and Eastern Europe	108.0	110.6	(2.6)	(2.4)	(4.2)
Central operations	88.9	84.9	4.0	4.7	4.7
Total UPC Europe	482.5	500.1	(17.6)	(3.5)	(4.8)
VTR (Chile)	81.8	82.5	(0.7)	(0.8)	4.8
Total SG&A expenses excluding stock-based compensation expense	564.3	582.6	(18.3)	(3.1)	(3.4)
Stock-based compensation expense	22.9	16.6	6.3	38.0	
Total	€ 587.2	€ 599.2	€ (12.0)	(2.0)	

N.M.—Not Meaningful.

UPC Europe. UPC Europe's SG&A expenses (exclusive of stock-based compensation expense) decreased €17.6 million or 3.5% during 2008, as compared to 2007. This decrease is net of an increase of €2.6 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, UPC Europe's SG&A expenses decreased €26.6 million or 5.3%. This decrease includes the following factors:

- A decrease in sales and marketing costs of €12.5 million or 8.7%, due primarily to decreases related to (i) the Netherlands' continued emphasis during the 2008 periods on more efficient marketing strategies, (ii) cost containment efforts in Hungary and Austria and (iii) decreased costs due to a UPC rebranding campaign during 2007. These decreases were partially offset by (i) an increase in the costs incurred in Poland to support the launch of digital cable services and (ii) an increase associated with the impact of a favorable first quarter 2007 settlement related to number porting charges in Switzerland;
- A decrease in outsourced labor and professional fees of €9.5 million or 22.1%, due primarily to decreases in certain central costs and certain costs incurred in the Netherlands, Ireland, Switzerland and Romania;
- A €3.1 million decrease associated with the impact of a favorable settlement of a value added tax contingency in Switzerland during the fourth quarter of 2008; and
- A decrease in personnel costs of €1.6 million or 0.8%, as increases in personnel and related costs allocable to capital activities, such as the installation of billing and support systems were only partially offset by the impacts of increases in staffing levels and annual wage increases.

VTR (Chile). VTR's SG&A expenses (exclusive of stock-based compensation expense) decreased €0.7 million or 0.8% during 2008, as compared to 2007. Excluding the effects of FX, VTR's SG&A expenses increased €4.0 million or 4.8%. This increase includes (i) an increase in legal fees of €1.2 million, due primarily to the second quarter 2008 settlement of an interconnect fee dispute, (ii) an increase in personnel costs of €0.9 million or 3.1%, due largely to periodic wage increases, including inflation adjustments, and (iii) a net increase in utility costs and other individually insignificant changes in other expense categories.

Operating Cash Flow of our Reportable Segments

Operating cash flow is the primary measure used by our chief operating decision maker to evaluate segment operating performance. As we use the term, operating cash flow is defined as revenue less operating and SG&A expenses (excluding stock-based compensation, depreciation and amortization, related-party fees and allocations, net, and impairment, restructuring and other operating charges or credits). Operating cash flow margin is defined as operating cash flow divided by revenue. For additional information concerning this performance measure and for a reconciliation of total segment operating cash flow to our loss from continuing operations before income taxes, see note 13 to our September 30, 2010 Condensed Consolidated Financial Statements.

Operating Cash Flow—Three and Nine Months Ended September 30, 2010 compared to Three and Nine Months Ended September 30, 2009

	Three months ended September 30,		Increase (decrease)		Increase (decrease) excluding FX
	2010	2009	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 129.3	€ 122.2	€ 7.1	5.8	5.8
Switzerland	121.4	103.2	18.2	17.6	3.2
Other Western Europe	72.4	69.3	3.1	4.5	4.5
Total Western Europe	323.1	294.7	28.4	9.6	4.6
Central and Eastern Europe	105.3	109.3	(4.0)	(3.7)	(4.4)
Central operations	(29.7)	(27.0)	(2.7)	(10.0)	(9.6)
Total UPC Europe	398.7	377.0	21.7	5.8	1.6
VTR (Chile)	69.1	52.2	16.9	32.4	12.2
Total	€ 467.8	€ 429.2	€ 38.6	9.0	2.9

	Nine months ended September 30,		Increase (decrease)		Increase (decrease) excluding FX
	2010	2009	€	%	%
	in millions				
UPC Europe:					
The Netherlands	€ 376.8	€ 356.1	€ 20.7	5.8	5.8
Switzerland	329.8	305.1	24.7	8.1	0.1
Other Western Europe	211.5	206.5	5.0	2.4	2.4
Total Western Europe	918.1	867.7	50.4	5.8	3.0
Central and Eastern Europe	308.9	308.4	0.5	0.2	(4.2)
Central operations	(86.6)	(84.0)	(2.6)	(3.1)	(2.9)
Total UPC Europe	1,140.4	1,092.1	48.3	4.4	1.0
VTR (Chile)	182.6	150.7	31.9	21.2	5.7
Total	€1,323.0	€1,242.8	€ 80.2	6.5	1.5

Operating Cash Flow—2009 compared to 2008

	Year ended December 31,		Increase (decrease)		Increase (decrease) excluding FX
	2009	2008	€	%	%
		in millions			
UPC Europe:					
The Netherlands	€ 477.0	€ 457.2	€ 19.8	4.3	4.3
Switzerland	404.8	368.3	36.5	9.9	4.7
Other Western Europe	281.0	282.1	(1.1)	(0.4)	(0.4)
Total Western Europe	1,162.8	1,107.6	55.2	5.0	3.2
Central and Eastern Europe	411.8	461.6	(49.8)	(10.8)	0.3
Central operations	(118.2)	(124.0)	5.8	4.7	4.4
Total UPC Europe	1,456.4	1,445.2	11.2	0.8	3.0
VTR (Chile)	206.4	200.9	5.5	2.7	4.7
Total	€1,662.8	€1,646.1	€ 16.7	1.0	3.2

Operating Cash Flow—2008 compared to 2007

	Year ended December 31,		Increase		Increase excluding FX
	2008	2007	€	%	%
		in millions			
UPC Europe:					
The Netherlands	€ 457.2	€ 400.3	€ 56.9	14.2	14.2
Switzerland	368.3	305.2	63.1	20.7	16.5
Other Western Europe	282.1	248.8	33.3	13.4	13.4
Total Western Europe	1,107.6	954.3	153.3	16.1	14.7
Central and Eastern Europe	461.6	419.7	41.9	10.0	6.0
Central operations	(124.0)	(135.8)	11.8	8.7	8.7
Total UPC Europe	1,445.2	1,238.2	207.0	16.7	14.3
VTR (Chile)	200.9	181.4	19.5	10.7	17.9
Total	€1,646.1	€1,419.6	€ 226.5	16.0	14.8

Operating Cash Flow Margin—Three and Nine Months Ended September 30, 2010 compared to Three and Nine Months Ended September 30, 2009

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
		%		
UPC Europe:				
The Netherlands	59.1	60.6	58.2	58.4
Switzerland	57.9	57.0	55.4	55.9
Other Western Europe	47.4	46.9	45.9	46.4
Total Western Europe	55.6	55.6	53.9	54.2
Central and Eastern Europe	50.5	53.3	49.6	51.5
Total UPC Europe, including central operations	50.5	51.2	49.0	49.7
VTR (Chile)	43.4	41.5	41.4	40.5

While the operating cash flow margins of most of our reportable segments remained relatively unchanged during the three and nine months ended September 30, 2010, as compared to the corresponding periods in 2009, competitive, economic and other factors have contributed to declines in the operating cash flow margins in Central and Eastern Europe. The improvement in the operating cash flow margin of VTR, particularly during the three-month period, is primarily attributable to improved operational leverage, resulting from revenue growth that is more than offsetting the accompanying increase in VTR's operating and SG&A expenses. During the 2010 nine-month period, foreign currency impacts associated with non-functional currency expenses had a positive impact on our operating cash flow margins in Chile and a negative impact on our operating cash flow margins in Central and Eastern Europe. During the 2010 three-month period, these foreign currency impacts were not significant. For additional discussion of the factors contributing to the changes in the operating cash flow margins of our reportable segments, see the above analyses of the revenue, operating expenses and SG&A expenses of our reportable segments. As discussed under *Overview* and *Discussion and Analysis of our Reportable Segments* above, most of our broadband communications operations are experiencing significant competition and difficult economic conditions. Sustained or increased competition, particularly in combination with difficult economic or regulatory conditions, could adversely affect our ability to maintain or improve the operating cash flow margins of our reportable segments. For information regarding the expected impacts of a new revenue-based tax in Hungary, see *Discussion and Analysis of our Reportable Segments* above.

Operating Cash Flow Margin—2009, 2008 and 2007

The following table sets forth the operating cash flow margins of our reportable segments:

	Year ended December 31,		
	2009	**2008**	**2007**
		%	
UPC Europe:			
The Netherlands	58.3	56.9	51.8
Switzerland	55.3	53.2	47.9
Other Western Europe	46.9	46.4	42.1
Total Western Europe	54.1	52.6	47.7
Central and Eastern Europe	51.3	52.2	50.5
Total UPC Europe, including central operations	49.3	48.4	43.7
VTR (Chile)	41.1	41.4	39.2

While we experienced improvement in the operating cash flow margins of most of our reportable segments during 2009, as compared to 2008, competitive and economic factors have resulted in (i) a decline in the operating cash flow margin of Central and Eastern Europe and (ii) relatively flat operating cash flow margins for Other Western Europe and VTR. Foreign currency impacts associated with non-functional currency expenses have also negatively impacted our operating cash flow margins, particularly in Central and Eastern Europe and VTR. The improvements in the operating cash flow margins of the Netherlands and Switzerland are largely a function of increased operational leverage resulting from (i) revenue growth that is more than offsetting the accompanying increases in operating and SG&A expenses and/or (ii) cost containment efforts. For additional discussion of the factors contributing to the changes in the operating cash flow margins of our reportable segments, see the above analyses of the revenue, operating expenses and SG&A expenses of our reportable segments. As compared to 2009, we currently expect that during 2010 (i) the operating cash flow margins of VTR will improve slightly and (ii) the operating cash flow margins of UPC Europe will remain relatively constant. Our expectations with respect to the operating cash flow margins of VTR do not take into account the impacts of the February 27, 2010 earthquake in Chile. For additional information, see *Overview* above and note 19 to our December 31, 2009 Consolidated Financial Statements.

Discussion and Analysis of our Consolidated Operating Results

General

For more detailed explanations of the changes in our revenue, operating expenses and SG&A expenses, see the *Discussion and Analysis of our Reportable Segments* that appears above.

Three and Nine Months Ended September 30, 2010 compared to Three and Nine Months Ended September 30, 2009

Revenue

Our revenue by major category is set forth below:

	Three months ended September 30, 2010	Three months ended September 30, 2009	Increase €	Increase %	Increase excluding FX %	Increase excluding acquisitions and FX %
	in millions					
Subscription revenue (a):						
Video	€ 465.9	€ 431.9	€ 34.0	7.9	2.6	2.6
Broadband internet	240.4	215.4	25.0	11.6	5.0	5.0
Telephony	132.8	119.4	13.4	11.2	4.1	4.1
Total subscription revenue	839.1	766.7	72.4	9.4	3.5	3.5
Other revenue (b)	110.0	94.8	15.2	16.0	9.2	9.2
Total	€ 949.1	€ 861.5	€ 87.6	10.2	4.1	4.1

	Nine months ended September 30, 2010	Nine months ended September 30, 2009	Increase €	Increase %	Increase excluding FX %	Increase excluding acquisitions and FX %
	in millions					
Subscription revenue (a):						
Video	€1,364.6	€1,293.1	€ 71.5	5.5	1.2	1.2
Broadband internet	700.5	638.4	62.1	9.7	4.1	4.1
Telephony	388.2	358.6	29.6	8.3	2.5	2.5
Total subscription revenue	2,453.3	2,290.1	163.2	7.1	2.2	2.2
Other revenue (b)	314.4	280.9	33.5	11.9	7.2	7.2
Total	€2,767.7	€2,571.0	€ 196.7	7.7	2.8	2.8

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile telephony revenue. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. However, due to regulatory, billing system and other constraints, the methodology used to allocate bundling discounts may vary between our broadband communications operating segments.

(b) Other revenue includes non-subscription revenue (including B2B and installation revenue).

Total revenue. Our consolidated revenue increased €87.6 million and €196.7 million during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. The nine-month increase includes €0.4 million attributable to the impact of an acquisition. Excluding the effects of acquisitions and FX, total consolidated revenue increased €35.7 million or 4.1% and €71.1 million or 2.8%, respectively.

Subscription revenue. Excluding the effects of acquisitions and FX, our consolidated subscription revenue increased €27.0 million or 3.5% and €50.8 million or 2.2% during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. These increases are attributable to (i) increases in subscription revenue from video services of €11.3 million or 2.6% and €15.7 million or 1.2%, respectively, as the impact of higher ARPU from video services was only partially offset by declines in the average numbers of video RGUs, (ii) increases in subscription revenue from broadband internet services of €10.8 million or 5.0% and €26.2 million or 4.1%, respectively, as the impact of increases in the average numbers of broadband internet RGUs was only partially offset by lower ARPU from broadband internet services and (iii) increases in subscription revenue from telephony services of €4.9 million or 4.1% and €8.9 million or 2.5%, respectively, as the impact of increases in the average numbers of telephony RGUs was only partially offset by lower ARPU from telephony services.

Other revenue. Excluding the effects of acquisitions and FX, our consolidated other revenue increased €8.7 million or 9.2% and €20.3 million or 7.2% during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. These increases are primarily attributable to increases in B2B, installation, interconnect and other individually immaterial categories of non-subscription revenue.

For additional information concerning the changes in our subscription and other revenue, see *Discussion and Analysis of our Reportable Segments—Revenue* above. For information regarding the competitive environment in certain of our markets, see *Overview* and *Discussion and Analysis of our Reportable Segments* above.

Operating expenses

Our operating expenses increased €32.0 million and €76.0 million during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. The nine-month increase includes €0.1 million attributable to the impact of an acquisition. Our operating expenses include stock-based compensation expense, which decreased €0.7 million and €0.2 million during the three and nine months ended September 30, 2010, respectively. For additional information, see the discussion following *SG&A expenses* below. Excluding the effects of acquisitions, FX and stock-based compensation expense, total consolidated operating expenses increased €14.5 million or 4.7% and €30.5 million or 3.3% during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. As discussed in more detail under *Discussion and Analysis of Reportable Segments—Operating Expenses* above, these increases generally reflect the net impact of increases in programming and other direct costs, and to a lesser extent, (i) net increases in outsourced labor and professional fees, (ii) net increases in network related expenses, (iii) net decreases in bad debt and collection expenses and (iv) less significant net increases in other operating expense categories.

SG&A expenses

Our SG&A expenses increased €14.9 million and €44.1 million during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. Our SG&A expenses include stock-based compensation expense, which increased (decreased) (€1.4 million) and €3.8 million during the three and nine months ended September 30, 2010, respectively. For additional information, see the discussion in the following paragraph. Excluding the effects of FX and stock-based compensation expense, total consolidated SG&A expenses increased €8.9 million or 7.1% and €21.9 million or 5.5% during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. As discussed in more detail under *Discussion and Analysis of our Reportable Segments—SG&A Expenses* above, this increase generally reflects the net impact of (i) increases in personnel costs, (ii) increases in sales and marketing costs and (iii) less significant net increases in other SG&A expense categories.

Stock-based compensation expense (included in operating and SG&A expenses)

Our stock-based compensation includes amounts allocated to our company by LGI and amounts that are based on stock incentive awards related to shares of our subsidiaries. The amounts allocated by LGI to our company represent the stock-based compensation associated with the LGI stock incentive awards held by certain employees of our subsidiaries. A summary of the aggregate stock-based compensation expense that is included in our operating and SG&A expenses is set forth below:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	in millions			
LGI common stock:				
LGI performance-based incentive awards (a)	€ 1.9	€ 4.4	€ 6.5	€ 4.0
Other LGI stock-based incentive awards	2.2	0.7	6.7	5.7
Total LGI common stock	4.1	5.1	13.2	9.7
Other	—	1.1	1.4	1.3
Total	€ 4.1	€ 6.2	€ 14.6	€ 11.0
Included in:				
Continuing operations:				
Operating expense	€ 0.4	€ 1.1	€ 1.7	€ 1.9
SG&A expense	3.7	5.1	12.9	9.1
Total	€ 4.1	€ 6.2	€ 14.6	€ 11.0

(a) Includes stock-based compensation expense related to the LGI Performance Plans and, for the 2010 periods, LGI PSUs. The amount presented for the nine months ended September 30, 2009 includes a €0.8 million reduction associated with the first quarter 2009 settlement of the second installment of awards under the LGI Performance Plans and an €8.2 million reduction related to the first quarter 2009 forfeiture of certain awards granted under the LGI Performance Plans.

For additional information concerning our stock-based compensation, see note 10 to our September 30, 2010 Condensed Consolidated Financial Statements.

Depreciation and amortization expense

Our depreciation and amortization expense decreased €18.2 million and €52.2 million during the three and nine months ended September 30, 2010, as compared to the corresponding periods in 2009. Excluding the effect of FX, depreciation and amortization expense decreased €30.8 million or 11.6% and €82.7 million or 10.5%, respectively. These decreases are due primarily to the net effect of (i) decreases associated with certain assets becoming fully depreciated, primarily in Switzerland, the Netherlands, Chile, Hungary, and Romania, (ii) increases associated with capital expenditures related to the installation of customer premise equipment, the expansion and upgrade of our networks and other capital initiatives and (iii) decreases associated with changes in the useful lives of certain property and equipment, primarily in Switzerland, the Netherlands and Hungary.

Impairment, restructuring and other operating charges (credits), net

We recognized impairment, restructuring and other operating charges (credits), net, of €4.3 million and €10.1 million during the three and nine months ended September 30, 2010, respectively, compared to (€0.4 million) and €89.1 million during the corresponding prior year periods. The amount for the 2010 nine-month period includes €9.6 million, representing dish-turning and duplicate satellite costs incurred in connection with Luxco DTH's migration to a new satellite. The amount for the 2009 nine-month period includes a charge of €84.7 million to reduce the carrying amount of the goodwill associated with our Romanian reporting unit.

We continue to experience difficult economic environments and significant competition in most of our markets, particularly in Romania and Hungary, which collectively accounted for €306.7 million of the goodwill associated with the broadband communications operations included in our Central and Eastern Europe reportable segment at September 30, 2010. If, among other factors, (i) our or our subsidiaries' equity values decline significantly or (ii) the adverse impacts of economic, competitive or regulatory factors are worse than anticipated, we could conclude in future periods that further impairment charges are required in order to reduce the carrying values of our goodwill, and to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

Interest expense—third party

Our third-party interest expense increased €16.2 million and €58.4 million during the three and nine months ended September 30, 2010, as compared to the corresponding periods in 2009. Excluding the effects of FX, third-party interest expense increased €16.1 million and €30.1 million during the 2010 periods, respectively. These increases are primarily attributable to higher weighted average interest rates. The increases in our weighted average interest rates are primarily related to (i) increases in interest rates on the UPC Broadband Holding Bank Facility and certain of our other variable-rate indebtedness and (ii) higher average outstanding debt balances. For additional information, see note 8 to our September 30, 2010 Condensed Consolidated Financial Statements.

It is possible that (i) the interest rates on any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) the interest rates incurred on our variable-rate indebtedness could increase in future periods. For information concerning the derivative instruments that we use to manage our interest rate risks, see note 5 to our September 30, 2010 Condensed Consolidated Financial Statements.

Interest expense—related party

Our consolidated related-party interest expense relates to the interest expense on our shareholder loan. Our total consolidated related-party interest expense increased €2.1 million during the three months ended September 30, 2010 and decreased €175.6 million during the nine months ended September 30, 2010, as compared to the corresponding periods in 2009. These changes reflect the net effect of (i) a decrease in the interest rate on our shareholder loan during the 2010 periods, as compared to the corresponding prior year periods, and (ii) a slight increase in the average outstanding balance of our shareholder loan during the 2010 periods, as compared to the corresponding prior year period. For additional information, see notes 8 and 11 to our September 30, 2010 Condensed Consolidated Financial Statements.

Interest income

Our interest income decreased €2.5 million and €9.2 million during the three and nine months ended September 30, 2010, as compared to the corresponding periods in 2009. These decreases primarily are attributable to (i) lower weighted average interest rates earned on our cash and cash equivalent and restricted cash balances and (ii) decreases in our average cash and cash equivalent and restricted cash balances. The release of cash collateral associated with the VTR Bank Facility during the first quarter of 2010 contributed to the lower weighted average interest rate and lower balances. For additional information, see note 8 to our September 30, 2010 Condensed Consolidated Financial Statements.

Realized and unrealized losses on derivative instruments, net

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

	Three months ended September 30,		Nine months ended September 30,	
	2010	**2009**	**2010**	**2009**
	in millions			
Cross-currency and interest rate derivative contracts (a)	€ (344.2)	€ (192.4)	€ (651.9)	€ (472.1)
Foreign currency forward contracts	(8.0)	3.3	(11.3)	(3.3)
Embedded derivatives	1.7	1.6	1.0	0.5
Total	€ (350.5)	€ (187.5)	€ (662.2)	€ (474.9)

(a) The loss during the 2010 three-month period is primarily attributable to the net effect of (i) losses associated with increases in the values of the euro, Chilean peso, Swiss franc and Romanian lei relative to the U.S. dollar, (ii) losses associated with an increase in the value of the Czech koruna, Polish zloty and Hungarian forint relative to the euro, (iii) a loss associated with a decrease in the market interest rate in the euro market and (iv) a gain associated with a decrease in the value of the

Swiss franc relative to the euro. The loss during the 2010 nine-month period primarily is attributable to the net effect of (i) losses associated with decreases in market interest rates in the euro, Swiss franc, Romanian lei, Hungarian forint, Polish zloty and Czech koruna markets, (ii) losses associated with increases in the values of the Swiss franc, Czech koruna, Chilean peso and Polish zloty relative to the euro, (iii) losses associated with increases in the values of the Swiss franc and Chilean peso relative to the U.S. dollar and (iv) a gain associated with a decrease in the value of the U.S. dollar relative to the euro. In addition, the losses during the 2010 periods include net gains of €23.3 million and €75.0 million, respectively, resulting from changes in our credit risk valuation adjustments, as further described in notes 5 and 6 to our September 30, 2010 Condensed Consolidated Financial Statements. The loss during the 2009 three-month period primarily is attributable to (i) losses associated with increases in the values of the Hungarian forint, Czech koruna and Swiss franc relative to the euro, (ii) losses associated with decreases in market interest rates in the euro, Swiss franc and Hungarian forint markets, (iii) losses associated with increases in the values of the euro and Swiss franc relative to the U.S. dollar and (iv) a gain associated with a decrease in the value of the Chilean peso relative to the U.S. dollar. The loss during the 2009 nine-month period primarily is attributable to the net effect of (i) losses associated with increases in the values of the Chilean peso, euro and Swiss franc relative to the U.S. dollar, (ii) losses associated with decreases in market interest rates in the euro, Swiss franc, Romanian lei and Hungarian forint markets and (iii) losses associated with increases in the values of the Chilean peso relative to the euro. In addition, the losses for the three and nine months ended September 30, 2009 include credit risk valuation adjustment gains (losses) of €7.9 million and (€0.5 million), respectively.

For additional information concerning our derivative instruments, including details of the cash payments associated therewith, see note 5 to our September 30, 2010 Condensed Consolidated Financial Statements.

Foreign currency transaction gains, net

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

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	in millions			
Intercompany notes denominated in a currency other than the entity's functional currency (a)	€ 63.5	€ 66.0	€ 135.1	€ (17.8)
U.S. dollar denominated debt issued by European subsidiaries	245.1	77.6	(114.2)	84.0
Cash and restricted cash denominated in a currency other than the entity's functional currency	(7.1)	(11.1)	13.6	(18.1)
U.S. dollar denominated debt issued by a Latin American subsidiary	—	(10.0)	(13.0)	52.5
Other	6.3	0.1	1.3	1.0
Total	€ 307.8	€ 122.6	€ 22.8	€ 101.6

(a) Amounts are related to (i) loans between our non-operating and operating subsidiaries in Europe, which generally are denominated in the currency of the applicable operating subsidiary, (ii) U.S. dollar denominated loans between certain of our non-operating subsidiaries in the U.S. and Europe and, during the 2010 periods, a U.S. dollar denominated loan between a Latin American subsidiary and a non-operating subsidiary in Europe. Accordingly, these gains (losses) are a function of movements of the euro against (i) the U.S. dollar and (ii) other local currencies in Europe and, during the 2010 periods, the U.S. dollar against the Chilean peso.

Losses on debt modifications and extinguishments, net

We recognized losses on debt modifications and extinguishments, net, of €19.3 million and €18.2 million during the three and nine months ended September 30, 2010 and €0.7 million and €18.0 million during the three and nine months ended September 30, 2009, respectively. The losses during the 2010 nine-month period include the payment of €12.4 million of debt redemption premiums and the write-off of €6.8 million of deferred financing costs in connection with the third quarter 2010 repurchase and redemption of the UPC Holding 2014 Senior Notes. The losses during the 2009 nine-month period include (i) a loss of €14.3 million recognized in connection with the execution of Facilities S, T and U under the UPC Broadband Holding Bank Facility during the second quarter of 2009 and (ii) a loss of €3.8 million recognized in connection with the April 2009 exchange of UPC Holding Senior Notes. For additional information, see note 8 to our September 30, 2010 Condensed Consolidated Financial Statements.

Income tax expense

We recognized income tax expense of €10.7 million and €1.3 million during the three months ended September 30, 2010 and 2009, respectively.

The income tax expense during the three months ended September 30, 2010 differs from the expected income tax benefit of €18.1 million (based on the Dutch 25.5% income tax rate) due primarily to the negative impacts of (i) a net increase in valuation allowances previously established against deferred tax assets in certain tax jurisdictions and (ii) certain permanent differences between the financial and tax accounting treatment of interest and other items.

The income tax expense during the three months ended September 30, 2009 differs from the expected income tax benefit of €28.1 million (based on the Dutch 25.5% income tax rate) due primarily to the negative impact of certain permanent differences between the financial and tax accounting treatment of interest and other items.

We recognized income tax expense of €45.5 million and income tax benefit of €16.8 million during the nine months ended September 30, 2010 and 2009, respectively.

The income tax expense during the nine months ended September 30, 2010 differs from the expected income tax benefit of €190.9 million (based on the Dutch 25.5% income tax rate) due primarily to the negative impacts of (i) a net increase in valuation allowances established against currently arising deferred tax assets in certain tax jurisdictions and (ii) certain permanent differences between the financial and tax accounting treatment of interest and other items.

The income tax benefit during the nine months ended September 30, 2009 differs from the expected income tax benefit of €205.3 million (based on the Dutch 25.5% income tax rate) due primarily to the negative impacts of (i) certain permanent differences between the financial and tax accounting treatment of interest and other items, (ii) a net increase in valuation allowances established against currently arising deferred tax assets in certain tax jurisdictions, (iii) differences in the statutory and local tax rates in certain jurisdictions in which we operate and (iv) a permanent difference associated with the impairment of goodwill in our Romanian reporting unit.

For additional information concerning our income taxes, see note 9 to our September 30, 2010 Condensed Consolidated Financial Statements.

Loss from continuing operations

During the three months ended September 30, 2010 and 2009, we reported loss from continuing operations of €81.7 million and €111.6 million, respectively, including (i) operating income of €211.1 million and €150.7 million, respectively, (ii) non-operating expenses of €282.1 million and €261.0 million, respectively, and (iii) income tax expense of €10.7 million and €1.3 million, respectively. During the nine months ended September 30, 2010 and 2009, we reported losses from continuing operations of €794.3 million and €788.3 million, respectively, including (i) operating income of €551.2 million and €329.7 million, respectively, (ii) non-operating expenses of €1,300.0 million and €1,134.8 million, respectively, and (iii) income tax benefit (expense) of (€45.5 million) and €16.8 million, respectively.

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

Due largely to the fact that we seek to maintain our debt at levels that provide for attractive equity returns, as discussed under *Material Changes in Financial Condition—Capitalization* below, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information concerning our expectations with respect to trends that may affect certain aspects of our operating results in future periods, see the discussion under *Overview* above. For information concerning the reasons for changes in specific line items in our condensed consolidated statements of operations, see the discussion under *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Consolidated Operating Results* above.

Discontinued operations

Our earnings (loss) from discontinued operations, net of taxes, of (€1.4 million) and €2.8 million during the three and nine months ended September 30, 2009, relate to the operations of UPC Slovenia. We recognized a gain on disposal of discontinued operations, net of taxes, of €15.3 million during the three months ended September 30, 2009 related to the July 15, 2009 sale of UPC Slovenia. For additional information, see note 3 to our September 30, 2010 Condensed Consolidated Financial Statements.

Net earnings attributable to noncontrolling interests

Net earnings attributable to noncontrolling interests increased €1.5 million and €4.6 million during the three and nine months ended September 30, 2010, respectively, as compared to the corresponding periods in 2009. These increases reflect improvements in the results of operations of VTR.

2009 compared to 2008

Revenue

Our revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)		Increase (decrease) excluding FX	Increase (decrease) excluding acquisitions and FX
	2009	2008	€	%	%	%
	in millions					
Subscription revenue (a):						
Video	€1,727.9	€1,758.2	€ (30.3)	(1.7)	0.8	0.7
Broadband internet	856.5	838.6	17.9	2.1	4.9	4.7
Telephony	482.5	483.5	(1.0)	(0.2)	1.4	1.4
Total subscription revenue	3,066.9	3,080.3	(13.4)	(0.4)	2.0	1.9
Other revenue (b)	387.0	392.6	(5.6)	(1.4)	(1.3)	(1.3)
Total	€3,453.9	€3,472.9	€ (19.0)	(0.5)	1.6	1.6

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile telephony revenue. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the stand-alone price for each individual service. However, due to regulatory and other constraints, the methodology used to allocate bundling discounts may vary somewhat between our broadband communications operating segments.

(b) Other revenue includes non-subscription revenue (including B2B and installation revenue).

Total revenue. Our consolidated revenue decreased €19.0 million during 2009, as compared to 2008. This decrease is net of an increase of €2.9 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, total consolidated revenue increased €54.4 million or 1.6%.

Subscription revenue. Excluding the effects of acquisitions and FX, our consolidated subscription revenue increased €59.5 million or 1.9% during 2009, as compared to 2008. This increase is attributable to (i) a €39.8 million or 4.7% increase in subscription revenue from broadband internet services, as the impact of an increase in the average number of broadband internet RGUs was only partially offset by lower ARPU from broadband internet services, (ii) a €12.9 million or 0.7% increase in subscription revenue from video services, as the impact of higher ARPU from video services was only partially offset by a decline in the average number of video RGUs and (iii) a €6.8 million or 1.4% increase in subscription revenue from telephony services, as the impact of an increase in the average number of telephony RGUs was only partially offset by lower ARPU from telephony services.

Other revenue. Excluding the effects of acquisitions and FX, our consolidated other revenue decreased €5.1 million, or 1.3%, during 2009, as compared to 2008. This decrease is primarily attributable to the net effect of (i) decreases in B2B and interconnect revenue and (ii) higher installation revenue.

For additional information concerning the changes in our subscription and other revenue, see *Discussion and Analysis of our Reportable Segments—Revenue—2009 compared to 2008* above. For information regarding the competitive environment in certain of our markets, see *Overview* and *Discussion and Analysis of our Reportable Segments* above.

Operating expenses

Our operating expenses decreased €16.2 million during 2009, as compared to 2008. This decrease is net of an increase of €1.2 million attributable to the impact of acquisitions. Our operating expenses include stock-based compensation expense, which decreased €2.1 million during 2009. For additional information, see the discussion following *SG&A expenses* below. Excluding the effects of acquisitions, FX and stock-based compensation expense, total consolidated operating expenses increased €16.1 million or 1.3% during 2009, as compared to 2008. As discussed in more detail under *Discussion and Analysis of our Reportable Segments—Operating Expenses—2009 compared to 2008* above, this increase generally reflects the net impact of (i) increases in programming and other direct costs, (ii) decreases in interconnect and access charges, (iii) increases in network and information technology related expenses and (iv) less significant net decreases in other operating expense categories.

SG&A expenses

Our SG&A expenses decreased €32.0 million during 2009, as compared to 2008. This decrease is net of an increase of €0.2 million increase that is attributable to the impact of acquisitions. Our SG&A expenses include stock-based compensation expense, which decreased €10.4 million during 2009. For additional information, see the discussion in the following paragraph. Excluding the effects of acquisitions, FX and stock-based compensation expense, total consolidated SG&A expenses decreased €12.3 million or 2.2% during 2009, as compared to 2008. As discussed in more detail under *Discussion and Analysis of our Reportable Segments—SG&A Expenses—2009 compared to 2008* above, this decrease generally reflects the net impact of (i) net decreases in outsourced labor and professional fees, (ii) decreases in personnel costs and (iii) less significant net decreases in other SG&A expense categories.

Stock-based compensation expense (included in operating and SG&A expenses)

Our stock-based compensation includes amounts allocated to our company by LGI and amounts that are based on stock incentive awards related to shares of our subsidiaries. The amounts allocated by LGI to our company represent the stock-based compensation associated with stock incentive awards held by employees of our subsidiaries, including awards granted to these individuals pursuant to the LGI

Performance Plans. A summary of the aggregate stock-based compensation expense that is included in our operating and SG&A expenses is set forth below:

	Year ended December 31,	
	2009	2008
	in millions	
LGI common stock:		
LGI Performance Plans (a)	€ 3.9	€ 23.8
Stock options, SARs, restricted stock and restricted stock units	9.7	8.5
Total LGI common stock	13.6	32.3
Other	1.5	(4.7)
Total	€ 15.1	€ 27.6
Included in:		
Operating expense	€ 2.6	€ 4.7
SG&A expense	12.5	22.9
Total	€ 15.1	€ 27.6

(a) The stock-based compensation expense related to the LGI Performance Plans during 2009 includes a €0.8 million reduction associated with the first quarter 2009 settlement of the second installment of awards under the LGI Performance Plans and a €8.2 million reduction related to the first quarter 2009 forfeiture of certain awards.

For additional information concerning our stock-based compensation, see note 13 to our December 31, 2009 Consolidated Financial Statements.

Depreciation and amortization expense

Our depreciation and amortization expense decreased €31.4 million during 2009, as compared to 2008. Excluding the effect of FX, depreciation and amortization expense decreased €8.8 million or 0.8%. This decrease is due primarily to the net effect of (i) decreases associated with certain assets becoming fully depreciated, primarily in Switzerland and Hungary, (ii) increases associated with capital expenditures related to the installation of customer premise equipment, the expansion and upgrade of our networks and other capital initiatives and (iii) increases associated with acquisitions.

Impairment, restructuring and other operating charges, net

We recognized impairment, restructuring and other operating charges, net, of €90.5 million and €118.9 million during 2009 and 2008, respectively. As further described below, these amounts include impairment charges of €84.7 million and €107.0 million, respectively, to reduce the carrying value of the goodwill associated with our Romanian reporting unit. The 2009 period also includes restructuring charges of €8.1 million. The 2008 period also includes the net effect of (i) restructuring charges aggregating €13.7 million, including (a) aggregate charges of €8.4 million related to reorganization and integration activities in certain of our European operations and (b) a €4.3 million charge related to the reorganization of certain of VTR's administrative and operational functions.

During the fourth quarter of 2008, we concluded that the fair value of our broadband communications reporting unit in Romania was less than its carrying value and that the implied fair value of the goodwill related to this reporting unit was less than its carrying value. The fair value of the reporting unit was based on discounted cash flow analyses that contemplated, among other matters, (i) the current and expected future impact of competition in Romania, (ii) anticipated costs associated with requirements imposed by certain municipalities to move aerial cable to underground ducts and (iii) the impact of disruptions in the credit and equity markets on our weighted average cost of capital with respect to our Romanian reporting unit. Accordingly, we recorded a €107.0 million charge during the fourth quarter of 2008 to reflect this goodwill impairment.

During June 2009, we concluded that an additional goodwill impairment charge was warranted for our reporting unit in Romania, due largely to adverse competitive and economic factors, including changes in foreign currency exchange rates that adversely impacted U.S. dollar and euro denominated cash outflows. These factors have led to (i) lower than expected levels of revenue, cash flows and subscribers and

(ii) declines in the forecasted cash flows of our Romanian reporting unit. Consistent with our approach to the valuation of this reporting unit during the fourth quarter of 2008, our June 2009 fair value assessment was based primarily on a discounted cash flow analysis due to the limited number of recent transactions involving businesses similar to our Romanian reporting unit. Based on this discounted cash flow analysis, which reflected the aforementioned declines in forecasted cash flows and a discount rate of 19%, we determined that an additional goodwill impairment charge of €84.7 million was necessary to reflect a further decline in the fair value of our Romanian reporting unit.

We continue to experience difficult economic environments and significant competition in most of our markets. If, among other factors, (i) LGI's equity value declines or (ii) the adverse impacts of economic or competitive factors are worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill, and to a lesser extent, other long-lived assets. Any such impairment charges could be significant. For additional information, see related discussion under *Critical Accounting Policies, Judgments and Estimates* below.

For additional information concerning our restructuring charges, see note 15 to our December 31, 2009 Consolidated Financial Statements.

Interest expense—third party

Our third-party interest expense decreased €80.3 million during 2009, as compared to 2008. Excluding the effects of FX, third-party interest expense decreased €80.0 million as a decrease associated with a lower weighted average interest rate during 2009 more than offset an increase associated with a higher average outstanding debt balance. The decline in our weighted average interest rates is due primarily to lower interest rates on the UPC Broadband Holding Bank Facility and our other variable-rate indebtedness.

It is possible that (i) the interest rates on any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) the interest rates incurred on our variable-rate indebtedness could increase in future periods. We use derivative instruments to manage our interest rate risks.

Interest expense—related party

Our consolidated related-party interest expense relates to the interest expense on our shareholder loan. Our total consolidated related-party interest expense decreased €48.4 million during 2009 as compared to 2008. The decrease during 2009 reflects the effect of (i) decrease in the weighted average interest rate on our shareholder loan and (ii) a decrease in the average outstanding balance of our shareholder loan during the 2009 period, as compared to the corresponding prior year period. For additional information, see notes 10 and 14 to our December 31, 2009 Consolidated Financial Statements.

Interest income

Our interest income decreased €7.2 million during 2009, as compared to 2008. This decrease primarily is attributable to the net impact of (i) a lower weighted average interest return and (ii) higher average cash balances invested.

Realized and unrealized losses on derivative instruments, net

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

	Year ended December 31,	
	2009	2008
	in millions	
Cross-currency and interest rate derivative contracts (a)	€ (638.3)	€ (179.1)
Foreign currency forward contracts	(5.7)	0.9
Embedded derivatives	1.1	(3.7)
Total	€ (642.9)	€ (181.9)

(a) The loss during 2009 primarily is attributable to the net effect of (i) losses associated with increases in the values of the Chilean peso, euro and Swiss franc, relative to the U.S. dollar, (ii) losses associated with decreases in market interest rates in the euro, Swiss franc, Romanian lei and Hungarian forint markets, (iii) losses associated with increases in the values of the Chilean peso and Swiss franc relative to the euro and (iv) gains associated with increases in market interest rates in the Polish zloty, U.S. dollar, Czech koruna and Chilean peso markets. In addition, the 2009 loss includes a loss of €14.1 million resulting from changes in our credit risk valuation adjustments, as further described in notes 7 and 8 to our December 31, 2009 Consolidated Financial Statements. The loss during 2008 primarily is attributable to the net effect of (i) losses associated with decreases in market interest rates in all of our currency markets, (ii) gains associated with decreases in the values of the Polish zloty and Romanian lei relative to the euro, (iii) a gain associated with a decrease in the value of the Chilean peso relative to the U.S. dollar, (iv) a loss associated with an increase in the value of the Swiss franc relative to the euro and (v) a loss associated with an increase in the value of the euro relative to the U.S. dollar. In addition, the 2008 loss includes a gain of €66.4 million related to credit risk valuation adjustments, as further described in notes 7 and 8 to our December 31, 2009 Consolidated Financial Statements.

For additional information concerning our derivative instruments, see note 7 to our December 31, 2009 Consolidated Financial Statements.

Foreign currency transaction gains (losses), net

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

	Year ended December 31,	
	2009	2008
	in millions	
U.S. dollar denominated debt issued by a Latin American subsidiary	€ 78.4	€ (78.5)
U.S. dollar denominated debt issued by European subsidiaries	36.1	(55.1)
Cash and restricted cash denominated in a currency other than the entity's functional currency	(11.7)	3.1
Intercompany notes denominated in a currency other than the entity's functional currency (a)	(2.8)	(53.0)
Other	2.6	(1.8)
Total	€ 102.6	€ (185.3)

(a) Amounts are related to (i) loans between our non-operating and operating subsidiaries in Europe, which generally are denominated in the currency of the applicable operating subsidiary. Accordingly, these gains (losses) are a function of movements of the euro against (a) the U.S. dollar and (b) other local currencies in Europe.

Losses on debt modifications and extinguishments, net

We recognized losses on debt modifications and extinguishments, net, of €17.7 million during 2009. These losses include (i) a €14.3 million loss recognized in connection with the execution of Facilities S, T and U under the UPC Broadband Holding Bank Facility during the second quarter of 2009 and (ii) a €3.8 million loss recognized in connection with the April 2009 exchange of UPC Holding Senior Notes. For additional information, see note 10 to our December 31, 2009 Consolidated Financial Statements.

Income tax expense

We recognized income tax benefit of €124.8 million and income tax expense of €62.0 million during 2009 and 2008, respectively.

The income tax benefit during 2009 differs from the expected income tax benefit of €258.5 million (based on the Dutch 25.5% income tax rate) due primarily to the negative impacts of (i) certain permanent differences between the financial and tax accounting treatment of interest and other nondeductible items, (ii) differences between the statutory and local tax rates in certain jurisdictions in which we operate, (iii) a permanent difference associated with the impairment of goodwill in our Romanian reporting unit. Changes in our valuation allowances did not significantly impact our effective tax rate as the positive impact of a tax benefit of €119.6 million recognized by Switzerland upon the release of valuation allowances during the fourth quarter of 2009 was largely offset by the negative impact of increases in valuation allowances established against currently arising deferred tax assets in certain jurisdictions.

The income tax expense during 2008 differs from the expected income tax benefit of €264.8 million (based on the Dutch 25.5% income tax rate) due primarily to the negative impacts of (i) a net increase in valuation allowances established against currently arising deferred tax assets in certain tax jurisdictions, (ii) certain permanent differences between the financial and tax accounting treatment of interest and other nondeductible items, (iii) differences between the statutory and local tax rates in certain jurisdictions in which we operate, (iv) a permanent difference associated with the impairment of goodwill in our Romanian reporting unit.

For additional information concerning our income taxes, see note 11 to our December 31, 2009 Consolidated Financial Statements.

Loss from continuing operations

During 2009 and 2008, we reported a loss from continuing operations of €888.8 million and €1,100.6 million, respectively, including (i) operating income of €478.1 million and €388.2 million, respectively, and (ii) non-operating expense of €1,491.7 million and €1,426.8 million, respectively. Gains or losses associated with (i) the disposition of assets and changes in ownership, (ii) changes in the fair values of derivative instruments and (iii) movements in foreign currency exchange rates are subject to a high degree of volatility, and as such, any gains from these sources do not represent a reliable source of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings from continuing operations is largely dependent on our ability to increase our aggregate operating cash flow to a level that more than offsets the aggregate amount of our (a) stock-based compensation expense, (b) depreciation and amortization, (c) impairment, restructuring and other operating charges, net, (d) interest expense, (e) other net non-operating expenses and (f) income tax expenses.

Due largely to the fact that we seek to maintain our debt at levels that provide for attractive equity returns, as discussed under *Liquidity and Capital Resources—Capitalization* below, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information concerning our expectations with respect to trends that may affect certain aspects of our operating results in future periods, see the discussion under *Overview* above. For information concerning the reasons for changes in specific line items in our consolidated statements of operations, see the discussion under *Discussion and Analysis of our Reportable Segments* and *Discussion and Analysis of our Consolidated Operating Results* above.

Net earnings attributable to noncontrolling interests

Net earnings attributable to noncontrolling interests decreased €3.3 million during 2009, as compared to 2008. This decrease is primarily attributable to the effect of a decline in the results of operations of VTR.

2008 compared to 2007

Revenue

Our revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)		Increase (decrease) excluding FX	Increase (decrease) excluding acquisitions and FX
	2008	2007	€	%	%	%
		in millions				
Subscription revenue (a):						
Video	€1,758.2	€1,699.8	€ 58.4	3.4	2.8	2.1
Broadband internet	838.6	748.3	90.3	12.1	11.4	10.5
Telephony	483.5	428.1	55.4	12.9	13.6	13.1
Total subscription revenue	3,080.3	2,876.2	204.1	7.1	6.6	5.9
Other revenue (b)	392.6	421.0	(28.4)	(6.7)	(7.5)	(7.6)
Total	€3,472.9	€3,297.2	€ 175.7	5.3	4.8	4.2

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile telephony revenue. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the stand-alone price for each individual service. However, due to regulatory and other constraints, the methodology used to allocate bundling discounts may vary somewhat between our broadband communications operating segments.

(b) Other revenue includes non-subscription revenue (including B2B and installation revenue).

Our consolidated revenue increased €175.7 million during 2008, as compared to 2007. This increase includes €20.4 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, total consolidated revenue increased €138.4 million or 4.2%.

Subscription revenue. Excluding the effects of acquisitions and FX, our consolidated subscription revenue increased €170.3 million or 5.9% during 2008, as compared to 2007. This increase is attributable to (i) a €78.2 million or 10.5% increase in subscription revenue from broadband internet services, as the impact of an increase in the average number of broadband internet RGUs was only partially offset by lower ARPU from broadband internet services, (ii) a €56.1 million or 13.1% increase in subscription revenue from telephony services, as the impact of an increase in the average number of telephony RGUs was only partially offset by lower ARPU from telephony services and (iii) a €36.0 million or 2.1% increase in subscription revenue from video services, as the impact of higher ARPU from video services was only partially offset by a decline in the average number of video RGUs.

Other revenue. Excluding the effects of acquisitions and FX, our consolidated other revenue decreased €31.9 million, or 7.6%, during 2008, as compared to 2007. This decrease is primarily attributable to the net effect of (i) lower B2B and installation revenue and (ii) less significant net increases in other non-subscription revenue categories. For additional information concerning the changes in our subscription and other revenue, see *Discussion and Analysis of Reportable Segments—Revenue—2008 compared to 2007* above. For information regarding the competitive environment in certain of our markets, see *Overview* and *Discussion and Analysis of our Reportable Segments* above.

Operating expenses

Our operating expenses decreased €31.2 million during 2008, as compared to 2007. This decrease is net of an increase of €7.3 million attributable to the impact of acquisitions. Our operating expenses include stock-based compensation expense, which increased €1.3 million during 2008. For additional information, see the discussion following *SG&A expenses* below. Excluding the effects of acquisitions, FX and stock-based compensation expense, total consolidated operating expenses decreased €38.3 million or 3.0% during 2008, as compared to 2007. As discussed in more detail under *Discussion and Analysis of our Reportable Segments—Operating Expenses—2008 compared to 2007* above, this increase generally reflects the net impact of (i) net decreases in interconnect and access charges, (ii) increases in programming and other direct costs, (iii) net decreases in personnel costs and (iv) less significant net decreases in other operating expense categories.

SG&A expenses

Our SG&A expenses decreased €12.0 million during 2008, as compared to 2007. This decrease is net of an increase of €2.6 million increase that is attributable to the impact of acquisitions. Our SG&A expenses include stock-based compensation expense, which increased €6.3 million during 2008. For additional information, see the discussion in the following paragraph. Excluding the effects of acquisitions, FX and stock-based compensation expense, total consolidated SG&A expenses decreased €22.6 million or 3.9% during 2008, as compared to 2007. As discussed in more detail under *Discussion and Analysis of our Reportable Segments—SG&A Expenses—2008 compared to 2007* above, this decrease generally reflects the net impact of (i) net decreases in sales and marketing costs, (ii) net decreases in outsourced labor and professional fees, and (ii) less significant net decreases in other SG&A expense categories.

Stock-based compensation expense (included in operating and SG&A expenses)

Our stock-based compensation includes amounts allocated to our company by LGI and amounts that are based on stock incentive awards related to shares of our subsidiaries. The amounts allocated by LGI to our company represent the stock-based compensation associated with stock incentive awards held by employees of our subsidiaries, including awards granted to these individuals pursuant to the LGI Performance Plans. A summary of the aggregate stock-based compensation expense that is included in our operating and SG&A expenses is set forth below:

	Year ended December 31,	
	2008	**2007**
	in millions	
LGI common stock:		
LGI Performance Plans	€ 23.8	€ 6.9
Stock options, SARs, restricted stock and restricted stock units	8.5	5.1
Total LGI common stock	32.3	12.0
Other	(4.7)	8.0
Total	€ 27.6	€ 20.0
Included in:		
Operating expense	€ 4.7	€ 3.4
SG&A expense	22.9	16.6
Total	€ 27.6	€ 20.0

For additional information concerning our stock-based compensation, see note 13 to our December 31, 2009 Consolidated Financial Statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased €17.1 million during 2008, as compared to 2007. Excluding the effect of FX, depreciation and amortization expense increased €11.3 million or 1.1%. This increase is due primarily to the net effect of (i) increases associated with capital expenditures related to the installation of customer premise equipment, the expansion and upgrade of our networks and other capital initiatives, (ii) increases associated with acquisitions, primarily in Austria and (iii) decreases associated with certain assets in Switzerland and Chile becoming fully depreciated.

Impairment, restructuring and other operating charges, net

We recognized impairment, restructuring and other operating charges, net, of €118.9 million and €20.3 million during 2008 and 2007, respectively. The 2008 amount includes the net effect of (i) a €107.0 million charge associated with the impairment of the goodwill of our Romanian reporting unit, (ii) restructuring charges aggregating €13.7 million, including (a) aggregate charges of €8.4 million related to reorganization and integration activities in certain of our European operations and (b) a €4.3 million charge related to the reorganization of certain of VTR's administrative and operational functions. For additional information concerning the impairment of the goodwill of our Romanian reporting unit, see note 9 to our December 31, 2009 Consolidated Financial Statements. The 2007 amount includes (i) restructuring charges of €6.3 million related primarily to the cost of terminating certain employees in connection with integration of our B2B and broadband communications operations in the Netherlands and (ii) restructuring charges of €4.5 million related primarily to the cost of terminating certain employees in connection with the restructuring of our broadband communications operations in Ireland. For additional information concerning our restructuring charges, see note 15 to our December 31, 2009 Consolidated Financial Statements.

Interest expense—third party

Our consolidated third-party interest expense increased €8.9 million during 2008 as compared to 2007. Excluding the effects of foreign currency exchange rate fluctuations, third-party interest expense increased €10.1 million or 2.2% during 2008. These changes reflect the net effect of (i) an increase in our average outstanding indebtedness and (ii) a slight decrease in our weighted average interest rate. The slight decrease in our weighted average interest rate is due primarily to a decrease in the weighted average interest rate of our UPC Broadband Holding Bank Facility. For additional information, see note 10 to our December 31, 2009 Consolidated Financial Statements.

Interest expense—related party

Our consolidated related-party interest expense relates to the interest expense on our shareholder loan. Our total consolidated related-party interest expense increased €103.5 million during 2008 as compared to 2007. The increase during 2008 reflects the effect of (i) a higher average outstanding balance of our shareholder loan during the 2008 period, as compared to the corresponding prior year period and (ii) the interest rate on our shareholder loan being adjusted on October 1, 2007 from 6.44% to 7.06%, and again to 7.58% on October 1, 2008. For additional information, see notes 10 and 14 to our December 31, 2009 Consolidated Financial Statements.

Interest income

Our interest income decreased €23.1 million during 2008, as compared to 2007. This decrease is primarily attributable to €20.0 million in related-party interest income earned during 2007 on Unite Holdco's loan receivable from Liberty Global Europe. The loan agreement was entered into on December 28, 2006 and was repaid on November 29, 2007. The remainder of the decrease is attributable to a decrease in our average consolidated cash and cash equivalent and restricted cash balances. Our weighted average interest rate remained relatively constant during 2008, as compared to 2007, as lower weighted average interest rates on most of our cash and cash equivalent balances were offset by the full year impact of a higher interest rate earned on our restricted cash collateral account associated with the VTR Bank Facility. This cash collateral account, which was initially funded in May 2007, earns interest at a rate that is significantly higher than the average rate earned by the remainder of our cash and cash equivalent and restricted cash balances. For additional information , see note 14 to our December 31, 2009 Consolidated Financial Statements.

Realized and unrealized losses on derivative instruments, net

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

	Year ended December 31,	
	2008	2007
	in millions	
Cross-currency and interest rate derivative contracts (a)	€ (179.1)	€ (102.9)
Embedded derivatives	(3.7)	1.1
Foreign currency forward contracts	0.9	2.3
Total	€ (181.9)	€ (99.5)

(a) The loss during 2008 primarily is attributable to the net effect of (i) losses associated with decreases in market interest rates in all of our currencies, (ii) gains associated with decreases in the values of the Polish zloty and Romanian lei relative to the euro, (iii) a gain associated with a decrease in the value of the Chilean peso relative to the U.S. dollar, (iv) a loss associated with an increase in the value of the Swiss franc relative to the euro and (v) a loss associated with an increase in the value of the euro relative to the U.S. dollar. In addition, the 2008 loss includes a gain of €66.4 million related to credit risk valuation adjustments, as further described in notes 7 and 8 to our December 31, 2009 Consolidated Financial Statements. The loss during 2007 primarily is attributable to the net effect of (i) a loss associated with a decrease in the value of the U.S. dollar relative to the euro, (ii) gains associated with increases in market interest rates in the euro market, (iii) a gain associated with a decrease in the value of the Swiss franc relative to the euro and (iv) a loss associated with an increase in the value of the Chilean peso relative to the U.S. dollar.

For additional information concerning our derivative instruments, see note 7 to our December 31, 2009 Consolidated Financial Statements.

Foreign currency transaction gains (losses), net

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

	Year ended December 31,	
	2008	2007
	in millions	
U.S. dollar denominated debt issued by a Latin American subsidiary	€ (78.5)	€ 24.1
U.S. dollar denominated debt issued by a European subsidiary	(55.1)	135.9
Intercompany notes denominated in a currency other than the entity's functional currency (a)	(53.0)	23.0
Cash and restricted cash denominated in a currency other than the entity's functional currency	3.1	(37.4)
Swiss franc denominated debt issued by a European subsidiary	—	16.1
Euro denominated debt issued by a Swiss subsidiary	—	(10.9)
Other	(1.8)	(12.0)
Total	€ (185.3)	€ 138.8

(a) Amounts are related to (i) loans between our non-operating and operating subsidiaries in Europe, which generally are denominated in the currency of the applicable operating. Accordingly, these gains (losses) are a function of movements of the euro against other local currencies in Europe.

Losses on debt modifications and extinguishments, net

We recognized losses on debt modifications and extinguishments, net, of €16.8 million during 2007. These losses include (i) a €14.4 million loss resulting from the write-off of unamortized deferred financing costs in connection with the May 2007 refinancing of the VTR Bank Facility, (ii) a €6.2 million loss resulting from the write-off of unamortized deferred financing costs in connection with the second quarter 2007 refinancing of the UPC Broadband Holding Bank Facility and (iv) a €3.8 million gain on the April 2007 redemption of Cablecom Luxembourg's 9.375% senior notes due 2014. For additional information, see note 10 to our December 31, 2009 Consolidated Financial Statements.

Income tax expense

We recognized income tax expense of €62.0 million and €12.6 million during 2008 and 2007, respectively.

The income tax expense during 2008 differs from the expected income tax benefit of €264.8 million (based on the Dutch 25.5% income tax rate) due primarily to the negative impacts of (i) a net increase in valuation allowances established against currently arising deferred tax assets in certain tax jurisdictions, (ii) certain permanent differences between the financial and tax accounting treatment of interest and other nondeductible items, (iii) differences between the statutory and local tax rates in certain jurisdictions in which we operate, (iv) a permanent difference associated with the impairment of goodwill in our Romanian reporting unit.

The income tax expense for 2007 differs from the expected income tax benefit of €161.1 million (based on the Dutch 25.5% income tax rate) due primarily to the negative impacts of (i) a net increase in valuation allowances established against currently arising deferred tax assets in certain tax jurisdictions. (ii) certain permanent differences between the financial and tax accounting treatment of interest and other nondeductible items, (iii) a reduction in deferred tax assets in the Netherlands due to an enacted change in tax law and (iv) differences between the statutory and local tax rates in certain jurisdictions in which we operate. These negative impacts were only partially offset by the positive impact of certain permanent differences between the financial and tax accounting treatment of interest and other items associated with investments in subsidiaries and intercompany loans. For additional information concerning our income taxes, see note 11 to our December 31, 2009 Consolidated Financial Statements.

Loss from continuing operations

During 2008 and 2007, we reported a loss from continuing operations of €1,100.6 million and €644.4 million, respectively, including (i) operating income of €388.2 million and €267.3 million, respectively, and (ii) non-operating expense of €1,426.8 million and €899.1 million, respectively. Gains or losses associated with the disposition of assets and changes in ownership, changes in the fair values of derivative instruments and movements in foreign currency exchange rates are subject to a high degree of volatility, and as such, any gains from these sources do not represent a reliable source of income.

Net earnings attributable to noncontrolling interests

Net earnings attributable to noncontrolling interests increased €10.9 million during 2008, as compared to 2007. This increase is primarily attributable to improvements in the results of operations of VTR and certain operating subsidiaries in Austria and Switzerland.

Liquidity and Capital Resources

Sources and Uses of Cash

As a holding company, UPC Holding's primary assets are its investments in consolidated subsidiaries. UPC Holding's primary subsidiary is UPC Broadband Holding, which owns all of the operating subsidiaries that are consolidated by UPC Holding. Although our consolidated subsidiaries have generated cash from operating activities, the terms of the instruments governing the indebtedness of certain of these subsidiaries, including UPC Broadband Holding and VTR, may restrict our ability to access the assets of these subsidiaries. As set forth in the table below, these subsidiaries accounted for substantially all of our consolidated cash and cash equivalents at September 30, 2010. In addition, our ability to access the liquidity of these and other subsidiaries may be limited by tax considerations, the presence of noncontrolling interests and other factors.

Cash and cash equivalents

The details of the euro equivalent balances of our consolidated cash and cash equivalents at September 30, 2010 are set forth in the following table. With the exception of UPC Holding, which is reported on a stand-alone basis, the amounts presented below include the cash and cash equivalents of the named entity and its subsidiaries unless otherwise noted (in millions):

Cash and cash equivalents held by:	
UPC Holding	€ —
UPC Broadband Holding (excluding VTR)	34.5
VTR	36.8
Total cash and cash equivalents	€ 71.3

Liquidity of UPC Holding

As UPC Holding typically does not hold significant amounts of cash and cash equivalents at the parent level, UPC Holding's primary source of liquidity is proceeds received from UPC Broadband Holding (and indirectly from UPC Broadband Holding's subsidiaries) in the form of loans or distributions. As noted above, various factors may limit the ability of UPC Holding's direct and indirect subsidiaries to loan or distribute cash to UPC Holding. From time to time, UPC Holding may also supplement its sources of liquidity with net proceeds received in connection with the issuance of debt instruments.

The ongoing cash needs of UPC Holding include corporate general and administrative expenses and interest payments on the UPC Holding Senior Notes. From time to time, UPC Holding may also require cash in connection with (i) the repayment of outstanding debt (including net repayments to LGE Financing pursuant to the shareholder loan), (ii) the funding of loans or distributions to LGE Financing (and ultimately LGI and other LGI subsidiaries), (iii) the satisfaction of contingent liabilities, (iv) acquisitions or (v) other investment opportunities. No assurance can be given that any external funding would be available on favorable terms, or at all.

Liquidity of Subsidiaries

The cash and cash equivalents of our significant subsidiaries are detailed in the table above. In addition to cash and cash equivalents, the primary sources of liquidity of our subsidiaries are cash provided by operations and, in the case of UPC Broadband Holding, borrowing availability under the UPC Broadband Holding Bank Facility. For the details of the borrowing availability under the UPC Broadband Holding Bank Facility at September 30, 2010, see note 8 to our September 30, 2010 Condensed Consolidated Financial Statements. Our subsidiaries' liquidity generally is used to fund capital expenditures and debt service requirements. From time to time, our subsidiaries may also require funding in connection with (i) acquisitions and other investment opportunities, (ii) loans to UPC Holding or (iii) capital distributions to UPC Holding and other equity owners of UPC Holding subsidiaries. No assurance can be given that any external funding would be available to our operating subsidiaries on favorable terms, or at all.

For a discussion of our consolidated capital expenditures and cash provided by operating activities, see the discussion under *Condensed Consolidated Cash Flow Statements* below.

Capitalization

We seek to maintain our debt at levels that provide for attractive returns without assuming undue risk. In this regard, we strive to cause our operating subsidiaries to maintain their debt at levels that result in a consolidated debt balance that is between four and five times our consolidated operating cash flow. The ratio of our September 30, 2010 Senior Debt to Annualized EBITDA (last two quarters annualized) for UPC Holding was 3.73 to 1.00 and the ratio of our September 30, 2010 Total Debt to Annualized EBITDA (last two quarters annualized) was 4.63 to 1.00, with each ratio defined and calculated in accordance with the UPC Broadband Holding Bank Facility.

When it is cost effective, we generally seek to match the denomination of the borrowings of our subsidiaries with the functional currency of the operations that are supporting the respective borrowings. As further discussed in note 5 to our September 30, 2010 Condensed Consolidated Financial Statements, we also use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments.

Our ability to service or refinance our debt and to maintain compliance with our leverage covenants is dependent primarily on our ability to maintain or increase the operating cash flow of our operating subsidiaries and to achieve adequate returns on our capital expenditures and acquisitions. In this regard, if the operating cash flow of UPC Broadband Holding were to decline, we could be required to repay or limit our borrowings under the UPC Broadband Holding Bank Facility in order to maintain compliance with applicable covenants. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. Our ability to access available borrowings under the UPC Broadband Holding Bank Facility can also be impacted by the interplay of average and spot foreign currency rates with respect to leverage calculations under the indentures for UPC Holding's Senior Notes.

At September 30, 2010, the carrying value of our outstanding consolidated third-party debt and capital lease obligations aggregated €7,953.6 million, including €1.9 million that is classified as current in our condensed consolidated balance sheet and €7,766.2 million that is due in 2014 or thereafter. For additional information concerning the maturities of our debt and capital lease obligations, see note 8 to our September 30, 2010 Condensed Consolidated Financial Statements.

We believe that we have sufficient resources to repay or refinance the current portion of our debt and capital lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our debt maturities grow in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. For information concerning certain refinancing transactions completed during 2010 that have resulted in the extension of our subsidiaries' debt maturities, see note 8 to our September 30, 2010 Condensed Consolidated Financial Statements. No assurance can be given that we will be able to complete additional refinancing transactions or otherwise extend our debt maturities in light of current market conditions. In this regard, it is not possible to predict how the current state of the credit and equity markets, in combination with weak economic conditions and/or any adverse regulatory developments, could impact our future liquidity and financial position. However, (i) the financial failure of any of our counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) sustained or further tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all. In addition, sustained or increased competition, particularly in combination with weakened economies or adverse regulatory developments, could adversely impact our cash flows and liquidity. At September 30, 2010, €6,364.6 million of our consolidated third-party debt and capital lease obligations had been borrowed or incurred by our subsidiaries. For additional information concerning our debt balances at September 30, 2010, see note 8 to our September 30, 2010 Condensed Consolidated Financial Statements.

Consolidated Cash Flow Statements

General. Our cash flows are subject to significant variations due to FX. All of the cash flows discussed below are those of our continuing operations.

Nine Months Ended September 30, 2010 Condensed Consolidated Cash Flow Statement

Summary. During the nine months ended September 30, 2010, we used net cash provided by our operating activities of €709.4 million and €94.2 million of our cash and cash equivalents to fund net cash used by our investing activities of €602.9 million and net cash used by our financing activities of €200.7 million (excluding a €5.8 million increase due to changes in FX).

Operating Activities. Net cash provided by our operating activities increased €57.2 million, from €652.2 million during the first nine months of 2009 to €709.4 million during the first nine months of 2010. This increase in cash provided is primarily attributable to the net effect of (i) an increase in the cash provided by our operating cash flow and related working capital items, (ii) a decrease related to higher cash payments related to derivative instruments, (iii) an increase in the reported net cash provided by operating activities due to FX and (iv) a decrease related to higher cash payments for interest.

Investing Activities. Net cash used by our investing activities increased €71.1 million, from €531.8 million during the first nine months of 2009 to €602.9 million during the first nine months of 2010. This increase in cash used is due primarily to the net effect of (i) an increase associated with cash received during the 2009 period from the disposition of discontinued operations, net of disposal costs, of €118.5 million and (ii) a decrease associated with lower capital expenditures of €48.0 million. Capital expenditures decreased from €648.9 million for the first nine months of 2009 to €600.9 million for first nine months of 2010, as a net decrease in the local currency capital expenditures of our subsidiaries was only partially offset by an increase due to FX.

UPC Europe accounted for €484.0 million and €557.7 million of our consolidated capital expenditures during the nine months ended September 30, 2010 and 2009, respectively. The decrease in the capital expenditures of UPC Europe is due primarily to the net effect of (i) a decrease in expenditures for the purchase and installation of customer premise equipment, (ii) a decrease in expenditures for new build and upgrade projects to expand services, (iii) an increase due to FX and (iv) an increase in expenditures for support capital such as information technology upgrades and general support systems.

VTR accounted for €116.9 million and €91.2 million of our consolidated capital expenditures during the nine months ended September 30, 2010 and 2009, respectively. The increase in the capital expenditures of VTR is due primarily to the net effect of (i) an increase due to FX, (ii) an increase in expenditures for the purchase and installation of customer premise equipment, (iii) a decrease in expenditures for support capital, such as information technology upgrades and general support systems and (iv) an increase in expenditures for new build and upgrade projects.

Excluding capital lease arrangements, we currently expect the percentage of revenue represented by aggregate capital expenditures for the full year 2010 to range from (i) 21% to 23% for UPC Europe and (ii) 24% to 26% for VTR. As further described in note 12 to our September 30, 2010 Condensed Consolidated Financial Statements, VTR was awarded a 3G license in September 2009. VTR has until July 2011 to complete the minimum network deployment necessary to satisfy the regulatory requirements of the 3G license. The full year 2010 estimated range of VTR's capital expenditures includes estimated expenditures of CLP 7.5 billion (€11.4 million) related to the 3G project, including amounts associated with meeting the regulatory requirements and the initial expenditures associated with deployment of a commercial 3G network. In this regard, we have determined, subject to the availability of satisfactory financing, to undertake the capital expenditures necessary to commercially deploy a 3G network through an affiliated company of VTR that will fall outside of the UPC Holding borrowing group. These capital expenditures are expected to be significant. The actual amount of the 2010 capital expenditures of UPC Europe and VTR may vary from the expected amounts for a variety of reasons, including (i) changes in (a) the competitive or regulatory environment, (b) business plans or (c) our current or expected future operating results, and (ii) the availability of sufficient capital. Accordingly, no assurance can be given that our actual capital expenditures will not vary materially from our expectations.

Financing Activities. Net cash used by our financing activities increased €49.6 million, from €151.1 million during the first nine months of 2009 to €200.7 million during the first nine months of 2010. This increase in cash used is primarily attributable to the net effect of (i) an increase related to higher net repayments of debt and capital lease obligations of €436.3 million, (ii) a decrease related to lower net repayments of the shareholder loan of €378.9 million and (iii) a decrease related to lower payments of deferred financing costs and debt premiums of €16.8 million.

2009 Consolidated Cash Flow Statement

Summary. During 2009, we used net cash provided by our operating activities of €1,026.9 million to fund (i) net cash used by our investing activities of €736.5 million, (ii) net cash used by our financing activities of €245.6 million and (iii) a €44.8 million increase in our existing cash and cash equivalents balances (excluding a €6.0 million increase due to changes in FX).

Operating Activities. Net cash provided by our operating activities decreased €95.5 million, from €1,122.4 million during 2008 to €1,026.9 million during 2009. This decrease is primarily attributable to the net effect of (i) an increase in cash paid related to certain derivative instruments, (ii) an increase in the cash provided by our operating cash flow and related working capital items, (iii) lower cash payments for interest, (iv) a decrease in net cash payments for taxes and (v) an increase in the reported net cash provided by operating activities due to FX.

Investing Activities. Net cash used by our investing activities decreased €290.1 million, from €1,026.6 million during 2008 to €736.5 million during 2009. This decrease is due primarily to the net effect of (i) a decrease in capital expenditures of €125.6 million, due in part to FX, (ii) an increase in cash received related to the disposition of discontinued operations of €118.5 million and (iii) a decrease in cash paid in connection with acquisitions of €45.6 million.

UPC Europe accounted for €741.3 million and €856.2 million of our consolidated capital expenditures during 2009 and 2008, respectively. The decrease in the capital expenditures of UPC Europe is due primarily to the net effect of (i) a decrease in expenditures for new build and upgrade projects to expand services, (ii) a decrease in expenditures for support capital such as information technology upgrades and general support systems, (iii) a decrease due to FX and (iv) a decrease in expenditures for the purchase and installation of customer premise equipment. During 2009 and 2008, UPC Europe's capital expenditures represented 25.1% and 28.7%, respectively, of its revenue.

VTR accounted for €112.6 million and €123.3 million of our consolidated capital expenditures during 2009 and 2008, respectively. The decrease in the capital expenditures of VTR is due primarily to the net effect of (i) a decrease in expenditures for new build and upgrade projects, (ii) a decrease due to FX, (iii) a decrease in expenditures for support capital, such as information technology upgrades and general support systems and (iv) an increase in expenditures for the purchase and installation of customer premise equipment. During 2009 and 2008, VTR's capital expenditures represented 22.4% and 25.4%, respectively, of its revenue.

Financing Activities. Net cash used by our financing activities increased €119.4 million, from €126.2 million during 2008 to €245.6 million during 2009. This increase is due primarily to the net effect of (i) a €587.7 million decrease in cash received from net borrowings, (ii) a €534.0 million decrease in net repayments of the shareholder loan and (iii) a €56.1 million decrease related to higher payments of financing costs.

2008 Consolidated Cash Flow Statement

Summary. During 2008, we used net cash provided by our operating activities of €1,122.4 million and €30.4 million of our existing cash and cash equivalent balances (excluding a €14.4 million decrease due to changes in FX) to fund net cash used by our investing activities of €1,026.6 million and net cash used by our financing activities of €126.2 million.

Operating Activities. Net cash provided by our operating activities increased €205.2 million, from €917.2 million during 2007 to €1,122.4 million during 2008. This increase primarily is attributable to the net effect of (i) an increase in the cash provided by our operating cash flow and related working capital items, (ii) an increase in cash received related to certain derivative instruments, (iii) a decrease in net cash provided by operating activities due to higher cash payments for interest and (iv) an increase in the reported net cash provided by operating activities due to FX.

Investing Activities. Net cash used by our investing activities increased €39.9 million, from €986.7 million during 2007 to €1,026.6 million during 2008. This increase is due primarily to the net effect of (i) an increase in capital expenditures of €88.4 million, due in part to FX and (ii) a decrease in cash paid in connection with acquisitions of €58.1 million.

UPC Europe accounted for €856.2 million and €775.9 million of our consolidated capital expenditures during 2008 and 2007, respectively. The increase in the capital expenditures of UPC Europe is due primarily to the net effect of (i) an increase in expenditures for new build and upgrade projects to expand services, (ii) an increase in expenditures for the purchase and installation of customer premise equipment, (iii) an increase due to FX and (iv) a decrease in expenditures for support capital such as information technology upgrades and general support systems. During 2008 and 2007, UPC Europe's capital expenditures represented 28.7% and 27.4%, respectively, of its revenue.

VTR accounted for €123.3 million and €115.2 million of our consolidated capital expenditures during 2008 and 2007, respectively. The increase in the capital expenditures of VTR is due primarily to the net effect of (i) an increase in expenditures for new build and upgrade projects, (ii) a decrease due to FX, (iii) an increase in expenditures for the purchase and installation of customer premise equipment and (iv) an increase in expenditures for support capital, such as information technology upgrades and general support systems. During 2008 and 2007, VTR's capital expenditures represented 25.4% and 24.9%, respectively, of its revenue.

Financing Activities. Net cash used by our financing activities decreased €243.1 million, from €369.3 million during 2007 to €126.2 million during 2008. This change primarily is attributable to the net effect of (i) a €372.2 million decrease in the net repayments of the shareholder loan and (ii) a €145.9 million net decrease in third-party borrowings.

Off Balance Sheet Arrangements

In October 2009, VTR Móvil posted a performance bond to guarantee compliance with the terms of a 3G mobile license it was awarded. This performance bond is fully guaranteed by VTR. For additional information, see note 12 to our September 30, 2010 Condensed Consolidated Financial Statements.

In the ordinary course of business, we have provided indemnifications to purchasers of certain of our assets, our lenders, our vendors and certain other parties. We have also provided performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

Contractual Commitments

As of December 31, 2009, the euro equivalent (based on December 31, 2009 exchange rates) of our consolidated contractual commitments are as follows:

	Payments due during:						
	2010	2011	2012	2013	2014	Thereafter	Total
				in millions			
Debt (excluding interest):							
Third party	€ 9.3	€ 3.5	€ 3.5	€1,018.3	€2,400.0	€ 4,758.3	€ 8,192.9
Related party	—	—	—	—	—	8,331.4	8,331.4
Capital leases (excluding interest)	5.1	1.8	1.5	1.2	1.0	13.6	24.2
Operating leases	75.5	37.2	26.1	18.8	12.3	49.0	218.9
Programming, satellite and other purchase obligations	131.8	40.5	24.5	9.2	1.6	3.4	211.0
Other commitments	17.4	13.1	11.4	10.0	7.4	59.5	118.8
Total (a)	€ 239.1	€ 96.1	€ 67.0	€1,057.5	€2,422.3	€13,215.2	€17,097.2
Projected cash interest payments on debt and capital lease obligations (b)	€ 371.0	€ 371.8	€ 371.4	€ 362.5	€ 373.2	€ 328.0	€ 2,177.9

(a) The commitments reflected in this table do not reflect any liabilities that are included in our December 31, 2009 balance sheet other than debt and capital lease obligations. Our liability for uncertain tax positions in the various jurisdictions in which we operate (€3.0 million at December 31, 2009) has been excluded from the table as the amount and timing of any related payments are not subject to reasonable estimation.

(b) Amounts are based on interest rates and contractual maturities in effect as of December 31, 2009. The amounts presented do not include the impact of our interest rate derivative agreements, deferred financing costs, discounts or commitment fees, all of which affect our overall cost of borrowing.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees, without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate cable service to a portion of our subscribers or dispose of a portion of our cable systems, or (iii) whether we discontinue our premium film or sports services. The amounts reflected in the table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. Satellite commitments consist of obligations associated with satellite carriage services provided to our company. Other purchase obligations include commitments to purchase customer premise equipment that are enforceable and legally binding on us. Other commitments include fixed minimum contractual commitments associated with our agreements with franchise or municipal authorities.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments and agreements with programming vendors and other third parties pursuant to which we expect to make payments in future periods. We also have commitments pursuant to agreements with, and obligations imposed by, franchise authorities and municipalities, which may include obligations in certain markets to move aerial cable to underground ducts or to upgrade, rebuild or extend portions of our broadband distribution systems. Such amounts are not included in the above table because they are not fixed or determinable. For additional information concerning our derivative instruments, including the net cash paid or received in connection with these instruments during the past three years, see note 7 to our December 31, 2009 Consolidated Financial Statements.

Critical Accounting Policies, Judgments and Estimates

In connection with the preparation of our consolidated financial statements, we make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Critical accounting policies are defined as those policies that are reflective of significant judgments, estimates and uncertainties, which would potentially result in materially different results under different assumptions and conditions. We believe the following accounting policies are critical in the preparation of our consolidated financial statements because of the judgment necessary to account for these matters and the significant estimates involved, which are susceptible to change:

- Impairment of property and equipment and intangible assets;
- Costs associated with construction and installation activities;
- Useful lives of long-lived assets;
- Fair value measurements;
- Income tax accounting; For additional information concerning our accounting policies, see note 3 to our December 31, 2009 Consolidated Financial Statements.

Impairment of Property and Equipment and Intangible Assets

Carrying Value. The aggregate carrying value of our property and equipment and intangible assets (including goodwill) that were held for use comprised 86.4% of our total assets at December 31, 2009.

We review, when circumstances warrant, the carrying amounts of our property and equipment and our intangible assets (other than goodwill and indefinite-lived intangible assets) to determine whether such carrying amounts continue to be recoverable. Such events or changes in circumstance may include, among other items, (i) an expectation of a sale or disposal of a long-lived asset or asset group, (ii) adverse changes in market or competitive conditions, (iii) an adverse change in legal factors or business climate in the markets in which we operate and (iv) operating or cash flow losses. For purposes of impairment testing, long-lived assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities, generally at or below the reporting unit level (see below). If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (i) sale prices for similar assets, (ii) discounted estimated future cash flows using an appropriate discount rate and/or (iii) estimated replacement cost. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

We evaluate the goodwill and other indefinite-lived intangible assets for impairment at least annually on October 1 and whenever other facts and circumstances indicate that the carrying amounts of goodwill and indefinite-lived intangible assets may not be recoverable. For purposes of the goodwill evaluation, we compare the fair values of our reporting units to their respective carrying amounts. A reporting unit is an operating segment or one level below an operating segment (referred to as a component). In most cases, our operating segments are deemed to be a reporting unit either because the operating segment is comprised of only a single component, or the components below the operating segment are aggregated as they have similar economic characteristics. If the carrying value of a reporting unit were to exceed its fair value, we would then compare the implied fair value of the reporting unit's goodwill to its carrying amount, and any excess of the carrying amount over the fair value would be charged to operations as an impairment loss. Any excess of the carrying value over the fair value of indefinite-lived intangible assets is also charged to operations as an impairment loss.

Considerable management judgment is necessary to estimate the fair value of reporting units and underlying long-lived and indefinite-lived assets. For certain of our non-publicly traded reporting units, fair value substantially exceeded carrying value in the 2008 impairment test, and no events or changes in circumstance have occurred in 2009 with respect to these reporting units that would suggest that there has been any meaningful decline in fair value of these reporting units in 2009. As such, for these reporting units, we have carried forward the 2008 estimated fair value of the reporting unit for purposes of completing the 2009 annual impairment test. For the remainder of our reporting units, we typically determine fair value using an income-based approach (discounted cash flows) based on assumptions in our long-range business plans or, in some cases, a market-based approach. For purposes of our 2009 annual impairment test, we relied primarily on the income-based approach due to the limited number of recent transactions involving businesses similar to our broadband communications and programming businesses. With respect to our discounted cash flow analysis, the timing and amount of future cash flows under these business plans require estimates, among other items, of subscriber growth and retention rates, rates charged per product, expected gross margin and operating cash flow margins and expected capital expenditures. The development of these cash flows, and the discount rate applied to the cash flows, is subject to inherent uncertainties, and actual results could vary significantly from such estimates. The discount rates used in determining the fair values of our reporting units for purposes of our 2009 impairment test ranged from 10% to 19%. The aggregate fair values used in our 2009 impairment tests exceeded our average market capitalization, as determined over a representative period, by an amount which we believe to be reasonable in light of the fact that our equity, and the equity of other companies within our industry, have historically traded at comparable discounts to private market valuations and transactions.

Based on the results of the 2009 annual impairment test, most of our reporting units have fair values that are at least 20% greater than their respective carrying values, including all of our large reporting units. As of our October 1, 2009 impairment test date, certain of our smaller reporting units, including Hungary and the Czech Republic, had an excess of fair value over carrying value of less than 20%. As of this date, these reporting units had goodwill aggregating approximately €600 million. In order to assess the sensitivity of the reporting unit fair value determinations used for our 2009 impairment calculation, we applied a hypothetical decrease of 20% to the estimated fair value of each reporting unit. A hypothetical 20% decrease in the fair value of each of our reporting units would have resulted in an estimated goodwill impairment associated with five of our reporting units ranging, in aggregate, from €100 million to €350 million. A hypothetical 30% decrease in the fair value of each of our reporting units would have resulted in an estimated goodwill impairment associated with five of our reporting units ranging, in aggregate, from €200 million to €400 million.

During 2009, 2008 and 2007, we recorded impairments of our property and equipment and intangible assets (including goodwill) aggregating €84.7 million, €107.0 million and €2.1 million, respectively. The 2009 and 2008 impairments are primarily due to goodwill impairments recorded in June 2009 and December 2008 with respect to our Romanian reporting unit. For additional information, see note 9 to our December 31, 2009 Consolidated Financial Statements.

Costs Associated with Construction and Installation Activities

We capitalize costs associated with the construction of new cable transmission and distribution facilities and the installation of new cable services. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities such as reconnecting customer locations where a drop already exists, disconnecting customer locations and repairing or maintaining drops, are expensed as incurred.

The nature and amount of labor and other costs to be capitalized with respect to construction and installation activities involves significant judgment. In addition to direct external and internal labor and materials, we also capitalize other costs directly attributable to our construction and installation activities, including dispatch costs, quality control costs, vehicle-related costs, certain warehouse expenses and tools. We continuously monitor the appropriateness of our capitalization policy and update the policy when necessary to respond to changes in facts and circumstances, such as the development of new products and services, and changes in the manner that installations or construction activities are performed.

Useful Lives of Long-Lived Assets

We depreciate our property and equipment on a straight-line basis over the estimated economic useful life of the assets. The determination of the economic useful lives of property and equipment requires significant management judgment, based on factors such as the estimated physical lives of the assets, technological change, changes in anticipated use, legal and economic factors, rebuild and equipment swap-out plans, and other factors. Our intangible assets with definite lives primarily consist of customer relationships. Customer relationship intangible assets are amortized on a straight-line basis over the estimated weighted average life of the customer relationships. The determination of the estimated useful life of customer relationship intangible assets requires significant management judgment, and is primarily based on historical and forecasted churn rates, adjusted when necessary for risk associated with demand, competition, technical changes and other economic factors. We regularly review whether changes to estimated useful lives are required in order to accurately reflect the economic use of our property and equipment and intangible assets with definite lives. Any changes to estimated useful lives are reflected prospectively. Depreciation and amortization expense during 2009, 2008 and 2007 was €1,048.5 million, €1,079.9 million and €1,062.8 million, respectively. A 10% increase in the aggregate amount of our depreciation and amortization expense during 2009 would have resulted in a €104.9 million or 21.9% decrease in our 2009 operating income.

Fair Value Measurements

U.S. GAAP provides guidance with respect to the recurring and non-recurring fair value measurements and for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Recurring Valuations. We perform recurring fair value measurements with respect to our derivative instruments and fair value method investments, all of which are carried at fair value. We use cash flow valuation models to determine the fair values of our interest rate and foreign currency derivative instruments. We use quoted market prices when available and, when not available, we use a combination of an income approach (discounted cash flows) and a market approach (market multiples of similar businesses) to determine the fair value of our fair value method investments. For a detailed discussion of the inputs we use to determine the fair value of our derivative instruments and fair value method investments, see note 8 to our December 31, 2009 Consolidated Financial Statements. See also notes 6 and 7 to our December 31, 2009 Consolidated Financial Statements for information concerning our fair value method investments and derivative instruments, respectively.

Changes in the fair values of our derivative instruments and fair value method investments have had, and we believe will continue to have, a significant and volatile impact on our results of operations. During 2009, 2008 and 2007, we reported in our statements of operations net losses of €642.8 million, €184.0 million and €99.5 million, respectively, attributable to changes in the fair value of these items.

As further described in note 8 to our December 31, 2009 Consolidated Financial Statements, actual amounts received or paid upon the settlement of our derivative instruments and disposal of our fair value method investments may differ materially from the recorded fair values at December 31, 2009.

Non-recurring Valuations. Our non-recurring valuations are primarily associated with (i) the application of acquisition accounting and (ii) impairment assessments, both of which require that we make fair value determinations as of the applicable valuation date. In making these determinations, we are required to make estimates and assumptions that affect the recorded amounts, including, but not limited to, expected future cash flows, market comparables and discount rates, remaining useful lives of long-lived assets, replacement costs of property and equipment and the amounts to be recovered in future periods from acquired net operating losses and other deferred tax assets. To assist us in making these fair value determinations, we may engage third-party valuation specialists. Our estimates in this area impact, among other items, the amount of depreciation and amortization, impairment charges and income tax expense or benefit that we report. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain. For additional information, see notes 4, 8 and 9 to our December 31, 2009 Consolidated Financial Statements.

Income Tax Accounting

We are required to estimate the amount of tax payable or refundable for the current year and the deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. This process requires our management to make assessments regarding the timing and probability of the ultimate tax impact of such items.

Net deferred tax assets are reduced by a valuation allowance if we believe it more-likely-than-not such net deferred tax assets will not be realized. Establishing a tax valuation allowance requires us to make assessments about the timing of future events, including the probability of expected future taxable income and available tax planning strategies. At December 31, 2009, the aggregate valuation allowance provided against deferred tax assets was €1,007.2 million. The actual amount of deferred income tax benefits realized in future periods will likely differ from the net deferred tax assets reflected in our December 31, 2009 balance sheet due to, among other factors, possible future changes in income tax law or interpretations thereof in the jurisdictions in which we operate and differences between estimated and actual future taxable income. Any of such factors could have a material effect on our current and deferred tax position as reported in our December 31, 2009 Consolidated Financial Statements. A high degree of judgment is required to assess the impact of possible future outcomes on our current and deferred tax positions.

Tax laws in jurisdictions in which we operate are subject to varied interpretation, and many tax positions we take are subject to significant uncertainty regarding whether the position will be ultimately sustained after review by the relevant tax authority. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. The determination of whether the tax position meets the more-likely-than-not threshold requires a facts-based judgment using all information available. In a number of cases, we have concluded that the more-likely-than-not threshold is not met, and accordingly, the amount of tax benefit recognized in the financial statements is different than the amount taken or expected to be taken in our tax returns. As of December 31, 2009, the amount of unrecognized tax benefits for financial reporting purposes, but taken or expected to be taken on tax returns, was €12.1 million, of which €8.2 million would have a favorable impact on our effective income tax rate if ultimately recognized, after considering amounts that we would expect to be offset by valuation allowances.

We are required to continually assess our tax positions, and the results of tax examinations or changes in judgment can result in substantial changes to our unrecognized tax benefits.

For additional information concerning our income taxes, see note 11 to our December 31, 2009 Consolidated Financial Statements.

BUSINESS OF UPC HOLDING

In the following text, the terms, "we", "our", "our company" and "us" may refer, as the context requires, to UPC Holding or collectively to UPC Holding and its subsidiaries.

We provide video, voice and broadband internet services in nine countries in Europe through our UPC Europe Division. We provide video, broadband internet and fixed line and mobile telephony services. In terms of video subscribers, we operate the largest cable network in each of Austria, the Czech Republic, Hungary, Ireland, Poland, Slovakia and Switzerland and the second largest cable network in the Netherlands and in Romania. We also operate VTR, our 80% owned subsidiary and the operator of the largest cable network in Chile. Provided below is country specific information with respect to the broadband communications services of our UPC Europe Division and VTR. Unless otherwise indicated, the operational and statistical data provided below is as of September 30, 2010.

The UPC Europe Division

The Netherlands

UPC Europe's operations in the Netherlands, which we refer to as UPC Netherlands, are located in six broad regional clusters, including the major cities of Amsterdam and Rotterdam. Its cable networks are 96% upgraded to two-way capability, and almost all of its cable homes passed are served by a network with a bandwidth of at least 860 MHz. UPC Netherlands makes its digital video, broadband internet and fixed line telephony services available to 98%, 96% and 96%, respectively, of its homes passed.

For its analog cable customers, UPC Netherlands offers a basic service of approximately 30 video channels and approximately 40 radio channels, depending on a customer's location. For its digital cable customers, UPC Netherlands offers two digital cable packages in either a standard definition (SD) version or an HD version, plus a third package to a limited number of subscribers who do not have two-way capability. Its entry level digital service includes 50 video channels and 70 radio channels (including the channels in its basic analog service). For an additional monthly charge, a digital subscriber may upgrade to an extended digital tier subscription. The extended digital tier includes all the channels of the entry level digital service, plus an extra channel package of approximately 40 general entertainment, sports, movies, documentary, music and ethnic channels. Both digital cable packages include an electronic program guide, interactive services and the functionality for VoD service, including catch-up television and pay-per-view services. The VoD service includes transaction based VoD and in the extended digital tier for no additional charge, a subscription based VoD service. The subscription based VoD service includes various programming, such as music, kids, documentaries, sports or series (e.g. Desperate Housewives and Sex and the City) and beginning in November 2010, a limited amount of three dimensional or "3D" programming. Digital cable customers may also subscribe to premium channels, such as Film 1, Sport 1 NL and the premium football league channel, Eredivisie Live, alone or in combination, for additional monthly charges. The premium channels are available through 18 different packages, with a total of 40 premium channels. UPC Netherlands' third digital service has 80 video channels and 70 radio channels. In all digital packages, a customer also has the option for an incremental monthly charge to upgrade the digital box to one with DVR functionality or with HD DVR functionality. UPC Netherlands currently offers up to 18 HD channels, depending on the digital service selected.

UPC Netherlands offers six tiers of broadband internet service with download speeds ranging from five Mbps to an ultra high-speed internet service with download speeds of up to 120 Mbps based on Euro DOCSIS 3.0 technology. The ultra high-speed internet service is available to substantially all of UPC Netherlands' two-way homes passed. Multi feature telephony services are also available from UPC Netherlands through either circuit switched telephony or VoIP. Of UPC Netherlands' total customers, 8.8% subscribe to two services ("double-play customers") and 35.3% subscribe to three services ("triple-play customers") offered by UPC Netherlands (video, broadband internet and telephony).

In addition, UPC Netherlands offers a range of voice, broadband internet, private data networks and customized network services to small office at home (SOHO) customers and business customers primarily in its core metropolitan networks.

Switzerland

The UPC Europe Division's operations in Switzerland and a small portion of Austria, including the area of Vorarlberg, are operated by Cablecom and are located in 24 of the 26 member states (Cantons) of Switzerland, including major cities such as Bern, Zürich, Lausanne and Geneva. Cablecom's cable networks are 84% upgraded to two-way capability and 90% of its cable homes passed are served by a network with a bandwidth of at least 860 MHz. Cablecom makes its digital video, broadband internet and fixed line telephony services available to 87%, 84% and 84%, respectively, of its homes passed.

For its analog cable customers, Cablecom offers a basic service of 36 video channels and 45 radio channels. The basic service is available in any one of three languages (French, German or Italian). For 66% of its analog cable subscribers, Cablecom maintains billing relationships with landlords or housing associations, which typically provide analog cable service for an entire building and do not terminate service each time there is a change of tenant in the landlord's or housing association's premises.

For its digital cable customers, Cablecom offers four digital cable packages of up to 170 video channels (including the channels in its basic analog service). Its entry level digital service includes 55 video channels. For an additional monthly charge, a digital subscriber may upgrade to one of three other digital packages. All of the digital packages include 100 radio channels (including channels in its analog service). Cablecom offers a range of additional pay television programming in a variety of foreign language program packages and premium channel packages. A channel package includes general entertainment, sports, movies, adult and ethnic channels. Cablecom's 95 premium channels are available either in packages or for individual subscriptions. The digital cable packages include an electronic programming guide, the functionality for transaction based VoD service (depending on location), catch-up television, interactive services and a limited number of HD channels. Cablecom offers digital boxes with DVR functionality or with HD DVR functionality, plus additional HD channels, to its customers for an incremental monthly charge. It currently offers 17 HD channels, including those channels in its digital packages.

Cablecom offers eight tiers of broadband internet service with download speeds ranging from 500 Kbps to an ultra high-speed internet service of up to 100 Mbps, based on U.S. DOCSIS 3.0 technology. Cablecom launched its ultra high-speed internet service in September 2009 in Zurich and it is available to 71% of its two-way homes passed. Multi feature telephony services are also available from Cablecom using VoIP. Cablecom offers a pre-paid and post-paid mobile service to all customers in Switzerland. Of Cablecom's total customers (excluding mobile customers), 17.0% are double-play customers and 16.5% are triple-play customers.

Cablecom offers digital video, broadband internet and fixed line telephony service directly to the analog cable subscribers of those partner networks that enter into service operating contracts with Cablecom. Cablecom has the direct customer billing relationship with the subscribers who take these services on the partner networks. By permitting Cablecom to offer some or all of its digital video, broadband internet and fixed line telephony products directly to those partner network subscribers, Cablecom's service operating contracts have expanded the addressable markets for Cablecom's digital products. In exchange for the right to provide digital products directly to the partner network subscribers, Cablecom pays to the partner network a share of the revenue generated from those subscribers. Cablecom also provides full or partial analog television signal delivery services, network maintenance services and engineering and construction services to its partner networks.

In addition, Cablecom offers a range of voice and broadband internet services to the Swiss business market throughout Switzerland.

Other Western Europe

The UPC Europe Division also operates cable and DSL networks in Austria (excluding the Austrian portion of Cablecom's network) (UPC Austria) and cable networks in Ireland (UPC Ireland). The DSL services are provided over an unbundled loop or, in certain cases, over a shared access network. UPC Austria's DSL operations are available in the majority of Austria, wherever the incumbent telecommunications operator has implemented DSL technology. UPC Austria's entire cable network is upgraded to two-way capability and approximately 90% of its cable homes passed are served by a network with a bandwidth of at least 860 MHz. UPC Ireland's cable network is 74% upgraded to two-way capability, and 68% of its cable homes passed are served by a network with a bandwidth of at least 550 MHz. For an incremental monthly charge, both operations offer their digital customers a digital box with DVR functionality and/or HD functionality. The number of HD channels offered are up to 10 in Austria and 12 in Ireland. Also, a complete range of telecommunications services are offered to business customers by each of UPC Austria and UPC Ireland.

- *Austria.* The cable operations are located in regional clusters encompassing the capital city of Vienna, the regional capitals of Graz, Innsbruck and Klagenfurt, and their surrounding cities.

Three of these cities (Vienna, Wr. Neustadt and Baden), directly or indirectly, own 5% of the local operating subsidiary of UPC Austria serving the applicable city. For its analog cable subscribers, UPC Austria offers a package of 38 video channels, mostly in the German language, plus 35 radio channels. For its digital cable customers, UPC Austria offers two digital cable packages with up to 102 video channels and over 70 radio channels (including a limited number of HD channels and the channels in its analog package), depending on the package selected, as well as an electronic program guide, and the functionality for VoD service. UPC Austria provides its entry level digital service at no incremental charge over the standard analog rate. Digital cable customers may also subscribe to one or more of eight premium channel packages for an additional monthly charge. These packages include ethnic channels (such as Serb, Bosnian and Turkish channels), music, adult, international channels and HD channels.

UPC Austria offers five tiers of broadband internet service over cable with download speeds ranging from two Mbps to an ultra high-speed internet service of 100 Mbps, including a student package. UPC Austria first launched its ultra high-speed internet service based on Euro DOCSIS 3.0 technology on its Vienna network in June 2009. This service is now available to almost all of UPC Austria's two-way homes passed. Over DSL technology, UPC Austria offers two tiers of unbundled DSL broadband internet, plus four tiers via wholesale offerings. It also offers a double-play package of broadband internet and telephony over DSL. Multi feature telephony services are also available from UPC Austria. In addition, UPC Austria offers a bundle of fixed line and mobile telephony in a co-branding arrangement with a telephony operator. UPC Austria offers its telephony services through VoIP, which is available to all customers (DSL and cable). It also continues to offer telephony services through circuit switched telephony. UPC Austria makes its digital video available to almost all of its homes passed and broadband internet and fixed line telephony services available to all of its homes passed. Of UPC Austria's total customers (excluding mobile customers), 24.2% are double-play customers and 28.2% are triple-play customers.

- *Ireland.* UPC Ireland's operations are located in five regional clusters, including the cities of Dublin, the capital, and Cork. For its analog cable customers, UPC Ireland offers an analog cable package with 18 video channels and 17 radio channels. An analog package of 10 video channels is also offered to its MMDS subscribers. For its digital cable customers, UPC Ireland offers three digital cable packages (all of which include the channels in its analog package). Its entry level digital package consists of 52 video channels and 39 radio channels. Similar digital packages are also offered to its MMDS subscribers, but with fewer channels. To encourage analog subscribers to switch to a digital subscription, the entry level digital package is priced lower than the analog service. For an incremental monthly charge, the digital subscriber may receive a digital box with DVR functionality or with HD DVR functionality. Also, for an incremental monthly charge, the digital cable subscriber may upgrade to one of two other digital packages, which offer up to either 83 or 105 video channels, respectively, and 39 radio channels. Each of these packages includes two premium channels (both ESPN sports channels) for no additional charge. The program offerings for each type of service include general entertainment, kids, sports, documentaries and special interests channels. In addition, digital customers can receive event channels such as seasonal sport and real life stories. To complement its digital offering, UPC Ireland also offers its digital subscribers 25 premium channels, such as sports, ethnic and kids, and a pay-per-view service.

  UPC Ireland offers three tiers of broadband internet service with download speeds ranging from one Mbps to 30 Mbps. In December 2010, UPC Ireland launched its ultra high-speed internet service based on Euro DOCSIS 3.0 technology in Dublin, where subscribers may receive download speeds of 100 Mbps. Multi feature telephony services are also available from UPC Ireland through VoIP. UPC Ireland makes its digital video, broadband internet and fixed line telephony services available to 95%, 74% and 66%, respectively, of its homes passed. Of UPC Ireland's total customers, 16.3% are double-play customers and 13.7% are triple-play customers.

Central and Eastern Europe

The UPC Europe Division also operates cable networks in the Czech Republic (UPC Czech), Hungary (UPC Hungary), Poland (UPC Poland) and Romania (UPC Romania), and cable and MMDS networks in Slovakia (UPC Slovakia). In each of these operations, at least 78% of the cable networks are upgraded to two-way capability. Of the cable homes passed, 66% in Hungary and over 82% in the other Central and Eastern Europe operations are served by a network with a bandwidth of at least 750 MHz. In each of these cable operations, for an incremental monthly charge, digital cable customers may upgrade the digital box to one with DVR functionality and/or HD functionality. The number of HD channels offered ranges from six in Slovakia to 22 in Poland. VoD service is available to our subscribers nationwide in Hungary and in major metropolitan areas in Poland. The UPC Europe Division also has DTH operations in certain of these countries, which it provides through a subsidiary of Liberty Global Europe.

- *Czech Republic.* UPC Czech's operations are located in over 100 cities and towns throughout the Czech Republic, including the capital city of Prague, Brno, Ostrava, Plzen and Northern Bohemia. For its analog cable customers, UPC Czech offers two tiers of analog programming services (lifeline and basic) with either 25 or 41 video channels, depending on the package selected, 25 radio channels and two premium channels. Of UPC Czech's analog cable subscribers, 77% subscribe to the lower priced lifeline package of analog service. For its digital cable subscribers, UPC Czech offers three packages of digital programming services (lifeline, basic and supreme) with over 100 video channels and 28 radio channels (including the channels in its analog service), depending on the package selected. Ten premium video channels are also available. UPC Czech offers five tiers of broadband internet service with download speeds ranging from one Mbps to an ultra high-speed internet service of 100 Mbps based on Euro DOCSIS 3.0 technology. UPC Czech began offering its ultra high-speed internet service on September 1, 2009, and it is available to 94% of its two-way homes passed. UPC Czech also offers VoIP multi featured telephony services. UPC Czech makes its digital video, broadband internet and fixed line telephony services available to over 90% of its homes passed. Of UPC Czech's total customers, 34.5% are double-play customers and 15.5% are triple-play customers. UPC Czech also offers voice and data services to SOHO and business customers.
- *Hungary.* UPC Hungary's operations are located in 22 major Hungarian towns and cities, including the capital city of Budapest, Debrecen, Miskolc, Pécs and Székesfehérvár. For its analog cable customers, UPC Hungary offers up to four tiers of analog programming services, including a lifeline tier, with five to 46 video channels and three to 17 radio channels, depending on the tier selected and technical capability of the network. Of UPC Hungary's total cable subscribers, less than one percent receive the analog lifeline tier. For its digital cable customers, UPC Hungary offers two tiers of digital programming services with up to 116 video channels (including the channels in its analog service) and 51 radio channels, depending on the package selected, location and if the package has HD channels. For an incremental monthly charge, the digital cable subscriber may also subscribe to any of six premium packages (three movie packages, two foreign language packages and an adult package). UPC Hungary offers eight tiers of broadband internet service with download speeds ranging from one Mbps to an ultra high-speed internet service of up to 120 Mbps. UPC Hungary launched its ultra high-speed internet service based on Euro DOCSIS 3.0 technology in Budapest and other cities in July 2009. The ultra high-speed internet service is available to approximately 93% of its two-way homes passed. It also has ADSL subscribers on its twisted copper pair network located in the southeast part of Pest County. Multi feature telephony services are also available from UPC Hungary. It offers its telephony services through circuit switched telephony to subscribers on its twisted copper pair network and through VoIP over its two-way capable cable network. UPC Hungary makes its digital video service, broadband internet and fixed line telephony services available to almost all of its homes passed. Of UPC Hungary's total customers, 32.5% are double-play customers and 20.3% are triple-play customers. UPC Hungary offers voice and data services to business customers located in its service areas, primarily SOHO customers and small to medium sized business customers.
- *Poland.* UPC Poland's operations are located in regional clusters encompassing eight of the 10 largest cities in Poland, including Warsaw, Gdańsk and Katowice. For its analog cable subscribers, UPC Poland offers three tiers of analog service. Its lowest tier, the lifeline package, includes six to 10 channels and the intermediate package includes 12 to 30 channels. Approximately 39% of UPC Poland's analog cable subscribers receive the lifeline package. For the highest tier (basic), the full package includes 47 to 58 channels. For an additional monthly charge, UPC Poland offers an HBO premium service. UPC Poland also offers two packages of digital programming services (with each package including the channels in its analog service). Its basic digital package includes over 80 channels and its extended tier package has over 100 channels. Each tier includes four HD channels and 19 radio channels. Up to 36 digital premium channels are also available.

UPC Poland offers five tiers of broadband internet service in portions of its network with download speeds ranging from five Mbps to its ultra high-speed internet service of up to 120 Mbps based on Euro DOCSIS 3.0 technology launched in September 2009. The ultra high-speed internet service is available to 66% of its two-way homes passed. UPC Poland also offers VoIP multi feature telephony services. UPC Poland makes its digital video, broadband internet and fixed line telephony services available to 89%, 94% and 94%, respectively, of its homes passed. Of UPC Poland's total customers, 26.0% are double-play customers and 16.7% are triple-play customers. In addition, UPC Poland offers SOHO customers video, voice and data services.

- *Romania.* UPC Romania's operations are located primarily in two regional clusters, which include 10 of the 12 largest cities (with more than 200,000 inhabitants) in Romania, including the capital city of Bucharest, Timisoara, Cluj-Napoca and Constanta. For its analog cable customers, UPC Romania offers a basic package of an average of 54 channels (depending on location), which include Romanian must carry and free channels, satellite programming and other programming. In certain cities, it also offers premium packages (HBO Romania, Motors and Adult). UPC Romania also offers three packages of digital cable service to customers in 43 cities with up to 170 channels (including the 54 channels in its analog service), depending on the package selected, and four packages of digital premium services with a total of 23 channels (HBO MaxPack, CineStar, Panonia and Passion). UPC Romania offers three tiers of broadband internet service, with download speeds ranging from two Mbps to 24 Mbps, and VoIP telephony services. UPC Romania also offers a 256 Kbps service at no incremental charge as an inducement for customers to subscribe to bundled services. In November 2010, UPC Romania launched an ultra high-speed internet service in the city of Cluj-Napoca, where subscribers may also receive service with download speeds of either 60 or 100 Mbps. UPC Romania makes its digital video, broadband internet and fixed line telephony services available to 82%, 79% and 76%, respectively, of its homes passed. Of UPC Romania's total customers, 20.9% are double-play customers and 10.3% are triple-play customers. In addition, UPC Romania offers a wide range of land line telephony, data transfer, internet access and hosting services to business and SOHO customers.

- *Slovakia.* UPC Slovakia offers cable service in seven regions in Slovakia, including the five largest cities of Bratislava, Košice, Prešov, Banská Bystrica and Žilina. UPC Slovakia offers its analog cable subscribers two tiers of analog service and its MMDS subscribers a basic tier of service. Its lower tier, the lifeline package, includes four to eight channels. Of UPC Slovakia's analog cable subscribers, approximately 35% subscribe to the lifeline analog service. UPC Slovakia's most popular tier, the basic package, includes 21 to 51 channels that generally offer all Slovakian terrestrial, cable and local channels, selected European satellite programming and other programming and 11 radio channels. Its MMDS service has 12 channels. For an additional monthly charge, UPC Slovakia offers an HBO premium service. For its digital cable subscribers, UPC Slovakia offers two packages of digital programming service with up to 68 channels (including the channels in its analog service), depending on the package selected. In addition, six channel packages with up to 21 premium channels are available. UPC Slovakia offers five tiers of broadband internet service with download speeds ranging from two Mbps to an ultra high-speed internet service of up to 120 Mbps launched in September 2009. Its ultra high-speed internet service is available to 74% of its two-way homes passed. UPC Slovakia also offers VoIP multi featured telephony services. UPC Slovakia makes its digital video, broadband internet and fixed line telephony services available to 86%, 82% and 82%, respectively, of its homes passed. Of UPC Slovakia's total customers, 12.3% are double-play customers and 12.6% are triple-play customers. In addition, UPC Slovakia offers internet, data and telephony services to SOHO customers in its service areas.

- *Luxco DTH.* Luxco DTH is located in Luxembourg and provides DTH services in the countries of Czech Republic, Hungary and Slovakia, which together provided DTH services to almost 300,000 subscribers at September 30, 2010. Luxco DTH offers a basic tier, plus extended tier and premium channel options, as well as over 50 free-to-air (FTA) channels. Depending on the broadcast rights for a subscriber's location, a subscriber may receive from 49 to 62 channels for basic service and, for an additional monthly charge, a subscriber may upgrade to an extended basic tier package, plus various premium package options for specialty channels. Luxco DTH offers its subscribers seven such packages. Through these package offerings, a Luxco DTH subscriber may receive 82 to 91 additional channels, covering a range of interests (such as movies, adventure, sports, adult and comedy). Luxco DTH provides DTH services to 13.7% of the UPC Europe Division's total video subscribers in Czech Republic, 23.4% of the UPC Europe Division's total video subscribers in Hungary and 13.0% of the UPC Europe Division's total video subscribers in Slovakia. UPC Romania's DTH operations served almost 200,000 subscribers at September 30, 2010, which represents 17.1% of the UPC Europe Division's total video subscribers in Romania.

Luxco DTH has entered into an agreement with Telenor Satellite Broadcasting for the lease of additional transponder space on the Thor 5 and Thor 6 satellites. The agreement will expire in 2018. As a result of this agreement, the UPC Europe Division has centralized all of its DTH services on the Thor satellite system. Also, Luxco DTH has repositioned almost all of the satellite dishes during 2010 in the Czech Republic, Hungary and Slovakia to the new satellites. With the repositioning, Luxco DTH is able to offer additional SD services to all its customers and HD services to the customers in Hungary, Czech Republic and Slovakia.

VTR (Chile)

VTR provides video, broadband internet and fixed telephony services in 56 cities, including Santiago, Chile's largest city, the large regional cities of Iquique, Antofagasta, Concepción, Viña del Mar, Valparaiso and Rancagua, and smaller cities across Chile. VTR is Chile's largest multi channel television provider in terms of number of subscribers, and a leading provider of broadband internet and residential telephony services. VTR's cable network is 76% upgraded to two-way capability and 82% of cable homes passed are served by a network with a bandwidth of at least 750 MHz. VTR makes its digital video, broadband internet and fixed line telephony services available to 85%, 76% and 75%, respectively, of its homes passed.

VTR's analog service is offered only in areas where its digital service is not available. For its analog cable customers, VTR offers two tiers of analog programming service: an entry tier analog service with up to 46 video channels and a full tier analog service with up to 68 channels. For an additional monthly charge, analog subscribers may receive up to 10 premium channels. VTR obtains programming from the United States, Europe, Argentina and Mexico. There is also domestic cable programming in Chile, based on local events such as football matches and regional content. For its digital cable customers, VTR offers three digital cable packages. Its entry tier digital service includes 31 video channels and 40 radio channels. Its intermediate tier digital service includes up to 72 video channels and 40 radio channels (including channels in its entry tier analog service). For an additional monthly charge, a digital subscriber may upgrade to the full tier subscription with up to 96 video channels (including the channels in its full tier analog service) and 40 radio channels. Five HD channels are also included in this tier if the subscriber receives more than one service from VTR. All digital cable packages include an electronic programming guide, the functionality for VoD service and pay-per-view options. For an additional monthly charge, VTR offers digital boxes with DVR functionality or with HD DVR functionality. VTR currently offers eight HD channels. Digital customers may also subscribe to premium services, which include movies, sports, news, kids, international and adult channels.

VTR offers four tiers of broadband internet services with download speeds ranging from one Mbps to 30 Mbps in 31 communities within Santiago and 35 communities outside Santiago. VTR also offers multi feature telephony service over its cable network to customers in 31 communities within Santiago and 35 communities outside Santiago via either circuit switched telephony or VoIP, depending on location. Of VTR's total customers, 22.4% are double-play customers and 41.8% are triple-play customers.

VTR offers its standard services to SOHO customers in its core communities within Santiago and its core metropolitan networks outside of Santiago.

In September 2009, the Secretary of Telecommunications awarded a wholly-owned subsidiary of VTR one of three "3G" mobile licenses following a public auction process. Pursuant to such award, VTR's subsidiary purchased the license for CLP 1,669.0 million ($3.4 million) and delivered a CLP 35.6 billion ($73.6 million) performance bond to guarantee the timely buildout of the project. Following satisfaction of the applicable terms of the 3G license, VTR's obligations under the performance bond were released during the fourth quarter of 2010. The term "3G" refers to a set of mobile technologies that allow mobile telephony providers to offer, among other things, higher speed internet access, data and video services.

VTR is subject to certain regulatory conditions as a result of the combination with Metrópolis in April 2005. The most significant conditions require that the combined entity (1) re-sell broadband capacity to third party internet service providers on a wholesale basis; and (2) activate two-way service to two million homes passed within five years from the consummation date of the combination. VTR expects to satisfy the two-way service condition as required. For three years after the consummation date of the combination, the combined entity was also required to limit basic tier price increases to the rate of inflation, plus a programming cost escalator. This condition expired in May 2008. Another condition expressly prohibits us, as the controlling shareholder of VTR, from owning an interest, directly or indirectly through related parties, in any company that provides microwave or satellite television services in Chile. DirecTV owns a satellite television distribution service that operates in Chile and elsewhere in the Americas. On December 12, 2006, Liberty Media, the former parent of LGI, announced publicly that it had agreed to acquire an approximate 39% interest in DirecTV. On August 1, 2007, VTR received formal written notice from the Chilean Federal Economic Prosecutor ("FNE") stating that Liberty Media's acquisition of the DirecTV interest would violate the regulatory condition prohibiting us from owning an interest in Chilean satellite or microwave television businesses. On March 10, 2008, following the closing of Liberty Media's investment in DirecTV, the FNE commenced an action before the Chilean Antitrust Court against John C. Malone, the chairman of LGI's board of directors and of Liberty Media's board of directors. In this action, the FNE alleges that Mr. Malone is a controller of VTR and either controls or indirectly participates in DirecTV's satellite operations in Chile, thus violating the condition. The FNE requested the Antitrust Court to impose a fine on Mr. Malone and order him to effect the transfer of the shares, interests or other assets that are necessary to restore the independence, in ownership and administration, of VTR and DirecTV. We currently are unable to predict the outcome of this matter or its impact on VTR. See also "*—Regulatory Matters—Chile*" below.

On February 27, 2010, certain areas served by VTR's broadband distribution network in Chile experienced a significant earthquake. This earthquake and the related tsunami destroyed or otherwise adversely impacted an estimated 24,000 homes passed by VTR's broadband communications network, resulting in the loss of an estimated 15,500 RGUs. With the exception of destroyed homes, service has been restored to substantially all of the homes within VTR's network footprint.

Regulatory Matters

Overview

Video distribution, internet, telephony and content businesses are regulated in each of the countries in which we operate. The scope of regulation varies from country to country. In some significant respects, however, regulation in European markets, with the exception of Switzerland, is harmonized under the regulatory structure of the European Union (EU).

Adverse regulatory developments could subject our businesses to a number of risks. Regulation could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and capital expenditures. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content. Failure to comply with current or future regulation could expose our businesses to penalties.

Europe

Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom are the Member States of the EU. As such, these countries are required to harmonize certain of their laws with certain EU rules. In addition, other EU rules are directly enforceable in those countries. Certain EU rules are also applicable across the European Economic Area, whose Member States are the EU Member States as well as Iceland, Liechtenstein and Norway.

In the broadcasting and communications sectors, there has been extensive EU-level legislative action. As a result, most of the markets in Europe in which our businesses operate have been significantly affected by the regulatory framework that has been developed by the EU. The exception to this is Switzerland, which is not a Member State of the EU or the European Economic Area and is currently not seeking any such membership. Regulation in Switzerland is discussed separately below, as well as regulation in certain

Member States in which we face regulatory issues that may have a material impact on our business in that country.

EU Communications Regulation

The body of EU law that deals with communications regulation consists of a variety of legal instruments and policies (collectively referred to as the "EU Communications Regulatory Framework" or "Regulatory Framework"). The key elements of the Regulatory Framework are various Directives that require Member States to harmonize their laws, as well as certain regulations that have effect without any transposition into national law.

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

On December 18, 2009, the Official Journal of EU published revisions to the Regulatory Framework. Such revisions must be transposed into the laws of the Member States before May 25, 2011. Although the changes to the Regulatory Framework are limited, they will affect us. Some changes are administrative. For example, a new body of European regulators has been created. Some new powers, however, have been given to national regulators such as the right to mandate access to ducts without "Significant Market Power" (defined below) findings. This power, in particular, could require us to open our ducts to competitors and not allow us to make use of all capacity in our ducts for our own needs, or could mean we get access to ducts of third parties instead of building our own ducts. Also, there will be enhanced powers for Member States to impose transparency obligations and quality of service requirements on internet service providers (ISPs), which may restrict our flexibility in respect of our broadband services.

In general, pending the adoption and the transposition by the Member States of the new Directives, the existing legal situation is unchanged.

Certain key provisions included in the current Regulatory Framework are set forth below. This description is not intended to be a comprehensive description of all regulation in this area.

Licensing and Exclusivity. The Regulatory Framework requires Member States to abolish exclusivities on communication networks and services in their territory and allow operators into their markets based on a simple registration. The Regulatory Framework sets forth an exhaustive list of conditions that may be imposed on communication networks and services. Possible obligations include, among other things, financial charges for universal service or for the costs of regulation, environmental requirements, data privacy and other consumer protection rules, "must carry" obligations, provision of customer information to law enforcement agencies and access obligations.

Significant Market Power. Certain of the obligations allowed by the Regulatory Framework apply only to operators or service providers with "Significant Market Power" in a relevant market. For example, the provisions of the Access Directive allow Member States to mandate certain access obligations only for those operators and service providers that are deemed to have Significant Market Power. For purposes of the Regulatory Framework, an operator or service provider will be deemed to have Significant Market Power where, either individually or jointly with others, it enjoys a position of significant economic strength affording it the power to behave to an appreciable extent independently of competitors, customers and consumers.

As part of the implementation of certain provisions of the Regulatory Framework, each Member State's National Regulatory Authority ("NRA"), is required to analyze certain markets predefined by the EU Commission to determine if any operator or service provider has Significant Market Power. Until November 2007, there were 18 such markets but on November 13, 2007, the EU Commission adopted a new recommendation reducing the list of markets to seven. Such markets are referred to as the predefined markets. The effect of such new recommendation is that those Member States who had not analyzed one of the deleted markets or who had analyzed such a market and found no Significant Market Power are no longer required to carry out any analysis in that market. Member States who have analyzed one of the deleted markets and found Significant Market Power will have to re-analyze that market and, if they still find Significant Market Power, notify the EU Commission of the finding of Significant Market Power outside the seven predefined markets. Pending such re-analysis, the prior finding of Significant Market

Power will remain in effect until the end of its duration. This process of re-analysis is not yet complete across the Member States. There is no specific timetable for such re-analysis, although the EU Commission may pressure Member States if it sees them as being slow in performing market analyses.

We have been found to have Significant Market Power in certain markets in which we operate and further findings are possible. In particular, in those markets where we offer telephony services, we have been found to have Significant Market Power in the termination of calls on our own network. NRAs might seek to define us as having Significant Market Power in any of the seven predefined markets or they may define and analyze additional markets. In the event that we are found to have Significant Market Power in any particular market, a NRA could impose certain conditions on us. Under the Regulatory Framework, the EU Commission has the power to veto a finding by an NRA of Significant Market Power (or the absence thereof) in any market whether or not it is included in the seven predefined markets.

Video Services. The distribution, but not the content, of television services to the public is harmonized by the Regulatory Framework. Member States are allowed to impose reasonable must carry obligations for the transmission of specified radio and television broadcast channels on certain operators under their jurisdiction. Such obligations should be based on clearly defined general interest objectives, be proportionate and transparent and be subject to periodic review. We are subject to some degree of "must carry" regulation in all European markets in which we operate. In some cases, these obligations go beyond what we believe is allowable under the Regulatory Framework. To date, however, the EU Commission has taken very limited steps to enforce EU law in this area, leaving intact "must carry" obligations that are in excess of what we believe to be allowed. Moreover, on December 22, 2008, the European Court of Justice took a very narrow view of the restriction on "must carry" under the Regulatory Framework, treating it as a procedural formality. Therefore, it is unlikely that there will be any reduction in the "must carry" regulations in the foreseeable future.

EU Broadcasting Law

Although the distribution of video channels by a cable operator is 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"). AVMS, which was published in its final form on March 10, 2010, replaced the pre-existing EU regime in this area. Generally, broadcasts originating in and intended for reception within an EU Member State must respect the laws of that Member State. Pursuant to AVMS, however, EU Member States are required to allow broadcast signals of broadcasters established in another EU Member State to be freely transmitted within their territory so long as the broadcaster complies with the law of their home state. This is referred to as the country of origin principle. Under AVMS (a change from pre-existing rules), the country of origin principle applies also to non linear services, such as VoD. Accordingly, we should be able, if we so elect to offer our own VoD services across the European Economic Area based on the regulation of the country of origin. As a result, we could structure our business to have a single regulatory regime for all of our VoD service offered in Europe. In addition, when we offer third party VoD services on our network, it should be the business of the third party, in its capacity as provider of the services, and not us as the local distributor, that is regulated in respect of these services.

Although Member States should have transposed the requirements of AVMS into national law, not all have completed such transposition. It is not clear what practical effect this will have on our operations. Pending accurate transposition, there can be no assurance that the requirements on VoD will, in fact, operate in the manner described above in any individual Member State. As a result, we may face inconsistent and uncertain regulation of our VoD service in Europe.

In respect of channels originating in many European countries, The European Convention on Transfrontier Television extends the country of origin principle beyond the EU's borders into certain other European territories into which we sell our channels, including Switzerland. The Convention is an instrument of the Council of Europe, with 47 member countries, including the 27 EU Member States, and is quite similar to the EU rules in effect before AVMS in its aims of free movement of channels, although it only achieves that with member countries that have ratified its text and not all have so ratified. The Council of Europe is currently considering modifying the Convention along the lines of AVMS but there can be no assurance as to what the outcome of this will be. AVMS also establishes quotas for the transmission of European-produced programming and programs made by European producers who are independent of broadcasters.

Other European Level Regulation

In addition to the industry-specific regimes discussed above, our European operating companies must comply with both specific and general legislation concerning, among other matters, data protection, data retention and electronic commerce. Many of these regimes are, or will be, reviewed at the EU level. Other current regulatory debates at the EU and national level include net neutrality/traffic management, where the EU Commission is expected to give guidance to national regulators in 2011 as to how they should exercise their powers on transparency and quality of service for internet providers, as well as responsibilities for ISPs on illegal content or activities on the internet. With respect to net neutrality/traffic management, the EU Commission is expected to give guidance to national regulators in 2011 as to how they should exercise their powers on transparency and quality of service for internet providers. We are unable to predict what affect these various debates will have on our European operatings. It is possible, however, that new obligations will be imposed on them.

Our European operating companies are also subject to both national and European level regulations on competition and on consumer protection, which are broadly harmonized at the EU level. For example, while they may offer their services in bundled packages in European markets, they are sometimes not permitted to make a subscription to one service, such as cable television, conditional upon a subscription to another service, such as telephony. They may also face restrictions on the degree to which they may discount certain products included in the bundled packages.

Currently the telecommunications equipment we provide our customers, such as digital set-top boxes is not subject to regulation regarding energy consumption in the EU, except as discussed below. The EU Commission is, however, considering the need for mandatory requirements regarding energy consumption of such equipment. We have been participating in discussions and studies regarding energy consumption with various parts of the EU Commission and with experts working on their behalf. In addition, we are working with suppliers of our digital set-top boxes to lower power consumption, as well as looking at possibilities through software to lower the power consumption of the existing fleet of digital set-top boxes. Finally, we are working with a large group of companies to promote the possibility of a voluntary agreement on set-top box power consumption as an alternative to regulation. Nevertheless, legislation in this area may be adopted in the near future and could adversely affect the cost and/or the functionality of equipment we deploy in customer homes.

Pursuant to an EU regulation on standby power effective January 7, 2010, many devices are required to have either a low power standby mode or off mode unless it is inappropriate to have either such mode on the device. For this purpose, our set-top boxes and certain other equipment are equipped with an off switch.

The Netherlands

The Netherlands has an electronic communications law that broadly transposes the Regulatory Framework. According to this electronic communications law, Onafhankelijke Post en Telecommunicatie Autoriteit ("OPTA"), the Netherlands NRA, should perform the market analysis to determine which, if any, operator or service provider has Significant Market Power. OPTA has completed its first and second rounds of market analysis and, in November 2010, commenced its third round of market analysis.

During 2008, OPTA conducted a second round analysis of certain markets to determine if any operator or service provider had "Significant Market Power" within the meaning of certain directives originally promulgated by the EU in 2008. With respect to television services, OPTA issued a draft decision on August 5, 2008, again finding UPC Netherlands, as well as other cable operators, to have Significant Market Power in the market for wholesale broadcasting transmission services and imposed new obligations. The decision became effective on March 17, 2009. UPC Netherlands filed an appeal against the decision on April 15, 2009, with College van Beraep voor het bedrijfsleven (CBb), the Dutch Supreme Administrative Court. Pending the outcome of this appeal, UPC Netherlands complied with the decision. On August 18, 2010, CBb annulled the decision which lifted the imposed obligations. Consequently OPTA withdrew the related implementation and tariff decision on resale of analog services and rejected pending dispute procedures.

OPTA's market analysis decision on call termination, which combines both the fixed termination market and the mobile termination market, became effective July 7, 2010. All providers of call termination on fixed and mobile networks in the Netherlands have been found to have Significant Market Power. As a result, UPC Netherlands is subject to obligations regarding access, transparency and tariff regulation. The decision requires UPC Netherlands to further reduce its fixed termination tariffs as of January 1, 2012. UPC Netherlands filed an appeal with CBb, which is still pending.

As part of OPTA's third round of market analysis, UPC Netherlands, as well as other providers, received questionnaires regarding broadcast transmission services and, for the first time, regarding bundling of television services with other services, including broadband internet and telephony services. UPC Netherlands has completed the questionnaire and OPTA is expected to release a consultation paper in the first half of 2011.

The Netherlands transposed the AVMS directive in the Media Act on December 18, 2009.

Hungary

Hungary has broadly transposed the Regulatory Framework into law. According to this electronic communication law, Nemzeti Média- és Hírközlési Hatóság ("NMHH"), the Hungarian NRA, should perform the market analysis to determine which, if any, operator or service provider has Significant Market Power.

UPC Hungary offers telephony services through either its cable network or its copper wire network. Although these networks are regulated differently, UPC Hungary's telephony operations have been found to have Significant Market Power in the call termination market by NMHH.

With respect to the cable telephony services over the cable network, UPC Hungary is required to publish its general contractual terms and call termination prices. UPC Hungary's telephony services over the copper wire network have also been found to have Significant Market Power in the origination market in its own telecommunications network, as well as in the markets for wholesale unbundled access, together with all other similar network operators. This has led to a variety of requirements, including the need to provide interconnection and access to, and use of, specific network facilities, non-discrimination, transparency, accounting separation and building of cost models for the wholesale services. Such network has further been found to have Significant Market Power in a variety of retail markets relating to the provision of network access to business and to residential customers where UPC Hungary's price increases have been limited to the rise in the consumer price index minus an implied productivity ratio (3%) and in the markets for long distance and international calls for residential and business customers where UPC Hungary has been required to offer carrier pre-selection services.

In December 2010, the NRA published the draft resolutions pertaining to Markets 4 (wholesale access to local networks' physical infrastructure) and 5 (wholesale broadband access). On both markets geographical sub-markets have been defined according to the primary areas. Significant Market Power has been established accordingly. UPC is affected in the Monor (29) primary area only. Hybrid Fibre Coax networks, operated by UPC Hungary, are excluded from the definition of infrastructure constituting Market 4 (including FTTx networks and dark fibre), while several Market 5 obligations (from bitstream access to accounting separation) have been defined in relation to UPC Hungary's copper network.

Together with all other similar network operators, UPC Hungary has also been found to have Significant Market Power in the wholesale broadband access market with respect to broadband services over the copper wire network, but not the cable network. As a result, UPC Hungary is required to produce a wholesale ADSL offer on the copper wire telephony network based on a discount from its retail prices (retail minus price regulation).

With respect to broadcasting regulation, the Hungarian Parliament adopted the Act on Programme Distribution and Digital Switchover (the "Act") in July 2007. The Act defines certain distributors, including UPC Hungary, as having significant influence from a media policy point of view, thereby creating a quasi Significant Market Power status, which should, under EU rules, be subject to specific procedural rules, including the notification of the relevant market to the EU Commission. Also, the Act imposed certain obligations on the quasi Significant Market Power distributors, the most significant being an obligation, in addition to existing must-carry rules, to contract with at least 40 channels, guided by media policy criteria as set forth in the Act. The distributor may not differentiate between these channels based on content. In addition, the general terms and conditions of the distribution agreements for such 40 channels shall be made public. The Act also places limits on the amount of programs from a single group of companies that any one distributor may carry.

In the second half of 2010, several changes occurred to the regulatory framework pertaining to UPC Hungary. First, Act No. C of 2003 on electronic telecommunications has been amended to combine the NRA supervising telecommunications activities with, as of the effective date of the amendment, the media sector. The chairman of the combined NRA has been appointed by the prime minister for a term of nine years.

Second, according to Act No. XCIV of 2010 on special tax pertaining to certain sectors, adopted in October 2010, entities providing electronic telecommunications services have been levied a special tax, the rate of which will be 4.5% for the portion of annual revenue in excess of HUF 500 million (€1.8 million) but not more than HUF 5 billion and 6.5% for the portion of the annual revenue in excess of HUF 5 billion (€18.1 million). It is not yet clear whether this tax, which is currently scheduled to expire at the end of 2012, is compliant with European Union regulations. Based on our current assessment of the impact of this tax, we believe that the effective annual rate that will be applicable to our Hungarian operations will fall between 6% and 6.5% of the applicable revenue.

Third, the Hungarian Parliament adopted a bill on media services and mass communications which became law on January 1, 2011.

Among other things:

- The law provides for a must carry package of national public service channels (4 tv + 3 radio), 3 local or regional community channels, plus 3 other community channels and a further 2 local community channels. On top of this, the regulator may select a further 2 channels as a must carry based on their importance to the public—this decision may be challenged in court. The former obligation prescribed by the Digital Switchover Act to carry a maximum of 40 channels to serve media pluralism has been eliminated. There are also some obligations regarding packaging of public interest channels in digital.
- For the most widely distributed tiers a limit of no more than 25% of channels belonging to the same group/owner has been introduced.
- Operators are obliged to cease the carriage of content based on the formal decision of the authority to do so. This is also applicable in respect of ISPs; at the moment it is uncertain how to comply in such a case—this remains subject to tests and interpretation by the authority.

Switzerland

Switzerland has a regulatory system which partially reflects the principles of the EU, but otherwise is distinct from the European regulatory system of telecommunications. The Telecommunications Act (Fernmeldegesetz) regulates, in general, the transmission of information, including the transmission of radio and television signals. Most aspects of the distribution of radio and television, however, are regulated under the Radio and Television Act (Radio und Fernsehgesetz). In addition, the Competition Act and the Act on Price Surveillance are potentially relevant to our business. With respect to energy consumption of electronic home devices, the Energy Act and the revised Energy Ordinance have been applicable since January 2010, to television set-top boxes as described below.

Under the Telecommunications Act, any provider of telecommunications services needs to register with the Federal Office of Communications (“OfCom”). Dominant providers have to grant access to third parties, including unbundled access to the local loop and, for four years from April 1, 2007, bitstream access. But this access regulation is restricted to the copper wire network of the incumbent, Swisscom AG (“Swisscom”). Therefore, such unbundling obligations do not apply to Cablecom and other cable operators. Also, any dominant provider has to grant access to its ducts, subject to sufficient capacity being available in the relevant duct. At this time, only Swisscom has been determined to be dominant in this regard. All operators are obliged to provide interconnection and have to ensure interoperability of services.

In 2008, Swisscom announced its intention to roll out a national fiber-to-the-home (FTTH) network in Switzerland. Whether this will require legislative action on regulating access to such new network by third parties is under discussion. In addition, several municipality owned utility companies have announced or started to roll out local fiber networks, some in cooperation with Swisscom. Currently the Swiss Competition Commission is reviewing the proposed cooperation agreements. As no general state aid regulation exists in Switzerland, such initiatives could only be deemed illegal if a clear case of cross subsidization could be made. Any such fiber roll out could lead to increased competition for Cablecom.

Under the Radio and Television Act and the corresponding ordinance, cable network operators are obliged to distribute certain programs that contribute in a particular manner to media diversity (must carry programs). The Federal government and OfCom can select up to 25 programs that have to be distributed in analog without the cable operator being entitled to compensation. Currently 17 programs have must carry status.

Encryption of Cablecom's digital offering and its exclusive offering of proprietary set-top boxes are permissible under the Radio and Television Act. There is, however, an initiative, adopted by the Swiss Parliament in June 2009, which demands (1) a ban on encryption of the digital basic offering or, alternatively, (2) the introduction of a conditional access module. In order to implement this initiative, the Federal Council has issued a draft for the necessary modification of the Radio and Television Act according to which the Federal Council would be granted the power to impose an obligation to provide for a conditional access module. In December 2010, the Council of States rejected the proposed change in the law. The vote of the National Council will take place in early 2011. The amended Act will not, however, become effective before 2012. In 2010, Cablecom introduced its digicard, a CI+ card. We believe this will satisfy the alternative of offering a conditional access module.

Cablecom's retail customer prices have been subject to review by the Swiss Price Regulator. Effective June 1, 2010, Cablecom entered into an agreement with the Swiss Price Regulator, which defines prices for analog and a basic digital offer until the end of 2012. Whether Cablecom will continue to be subject to price regulation going forward will depend on the assessment of its market position.

Central and Eastern Europe

In contrast to the majority of our European operations, a large part of our cable network in Romania is above ground, as are the networks of most other utility providers, including other cable operators. For aesthetic and environmental reasons, cities in Romania want these companies, including UPC Romania, to move their networks underground. The issue has become most pressing in Bucharest, where the city council issued a decision requiring all existing networks to be placed underground within a period of years and engaged a single privately owned company, NetCity Telecom SA, to build an underground duct and optical fiber network in that city (the NetCity Project). Legal challenges in Romania to the NetCity Project have so far been unsuccessful. In 2009 the first stage of the network was completed under five major streets in Bucharest and we have moved part of our network into this completed portion of the NetCity Project. By year end 2010, approximately 90 km of ducts were functional and the City Hall intends to have an additional 210 km completed by the end of 2011. Based on past experience, such objective, however, is not expected to be met. Notwithstanding such progress, in the latter part of 2010, we experienced improvement in the relationship we and other operators have with the Bucharest Municipality, including a decrease in the pressure to move networks underground. Despite such improvement, we are unable to assess the impact the next stages of the NetCity Project will have on the operations of UPC Romania. We anticipate the pressure to move aerial networks underground to continue to grow in both Bucharest and elsewhere in Romania, such as the city of Cluj-Napoca. Ultimately, we expect that this will lead to an increase in network costs for our Romanian operations and, possibly, a decrease in operational flexibility.

Chile

As described under "*—VTR (Chile)*" above, VTR is subject to certain regulatory conditions as a result of its combination with Metrópolis in April 2005. These conditions are in addition to the regulations described below.

Video. Cable television services are regulated in Chile by the Ministry of Transportation and Telecommunications (the Ministry). VTR has permits to provide wireline cable television services in the major cities, including Santiago, and in most of the medium sized markets in Chile. Wireline cable television permits are granted for an indefinite term and are non-exclusive. As a result, more than one operator may operate in the same geographic area. As these permits do not use the radio electric spectrum, they are granted without ongoing duties or royalties. Wireless cable television services are also regulated by the Ministry and similar permits are granted for these services. Wireless cable permits have a 10-year duration, renewable for equal terms at the request of the permit holder.

With respect to DTT services, the Chilean Government adopted the Integrated Services Digital Broadcasting—Terrestrial ("ISDB-T") standard in September 2009. In November, 2008, the Chilean Government introduced two bills related to DTT regarding stricter content standards and new rules for granting and operating DTT concessions (among other matters), which are still pending. Must carry and retransmission consent obligations have been added to these bills. We are currently unable to predict the outcome of this matter or its impact on VTR.

Cable television service providers in Chile are not required to carry any specific programming, but some restrictions may apply with respect to allowable programming. The National Television Council has authority over programming content, and it may impose sanctions on providers who are found to have run programming containing excessive violence, pornography or other objectionable content. A bill is pending before the Chilean Congress, which may result in additional controls on broadcasters that provide programming not suitable for children.

Cable television providers have historically retransmitted programming from broadcast television, without paying any compensation to the broadcasters. Certain broadcasters, however, have filed lawsuits against VTR claiming that VTR breached their intellectual property rights by retransmitting their signals. These lawsuits are still pending before the Chilean courts and a final judicial decision is expected in the first quarter of 2011.

Internet. Internet services are considered complementary telecommunication services and, therefore, do not require concessions, permits or licenses. Pursuant to a condition imposed on VTR as a result of its combination with Metrópolis Intercom SA, VTR offers its broadband capacity for resale of internet services on a wholesale basis. After a three-year long discussion, Chilean Law on Intellectual Property was amended in May 2010. The amendment included a new chapter limiting the liability of ISPs for copyright infringements over their networks, provided the ISPs fulfill certain conditions, which vary depending on the service provided. General applicable conditions to fall into the safe harbor framework are: (a) to establish public and general terms upon which they may exercise their right to terminate their agreements with content providers that are judicially qualified as repeated offenders against the IP rights protected by law; (b) not to interfere with the technological measures of protection and rights management of protected works; and (c) not to have generated nor have selected the content or its addressees. These rules are applied without prejudice of the application of the general civil rules of liability.

In order to properly observe the constitutional rights of privacy and safety of communications, a prohibition of surveillance or oversee data is also imposed. A special, brief and summary proceeding is also set forth in order to safeguard IP rights against violations committed through networks or digital systems. These proceedings include measures designed to withdraw, disqualify or block infringing content in the ISP's network or systems. The law also provides for the right of IP owners to judicially request from ISPs the delivery of necessary information to identify the provider of infringing content.

On June 13, 2010, the Chilean Senate approved a Bill on Net Neutrality which became effective in August 2010. This Bill prohibits "arbitrary blockings" and supplying differentiated service conditions based on the origin or ownership of the content or service provided through the internet. The Bill authorizes ISPs to take measures to ensure the privacy of their users, virus protection and safety of the net, as long as these measure do not entail traffic shaping with anticompetitive means. Certain consumer information obligations related to the characteristics of each internet access plan and the traffic management policies applied by each ISP are also expected to be imposed on ISPs during the first quarter of 2011.

Telephony. The Ministry also regulates telephony services. The provision of telephony services (both fixed and mobile) requires a public telecommunication service concession. VTR has telecommunications concessions to provide wireline fixed telephony in most major and medium sized markets in Chile. Telephony concessions are non-exclusive and have renewable 30-year terms. The original term of VTR's wireline fixed telephony concessions expires in November 2025. Long distance telephony services are considered intermediate telecommunications services and, as such, are also regulated by the Ministry. VTR has concessions to provide this service, which is non-exclusive, for a 30-year renewable term expiring in September 2025.

VTR has been awarded wireless fixed telephony concessions under which it has an exclusive right to use a specific block of spectrum in 3,400 MHz in most of the Chilean regions. With these concessions, VTR offers telephony and internet services using WiMax technology in certain parts of Santiago. The wireless fixed telephony concessions have been granted for renewable terms of 30 years. Such concessions are non-exclusive.

Local service concessionaires are obligated to provide telephony service to all customers that are within their service area or are willing to pay for an extension to receive service. All local service providers, including VTR, must give long distance telephony service providers equal access to their network connections at regulated prices and must interconnect with all other public services concessionaires whose systems are technically compatible.

In January 2008, the Ministry requested the Chilean Antitrust Tribunal to review the telephony market. In January 2009, the Antitrust Tribunal concluded that, although the local service telephony market cannot be characterized as competitive, it has enhanced its level of competition since it was reviewed in 2003. As a result, the Antitrust Tribunal determined that incumbent local telephone operators will no longer be subject to price regulation for most services at a retail level. The Antitrust Tribunal recommended the Ministry, for the incumbent operators only, to take measures avoiding fixed/mobile bundles and differential prices for on net and off net traffic. The Ministry is to set forth rules, for all operators, forbidding tied sales of telecommunication services included in a bundle, and imposing effective network unbundling and number portability. The Antitrust Tribunal also declared some ancillary services and network unbundling services to be subject to price regulation for all companies, including VTR.

Interconnect charges (including access charges and charges for network unbundling services) are determined by the regulatory authorities, which establish the maximum rates that may be charged by each operator for each type of service. This rate regulation is applicable to incumbent operators and all local and mobile telephony companies, including VTR. The maximum rates that may be charged by each operator for the corresponding service are made on a case-by-case basis, and are effective for five years. VTR's current interconnection and unbundling rates are effective until June 2012.

In August 2009, the Secretary of Telecommunications started a new tariff process on VTR related to certain ancillary telephone services (provided to end users) and additional network unbundling services (bitstream). The final tariff decree is still pending and we expect it will be delivered during the first quarter of 2011.

During 2009, the Secretary of Telecommunications launched a 3G spectrum bid. Following an auction process, VTR was awarded one of the segments of spectrum (30 Mhz), for consideration of approximately CLP 1,669.0 million (approximately $3.3 million), to be paid in addition to the project build-out costs. According to the auction rules, VTR delivered a CLP 35.6 billion (approximately $70.2 million) performance bond to guarantee timely and full network deployment and completion of the project. Following satisfaction of the applicable terms of the 3G license, VTR's obligations under the performance bond were released during the fourth quarter of 2010. The 3G license has a 30-year renewable term.

In April 2007, a bill regarding Telecommunications Antennas Towers was introduced in the Chilean House of Representatives. It includes stricter restrictions on the construction of new telecom towers, including (1) the requirement to obtain prior authorization from local authorities and certain neighbors (as defined) to build antennas in new sites and (2) prohibiting the placement of antennas in sites smaller than 400 square meters. The bill also includes provisions about co-localization of telecommunications antennas. A strong opposition to this bill has been raised by the incumbent mobile operators, on constitutional grounds. The government's position about co-localization is unclear. Based on public statements by Ministry officials, we expect this bill to be approved by the House of Representatives during 2011. The bill also includes provisions about co-localization of telecommunications antennas.

Rate Adjustments. With respect to VTR's ability to increase the price of its different telecommunication services to its subscribers, the General Consumer Protection Laws contain provisions that may be interpreted by the National Consumer's Service ("Sernac") to require that any increase in rates—over the inflation rate—to existing subscribers must be previously accepted and agreed to by those subscribers, impairing VTR's capacity to rationalize its price policy over current customers. VTR disagrees with this interpretation and is evaluating its options for adjusting or increasing its subscriber rates in compliance with applicable laws.

Channel Lineup. With respect to VTR's ability to modify its channel lineup without the previous consent of the subscribers, Sernac expressed that such action may be against certain provisions of the applicable Consumer Protection Law, including those provisions prohibiting misleading advertisement, unilateral modification of the clients' contracts and abusive clauses. Sernac filed several lawsuits against VTR. In June 2008, the Court of Appeals of Santiago ruled against VTR in one of these lawsuits, and the Supreme Court rejected an appeal of this decision. Based on nine favorable rulings recently obtained by VTR, granting the company the right to modify its channel lineup, VTR disagrees with Sernac's interpretation. To prevent future conflicts with Sernac, VTR is negotiating with Sernac to establish common acceptable criteria to enable modifications of VTR's channel lineup.

Competition

The markets for video, broadband internet and telephony services, and for video programming, generally are highly competitive and rapidly evolving. Consequently, our businesses have faced and are expected to continue to face increased competition in these markets in the countries in which they operate and specifically, as a result of deregulation, in the EU. The percentage information in this section is as of the date of the relevant sources listed in the following sentences. The percentage information provided below for the UPC Europe Division is based on information from the subscription based website DataXis for the second quarter of 2010. For Chile where the percentage information is based on information provided by the Subsecretaria de Telecomunicaciones de Chile as of June 30, 2010. The competition in certain countries in which we operate is described more specifically after the respective competition overview on video, broadband internet and telephony.

Broadband Communications

Video Distribution

Our businesses compete directly with a wide range of providers of news, information and entertainment programming to consumers. Depending upon the country and market, these may include: (1) traditional over-the-air broadcast television services; (2) DTH satellite service providers; (3) DTT broadcasters, which transmit digital signals over the air providing a greater number of channels and better quality than traditional analog broadcasting; (4) other cable operators in the same communities that we serve; (5) other fixed line telecommunications carriers and broadband providers, including the incumbent telephony operators, offering video products (a) through broadband internet connections using DSL or ADSL technology (which we refer to as DSL-TV), (b) through DTH satellite systems, or (c) over fiber optic lines of FTTH networks; (6) satellite master antenna television systems, commonly known as SMATVs, which generally serve condominiums, apartment and office complexes and residential developments; (7) MMDS operators; (8) over-the-top video content providers utilizing our or our competitors' high-speed internet connections; and (9) movie theaters, video stores, video websites and home video products. Our businesses also compete to varying degrees with other sources of information and entertainment, such as online entertainment, newspapers, magazines, books, live entertainment/ concerts and sporting events.

Europe. In Europe, historically our principal competition in the provision of video services came from traditional over-the-air broadcasters in all markets; DTH satellite providers in many markets, such as Austria and Ireland where we compete with long-established satellite platforms; and cable operators in various markets where portions of our systems have been overbuilt. In some markets, competition from SMATV or MMDS could be a factor. Our operations in Hungary, Poland, Romania and Slovakia are significantly overbuilt by other cable operators. Based on internal estimates, approximately 53% and 45%, respectively, of our operations are overbuilt in Hungary and Poland. The percentage of overbuild in Poland is expected to decrease upon the closing an acquisition referenced under "*Central and Eastern Europe*" below. In Romania and Slovakia, approximately 30% and 46%, respectively, of our operations are overbuilt. In all these areas competition is particularly intense.

Over the last several years, competition has increased significantly from both new entrants and established competitors using advanced technologies and aggressively priced services. DTT is a significant part of the competitive market in Europe as a result of a number of different business models that range from full blown encrypted pay television to FTA television. Similarly DSL-TV, which is either provided directly by the owner of the network or by a third party, is fast becoming a significant part of the competitive environment. Also FTTH networks are becoming more prevalent and the number of providers of DTH satellite services has grown, particularly in the Central and Eastern European markets.

Portions of our systems have been overbuilt by FTTH networks. For example, FTTH networks have been launched by Reggefiber FttH (a partnership between Reggefiber ttH bv and KPN) in the Netherlands and by Telefónica 02 Czech Republic, a.s. in the Czech Republic. In Switzerland, Swisscom has launched a FTTH network which it plans to expand to approximately one million homes by 2015. In Hungary, Magyar Telekom Rt continues to expand its FTTH network, reaching approximately 135,000 homes in our network area by year-end 2010. In addition, there is increasing willingness from government and quasi government entities in Europe to invest in such networks, creating a new source of competition. At December 31, 2009, approximately 16.5% of our cable networks in the aggregate have been overbuilt by FTTH networks, ranging from approximately 1% of our footprint in Austria to 65% of our footprint in Slovakia.

In most of our Central and Eastern European markets, we are also experiencing significant competition from Digi TV, the DTH and cable platforms of a Romanian video, telephony and internet service provider that is targeting our analog cable, MMDS and DTH customers with aggressively priced DTH and cable packages, in addition to overbuilding portions of our cable network in Hungary and Slovakia. In the Czech Republic, CS Link and Skylink are also aggressive DTH competitors providing a substantial package of video content for a one-time up-front fee. The incumbent telecommunications operator in Romania also operates a competing DTH platform. Our DTH platforms, through Luxco DTH, offer advanced services and functionality, including DVR and premium content, to four of our Central and Eastern Europe markets.

In most of our European markets, competitive video services are now being offered by the incumbent telecommunications operator, whose video strategies include DSL-TV, DTH, DTT and FTTH. The ability of incumbent operators to offer the so-called "triple-play" of video, broadband internet and telephony services is exerting growing competitive pressure on our operations, including the pricing and bundling of our video products. In order to gain video market share, the incumbent operators and alternative service providers in a number of our larger markets have been pricing their DTT and DSL-TV video packages at a discount to the retail price of the comparable digital cable service and, in the case of DSL-TV, including DVRs as a standard feature.

To meet the challenges in this competitive environment, we tailor our packages in each country in line with one or more of three general strategies: channel offerings, recurring discounts for bundled services and loyalty contracts. Generally, discounts for bundled services are available in all our Europe operations. In addition, we seek to compete by accelerating the migration of our customers from analog to digital services, using advanced digital features such as VoD, HD, DVRs, catch-up television and offering attractive content packages and bundles of services at reasonable prices. VoD, HD and DVRs are an integral part of our digital services in almost all or our markets. In addition, from time to time, digital channel offerings are modified by our operations. Also, in Europe, the triple-play bundle is used as a means of driving video, as well as other products where convenience and price can be leveraged across the portfolio of services.

The Netherlands. In the Netherlands, 74% of all households subscribe to a cable service and UPC Netherlands' share of that video cable market is 35%. Historically, satellite television penetration has been the main source of our competition in the Netherlands. Competition from the DTT and DSL-TV services offered by KPN is also strong with KPN providing video services to 14% of the total video households. KPN is the majority owner of the Netherlands DTT service, Digitenne. It also offers a DSL-TV service that includes VoD, an electronic program guide and DVR functionality. KPN is targeting our price sensitive analog and digital customers with discounted Digitenne offers and, to an increasing extent, DSL-TV video packages. With its nationwide telecommunications network and ability to offer bundled triple-play services, KPN is a significant competitor. In addition, FTTH networks have become a serious competitive factor with Reggefiber FTTH networks in a number of cities and future expansion of these networks expected within our service area. To enhance its competitive position, UPC Netherlands offers VoD services, DVR functionality and HD set-top boxes to all UPC Netherlands digital cable customers. Such services allow UPC Netherlands subscribers to personalize their programming. Also, UPC Netherlands markets a variety of bundle options from which subscribers can select various combinations of services, including internet and telephony options, to meet their needs.

Switzerland. We are the largest cable television provider in Switzerland based on the number of video cable subscribers and are the sole provider in substantially all of our network area. Approximately 50% of video cable subscribers in Switzerland receive their service from Cablecom. Due to a small program offering, competition from terrestrial television in Switzerland is limited, although DTT is now available in most parts of Switzerland. DTH satellite services are also limited due to various legal restrictions such as construction and zoning regulations or rental agreements that prohibit or impede installation of satellite dishes. Given technical improvements, such as the availability of smaller satellite antennae, as well as the continuous improvements of DTH offerings, continued competition is expected from the satellite television operators. Our main competition is Swisscom, the incumbent telecommunications operator, which offers DSL-TV services to approximately 10% of all video subscribers in Switzerland and has plans to further extend its FTTH network. Swisscom offers VoD services as well as DVR functionality and HD services. To effectively compete, Cablecom enhanced its digital television platform by offering DVR functionality, HD services, VoD and catch-up television. Cablecom has also introduced promotion packages for its bundle services, offering triple-play services for the price of two and double-play services at a discount.

Other Western Europe. In Austria, we are the largest cable television provider based on number of video cable subscribers. Our primary competition in Austria for video customers is from FTA television received via satellite and from the DSL-TV services provided by the incumbent telecommunications operator, Telekom Austria AG. Over half of the Austrian households receive only FTA television compared to approximately 40% of Austrian households receiving a subscription cable video service. UPC Austria provides video cable services to approximately 37% of the cable households in Austria. Newer technologies such as DSL-TV from Telekom Austria AG represent an increasing threat with digital services incorporating premium services, such as VoD, offered at a heavy discount to the video cable subscription price within the market. Such DSL services are available to most of the homes passed by UPC Austria. To stay competitive, UPC Austria offers DVR functionality, HD services and VoD service. Also, UPC Austria markets competitively priced bundle options.

In Ireland, 31% of all households subscribe to a cable video service. UPC Ireland provides these services to all such households, making us the largest cable television provider in Ireland based on number of video cable subscribers. Our primary competition for video customers is from British Sky Broadcasting plc, which provides DTH satellite services in Ireland. It provides such services to 54% of the pay television households. We also face competition from smaller video providers, such as FTTH networks. To stay competitive, UPC Ireland has revised its channel offerings in its digital packages to include certain popular premium channels at no additional charge. It also markets a variety of bundle options from which subscribers can select various combinations of services to meet their needs.

Central and Eastern Europe. In Hungary, 56% of the households subscribe to a cable video service with approximately 26% using UPC Hungary's video cable service. We are the largest cable television provider based on number of video cable subscribers. Our subsidiary, Luxco DTH, also provides satellite services in Hungary in competition with other DTH providers. One of these DTH providers, Digi TV, is an aggressive competitor whose DTH services can reach up to 100% of our DTH and cable service areas in Hungary and who has overbuilt nearly half of UPC Hungary's cable service areas with its own cable network. Digi TV is targeting UPC Hungary's analog cable, internet and DTH subscribers with low-priced video packages. To meet the competition, UPC Hungary has introduced an aggressive price plan and targeted bundle offers for the areas in which Digi TV is operating its cable service. Digi TV has also started to overbuild our cable service area in Slovakia, with its cable services for video, broadband and voice now available in 15% of UPC Slovakia's cable service areas. UPC Hungary also faces competition from the incumbent telecommunications company Magyar Telekom Rt. (Magyar Telekom) (in which Deutsche Telekom has a majority stake). Magyar Telekom offers a DSL-TV service, including a VoD service, to internet subscribers of its ISP subsidiary and triple-play and with mobile, quadruple-play packages, as well as a DTH service with bundle options. Both Magyar Telekom and Digi TV also provide services over FTTH networks. To meet such competition, UPC Hungary offers a digital television platform with DVR functionality and HD and VoD services. Of the subscription video households in Hungary, 11% subscribe to Digi TV's DTH service, 7% subscribe to Digi TV's cable service and 23% subscribe to Magyar Telekom's DSL-TV service.

As in Hungary, Digi TV is also an aggressive DTH competitor in Romania, Czech Republic and Slovakia. Digi TV's share of the subscription video households for DTH services in Romania, Czech Republic and Slovakia is 18%, 19% and 28%, respectively. In Romania, Czech Republic and Slovakia, 43%, 16% and 34%, respectively, subscribe to a cable service. Our market share of such subscription cable video households is 30%, 76% and 29%, respectively. In Romania, competition also comes from alternative distributors of television signals, including Rom Telecom SA. In 2010, Digi TV launched a digital video service on its cable network to compete with UPC Romania's services. Of the subscription video households in Romania, 23% use Digi TV's cable service. In the Czech Republic, the incumbent telephone company offers a DSL-TV service, several other operators provide DTH services and a number of local ISPs provide FTTH services. In Slovakia, a number of ISPs have video services through FTTH available to a majority of the homes passed by our cable networks. In addition, over 95% of the Czech Republic can receive DTT services for free. This makes the market for television subscribers in the Czech Republic extremely competitive with price often the deciding factor. Pre-paid DTH services are also increasing in popularity in the Czech Republic and Slovakia. Luxco DTH has launched a prepaid product in the Czech Republic. In Poland, UPC Poland competes with four DTH service providers, including the incumbent telecommunications provider Telekomunikacja Polska SA, which launched its DTH service in 2008 and offers a mobile broadband service. UPC Poland also competes with three major cable operators with triple-play services, who have overbuilt portions of UPC Poland's operations. In December 2010, UPC Poland announced that it has reached an agreement to acquire 100% of Aster Sp.z.o.o. with services adjacent to or overlapping UPC Poland's service area. Also in Central and Eastern Europe, competition from DTT providers has increased significantly and FTTH networks are being trialed or expanded. Subscribers in Central and Eastern Europe tend to be more price sensitive than in other European markets. To address such sensitivity and meet competition, our operations in Central and Eastern Europe offer a variety of bundled service packages and enhanced digital services, such as VoD and DVR and channel offerings that include certain premium channels at no additional charge.

The Americas. In Chile, we are the largest cable television provider based on number of video cable subscribers. VTR competes primarily with DTH service providers in Chile, including the incumbent Chilean telecommunications operator Telefónica (using the brand name Movistar), Claro Chile S.A. ("Claro") and DirecTV Chile. Telefónica offers double-play and triple-play packages using DTH for video and ADSL for voice and internet. Claro is offering triple-play packages using DTH and, in certain areas of Santiago, through a hybrid fiber coaxial cable network. Claro is also expanding its hybrid fiber coaxial cable network in certain regional cities of Chile. Claro is an aggressive competitor targeting video subscribers, including VTR subscribers, with low price video packages. Other competition comes from video services offered by or over the networks of fixed line telecommunications operators using DSL or ADSL technology. Of the 37% of Chilean households receiving a cable video service, VTR services 51% of the video market, compared to 18% for Telefónica, 19% for Claro and 11% for DirecTV Chile. To effectively compete, VTR has enhanced its digital platform and is expanding to additional neighborhoods, and VoD, DVR, catch-up television and HD services are an integral part of its video packages.

Internet

With respect to broadband internet services and online content, our businesses face competition in a rapidly evolving marketplace from incumbent and non-incumbent telecommunications companies, mobile operators and cable based ISPs, many of which have substantial resources. The internet services offered by these competitors include both traditional dial-up internet services, wireline broadband internet services using DSL or FTTH, and wireless broadband internet services, in a range of product offerings with varying speeds and pricing, as well as interactive computer based services, data and other non-video services to homes and businesses. As the technology develops, competition from wireless services using various advanced technologies may become significant. We are seeing intense competition in Europe from mobile carriers that offer mobile data cards allowing a laptop user to access the carrier's broadband wireless data network with varying speeds and pricing.

Our strategy is speed leadership and we seek to out-perform on speed, including increasing the maximum speed of our connections and offering varying tiers of service and varying prices, as well as a bundled product offering and a range of value added services. In 2008, UPC Netherlands launched a new bundling strategy, along with (and including) its ultra high-speed internet service with speeds of up to 120 Mbps to compete with FTTH initiatives. In 2009, we also launched our ultra high-speed internet service in almost all of our other European markets. The focus is to launch high-end internet products to safeguard our high-end customer base and allow us to become more aggressive at the low and medium-end of the internet market. By fully utilizing the technical capabilities of Euro DOCSIS 3.0 technology, we can compete with local FTTH initiatives and create a competitive advantage compared to DSL infrastructures on a national level.

Europe. Across Europe, our key competition in this product market is from the offering of broadband internet products using various DSL-based technologies both by the incumbent phone companies and third parties. The introduction of cheaper and ever faster broadband offerings is further increasing the competitive pressure in this market. Broadband wireless services, however, are taking a foothold in a number of countries using ultra high speed mobile networks and high-speed downlink packet access developments.

In the Netherlands, we face competition from KPN, the largest broadband internet provider with 44% of the internet market, and operators using the unbundled local loop. UPC Netherlands provides broadband internet services to 14% of the total broadband internet market. In the second quarter of 2009, UPC Netherlands completed the upgrade of its network to Euro DOCSIS 3.0 and launched its new ultra high-speed internet portfolio. UPC Netherlands offers significantly more speed at price points similar to the competition.

In Switzerland, Swisscom is the largest provider of broadband internet services, with an estimated market share of 54% of all broadband internet customers. The next significant competitor is Sunrise Communications AG with 12% of the broadband internet market. Cablecom serves 18% of all broadband internet customers. Cablecom distinguishes itself through bundle offerings and its ultra high-speed internet services.

UPC Austria's largest competitor with respect to internet services is the incumbent telecommunications company, Telekom Austria AG, with approximately 57% of the total broadband internet subscribers in Austria. UPC Austria's share of the total broadband internet subscribers is 24%. In addition, UPC Austria faces competition from unbundled local loop access and mobile broadband operators, which have increased the competition in the broadband internet market significantly. Competitors in the Austrian broadband internet market are focusing on speed and pricing to attract customers. To compete, UPC Austria has launched bundled offers specifically aimed at these market segments. UPC Austria uses its ultra high-speed internet services and triple-play bundling capabilities across all market segments to encourage customers from other providers to switch to UPC Austria's services and to reduce churn in the existing customer base.

Mobile data card providers are gaining market share throughout Europe. For example, in Ireland, the largest telephony provider, Telefónica O2 Ireland Limited, offers a range of mobile internet products at competitive prices. The trend towards mobile internet is also visible throughout Europe, where market developments in Austria and Ireland (driven by "3", a brand name of Hutchison 3G Austria GmbH and Hutchison 3G Ireland Ltd.) are most significant. Outside of mobile internet, UPC Ireland's most significant competitor is the fixed line incumbent, Eircom Limited, with 47% of the broadband internet market.

In Central and Eastern Europe, our principal competitors are DSL operators and cable companies that are overbuilding our cable network. FTTH networks are also being built. To a lesser extent mobile broadband is also a threat in the Czech Republic and Slovakia. In Hungary, the primary competitors are the incumbent telecommunications company, Magyar Telekom Rt., cable services offered by Digi TV and Invitel Holdings A/S, as well as mobile broadband operators. Such competition has caused existing low-end options to be more prominent in the market. In all of our Central and Eastern Europe markets, except for Romania, we are using our ultra high-speed internet to attract and retain customers. In November 2010 we launched an ultra high-speed internet service in Cluj-Napoca, Romania as well.

The Americas. In Chile, VTR faces competition primarily from non-cable based internet service providers such as Telefónica (under the brand name Movistar), Claro and Telsur. Use of mobile broadband is also increasing. In response to the availability of mobile data in Chile, VTR has more than doubled its internet speeds for customers as a differentiation strategy. VTR is experiencing increased pricing and download speed pressure from Telefónica, Claro and Telsur and more effective competition from these companies with the bundle of their internet service with other services. VTR's share of the residential high-speed (300 kbps and greater) broadband internet market in Chile is 41%, compared to 47% for Telefónica. To effectively compete, VTR is expanding its two-way coverage and offering attractive bundling with telephony and digital video service. VTR also offers broadband services through WiMax in parts of Santiago.

Telephony

With respect to telephony services, our businesses continue to compete against the incumbent telecommunications operator in each country. These operators have substantially more experience in providing telephony services, greater resources to devote to the provision of telephony services and long-standing customer relationships. In many countries, our businesses also face competition from other cable telephony providers, wireless telephony providers, FTTH-based providers or other indirect access providers. Competition in both the residential and business telephony markets will increase with certain market trends and regulatory changes, such as general price competition, the offering of carrier pre-select services, number portability, continued deregulation of telephony markets, the replacement of fixed line with mobile telephony, and the growth of VoIP services. Carrier pre-select allows the end user to choose the voice services of operators other than the incumbent while using the incumbent's network. If competition in the telephony market continues to intensify, we may lose existing or potential subscribers to our competitors. We seek to compete on pricing as well as product innovation, such as personal call manager and unified messaging. We also offer varying plans to meet customer needs and various bundle options.

Europe. Across Europe our telephony businesses are generally small compared to the existing business of the incumbent phone company. The incumbent telephone companies remain our key competitors but mobile operators and new entrant VoIP operators offering service across broadband lines are also important in these markets. Generally, we expect telephony markets to remain extremely competitive.

Our telephony strategy in Europe is focused around price leadership, and we position our services as "unlimited", using our existing product portfolio. Our portfolio includes a basic telephony product for line rental (which includes unlimited network calling in some countries, like Romania), unlimited national off peak calling branded "Freetime" and unlimited national 24/7 calling branded "Anytime". Our price plans include unlimited international calls within the EU in most of our markets. We also use our bundle offerings to help promote telephony services.

In the Netherlands, KPN is the dominant telephony provider, but all of the large MSOs, including UPC Netherlands, as well as ISPs, offer VoIP services and continue to gain market share from KPN. In Switzerland, we are the largest VoIP service provider, but Swisscom is the dominant fixed line telephony service provider followed by Sunrise Communications AG, which also offers carrier pre-select services. To meet the competition, Cablecom enhanced its portfolio with attractive bundle options. The market share of the fixed line telephony market for UPC Netherlands is 9% and for Cablecom is 9%.

In Austria and in our Central and Eastern European markets, the incumbent telephone companies dominate the telephony market. Most of the fixed line competition to the incumbent telephone operators in these countries is from entities that provide carrier pre-select or wholesale line rental services. We also compete with ISPs that offer VoIP services and mobile operators. In Austria, we serve our subscribers with circuit switched telephony services, VoIP over our cable network, and DSL technology service over an unbundled loop. In Hungary, we provide circuit switched telephony services over our copper wire telephony network and VoIP telephony services over our cable network. We continue to gain market share with our VoIP telephony service offerings in most of our European markets and in some markets we have enhanced our telephony services through unlimited calling options.

The Americas. In Chile, VTR faces competition from the incumbent telecommunications operator, Telefónica, and other telecommunications operators such as TelSur and Claro. Telefónica and TelSur have substantial experience in providing telephony services, resources to devote to the provision of telephony services and longstanding customer relationships. Claro, Telefonica Moviles Chile SA and Entel PCS Telecomunicaciones SA are the primary companies that offer mobile telephony in Chile. Competition in both the residential and business telephony markets is increasing as a result of market trends and regulatory changes affecting general price competition, number portability, and the growth of VoIP services. Also, mobile services are expected to be bundled with other services by competitors, thereby enhancing their competitive position. VTR offers circuit switched and VoIP telephony services over its cable network. Although mobile phone use has increased, VTR's fixed line services have continued to increase because of the flat fee offer by VTR. In the residential market, VTR's share of the fixed line telephony market in Chile is 30%.

Legal Proceedings

From time to time, we may become involved in litigation relating to claims arising out of our operations in the normal course of business. We believe the ultimate resolution of any of these existing contingencies would not likely have a material adverse effect on our business, results of operations, financial condition or liquidity.

The Netherlands Regulatory Developments

For a description of current regulatory developments in the Netherlands which affect UPC Netherlands, please see "*—Regulatory Matters—The Netherlands*" in this offering memorandum.

Chilean Antitrust Matter

For a description of current regulatory developments in Chile which affect VTR, please see "*Business of UPC Holding—VTR (Chile)*" in this offering memorandum.

Other

In addition to the foregoing items, we have contingent liabilities related to (i) legal proceedings, (ii) wage, property, sales and other tax issues, (iii) disputes over interconnection fees and (iv) other matters arising in the ordinary course of business. We expect that the amounts, if any, which may be required to satisfy these contingencies will not be material in relation to our financial condition or results of operations.

Employees

As of September 30, 2010, we, including our consolidated subsidiaries, had an aggregate of approximately 9,900 employees, certain of whom belong to organized unions and works councils. Certain of our subsidiaries also use contract and temporary employees, which are not included in this number, for various projects. We believe that our employee relations are good.

Financial Information About Geographic Areas

Financial information related to the geographic areas in which we do business appears in note 13 to the September 30, 2010 Condensed Consolidated Financial Statements and note 18 to the December 31, 2009 Consolidated Financial Statements.

MANAGEMENT AND GOVERNANCE OF UPC HOLDING

Management of UPC Holding

The managing director of UPC Holding is Liberty Global Europe Management, which is an indirect wholly-owned subsidiary of LG Europe. The address for the managing director is Boeing Avenue 53, 1119 PE Schiphol Rijk, The Netherlands. The managing director is authorized to conduct the day-to-day business of UPC Holding and its subsidiaries within the governance of LGI and its subsidiaries.

Principal Shareholders of UPC Holding

UPC Holding is a wholly-owned direct subsidiary of LGE Financing, a wholly-owned indirect subsidiary of LG Europe. LG Europe is in turn wholly owned through a series of intermediate holding companies by LGI.

THE ISSUER

The Issuer is an exempted company incorporated in the Cayman Islands with limited liability. The Issuer was incorporated on February 1, 2011 under the Companies Law (2010 Revision) of the Cayman Islands with company registration number 251435. The registered office of the Issuer is at PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.

The authorized share capital of the Issuer is $50,000 divided into 50,000 ordinary shares of a par value of $1.00 each, 250 of which have been issued. All of the issued shares of the Issuer (the "Shares") are fully-paid and are held by the Share Trustee under the Declaration of Trust. The Shares are subject to the Share Charge. Pursuant to the Declaration of Trust, the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Declaration of Trust) and may only dispose or otherwise deal with the Shares with the approval of the Trustee for so long as there are any Notes outstanding or the Share Charge is subsisting. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has power with the consent of the Trustee, to benefit the holders of the Notes or Qualified Charities (as defined in the Declaration of Trust). It is not anticipated that any distribution will be made while any Note is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as share trustee) from, its holding of the Shares. The Notes are the obligations of the Issuer alone and not the Share Trustee.

The Issuer has been formed as a special purpose financing company for the primary purpose of facilitating the offering of the Notes and the proceeds from the Notes will be loaned by the Issuer to UPC Financing pursuant to the Finco Loan. Prior to the offering of the Notes, the Issuer did not engage in any business. Upon completion of this offering of Notes, the Issuer's only material assets will be the Finco Loan advanced in connection with the offering of the Notes and its rights under certain related agreements. The Issuer is wholly dependent on payments by UPC Financing on the Finco Loan in order to service its obligations under the Notes. See "*Risk Factors—Holders of the Notes have limited recourse to the Issuer, as payments under the Notes are limited to the amount of certain payments received by the Issuer under the UPC Broadband Holding Bank Facility and the related agreements*". The Issuer's only material liabilities will be under the Notes, although it may issue additional notes under the Indenture in the future. See "*Description of the Notes—Certain Covenants*". The Issuer has no material business operations, no direct subsidiaries and no employees.

Although UPC Holding and its subsidiaries have no equity or voting interest in the Issuer, the Finco Loan creates a variable interest in the Issuer for which UPC Financing is the primary beneficiary, as contemplated by U.S. GAAP. As such, UPC Financing and its parent entities, including UPC Holding, will be required by the provisions of U.S. GAAP to consolidate the Issuer following the issuance of the Notes. Accordingly, following the issuance of the Notes, the Finco Loan will be eliminated through the consolidation of the Issuer within UPC Holding's consolidated financial statements. See "*Risk Factors—Holders of the Notes have limited recourse to the Issuer, as payments under the Notes are limited to the amount of certain payments received by the Issuer under the UPC Broadband Holding Bank Facility and the related agreements*".

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS OF UPC HOLDING

Pay and Transactional Television

Chellomedia, which does not form part of UPC Holding and is part of the Chellomedia division of Liberty Global Europe, provides UPC Holding's operating companies with their pay television products, currently offering a number of thematic channels some of which originate from Chellomedia's digital media center located in Amsterdam.

The related party revenue from construction services provided to UPC Holding's equity method affiliates and, to a lesser extent, programming services provided to Chellomedia and certain transitional network services provided in 2007 to Telenet was €8.0 million during the nine months ended September 30, 2010 and €10.5 million, €13.3 million and €15.2 million during the years ended December 31, 2009, 2008 and 2007, respectively. Related party operating expenses are recognized primarily for programming and digital interactive services provided by Chellomedia and, to a lesser extent, programming services provided by Pramer S.C.A, an indirect subsidiary of LGI, in the aggregate amount of €43.1 million during the nine months ended September 30, 2010 and €52.6 million, €53.9 million and €59.7 million during the years ended December 31, 2009, 2008 and 2007, respectively. In addition, operating expenses include costs from programming and interconnect fees charged by certain of LGI's equity method affiliates of €6.9 million during the nine months ended September 30, 2010 and €10.0 million, €9.7 million and €9.2 million during the years ended December 31, 2009, 2008 and 2007, respectively. UPC Holding also recorded aggregate net expenses for services provided to and by Chellomedia for programming services, and services provided to and by Liberty Global Europe of €3.1 million during the nine months ended September 30, 2010 and €2.7 million, €4.7 million and €2.7 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Effective April 1, 2008, the business activities and certain assets of Chellomedia Interactive Services Group were transferred from Chellomedia to UPC Holding for no material consideration. Due to the relative immateriality of the amounts involved, UPC Holding did not restate prior period financial statements and, as such, it recorded the carrying value of the assets transferred of €10.1 million as a capital transaction during 2008.

Shareholder Loan

UPC Holding has an unsecured shareholder loan with LGE Financing, which, as amended on August 3, 2010, is scheduled to be repaid in 2030 and which is subordinated in right of payment to the prior payment in full of the UPCH Notes in the event of (a) its total or partial liquidation, dissolution or winding up, (b) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to UPC Holding or its property, (c) an assignment for the benefit of creditors or (d) any marshalling of UPC Holding's assets or liabilities. Accrued interest is included in other long-term liabilities and is added to the principal at the end of each fiscal year. The interest rate on the shareholder loan is reviewed annually, with any adjustment effective on October 1 of each year. The interest rates in effect for the 12 month periods beginning October 1, 2009, 2008 and 2007 were 4.80%, 7.58% and 7.06%, respectively. The net decrease in the shareholder loan during the nine months ended September 30, 2010 includes (i) cash payments of €1,765.8 million, (ii) cash borrowings of €1,686.2 million, (iii) a €27.7 million non-cash increase relating to the settlement of intercompany charges and allocations and (iv) individually insignificant net non-cash decreases aggregating €7.9 million. The net decrease in the shareholder loan balance during 2009 includes (i) cash payments of €2,535.1 million, (ii) cash borrowings of €1,893.5 million, (iii) additions of €568.1 million in non-cash accrued interest, (iv) consideration received of €11.5 million related to the transfer of LGE Ltd. and LG Europe (see note 4 to the December 31, 2009 Consolidated Financial Statements), (v) a €4.7 million non-cash increase relating to charges from LGI to UPC Holding in connection with LGI stock incentive awards exercised by UPC Holding's subsidiaries' employees and (vi) individually insignificant net non-cash decreases aggregating €7.0 million. The net decrease in the shareholder loan balance during 2008 includes (i) cash payments of €1,729.4 million, (ii) cash borrowings of €553.8 million, (iii) additions of €616.5 million in non-cash accrued interest, (iv) a €11.1 million non-cash increase relating to charges from LGI to UPC Holding in connection with LGI stock incentive awards exercised by UPC Holding's subsidiaries' employees and (v) individually insignificant net non-cash increases aggregating €9.4 million.

General Service Agreements

The general service agreements include the net effect of charges to and from various LGI subsidiaries, including (i) aggregate charges from LG Europe and LGE Ltd. of €38.8 million during the nine months ended September 30, 2010 and €51.4 million, €44.5 million and €81.5 million during the years ended December 31, 2009, 2008, and 2007, respectively, (ii) charges to Unitymedia of €17.4 million during the nine months ended September 30, 2010 and (iii) charges to LGI and certain other LGI subsidiaries of €12.3 million during the nine months ended September 30, 2010 and €20.8 million, €13.0 million and €32.3 million during the years ended December 31, 2009, 2008 and 2007, respectively. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to or by UPC Holding and, in the case of charges to Unitymedia, also include charges related to marketing and other services that support Unitymedia's broadband communications operations. The amounts charged generally are based on the respective subsidiary's estimated share of the applicable costs incurred (including personnel and other costs related to the services provided, which, in the case of the charges from LG Europe and LGE Ltd., include stock based compensation) plus a mark-up. The monthly charges are based on estimated costs that are reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The annual revision to reflect actual costs for 2009 and 2008 amounted to a €2.8 million decrease and a €1.7 million increase in our billings to LGI and certain other LGI subsidiaries during the three months ended March 31, 2010 and 2009, respectively. With the exception of the costs allocated to Unitymedia during the first quarter of 2010, which were cash settled with an indirect parent of Unitymedia, these charges are loan settled.

Transfer of Corporate and Administrative Functions

In December 2009, two of UPC Holding's subsidiaries that perform certain corporate and administrative functions were transferred outside of UPC Holding's group to another indirect subsidiary of LGI. As a common control transfer, this transaction was reflected at carryover basis and was given retroactive effect for all periods presented in UPC Holding's consolidated financial statements as of and for the year ended December 31, 2009. See note 3 to the September 30, 2010 Condensed Consolidated Financial Statements and note 4 to the December 31, 2009 Consolidated Financial Statements.

Allocated Stock-Based Compensation

LGI allocates stock based compensation to UPC Holding associated with the stock incentive awards held by certain employees of UPC Holding's subsidiaries. This allocation totaled €13.2 million during the nine months ended September 30, 2010 and €13.6 million, €32.3 million and €12.0 million during the years ended December 31, 2009, 2008 and 2007, respectively.

Tax Losses of Dutch Entities

UPC Holding and its Dutch subsidiaries are part of a Dutch tax fiscal unity with its ultimate Dutch parent company Liberty Global Holding and certain other non-UPC Holding subsidiaries. The Dutch fiscal unity combines individual tax paying Dutch entities and their parent company as one taxpayer for Dutch tax purposes. The income taxes of subsidiaries not included within this fiscal unity are presented in UPC Holding's financial statements on a separate return basis for each tax paying entity or group based on the local tax law.

For tax purposes, UPC Holding's net operating losses for the year can be offset with taxable income of non-UPC Holding subsidiaries within the Dutch fiscal unity. UPC Holding and Liberty Global Holding do not operate under a tax sharing agreement and no cash payments are made between the companies related to Dutch tax liabilities.

The pre-fiscal unity losses of Liberty Global Holding and of UPC Holding and its subsidiaries can only be offset with profits that occur within these groups. The loss for the nine months ended September 30, 2010 that relates to UPC Holding and its subsidiaries can also be offset against profits of other entities within the fiscal unity of Liberty Global Holding. As of January 1, 2007, net operating losses are no longer available to offset taxable income indefinitely. A nine year expiry period has been implemented, whereby, as a transition rule, net operating losses dating from 2001 and earlier will start to expire as of 2011, if not used to offset taxable income before that period.

Conflicts of Interest

Except as disclosed in this offering memorandum, there are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of UPC Holding towards UPC Holding and their private interests and/or other duties.

DESCRIPTION OF THE UPC BROADBAND HOLDING BANK FACILITY

The following contains a summary of the material provisions of the UPC Broadband Holding Bank Facility. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. Some of the terms used herein are defined in these agreements, and the Issuer has not included all of such definitions herein. In the following text, the terms, "we", "our", "our company" and "us" may refer, as the context requires, to UPC Holding or collectively to UPC Holding and its subsidiaries.

Introduction

The UPC Broadband Holding Bank Facility is a senior secured credit facility agreement entered into on January 16, 2004, as amended and restated pursuant to a deed of amendment and restatement dated May 10, 2006 and further amended pursuant to amendment letters dated December 11, 2006, April 16, 2007, April 30, 2009 and June 9, 2009, between, among others, UPC Broadband Holding, as borrower, The Bank of Nova Scotia as facility agent and security agent, and certain banks and financial institutions as lenders, also referred to in this offering memorandum as the "UPC Broadband Holding Bank Facility". A copy of the UPC Broadband Holding Bank Facility is set forth as Annex A to this offering memorandum.

Pursuant to the UPC Broadband Holding Bank Facility, The Bank of Nova Scotia as facility agent, and a number of banks and financial institutions, agreed to make available to the Borrowers (as defined below) certain term loans and additional facilities, from time to time, by procuring additional lenders to accede to the UPC Broadband Holding Bank Facility and to make available such additional facilities. UPC Holding, along with certain of its subsidiaries, is a guarantor under the UPC Broadband Holding Bank Facility.

Structure

The details of borrowings under the UPC Broadband Holding Bank Facility as of September 30, 2010, as adjusted for the issuance of the UPCB II Senior Secured Notes, are summarized in the following table:

		September 30, 2010			
Facility	**Final maturity date**	**Interest rate**	**Facility Amount (in borrowing currency) (a)**	**Unused borrowing capacity (b)**	**Carrying value (c)**
				in millions	
L	July 3, 2012	EURIBOR + 2.25%	€ 129.7	€ 129.7	€ —
M	December 31, 2014	EURIBOR + 2.00%	€ 316.6	—	316.6
N	December 31, 2014	LIBOR + 1.75%	$ 357.2	—	262.3
O	July 31, 2013	(d)	(d)	—	50.6
P	September 2, 2013	LIBOR + 2.75%	$ 188.6	—	138.5
Q	July 31, 2014	EURIBOR + 2.75%	€ 422.0	422.0	—
R	December 31, 2015	EURIBOR + 3.25%	€ 290.7	—	290.7
S	December 31, 2016	EURIBOR + 3.75%	€ 1,740.0	—	1,740.0
T	December 31, 2016	LIBOR + 3.50%	$ 1,071.5	—	779.9
U	December 31, 2017	EURIBOR + 4.00%	€ 750.8	—	750.8
V (e)	January 15, 2020	7.625%	€ 500.0	—	500.0
W	March 31, 2015	EURIBOR + 3.00%	€ 269.1	269.1	—
X	December 31, 2017	LIBOR + 3.50%	$ 1,042.8	—	765.6
Y (e)	July 1, 2020	6.375%	€ 750.0	—	750.0
Elimination of Facility V in consolidation (e)			€ (500.0)	—	(500.0)
Elimination of Facility Y in consolidation (e)			€ (750.0)	—	(750.0)
Total				€ 820.8	€5,095.0

(a) Represents total third-party facility amounts at September 30, 2010 without giving effect to the impact of discounts. Certain of the originally committed amounts under Facilities L, M, N and P have been novated to UPC Broadband Operations, a direct subsidiary of UPC Broadband Holding, and, accordingly, such amounts are not included in the table above. UPC Broadband Operations has waived any voting rights associated with facilities that have been, or may in the future be, novated to it.

(b) Based on September 30, 2010 compliance reporting requirements our availability under the UPC Broadband Holding Bank Facility was €438.7 million.

(c) The Facility T amount includes the impact of discounts.

(d) The applicable interest payable under Facility O is 2.75% per annum plus the specified percentage rate per annum determined by the Polish Association of Banking Dealers—Forex Poland or the National Bank of Hungary, as appropriate for the relevant period. The principal amount of Facility O is comprised of (i) a HUF 5,962.5 million (€21.6 million) sub-tranche and (ii) a PLN 115.1 million (€29.0 million) sub-tranche.

(e) The amounts outstanding under Facility V and Facility Y are eliminated through the consolidation of UPCB Finance and UPCB Finance II within UPC Holding's condensed consolidated financial statements. Pursuant to the Facility V and Facility Y accession agreements, the call provisions, maturity and applicable interest rates for Facility V and Facility Y are the same as those of the UPCB Senior Secured Notes and the UPCB II Senior Secured Notes, respectively.

Interest Rates

Under the UPC Broadband Holding Bank Facility, the rate of interest for each interest period in respect of each facility under the UPC Broadband Holding Bank Facility is the percentage rate per annum equal to the aggregate of an applicable margin, EURIBOR (or, in relation to any loan drawn under any facility in U.S. dollars, LIBOR) and any mandatory cost (calculated in accordance with the standard LMA calculations and formulae). Interest accrues daily from and including the first day of an interest period and is payable on the last day of each interest period (unless the interest period is longer than six months) and is calculated on the basis of a 360-day year.

Guarantees and Security

UPC Holding and certain of its subsidiaries act as guarantors in guaranteeing the obligations of the borrowers under the UPC Broadband Holding Bank Facility to the extent permitted by law. In addition, the UPC Broadband Holding Bank Facility requires, under certain circumstances, that additional members of the Borrower Group, as defined therein, become guarantors under the UPC Broadband Holding Bank Facility in order to ensure that the guarantors and their subsidiaries account for 95% of the Borrower Group's, as defined therein, consolidated EBITDA.

The indebtedness under the UPC Broadband Holding Bank Facility is primarily secured by way of a pledge over the shares in the holding company in each of the main jurisdictions in which the Borrower Group, as defined therein, operates. In addition pledges over certain intercompany receivables have also been granted.

Prepayment

In addition to scheduled repayments of principal, the UPC Broadband Holding Bank Facility must be prepaid (each facility in such proportion as described in the senior credit agreement) on the occurrence of any of the following events: (i) change of control; (ii) issuance of Relevant Convertible Preference Shares; (iii) receipt of Excess Cash Flow; or (iv) receipt of net proceeds of asset sales, each as defined therein.

Further, the indebtedness under the UPC Broadband Holding Bank Facility may be voluntarily prepaid in whole or in part, on giving at least five business days' prior written notice and in a minimum amount of €10,000,000 (or its equivalent in U.S. dollars or other currency), without premium or penalty and subject to break funding costs if any such prepayment is not made on an interest payment date. Any such voluntary prepayment is to be applied against the facilities in such proportions as stipulated by UPC Broadband Holding in the notice of prepayment.

The UPC Broadband Holding Bank Facility contains detailed provisions in relation to voluntary and mandatory prepayment. Such prepayments are described as being subject to certain conditions and exceptions such as the application of prepayment proceeds and the order of such application.

Undertakings

The UPC Broadband Holding Bank Facility contains certain negative undertakings that, subject to certain customary and other agreed exceptions, limit the ability of the Borrower Group, as defined therein, and, in certain cases, UPC Holding to, amongst other things:

- incur, create or otherwise permit to be outstanding, any financial indebtedness;
- reduce its capital or purchase or redeem any class of its shares or any other ownership interest in it;
- create or permit to subsist any security interest on or over the whole or any part of its assets, rights or remedies or prefer any future indebtedness of any member of the Borrower Group;
- sell, transfer, lease out, lend, cease to exercise direct control over or otherwise dispose of any part of its assets, rights, revenue or shareholdings;
- grant or permit to subsist any guarantees, indemnities or any loan or grant any credit;
- amend its constitutional documents;
- declare, make or pay any dividend on or make any distribution or pay any other amounts in respect of, or redeem its share capital, capital stock or other securities;

- make any payment of principal of, or interest on, any loans, transfer assets or other payments to LGE Financing, UPC Holding, LG Europe and certain associated companies of LG Europe;
- enter into any interest rate or currency swaps or other hedging arrangements other than as permitted under the UPC Broadband Holding Bank Facility; and
- issue any shares of any class to any person other than to a member of the Borrower Group, provided that the shares are charged.

In addition, the UPC Broadband Holding Bank Facility also requires UPC Broadband Holding and each obligor to observe certain affirmative undertakings subject to materiality and other customary and agreed exceptions.

A summary of the UPC Broadband Holding Bank Facility is set forth below. This summary is qualified in its entirety by reference to the text of the UPC Broadband Holding Bank Facility, a copy of which is attached as Annex A to this offering memorandum and incorporated herein by reference.

1. Borrowers: UPC Broadband Holding and UPC Financing together with any member of the Borrower Group (as defined below) which becomes an "Additional Borrower".

2. Guarantors: UPC Financing, UPC Broadband Holding, UPC Holding II B.V., UPC Holding, UPC France Holding B.V., UPC Luxembourg Holding B.V., UPC Western Europe Holding B.V., UPC Central Europe Holding B.V., UPC Nederland B.V., UPC Poland Holding B.V., UPC Broadband N.V., UPC Broadband Ireland B.V., UPC Chile Holding B.V. and UPC Switzerland Holding B.V. (the "Current Guarantors").

UPC Broadband Holding shall procure that at all times the value of the aggregate EBITDA of:

2.1 the Current Guarantors (other than UPC Broadband Holding, UPC Holding (or such other company which is the immediate holding company of UPC Broadband Holding from time to time) and UPC Holding II B.V.) and their respective subsidiaries; and

2.2 such additional subsidiaries of UPC Broadband Holding which have become Guarantors and their respective subsidiaries,

is equal to or greater than 95% of the consolidated EBITDA of the Borrower Group (as defined below). If necessary UPC Broadband Holding shall ensure additional of its subsidiaries become guarantors to comply with this guarantor coverage test.

The Borrowers and Guarantors are together referred to as the "Obligors".

3. Borrower Group: Borrower Group means:

(a) UPC Broadband Holding and its subsidiaries from time to time excluding "Unrestricted Subsidiaries"; and

(b) UPC Financing.

An "Unrestricted Subsidiary" means each subsidiary of UPC Broadband Holding, the acquisition cost of which and whose on-going funding requirements are not funded directly or indirectly by any member of the Borrower Group by way of drawings under the UPC Broadband Holding Bank Facility.

4. Facility Agent and Security Agent: The Bank of Nova Scotia.

5. Majority Lenders: Lenders whose undrawn commitments and participations in outstanding advances under the UPC Broadband Holding Bank

Facility exceed 66⅔% of the aggregate undrawn commitments and outstanding advances.

If such commitments or participations in advances are denominated in a currency other than euro they are translated into euros.

6. Material Adverse Effect: Any event or circumstance which has a material adverse effect on the ability of the Obligors (as a whole) to perform their payment or other material obligations under any of the finance documents (a "MAE").

7. Additional Facilities: There have been numerous accessions of "Additional Facilities" under the UPC Broadband Holding Bank Facility previously and there are currently 14 Additional Facilities outstanding. Such Additional Facilities are the only facilities outstanding under the UPC Broadband Holding Bank Facility. For further details, please refer to "—*Structure*".

Any person may become a Lender under the UPC Broadband Holding Bank Facility by delivering to the Facility Agent an accession agreement (an "Additional Facility Accession Agreement") which must be duly executed by that person, the Facility Agent and UPC Broadband Holding. That person shall become a Lender on the date specified in the Additional Facility Accession Agreement.

Each Lender will grant to the relevant Borrower a term loan facility (the "Additional Facility") in the amount specified in the Additional Facility Accession Agreement in euros, U.S. dollars or any of the lawful currencies in countries in which the Borrower Group does business.

Upon the relevant person becoming a Lender, the total commitments under the UPC Broadband Holding Bank Facility shall be increased by the amount in the Additional Facility Accession Agreement.

Execution of the Additional Facility Accession Agreement by UPC Broadband Holding and the relevant Borrower constitutes confirmation by each Guarantor that its guarantee obligations shall extend to the increased total commitments but otherwise continue unaffected.

8. Purpose: Each advance will be applied to finance the general corporate and working capital purposes of the Borrower Group, including, to finance capital expenditure and the making of acquisitions by the Borrower Group and the repayment or prepayment of any additional facilities.

9. Final Maturity Date: Maturity dates are set out in each relevant Additional Facility Accession Agreement. There are currently Additional Facilities with maturities extending until July 1, 2020.

10. Interest: Under the UPC Broadband Holding Bank Facility the rate of interest for each advance (for an interest period of one, two or three months at the relevant Borrower's option, or such other period not exceeding six months as agreed with all the Lenders) is expressed to be the rate per annum determined by the Facility Agent to be the aggregate of:

(a) the applicable margin;

(b) LIBOR (in the case of an advance denominated in U.S. dollars or other currency) or EURIBOR (in the case of an advance denominated in euros); and

(c) mandatory costs (calculated in accordance with the standard LMA calculations and formulae).

The margin for each Additional Facility is set out in the relevant Additional Facility Accession Agreement.

There is nothing in the UPC Broadband Holding Bank Facility which restricts an Additional Facility from having a fixed interest rate. Additional Facility Y, which is the Additional Facility to be lent by the Finco, will have a fixed interest rate.

Interest is payable on the last day of each interest period and but not less than semi-annually.

Default margin for unpaid amounts shall be 2% above the standard margin level.

11. Repayment: The repayment profile of each Additional Facility is set out in the relevant Additional Facility Accession Agreement.

12. Mandatory Prepayment: Mandatory prepayment and cancellation of all Additional Facilities is required in the circumstances set out in greater detail in the UPC Broadband Holding Bank Facility, including in the circumstances and in the amounts described below:

(a) at the option of the Majority Lenders, all Additional Facilities will be cancelled and all amounts outstanding will be prepaid, on the occurrence of:

(i) UGC ceasing to directly or indirectly own more than 50% of the issued share capital of UGC Europe Inc. (currently known as Liberty Global Europe, Inc.) ("UGCE Inc.") and ceasing to exercise management control over UGCE Inc.; or

(ii) UGCE Inc. ceasing to be the direct or indirect legal and beneficial owner of more than 50% of the voting and economic rights attaching to the issued share capital of, or otherwise ceasing to have the power to exercise management control over, UPC Holding (or such other company as is the immediate holding company of UPC Broadband Holding from time to time) ("UPC Broadband Holdco"); or

(iii) UPC Broadband Holdco ceasing, either directly or indirectly through one or more of its subsidiaries or other persons it controls, to be the legal and beneficial owner of 100% of the issued share capital of UPC Broadband Holding and UPC Holding II B.V., or otherwise ceasing to have the power to exercise management control over each of UPC Broadband Holding and UPC Holding II B.V.; or

(iv) UPC Broadband Holding ceasing, either directly or indirectly through one or more of its subsidiaries or other persons it controls, to be the legal and beneficial owner of at least 75% of the issued share capital of any Obligor or otherwise ceasing to have the power to exercise management control over such Obligor (other than UPC Broadband Holdco, UPC Holding II B.V., UPC Financing and UPC Broadband Holding); or

(v) UPC Broadband Holdco and UPC Holding II B.V. ceasing to be the legal and beneficial owners of 100% of the partnership interests in and economic rights attaching to the partnership interests of, or otherwise ceasing to have the power to exercise management control over, UPC Financing (any of the events described (i) to (v) above being a "Change of Control").

(b) an amount of all Additional Facilities equal to 50% of excess cashflow for any financial year is required to be prepaid, provided that such a prepayments of excess cashflow will not be required:

  (i) after the date that the Facility Agent receives accounts which show that, for the two most recent six month test periods (each covering two consecutive quarter end dates) the ratio of senior debt to annualized EBITDA is less than or equal to 4:1;

  (ii) if the excess cash flow in respect of the relevant financial year is less than €5,000,000; or

  (iii) if the Facility Agent acting on behalf of the Majority Lenders agrees otherwise; and

(c) an amount of all the Additional Facilities equal to 40% of the proceeds of an issue of convertible preference shares by a member of the UGCE Borrower Group (defined as UGCE Inc.; any other company of which UPC Broadband Holding is a subsidiary and which is a subsidiary of UGCE Inc.; and UPC Holding II B.V.) is required to be prepaid (and such prepayment shall be applied pro rata against all outstanding advances), provided that such prepayment will not be required after the date the Facility Agent receives accounts which show that for the two most recent six month test periods (each covering two consecutive quarter end dates) the ratio of senior debt to annualized EBITDA is less than or equal to 3.5:1; and

(d) an amount of all the Additional Facilities equal to four times annualized EBITDA of any person or asset that is disposed of in accordance with the disposals clause (other than certain permitted disposals) is required to be prepaid, provided that such prepayment will not be required:

  (i) where the amount required to be prepaid would be less than €100,000,000;

  (ii) where the amount required to be prepaid is instead deposited into a blocked account on terms that such amount may only be released to make a prepayment in relation to a disposal or to reinvest in assets (including acquisitions and capital expenditure). Any amount not reinvested within 12 months will be applied in prepayment of the Additional Facilities; or

  (iii) the Majority Lenders waive the requirement to prepay, provided that prepayment will still be required to ensure that the financial ratios for the most recent six month test period (covering two consecutive quarter end dates) in respect of the disposal would not be breached if such ratios were tested for that test period taking into account the disposals made since the last day of that test period and any prepayment.

Any prepayment of the Additional Facilities from excess cash flow or an issue of convertible preference shares will be applied *pro rata* against outstanding advances, first against advances other than advances that can be prepaid and re-borrowed (and, if applicable, against the repayment installments for the relevant Additional Facility or Additional Facilities in such order as may be specified by UPC Broadband Holding) and second against advances that can be repaid or voluntarily prepaid and reborrowed.

Any prepayment of the Additional Facilities from disposal proceeds will be applied against the Additional Facilities at UPC Broadband Holding's election and against outstanding advances under the relevant Additional Facility, *pro rata* (and, if applicable, against the repayment installments for the relevant Additional Facility or Additional Facilities in such order as may be specified by UPC Broadband Holding).

Amounts required to be prepaid may be placed in an escrow account pending the next interest re-set, in order to avoid breakage costs.

Amounts mandatorily prepaid are not available for redrawing and all the Additional Facilities shall be reduced accordingly.

13. Voluntary Prepayment:

Voluntary prepayment of outstanding advances under any Additional Facility is permitted at any time on five business days' prior written notice (such notice is irrevocable) and in a minimum amount of €10,000,000 (or its equivalent in U.S. dollars or other currency).

Voluntary prepayments will be applied against amounts outstanding under any Additional Facility in such proportion as UPC Broadband Holding specifies in its notice of prepayment (and prepayments shall be applied against all outstanding advances under the relevant Additional Facilities *pro rata* or against such advances or repayment installments as specified by UPC Broadband Holding).

Any prepayment, other than on an interest payment date shall incur broken funding costs.

Any amount of an advance voluntarily prepaid by UPC Broadband Holding may be reborrowed, if permitted by the relevant Additional Facility Accession Agreement.

14. Cancellation:

Any unutilized commitment of any Additional Facility may be cancelled, in whole or in part, at any time on five business days' prior written notice (such notice to be irrevocable). Partial cancellation must be in a minimum amount of €10,000,000 (or its equivalent in U.S. dollars or other currency). No premium or penalty shall apply and amounts cancelled may not be reinstated.

The undrawn amount of any commitment under any Additional Facility shall be automatically cancelled immediately following the last day of the availability period (as specified in the relevant Additional Facility Accession Agreement).

15. Security:

All Additional Facilities are secured on a *pari passu* basis by:

(a) share pledges given in respect of the share capital (or equivalent) of:

   (i) UPC Broadband Holding;

   (ii) UPC Holding II B.V.;

   (iii) UPC Luxembourg Holding B.V.;

   (iv) UPC Western Europe Holding B.V.;

   (v) UPC France Holding B.V.;

   (vi) UPC Nederland B.V.;

   (vii) UPC Central Europe Holding B.V.;

   (viii) UPC Czech Holding B.V.;

(ix) UPC Slovakia Holding B.V.;

(x) UPC Romania Holding B.V.;

(xi) UPC Poland Holding B.V.;

(xii) UPC Switzerland Holding B.V.;

(xiii) UPC Chile Holding B.V.; and

(xiv) UPC Broadband Ireland B.V.

(b) Share pledges in respect of the share capital of each additional Obligor;

(c) Pledge by each of UPC Holding and UPC Holding II B.V. of its partnership interest in UPC Financing;

(d) Pledge of inter-company loans from Obligors to other members of the Borrower Group;

(e) Pledge of subordinated shareholder loans made to members of the Borrower Group;

(f) Bank account pledge between UPC Broadband Holding and Fortis Bank (Nederland) B.V.; and

(g) Deed of pledge of registered shares by UPC Broadband Holding over its interest in UGC Europe Holding Services B.V.

16. Representations and Warranties:

Usual representation and warranty package for this type of transaction (subject to agreed exceptions, materiality and MAE qualifications and disclosures as detailed in the UPC Broadband Holding Bank Facility), to be given by each Obligor to the finance parties, in respect of itself and, where applicable, its subsidiaries which are members of the Borrower Group, including, but not limited to:

(a) status and due incorporation;

(b) power and authority to perform obligations under the finance documents;

(c) legal validity of the finance documents, recognition of choice of law and recognition of jurisdiction and judgments;

(d) execution and performance of the finance documents does not violate any laws, constitutional documents or other documents;

(e) all necessary licenses and authorizations are in full force and effect;

(f) enforceability of material contracts and no breach or amendment of material contracts;

(g) no event of default under any other agreement or law;

(h) accuracy and basis of preparation of accounts to be delivered (U.S. GAAP);

(i) all environmental licenses have been acquired, environmental law compliance and no material environmental claims;

(j) no litigation or similar proceedings;

(k) ownership, maintenance and non-infringement of intellectual property rights;

(l) relevant United States regulations compliance;

(m) anti-terrorism laws;

(n) non-engagement in business of extending credit for purchasing or carrying margin stock;

(o) compliance with U.S. Investment Company Act of 1940, as amended; and

(p) compliance with U.S. Public Utility Holding Company Act of 1935.

The representations and warranties listed (a) to (p) above constitute the repeating representations and warranties under the UPC Broadband Holding Bank Facility and will be deemed to be repeated by each relevant Obligor on the date of each request, on each drawdown date and on the first day of each interest period.

17. Non-Financial Undertakings:

Customary for this type of agreement (subject to agreed exceptions, materiality and MAE qualifications and disclosures as detailed in the UPC Broadband Holding Bank Facility), to be given by each Obligor in respect of itself and, where applicable, its subsidiaries which are members of the Borrower Group:

(a) timely delivery by UPC Broadband Holding of information in relation to the Borrower Group, including:

  (i) audited consolidated financial statements of UPC Broadband Holdco, as soon as available and within 150 days of financial year end;

  (ii) unaudited quarterly management accounts of UPC Broadband Holdco, as soon as available and within 60 days of the end of each financial quarter respectively or, in the case of fourth quarter management accounts, within 150 days of each such financial quarter;

  (iii) annual budgets for each financial year, by no later than 60 days after the end of the previous financial year;

  (iv) in relation to UGC, delivery of Forms 10Q, as soon as available and in any event within 90 days of each financial quarter and Forms 10K, as soon as available and in any event within 180 days of each financial year end;

  (v) annual and quarterly compliance certificates in an agreed format; and

  (vi) details of the principal terms of any senior hedging or high yield hedging arrangements; and

(b) notice of default, notice of material non-compliance with any law or regulation relating to an ERISA plan and access to properties, books and records, principal officers and auditors (i) after occurrence of an event of default or if reasonable grounds for belief that an event of default exists or (ii) at other times upon reasonable notice and reasonable grounds;

(c) obtain, maintain, comply and renew all necessary licenses, filings, consents and authorizations required to perform its obligations under the finance documents and ensure that no necessary authorizations or licenses are revoked, cancelled or similar;

(d) *pari passu* ranking of payment obligations;

(e) negative pledge;

(f) restriction on engaging in activities outside the permitted business; and/or maintenance of the business of acting as holder of shares of other members of the Borrower Group; UPC Financing to maintain business of a finance company for and in respect of the Borrower Group;

(g) compliance in all material respects with applicable laws, regulations and rules;

(h) disposals restriction;

(i) restriction on mergers and acquisitions;

(j) restriction on incurring financial indebtedness;

(k) restriction on payments of dividends and distributions; principal or interest on any loan; and other payments in each case to "Restricted Persons" (defined as UGCE Inc., Liberty Global Europe Holding B.V., LGE Financing, UPC Holding, any other company (not being a member of the Borrower Group) which is a subsidiary of, or an associated company of, UGCE Inc.) Restriction on entry into transactions with Restricted Persons, other than on arm's length commercial terms;

(l) restriction on loans and guarantees and other extensions of credit granted or issued for the benefit of persons who are not members of the Borrower Group;

(m) compliance with environmental laws, obtain and compliance with all environmental licenses and obligations, notification of any claim under applicable environmental law;

(n) maintenance of typical insurance cover;

(o) restrictions on hedging arrangements;

(p) maintenance, protection, preservation, of intellectual property rights;

(q) restriction on reduction, purchase or redemption of any class of shares or other ownership interest;

(r) ensure relevant members of the Borrower Group maintain (i) inter-connection agreements with major fixed line telephony operators in each relevant jurisdiction; and (ii) arrangements on arm's length commercial terms with UPC Broadband Holding (or other provider) for the provision of internet and/or data services;

(s) ensure contractual arrangements between Priority Telecom N.V. and the Borrower Group are on arm's length commercial terms (or on terms that are in the best interests of the Borrower Group);

(t) prompt transfer, at the end of each calendar month or each calendar quarter, upon request of the Facility Agent (acting on instruction of the Majority Lenders), of any amount of cash in hand in excess of €5,000,000, into an account in the name of UPC Broadband Holding, pledged pursuant to the security. Such amount may be applied to meet ordinary course of business expenditure if no default is continuing;

(u) restrictions on the issue of shares by members of the Borrower Group;

(v) Restricted Persons to enter into a pledge of subordinated shareholder loans and security provider's deed of accession, before making any financial indebtedness available to the Borrower Group;

(w) UPC Broadband Holding to procure the grant of further security over receivables aggregating €10,000,000 or more (or its equivalent) owing to members of the Borrower Group by Priority Telecom N.V., if the Majority Lenders require;

(x) Borrower Group members to maintain a financial year-end of December 31;

(y) capital expenditure of the Borrower Group restricted to its permitted business;

(z) no amendments to the constitutive documents of members of the Borrower Group;

(aa) compliance with ERISA; and

(bb) proceeds of any loan made to UPC Financing by UPC Broadband Holding or UPC Holding II BV and the proceeds of any drawing by UPC Financing, to be invested in the Borrower Group by way of intercompany loan or equity subscription.

18. Financial Covenants: The UPC Broadband Holding Bank Facility requires UPC Broadband Holding to procure the maintenance of the following financial ratios (each as defined therein) and set out specific ratios to be met in relation to each of the below, to be tested quarterly:

(a) ratio of senior debt to annualized EBITDA to be no more than 4.00:1;

(b) ratio of EBITDA to total cash interest to be no less than 3.00:1;

(c) ratio of EBITDA to senior debt service to be no less than 1.00:1;

(d) ratio of EBITDA to senior interest to be no less than 3.40:1; and

(e) ration of total debt to annualized EBITDA to be no more than 5.75:1.

Provided UPC Broadband Holding complies with the required financial covenant levels, it has the ability to increase its borrowings under the UPC Broadband Holding Bank Facility.

19. Events of Default: Customary for this type of agreement, including without limitation (and subject to agreed exceptions, thresholds, materiality and MAE qualifications and grace periods):

(a) non-payment under the finance documents (other than mandatory prepayment from disposal proceeds);

(b) breach of covenants or breach of other provisions of the finance documents;

(c) representation or warranty is incorrect in any material respect;

(d) cross default:

  (i) non-payment of financial indebtedness by the Borrower Group or the UGCE Borrower Group;

  (ii) any financial indebtedness of the Borrower Group or the UGCE Borrower Group is prematurely due and payable or placed on demand as a result of an event of default; or

  (iii) any financial indebtedness of the Borrower Group or the UGCE Borrower Group becomes capable of being prematurely due and payable or placed on demand as a result of an event of default; and

(e) insolvency, bankruptcy, winding up, moratorium, administration, enforcement proceedings, assignment for the benefit of creditors or similar, of Obligors, members of the UGCE Borrower Group and material members of the Borrower Group;

(f) any formal voluntary steps towards insolvency proceedings, any meetings or filing in connection with such proceedings and any petition for winding-up or similar;

(g) appointment, or request of appointment, of liquidator, administrator, receiver or similar in respect of any Obligor, member of the UGCE Borrower Group or material member of the Borrower Group;

(h) enforcement of a creditor's process against any Obligor, member of the UGCE Borrower Group or material member of the Borrower Group;

(i) unlawfulness of performance of obligations under the finance documents;

(j) repudiation of any finance document;

(k) cessation of business;

(l) expropriation events;

(m) environmental matters;

(n) breach by a subordinated creditor of obligations or warranties under the security deed or pledge of subordinated shareholder loans;

(o) loss, breach or failure to renew material licenses;

(p) termination, suspension, alteration, breach or repudiation of material contracts;

(q) event or series of events reasonably likely to have an MAE; and

(r) certain ERISA events.

20. Tax: All payments must be made free and clear of any taxes, deductions or withholdings whatsoever. Borrower gross-up if necessary and Lenders reimburse any tax credit received as a result.

21. Amendments and Waivers: Subject to below, any term of the finance documents can be amended or waived only by Majority Lender and UPC Broadband Holding written consent.

Certain waivers and amendments will require all Lender consent. These include waivers and amendments relating to extensions of maturity, reduction in fees or margin and increasing additional facility commitments.

22. Transferability: General restriction on Obligors transferring their interests under the UPC Broadband Holding Bank Facility except pursuant to a merger or a transfer by UPC Broadband Holdco to a new immediate holding company of UPC Broadband Holdco.

Lenders can assign or transfer by novation their rights and obligations under the finance documents any time subject to the following:

(a) partial transfer must be in a minimum amount of €1,000,000;

(b) prior consent of UPC Broadband Holding (not to be unreasonably withheld or delayed) required unless transfer is to another Lender, an affiliate, a related fund or an event of default is outstanding;

(c) transfer effected by novation certificate duly executed by the parties and the Facility Agent; and

(d) €1,500 fee.

The existing lender is not responsible to the new lender and the new lender confirms it has carried out its own appraisal of the obligors.

No restriction on sub-participations.

23. Law:	English.
24. Miscellaneous:	The UPC Broadband Holding Bank Facility contains service of process and submission to English jurisdiction clauses.

DESCRIPTION OF OTHER INDEBTEDNESS OF UPC HOLDING

The following contains a summary of the material provisions of the intercreditor deed with respect to the UPC Broadband Holding Bank Facility, the UPCH Notes, the UPC Holding Facility, the VTR Bank Facility and certain intercompany loans. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. Some of the terms used herein are defined in these agreements, and the Issuer has not included all of such definitions herein. In the following text, the terms, "we", "our", "our company" and "us" may refer, as the context requires, to UPC Holding or collectively to UPC Holding and its subsidiaries.

Security Deeds

A security deed executed in October 2000 (the "October Security Deed"), and a security deed executed in January 2004, (the "January Security Deed"), which together with the October Security Deed, are referred to as (the "Security Deeds"), were entered into in connection with a senior credit agreement between UPC Broadband Holding B.V. as borrower, TD Bank Europe Limited (subsequently replaced by The Bank of Nova Scotia), as facility agent and certain other banks and financial institutions and was executed on October 26, 2000 (the "October Facility") and the UPC Broadband Holding Bank Facility, respectively. The October Security Deed regulates the sharing and enforcement of the security as between the lenders, their agent, and the relevant hedge providers and is still in force notwithstanding the fact that the October Facility has now been repaid in full. The January Security Deed, which is substantially in the same form as the October Security Deed, regulates the sharing and enforcement of the security as between the lenders under the UPC Broadband Holding Bank Facility, their agent and the relevant hedge providers. The main difference between the two Security Deeds is that the senior hedging banks and senior hedging counterparties are not party to the January Security Deed since their interests are already secured and are covered in the October Security Deed. However, the high yield hedging counterparties and high yield hedging banks under the October Security Deed are party to the January Security Deed, which provides that the high yield hedging banks shall share, pro rata with the lenders and the senior hedging banks, up to €200,000,000 on any enforcement (as opposed to €100,000,000 under the October Security Deed). High yield hedging covers any agreement that hedges interest rate or currency exposure in relation to high yield notes or any other form of subordinated debt raised outside of the Borrower Group and on-lent to the Borrower Group for application (in whole or in part) in prepayment of the facilities.

Any sums advanced as an additional facility (under the senior credit agreement) will benefit from the security granted in connection with the UPC Broadband Holding Bank Facility and such additional facility lender will accede to the January Security Deed.

€300 million 8% Senior Notes

On October 31, 2006, Cablecom issued the 8% Notes which, upon consummation of the Cablecom Transfer on April 17, 2007, became our direct obligations on terms substantially identical (other than as to interest, maturity and redemption) to those governing the 2005 UPCH Notes. The 8% Notes benefit from the intercreditor arrangements described below. The 8% Notes mature on November 1, 2016. The 8% Notes are senior obligations that rank equally with all of our existing and future senior debt and are senior to all of our existing and future subordinated debt. The 8% Notes are secured by a first ranking pledge of the shares of UPC Holding. In addition, the 8% Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of €50.0 million or more in the aggregate of UPC Holding or its Restricted Subsidiaries (as defined in the indenture), including UPC Broadband Holding, is an event of default under the 8% Notes.

We may redeem some or all of the 8% Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date, if redeemed during a specified 12 month period.

We may redeem all of the 8% Notes at a price equal to their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in tax law. If we or certain of our subsidiaries sell certain assets or experience specific changes in control, we must offer to repurchase the 8% Notes at a redemption price of 101%.

€400 million 9¾% Senior Notes

On April 30, 2009 we issued the 9¾% Original Notes and on May 29, 2009, we issued the 9¾% Additional Notes. The 9¾% Notes mature on April 15, 2018. The 9¾% Notes benefit from the intercreditor arrangements described below. The 9¾% Notes are senior obligations that rank equally with all of our existing and future senior debt and are senior to all of our existing and future subordinated debt. The 9¾% Notes are secured by a third ranking pledge of the shares of UPC Holding. In addition, the 9¾% Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of €50.0 million or more in the aggregate of UPC Holding or its Restricted Subsidiaries (as defined in the indenture), including UPC Broadband Holding and UPC Financing, is an event of default under the 9¾% Notes.

At any time prior to April 15, 2013, we may redeem some or all of the 9¾% Notes by paying a specified "make-whole" premium. On or after April 15, 2013, we may redeem some or all of the 9¾% Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date, if redeemed during a specified 12 month period. In addition, at any time prior to April 15, 2012, we may redeem up to 35% of the 9¾% Notes (at a redemption price of 109.75% of the principal amount) with the net proceeds from one or more specified equity offerings.

We may redeem all of the 9¾% Notes at a price equal to their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in tax law. If we or certain of our subsidiaries sell certain assets or experience specific changes in control, we must offer to repurchase the 9¾% Notes at a redemption price of 101%.

$400 million 9⅞% Senior Notes

On May 29, 2009, we issued the 9⅞% Notes. The 9⅞% Notes mature on April 15, 2018. The 9⅞% Notes benefit from the intercreditor arrangements described below. The 9⅞% Notes are senior obligations that rank equally with all of our existing and future senior debt and are senior to all of our existing and future subordinated debt. The 9⅞% Notes are secured by a fourth ranking pledge of the shares of UPC Holding. In addition, the 9⅞% Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of €50.0 million or more in the aggregate of UPC Holding or its Restricted Subsidiaries (as defined in the indenture), including UPC Broadband Holding and UPC Financing, is an event of default under the 9⅞% Notes.

At any time prior to April 15, 2014, we may redeem some or all of the 9⅞% Notes by paying a specified "make-whole" premium.

On or after April 15, 2014, we may redeem some or all of the 9⅞% Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date, if redeemed during a specified 12 month period. In addition, at any time prior to April 15, 2012, we may redeem up to 35% of the 9⅞% Notes (at a redemption price of 109.875% of the principal amount) with the net proceeds from one or more specified equity offerings.

We may redeem all of the 9⅞% Notes at a price equal to their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in tax law. If we or certain of our subsidiaries sell certain assets or experience specific changes in control, we must offer to repurchase the 9⅞% Notes at a redemption price of 101%.

$640 million 8⅜% Senior Notes

On August 13, 2010, we issued the 8⅜% Notes. The 8⅜% Notes mature on August 15, 2020. The 8⅜% Notes benefit from the intercreditor arrangements described below. The 8⅜% Notes are senior obligations that rank equally with all of our existing and future senior debt and are senior to all of our existing and future subordinated debt. The 8⅜% Notes are secured by a fifth ranking pledge of the shares of UPC Holding. In addition, the 8⅜% Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of €50.0 million or more in the aggregate of UPC Holding or its Restricted Subsidiaries (as defined in the indenture), including UPC Broadband Holding and UPC Financing, is an event of default under the 8⅜% Notes.

At any time prior to August 15, 2015, we may redeem some or all of the 8⅜% Notes by paying a specified "make-whole" premium.

On or after August 15, 2015, we may redeem some or all of the 8⅜% Notes at certain redemption prices (expressed as a percentage of the principal amount) plus accrued interest and unpaid interest and additional amounts, if any, to the applicable redemption date, if redeemed during a specified 12 month period. In addition, at any time prior to August 15, 2013, we may redeem up to 35% of the 8⅜% Notes (at a redemption price of 108.375% of the principal amount) with the net proceeds from one or more specified equity offerings.

We may redeem all of the 8⅜% Notes at a price equal to their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in tax law. If we or certain of our subsidiaries sell certain assets or experience specific changes in control, we must offer to repurchase the 8⅜% Notes at a redemption price of 101%.

UPCB Senior Secured Notes and Facility V under the UPC Broadband Holding Bank Facility

On January 20, 2010, UPCB Finance Limited, a special purpose financing company created for the primary purpose of issuing senior notes and owned 100% by a charitable trust, issued €500.0 million principal amount of 7⅝% senior secured notes at an original issue discount of 0.862%, resulting in cash proceeds before commissions and fees of €495.7 million. UPCB Finance Limited used the proceeds from the UPCB Senior Secured Notes to fund a new Facility V under the UPC Broadband Holding Bank Facility, with UPC Financing, a indirectly wholly-owned subsidiary of UPC Holding, as the borrower. UPC Financing used the proceeds from Facility V to reduce outstanding amounts under Facilities M and Q under the UPC Broadband Holding Bank Facility through (i) the novation of €152.7 million of commitments under Facility M to UPC Broadband Operations and (ii) the use of the remaining €347.3 million to repay borrowings under Facility Q.

UPCB Finance Limited is dependent on payments from UPC Financing under Facility V in order to service its payment obligations under the UPCB Senior Secured Notes. Although UPC Financing has no equity or voting interest in UPCB Finance Limited, the Facility V loan creates a variable interest in UPCB Finance Limited for which UPC Financing is the primary beneficiary, as contemplated by U.S. GAAP. As such, UPC Financing and its parent entities, including UPC Holding, are required by the provisions of U.S. GAAP to consolidate UPCB Finance Limited following the issuance of the UPCB Senior Secured Notes. Accordingly, the amounts outstanding under Facility V will be eliminated within UPC Holding's consolidated financial statements.

The UPCB Senior Secured Notes have been issued pursuant to an indenture, dated January 20, 2010. Facility V is made pursuant to an Additional Facility V Accession Agreement (the "Facility V Accession Agreement"). Pursuant to the Facility V Accession Agreement, the call provisions, maturity and applicable interest rate for Facility V are the same as those of the UPCB Senior Secured Notes. UPCB Finance Limited, as a lender under the UPC Broadband Holding Bank Facility, will be treated the same as the other lenders under the UPC Broadband Holding Bank Facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to the other lenders. Through the covenants in the indenture governing the UPCB Senior Secured Notes and the security interests over (i) all of the issued shares of UPCB Finance Limited and (ii) Facility V, granted to secure UPCB Finance Limited's obligations under the UPCB Senior Secured Notes, the holders of the UPCB Senior Secured Notes will be provided indirectly with the benefits, rights, protections and covenants, granted to UPCB Finance Limited as a lender under the UPC Broadband Holding Bank Facility.

UPCB Finance Limited is prohibited from incurring any additional indebtedness, subject to certain exceptions under the indenture governing the UPCB Senior Secured Notes.

The UPCB Senior Secured Notes are non-callable until January 15, 2015. At any time prior to January 15, 2015, upon the occurrence of an Early Redemption Event (being a voluntary prepayment of all or a portion of Facility V), UPCB Finance Limited will redeem an aggregate principal amount of the UPCB Senior Secured Notes equal to the amount of Facility V prepaid, at a redemption price equal to the sum of (i) 100% of the principal amount thereof, (ii) the excess of (a) the present value at such redemption date of (1) the redemption price on January 1, 2015, plus (2) all required remaining scheduled interest payments due through January 1, 2015, computed using the discount rate specified in the indenture, over (b) the principal amount of the UPCB Senior Secured Notes on the redemption date and (iii) accrued but unpaid interest and additional amounts, if any, to the applicable redemption date. On or after January 15, 2015, upon the occurrence of an Early Redemption Event (as defined in the indenture), UPCB Finance Limited will redeem an aggregate principal amount of the UPCB Senior Secured Notes equal to the principal amount of Facility V prepaid at the redemption prices set forth in the indenture governing the UPCB Senior Secured Notes, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

UPCB II Senior Secured Notes and Facility Y under the UPC Broadband Holding Bank Facility

On January 31, 2011, UPCB Finance II Limited, a special purpose financing company created for the primary purpose of issuing senior notes and owned 100% by a charitable trust, issued €750.0 million principal amount of 6⅜% senior secured notes (the "UPCB II Senior Secured Notes") resulting in gross proceeds of €750.0 million. UPCB Finance II Limited used the proceeds from the UPCB II Senior Secured Notes to fund a new Facility Y under the UPC Broadband Holding Bank Facility, with UPC Financing, an indirectly wholly-owned subsidiary of UPC Holding, as the borrower. UPC Financing used the proceeds from Facility Y to reduce outstanding amounts under Facilities M and U under the UPC Broadband Holding Bank Facility.

UPCB Finance II Limited is dependent on payments from UPC Financing under Facility Y in order to service its payment obligations under the UPCB II Senior Secured Notes. Although UPC Financing has no equity or voting interest in UPCB Finance II Limited, the Facility Y loan creates a variable interest in UPCB Finance II Limited for which UPC Financing is the primary beneficiary, as contemplated by U.S. GAAP. As such, UPC Financing and its parent entities, including UPC Holding, are required by the provisions of U.S. GAAP to consolidate UPCB Finance II Limited following the issuance of the UPCB II Senior Secured Notes. Accordingly, the amounts outstanding under Facility Y are eliminated within UPC Holding's consolidated financial statements.

The UPCB II Senior Secured Notes have been issued pursuant to an indenture, dated January 31, 2011. Facility Y is made pursuant to an Additional Facility Y Accession Agreement (the "Facility Y Accession Agreement"). Pursuant to the Facility Y Accession Agreement, the call provisions, maturity and applicable interest rate for Facility Y are the same as those of the UPCB II Senior Secured Notes. UPCB Finance II Limited, as a lender under the UPC Broadband Holding Bank Facility, will be treated the same as the other lenders under the UPC Broadband Holding Bank Facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to the other lenders. Through the covenants in the indenture governing the UPCB II Senior Secured Notes and the security interests over (i) all of the issued shares of UPCB Finance II Limited and (ii) Facility Y, granted to secure UPCB Finance II Limited's obligations under the UPCB II Senior Secured Notes, the holders of the UPCB II Senior Secured Notes are provided indirectly with the benefits, rights, protections and covenants, granted to UPCB Finance II Limited as a lender under the UPC Broadband Holding Bank Facility.

UPCB Finance II Limited is prohibited from incurring any additional indebtedness, subject to certain exceptions under the indenture governing the UPCB II Senior Secured Notes.

The UPCB II Senior Secured Notes are non-callable until July 1, 2015. At any time prior to July 1, 2015, upon the occurrence of an Early Redemption Event (being a voluntary prepayment of all or a portion of Facility Y), UPCB Finance II Limited will redeem an aggregate principal amount of the UPCB II Senior Secured Notes equal to the amount of Facility Y prepaid, at a redemption price equal to the sum of (i) 100% of the principal amount thereof, (ii) the excess of (a) the present value at such redemption date of (1) the redemption price on July 1, 2015, plus (2) all required remaining scheduled interest payments due through July 1, 2015, computed using the discount rate specified in the indenture, over (b) the principal amount of the UPCB II Senior Secured Notes on the redemption date and (iii) accrued but unpaid interest and additional amounts, if any, to the applicable redemption date. On or after July 1, 2015, upon the occurrence of an Early Redemption Event (as defined in the indenture), UPCB Finance II Limited will redeem an aggregate principal amount of the UPCB II Senior Secured Notes equal to the principal amount of Facility Y prepaid at the redemption prices set forth in the indenture governing the UPCB II Senior Secured Notes, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

UPC Holding Facility

The UPC Holding Facility is a loan facility agreement entered into between us as borrower, Toronto Dominion (Texas) LLC as facility agent, certain banks and other financial institutions, that was executed in

June 2007 and first amended on July 9, 2007. Currently, no amounts are outstanding under the UPC Holding Facility.

Pursuant to the UPC Holding Facility, the facility agent and other banks and financial institutions, from time to time, have agreed to make available to us a term loan as described below and additional facilities, from time to time, by procuring additional lenders to accede to the UPC Holding Facility.

Prior to May 16, 2008, the UPC Holding Facility consisted of a €250 million term loan facility (the "UPCH Loan"). Effective May 16, 2008, the fully drawn commitments of the lenders under the €250 million UPC Holding Facility were rolled into Facility M under the UPC Broadband Holding Bank Facility (the "Conversion").

The applicable margin for the UPCH Loan prior to the Conversion was 2.75% per annum and 2.00% thereafter. The applicable margin for any additional facility provided under the UPC Holding Facility will be prescribed in the relevant accession agreement.

Intercreditor Agreement with respect to the UPCH Notes and the UPC Holding Facility

The 8% Notes, the UPC Holding Facility (if applicable), the 9¾% Notes, the 9⅞% Notes and the 8⅜% Notes currently benefit from a first, second, third, fourth and fifth ranking pledges, respectively over all the shares of UPC Holding.

Order of Priority

The Intercreditor Agreement will provide that the following order of priority shall apply to the satisfaction of our obligations with respect to the security:

- first, the 8% Notes, the UPC Holding Facility (if applicable), the 9¾% Notes, the 9⅞% Notes and the 8⅜% Notes and certain other future indebtedness of ours that ranks *pari passu* on a secured basis; and
- second, certain other future indebtedness that ranks junior to the 8% Notes, the UPC Holding Facility, the 9¾% Notes, the 9⅞% Notes and the 8⅜% Notes on a junior secured basis.

Please note that this contractual arrangement is subject to certain limitations under Dutch law.

We are also a guarantor of the UPC Broadband Holding Bank Facility on a senior basis. We do not anticipate that the lenders under the UPC Broadband Holding Bank Facility will become party to the Intercreditor Agreement.

VTR Bank Facility

On March 22, 2010, the third party lender under the VTR Bank Facility assigned its rights and obligations under the VTR Bank Facility to a subsidiary of UPC Broadband Holding. As consideration for this assignment, the deposit in the collateral account was transferred to the third party lender in a non-cash transaction.

Intercreditor Deed with Respect to the UPC Broadband Holding Bank Facility

The obligors and finance parties under the UPC Broadband Holding Bank Facility entered into an intercreditor deed on January 16, 2004 with, among others, TD Bank Europe Limited and Toronto Dominion (Texas) LLC as facility agents under the October Facility, TD Bank Europe Limited as facility agent under the UPC Broadband Holding Bank Facility and certain subsidiaries of UPC Broadband Holding, to regulate the arrangements in respect of security created under the October Facility, the UPC Broadband Holding Bank Facility and the relationships between the parties holding the benefit of such security.

The intercreditor deed stipulates that the security created under the January Security Documents will rank *pari passu* with the security created under the October Security Documents (regardless of, for example, the order in which any document is registered or executed, or the point at which any debt is incurred, or any fluctuations in the outstanding amount of any debt incurred pursuant to the UPC Broadband Holding Bank Facility). Please note that this contractual arrangement is subject to certain limitations under Dutch law.

UPC Holding Subordinated Loans

LGE Financing and UPC Holding are parties to a master (loan) agreement dated February 28, 2001 under which LGE Financing from time to time provides loans to UPC Holding. The interest rate was 4.80% for the nine months ended September 30, 2010 and is reviewed on an annual basis.

As of September 30, 2010, €8.3 billion of UPC Holding Subordinated Loans were outstanding. The UPC Holding Subordinated Loans mature on March 1, 2020 and, subject to the terms of the indenture for the UPCH Notes, may be repaid by us at any time prior to maturity. In addition, subject to the terms of the indenture of the UPCH Notes, interest on the UPC Holding Subordinated Loans, which may be set by the lender from time to time, is payable in cash or, at the option of UPC Holding, in kind.

Subordination of the UPC Holding Subordinated Loans

Until the UPCH Notes are discharged, we will not be permitted to make any payment on the UPC Holding Subordinated Loans other than as provided under the indenture for the UPCH Notes. In addition, we will not be permitted to take any prohibited action that would cause the UPC Holding Subordinated Loans to not constitute Subordinated Shareholder Loans under the indenture for the UPCH Notes. The UPC Holding Subordinated Loans:

(1) are without prejudice to the ability of UPC Holding to make voluntary prepayments not prohibited by the indenture for the UPCH Notes, do not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the stated maturity of the UPCH Notes;

(2) are without prejudice to the ability of UPC Holding to make payments of interest not prohibited by the indenture for the UPCH Notes, do not require, prior to the first anniversary of the stated maturity of the UPCH Notes, any mandatory payment of cash interest, cash withholding amounts or other gross-ups, or any similar mandatory cash payments;

(3) contain no change of control or similar provisions that are effective, and do not accelerate and have no right to declare a default or event of default or take any enforcement action or otherwise require any mandatory payment prior to the first anniversary of the stated maturity of the UPCH Notes; and

(4) do not provide for or require any security interest or encumbrance over any asset of UPC Holding or any of its Restricted Subsidiaries (as defined under "*Description of the Notes*").

In addition, we may not make any payment or distribution of any kind of character with respect to any obligations on, or relating to, any of the UPC Holding Subordinated Loans if (i) a payment default on the UPCH Notes occurs and is continuing or (ii) any other default under the indenture for the UPCH Notes occurs and is continuing on the UPCH Notes that permits the holders of the UPCH Notes to accelerate their maturity and we receive notice of such default from the requisite holders of the UPCH Notes, until in each case the earliest of (a) the date on which such default is cured or waived or (b) 180 days from the date such default occurs (and only once such notice may be given during any 360 day period).

LGE Financing, as lender of the UPC Holding Subordinated Loans, will also agree under the UPC Holding Subordinated Loans not to take any prohibited action with respect to the UPC Holding Subordinated Loans, including actions that would cause the UPC Holding Subordinated Loans not to constitute Subordinated Shareholder Loans under the indenture for the UPCH Notes. The provisions of the UPC Holding Subordinated Loans will result in the UPC Holding Subordinated Loans constituting Subordinated Shareholder Loans for purposes of the indenture for the UPCH Notes.

If at any time on or before the UPCH Notes are paid in full, LGE Financing, as lender of the UPC Holding Subordinated Loans, or any other subordinated creditor of UPC Broadband receives in respect or on account of any liabilities under the UPC Holding Subordinated Loans or any other indebtedness subordinated pursuant to the terms of the UPC Holding Subordinated Loans a payment or distribution other than in accordance with the terms of the indenture for the UPCH Notes, including any payment or distribution by UPC Holding upon its winding-up, LGE Financing or such other subordinated creditor, as the case may be, will promptly turn over to the trustee all such amounts received in violation of the indenture for the UPCH Notes for application in accordance with the applicable provisions of the security documents and the indenture for the UPCH Notes. UPC Holding is permitted under the terms of the Indenture for the UPCH Notes to incur debt which ranks *pari passu* with the UPCH Notes on a secured or unsecured basis.

UPC Broadband Holding Intercompany Loans

UPC Holding and UPC Broadband Holding are parties to a framework agreement dated October 31, 2000 under which UPC Holding from time to time provides intercompany loans to UPC Broadband Holding, each of which are pledged on a first ranking basis to the lenders under the UPC Broadband Holding Bank Facility. Pursuant to the terms of the pledge agreement, upon an Insolvency Event (as defined therein) occurring in respect of a member of the Borrower Group (as defined therein), the claims of UPC Holding under the framework agreement shall be subordinated in all respects to the secured obligations owed by the borrower and other obligors, to the lenders under the UPC Broadband Holding Bank Facility. As of September 30, 2010, UPC Broadband Holding had outstanding intercompany loans payable to UPC Holding of €8,271.6 million. The UPC Broadband Holding intercompany loans mature on November 1, 2029 and may be repaid by UPC Broadband Holding at any time prior to maturity, subject to the terms of the UPC Broadband Holding Bank Facility.

DESCRIPTION OF THE NOTES

UPCB Finance III Limited (the "**Issuer**") will issue the Notes (as defined below) under an indenture (the "**Indenture**") to be entered into by and among itself, The Bank of New York Mellon, as trustee (the "**Trustee**"), transfer agent and principal paying agent, The Bank of New York Mellon (Luxembourg) S.A. as registrar and The Bank of New York Trust Company (Cayman) Limited, as 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**"). The terms of the Notes will include those stated in the Indenture. The Notes Security Documents referred to below under the caption "—Security" define the terms of the mortgages, charges and/or assignments that will secure the Notes.

You can find the definitions of certain terms used in this description under the subheading "Certain Definitions". In this description:

(1) the term "**UPC Broadband Holding**" refers only to UPC Broadband Holding B.V. and not to any of its subsidiaries;

(2) the term "**UPC Holding**" refers only to UPC Holding B.V., the direct parent of UPC Broadband Holding, and not to any of its subsidiaries;

(3) the term "**UPCB Group**" refers to UPC Broadband Holding and its subsidiaries and, although not a subsidiary of UPC Broadband Holding, includes UPC Financing Partnership ("**UPC Financing**"); and

(4) the term "**UPCH Group**" refers to UPC Holding and its subsidiaries.

Certain additional defined terms used in this description but not defined below under "—Certain Definitions" or elsewhere in this Description of the Notes have the meanings assigned to them in the Indenture.

The following description is a summary of the material provisions of the Indenture and refers to the UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Deed of Covenant and the Notes Security Documents. It does not restate those agreements in their entirety. We urge you to read the Indenture, the UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Deed of Covenant and the Notes Security Documents because they, and not this description, define your direct and indirect rights as holders of the Notes. Copies of the Indenture, the UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Deed of Covenant and the Notes Security Documents are available as described below under "—Additional Information". The UPC Broadband Bank Facility is attached as Annex A to this offering memorandum. Forms of the Finco Accession Agreement and the Deed of Covenant are attached as Annex B and Annex C to this offering memorandum, respectively.

The Notes will initially not be held in definitive form and 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.

Brief Description of the Structure of the Offering

In connection with the offering of the Notes, the Issuer will enter into a Finco Accession Agreement with UPC Financing and the facility agent under the UPC Broadband Holding Bank Facility pursuant to which the Issuer will make available to UPC Financing an additional facility under the UPC Broadband Holding Bank Facility in a principal amount equal to the aggregate principal amount of the Notes issued in the offering. On the Issue Date, the Issuer will advance the proceeds of the issuance of the Notes to UPC Financing pursuant to the Finco Accession Agreement.

The Issuer, as a lender under the UPC Broadband Holding Bank Facility (a "**UPCB Lender**"), will be treated the same as all other lenders under that facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to other UPCB Lenders. Through the covenants in the Indenture and the security interests over all of the issued shares of the Issuer and the Finco Loan granted to the Security Agent on behalf of the Trustee and the holders of the Notes to secure the Issuer's obligations under the Notes, the holders of Notes will be provided indirectly with the benefits, rights and protections granted to the Issuer as a UPCB Lender, including the indirect benefit of the covenants contained in the UPC Broadband Holding Bank Facility and the security granted for the benefit of the UPCB Lenders. See "Description of the UPC Broadband Holding Bank Facility". Thus, in the case of the ongoing obligations of the UPCB Group under the UPC Broadband Holding Bank Facility, the Issuer will be treated in the same way as the other UPCB Lenders, with the right to vote as part of the lending group at the direction of the holders of the Notes and to receive principal and interest on the Finco Loan, which it will in turn use to make payments on the Notes. For a description of procedures under the Indenture and the Finco Accession Agreement regarding voting rights of holders of the Notes with respect to decisions under the UPC Broadband Holding Bank Facility, see below under "—Amendment, Supplement and Waiver—To the UPC Broadband Holding Bank Facility".

Under the UPC Broadband Holding Bank Facility, to the extent the UPCB Group is in compliance with certain financial ratios, the borrowers under the UPC Broadband Holding Bank Facility, at their discretion and without the consent of the UPCB Lenders, are permitted to incur additional *pari passu* indebtedness pursuant to additional facilities under the UPC Broadband Holding Bank Facility, which benefit from the protections provided to all UPCB Lenders, including the representations and warranties, covenants, guarantees and security provided thereunder. For a further description of the UPC Broadband Holding Bank Facility, see "Description of the UPC Broadband Holding Bank Facility". The UPC Broadband Holding Bank Facility is attached as Annex A to this offering memorandum.

However, the UPC Broadband Holding Bank Facility limits the ability of the UPCB Group to directly issue the Notes. As a result, we have implemented the structure for this offering pursuant to which the Issuer will loan the proceeds of this offering of the Notes to UPC Financing, thus indirectly affording holders of Notes the ability to participate in the UPC Broadband Holding Bank Facility.

On the Issue Date, the gross proceeds of the offering (together with any fees allocable to original issue discount on the Notes payable to the Issuer from UPC Financing under the Fee Letter) will be used by the Issuer to fund a loan (the "**Finco Loan**") borrowed under an additional facility (the "**Finco Facility**") under the UPC Broadband Holding Bank Facility, and the Issuer will become a UPCB Lender. In addition to indirect benefits arising from the protections and security afforded to the Issuer as a UPCB Lender, holders of Notes will also benefit directly from the first ranking security interests in the Collateral, as described below under "—Security".

The principal amount of the Notes due at maturity, as well as the maturity date, rate of interest and currency, among other things, will be identical to the corresponding provisions of the Finco Loan.

Further, if an Event of Default is continuing under the Indenture or the Notes, holders of Notes will be entitled to direct the Trustee and/or the Security Agent to enforce their rights under the Notes, the Indenture and the Note Security Documents, in which case the holders of Notes will have multiple available remedies (through the Trustee and/or the Security Agent, where relevant), including:

- declaring the Notes due and payable (other than an Event of Default arising from a UPCB Event of Default) (as defined below under "Events of Default and Remedies—Events of Default");
- enforcing all rights available to the Issuer as a UPCB Lender, subject to any limitations set forth in the UPC Broadband Holding Bank Facility;
- enforcing the security over the shares of the Issuer and directing performance by the Issuer of its obligations under certain agreements and other documents to which it is a party;
- requiring the Issuer to sell the Finco Loan to third parties; and/or
- exchanging their Notes for UPCB Loans.

For more information on Events of Default and Remedies, see "Events of Default and Remedies".

Issuance of Notes

In this offering, the Issuer will issue $1 billion aggregate principal amount of Notes (the "**Notes**"). The Notes will be issued under the Indenture and will benefit from the security interests described below under "—Security".

The Finco Loan

The gross proceeds from the issuance of the Notes (together with any fees allocable to original issue discount on the Notes payable to the Issuer from UPC Financing under the Fee Letter) will be used by the Issuer to fund the Finco Loan pursuant to the Finco Facility under the UPC Broadband Holding Bank Facility. As of September 30, 2010, as adjusted to give effect to the borrowing of the Finco Loan and the application of the proceeds therefrom to reduce borrowings under the UPC Broadband Holding Bank Facility and the reduction of borrowings under the UPC Broadband Holding Bank Facility in connection with the issuance of the UPCB II Senior Secured Notes, €4,359.7 million (equivalent) of indebtedness would have been outstanding under the UPC Broadband Holding Bank Facility. This amount includes €735.3 million, or 16.9% of the aggregate principal amount outstanding under the UPC Broadband Holding Bank Facility, attributable to the Finco Loan.

Certain Transaction Documents

Finco Accession Agreement. In connection with the Finco Loan, the Issuer and UPC Financing will enter into an accession agreement (the "**Finco Accession Agreement**") pursuant to which the Issuer will accede to the UPC Broadband Holding Bank Facility as a UPCB Lender. The Finco Accession Agreement will set out the principal economic terms of the Finco Facility. The form of the Finco Accession Agreement to be entered into on the Issue Date is attached as Annex B to this offering memorandum.

Upon acceding to the UPC Broadband Holding Bank Facility pursuant to the Finco Accession Agreement, the Issuer will benefit from all the rights of a lender under the UPC Broadband Holding Bank Facility, including the protections of the affirmative, negative and financial covenants and events of default set out in the UPC Broadband Holding Bank Facility. In addition, the Finco Loan will be secured by the assets of the UPCB Group granted to the UPCB Security Agent to secure the UPCB Loans.

The Finco Accession Agreement will be similar in form to the accession agreement entered into by other UPCB Lenders and will include additional rights that are specific to the Finco Loan, including the maturity date of, the rate of interest accruing on, and the interest periods applicable to the Finco Loan. In addition, the Finco Accession Agreement will provide for the payment of certain premiums in connection with certain voluntary and mandatory prepayments of the Finco Loan that will enable the Issuer to pay the premiums applicable to redemptions of the Notes, as described below under "—Redemption and Repurchase". The Finco Accession Agreement will also include the consent of the Issuer to certain amendments under the UPC Broadband Holding Bank Facility if the borrowers seek a consent to those amendments from the UPCB Lenders, as described below under "—Finco Accession Agreement and the UPC Broadband Holding Bank Facility". The Finco Accession Agreement will constitute a "Finance Document" for purposes of the UPC Broadband Holding Bank Facility.

Fee Letter. The Issuer and UPC Financing will enter into a fee letter (the "**Fee Letter**") relating to the payment of certain fees to the Issuer. The Issuer will allocate a portion of such fees equal to the original issue discount on the Notes (if any) to UPC Financing under the Finco Loan so that the principal amount of the Finco Loan equals the aggregate principal amount of the Notes issued in this offering.

Deed of Covenant. Under a deed of covenant between the Issuer, UPC Financing and UPC Broadband Holding (the "**Deed of Covenant**"), UPC Broadband Holding will contractually agree to ensure the compliance by the Issuer with certain covenants included in the Indenture. The form of the Deed of Covenant is attached as Annex C to this offering memorandum.

UPC Expenses Agreement. Under an expenses agreement (the "**UPC Expenses Agreement**"), Liberty Global Europe B.V. ("**LGE**"), a parent company of UPC Holding and an entity not subject to the covenants of the UPC Broadband Holding Bank Facility, has agreed to pay certain obligations of the Issuer, including in respect of the maintenance of the Issuer's existence, the payment of certain tax liabilities of the Issuer, the payment of Additional Amounts pursuant to the Indenture following certain tax events and the payment of additional interest required to be paid under the Notes on overdue principal and interest.

The Finco Accession Agreement, the Fee Letter, the Deed of Covenant and the UPC Expenses Agreement are collectively referred to herein as the "Transaction Documents".

Brief Description of the Notes

The Notes:

- will be general obligations of the Issuer;
- will be secured by the Collateral; and
- will rank *pari passu* in right of payment to all Financial Indebtedness of the Issuer that is not subordinated to the Notes.

The Issuer will not be entitled to incur any additional Financial Indebtedness (other than Additional Notes). See "—Certain Covenants—Limitations with Respect to Business Activities of the Issuer".

The Issuer

The Issuer has been formed as a special purpose financing company for the primary purpose of facilitating the offering of the Notes. All of the Issuer's issued shares are held by the Share Trustee as share trustee pursuant to the Shareholder Trust, which is a trust established under the laws of the Cayman Islands in respect of the issued shares of the Issuer. The Issuer has no material business operations and upon completion of this offering will have no material assets other than the Finco Loan advanced in connection with the offering of the Notes as described below under "—Finco Accession Agreement and the UPC Broadband Holding Bank Facility" and its rights under the Transaction Documents. The Issuer is dependent on payments by UPC Financing under the Finco Loan in order to service its obligations under the Notes. The Issuer will file U.S. Internal Revenue Service Form 8832, electing to be treated as an entity disregarded from its sole owner for U.S. Federal tax purposes, to be effective on or prior to the issuance of the Notes.

Finco Accession Agreement and the UPC Broadband Holding Bank Facility

The proceeds from the issuance of the Notes will be used by the Issuer to fund the Finco Loan, denominated in dollars, to UPC Financing under the Finco Facility.

Under the terms of the UPC Broadband Holding Bank Facility and the Finco Accession Agreement, and the related arrangements described below, the Issuer will benefit from:

(1) all the rights of a UPCB Lender under the UPC Broadband Holding Bank Facility and the Finco Accession Agreement;

(2) rights under the Deed of Covenant, pursuant to which UPC Broadband Holding will agree with the Issuer to ensure the compliance by the Issuer with the covenants described below under "—Redemption—Mandatory Prepayment from Disposal Proceeds", "—Redemption—Open Market Purchases of UPCB Loans", "—Maintenance of Rating", "—Minimum Period for Consents under Loan Documents", "—Payments for Consents" and "—Amendments to Loan Documents to be applied equally to all UPCB Lenders";

(3) rights under the Fee Letter relating to certain fees and expenses payable to the Issuer in connection with the entering into of the Finco Accession Agreement and the advancing of the Finco Loans; and

(4) rights under the UPC Expenses Agreement, pursuant to which LGE will agree to pay or procure the payment of (i) the fees and expenses of the Issuer incurred from time to time in connection with or related to the Issuer's performance of its obligations under the Indenture and the maintenance of the Issuer's existence, (ii) certain tax liabilities of the Issuer, (iii) any Additional Amounts, if any, payable under the Indenture and (iv) any additional interest required to be paid under the Notes on overdue principal and interest.

In the event the Notes are at a price less than par, the Finco Loan will be advanced at its face amount. The difference between the cash proceeds received by the Issuer in respect of the issue of the Notes and the face amount of the loan to UPC Financing will be accounted for as an upfront fee under the Fee Letter.

Under the UPC Broadband Holding Bank Facility, UPCB Lenders are not allowed to split or divide their votes with respect to matters arising thereunder requiring the vote (or other consent) of UPCB Lenders. For a description of procedures under the Indenture regarding voting rights of holders of the Notes with respect to decisions under the UPC Broadband Holding Bank Facility, see below under "—Amendment, Supplement and Waiver—To the UPC Broadband Holding Bank Facility".

The Issuer will have the same voting rights as the other UPCB Lenders under the UPC Broadband Holding Bank Facility. However, the Issuer will, under the Finco Accession Agreement, provide its consent as a UPCB Lender, effective as of the date of the Finco Accession Agreement, any and all of the following matters (notwithstanding that the Issuer otherwise would be eligible to vote as a UPCB Lender if the borrowers seek the consent of the UPCB Lenders with respect to such matters):

(1) any amendment, waiver or other modification to the UPC Broadband Holding Bank Facility or any other UPCB Loan Document to provide that an "Additional Facility Commitment" and an

"Advance" (and any participation therein) as set forth in Clause 1.1 of the UPC Broadband Holding Bank Facility shall be deemed to be cancelled (with respect to any Additional Facility Commitment) and not outstanding (with respect to any Advance) for purposes of voting or consents (other than any vote or consent related to non-payment of such Advance) under the UPC Broadband Holding Bank Facility if UPC Broadband Holding has delivered to the Facility Agent a duly completed Cancellation Notice with respect to such Additional Facility Commitment or Advance; provided that any such Advance shall remain due and payable on the applicable prepayment date and, if not repaid in full on the applicable prepayment date, then all voting or consent rights with respect thereto shall be reinstated with retroactive effect from the date of delivery of such Cancellation Notice;

(2) any amendment, waiver or other modification to the UPCB Broadband Holding Bank Facility or any other UPCB Loan Document to reduce the percentage specified in the definition of "Majority Lenders" in Clause 1.1 of the UPCB Broadband Holding Bank Facility from 66⅔% to a percentage that is not less than 50.1% for any or all purposes under the UPC Broadband Holding Bank Facility or any other UPCB Loan Document;

(3) any amendment, waiver or other modification to the UPCB Broadband Holding Bank Facility or any other UPCB Loan Document to change the definition of "Western Europe" in Clause 1.1 of the UPCB Broadband Holding Bank Facility to include the countries that comprise the European Union as of a specified date more recent than the date currently specified, or from time to time (in addition to Scandinavia and Switzerland);

(4) any amendment, waiver or other modification to the UPCB Broadband Holding Bank Facility or any other UPCB Loan Document to change the definition of "Acquisition Business Plan" and the definition of "Borrower Group Business Plan" in Clause 1.1 of the UPCB Broadband Holding Bank Facility to limit the time period covered by any target business plan or, as applicable, the UPCB Group (including the target), to a period of not less than the earlier of five years following the date of the relevant acquisition and the final maturity date of the UPCB Broadband Holding Bank Facility;

(5) any amendment, waiver or other modification to the UPCB Broadband Holding Bank Facility or any other UPCB Loan Document to eliminate the limitations set forth in subclause (b)(i) of the definition of "Permitted Acquisition" in Clause 1.1 of the UPCB Broadband Holding Bank Facility and in subclause (b)(i) of the definition of "Permitted Joint Venture" in Clause 1.1 of the UPCB Broadband Holding Bank Facility with respect to businesses conducted in Great Britain and/or Germany;

(6) any amendment, waiver or other modification to the UPCB Broadband Holding Bank Facility or any other UPCB Loan Document to eliminate the requirements set forth in subclause (b)(ii)(A)(II) of the definition of "Permitted Acquisition" in Clause 1.1 of the UPCB Broadband Holding Bank Facility and in subclause (b)(ii)(A)(II) of the definition of "Permitted Joint Venture" in Clause 1.1 of the UPCB Broadband Holding Bank Facility to deliver the financial projections specified in such subclause, or to reduce the time period for compliance stated in either sub-clause;

(7) any amendment, waiver or other modification to the UPCB Broadband Holding Bank Facility or any other UPCB Loan Document to increase the amount of secured indebtedness specified in subclause (n) of the definition of "Permitted Security Interest" in Clause 1.1 of the UPCB Broadband Holding Bank Facility from €15,000,000 to an amount not to exceed €100,000,000 (or its equivalent);

(8) any amendment, waiver or other modification to the UPCB Broadband Holding Bank Facility or any other UPCB Loan Document to eliminate the reporting requirements set forth in subclause (c) of Clause 16.2 of the UPCB Broadband Holding Bank Facility, or to change the time period for compliance specified therein;

(9) any amendment, waiver or other modification to the UPCB Broadband Holding Bank Facility or any other UPCB Loan Document to include as a "Permitted Disposal" under Clause 16.10(b)(xvi) of the UPCB Broadband Holding Bank Facility the disposal of any person or asset if: (i) at the time of such disposal, UPC Broadband has contractually committed or agreed to a future acquisition and such an acquisition occurs within twelve months (or less) of the disposal; (ii) the "Remaining Percentage" as defined in Clause 16.10(c) of the UPCB Broadband

Holding Bank Facility would not be exceeded if the aggregate percentage value of the contemplated acquisition is added to the calculation and tested at the time of the disposal on a pro forma basis (giving effect to the "Annualised EBITDA" of the target, as defined in Clause 16.10(d) of the UPC Broadband Holding Bank Facility, based on then available historical financial information) and on an actual basis at the completion of the acquisition (and for these purposes (A) subclause 16.10(c)(z) of the UPCB Broadband Holding Bank Facility would be dissapplied so that the "Remaining Percentage" could exceed 17.5% in respect of the relevant disposal and (B) subclause 16.10(c)(x) of the UPCB Broadband Holding Bank Facility would be disapplied so that the percentage of the "Annualised EBITDA" of the UPCB Group represented by the "Annualised EBITDA" of the relevant disposal could be more than the "Remaining Percentage" immediately prior to such disposal, in each case provided the "Remaining Percentage" would not be exceeded once any contemplated acquisition is taken into account as described in this subparagraph (ii)); and (iii) for the purpose of the certificate required in Clause 16.10(b)(xvi)(C) of the UPCB Broadband Holding Bank Facility, the financial ratios are calculated giving pro forma effect to such acquisition (based on the then available historical financial information of the target and including the "Annualised EBITDA" of the target and any Financial Indebtedness expected to be incurred by the UPCB Group to finance such acquisition (and any such amendment, waiver or other modification contemplated by this paragraph (8) may apply to all such disposals and future acquisitions or only to specified disposals and acquisitions)); and

(10) any amendment, waiver or other modification to the UPCB Broadband Holding Bank Facility or any other UPCB Loan Document to eliminate the provision set forth in subclause (c)(y) of Clause 16.10 of the UPCB Broadband Holding Bank Facility that the percentage value of a Reinvestment shall be disregarded if the "Annualised EBITDA" of the members of the UPCB Group derived from persons or assets located in "Western Europe" is less than 66⅔% of the "Annualised EBITDA" of the UPCB Group, or to change the percentage or the geographical limitation specified therein;

(11) any amendment, waiver or other modification to the UPCB Broadband Holding Bank Facility or any other UPCB Loan Document to increase the amount of Financial Indebtedness specified in Clause 16.12(b)(xvii) of the UPCB Broadband Holding Bank Facility from €25,000,000 to an amount not to exceed €100,000,000 (or its equivalent);

(12) any amendment, waiver or other modification to the UPCB Broadband Holding Bank Facility or any other UPCB Loan Document to change the calculation of any financial ratio that requires the calculation of "Senior Debt" and/or "Net Debt" to provide for the netting of cash and cash equivalents (to be defined substantially in line with and/or with reference to standard language used in the European banking market) against "Senior Debt" and/or "Total Debt"; and

(13) any consequential amendment, waiver or other modification to the UPCB Broadband Holding Bank Facility or any other UPCB Loan Document arising as a direct result of any of the matters described in clauses (1) through (12) above.

As a result, the Issuer will not solicit votes (or other consents) from the holders of Notes with respect to these matters (the "Required Consent Provisions"). In addition, the Issuer will not be entitled to receive, and will expressly waive under the Finco Accession Agreement any right it may have to, any consent, waiver, amendment or other similar fee that may be paid to other UPCB Lenders in connection with their approval of the Required Consent Provisions.

References in this Description of the Notes and the Indenture to numbered clauses or sections in the UPC Broadband Holding Bank Facility refer to such clauses or sections as numbered as of the date of the Indenture and, in the event the UPC Broadband Holding Bank Facility is amended or supplemented after the date of the Indenture, to any substantially similar clause or section after such amendment or supplement whether numbered the same or differently after such amendment or supplement.

For a further description of the UPC Broadband Holding Bank Facility, see "Description of the UPC Broadband Holding Bank Facility".

Security

The Finco Loan will be secured by the assets of the UPCB Group granted to the UPCB Security Agent to secure the UPCB Loans. The UPCB Loans are primarily secured by way of a pledge over the shares in each holding company subsidiary located in each of the main jurisdictions in which the UPCB Group operates. In addition, pledges over certain intercompany receivables have also been granted. For a description of the security with respect to the UPC Broadband Holding Bank Facility, see "Description of the UPC Broadband Holding Bank Facility—Security".

In addition, subject to limitations under Cayman Islands law described below, the holders of the Notes will benefit directly from first ranking security interests to be granted to the Security Agent on behalf of the Trustee and the holders of the Notes in the following rights, property and assets (collectively, the "**Collateral**"):

(1) all of the issued shares of the Issuer (the "**Issuer Share Collateral**");

(2) all of the assets of the Issuer (excluding the proceeds of the paid up share capital of the Issuer and any transaction fees payable to the Issuer pursuant to the UPC Expenses Agreement and excluding as provided below), including:

   (a) the Issuer's rights to and benefit in the Finco Loan (including all rights of the Issuer as a UPCB Lender under the UPC Broadband Holding Bank Facility and the Finco Accession Agreement) (the "**UPCB Loan Collateral**");

   (b) the Issuer's rights under the Deed of Covenant (the "**Deed of Covenant Collateral**");

   (c) the Issuer's rights under the Fee Letter (the "**UPCB Fee Letter Collateral**");

   (d) the Issuer's rights under the UPC Expenses Agreement (excluding the Issuer's rights to be indemnified in respect of fees, costs, expenses and any other amounts payable to parties that do not benefit from the security interests in the Collateral) (the "**UPC Expenses Agreement Collateral**"); and

   (e) sums of money held from time to time in all bank accounts of the Issuer (excluding the bank account ("**Share Capital Account**") in which the Issuer has deposited the proceeds of its share capital ($250.00) and the transaction fee ($250.00)) (the "**Bank Account Collateral**").

The Security Agent will enter into the Notes Security Documents relating to the Collateral described above with the other relevant parties thereto. The first ranking security interests in the Collateral will secure the performance of the obligations of the Issuer under the Indenture and the Notes as provided in the relevant Notes Security Document and to the extent specified therein, subject to the provisions, among others, described below under "—Events of Default and Remedies" and "—Amendment, Supplement and Waiver".

The Notes Security Documents provide for the Security Agent to release the security created thereby upon discharge of the Indenture, in accordance with its terms, as described below under "—Satisfaction and Discharge".

Limited Recourse Obligations

The obligations of the Issuer under the Indenture, the Notes and the Note Security Documents to which it is a party will be limited as set forth in the Indenture. All payments to be made by the Issuer under the Indenture (including any Additional Amounts), the Notes and the Notes Security Documents to which it is a party will be made only from and to the extent of such sums received or recovered by or on behalf of the Issuer, the Trustee or the Security Agent under the Collateral, including the Issuer's right under the UPC Broadband Holding Bank Facility and the Transaction Documents and none of the Trustee, the Security Agent, the Principal Paying Agent, the Registrar or the holders of Notes will have any further recourse to the Issuer in respect thereof in the event that the amount due and payable by the Issuer under the Indenture, the Notes and the Note Security Documents exceeds the amounts so received or recovered under the Collateral, including the Issuer's right under the UPC Broadband Holding Bank Facility and the Transaction Documents.

In addition, holders of the Notes will not have a direct claim on the cash flow or assets of any member of the UPCB Group and no member of the UPCB Group will have any obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments, other than the obligations of UPC Financing to make payments to UPCB Lenders under the UPC Broadband Holding Bank Facility and the Finco Accession Agreement.

Because the holders of Notes will benefit from the assignment of rights under certain agreements between the Issuer and members of the UPCB Group, in certain circumstances described below under "—Events of Default and Remedies", the Security Agent, on behalf of the holders of the Notes, will be able to assert the contractual rights of the Issuer against members of the UPCB Group (and in an enforcement action holders of Notes may instruct the Security Agent to demand such performance); however, these rights are limited to the Issuer's contractual rights against the UPCB Group and provide for no direct claims into the UPCB Group.

No member of the UPCB Group will guarantee the Issuer's obligations under the Notes.

Principal, Maturity and Interest

The Issuer will issue in this offering $1 billion in aggregate principal amount of Notes. The Issuer may issue Additional Notes (the "**Additional Notes**") under the Indenture from time to time after this offering. Any issuance of Additional Notes will be subject to all of the covenants in the Indenture. 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, consents, other determinations and redemptions. Any reference to Notes in this Description of the Notes shall be deemed to include any Additional Notes. In connection with the issuance of Additional Notes, UPC Financing will enter into one or more accession agreements under the UPC Broadband Holding Bank Facility, each of which will constitute a "**Finco Accession Agreement**" for purposes of the Indenture and related documents. The proceeds of any such Additional Notes will be loaned to UPC Financing pursuant to a loan under such Finco Accession Agreement, each such loan will constitute a "**Finco Loan**" for purposes of the Indenture and related documents. Consideration for any Additional Notes may be paid in cash, in exchange for existing UPCB Loans or otherwise.

The Issuer will issue Notes in denominations of $150,000 and integral multiples of $1,000 above $150,000. Notes will only be issued in minimum denominations of $150,000 principal amount. The Notes will mature on July 1, 2020.

Interest on the Notes will accrue at the rate of % per annum and interest will be payable semi-annually in arrears on each January 1 and July 1, commencing on July 1, 2011. Interest on overdue principal and interest then due will accrue at a rate that is 2.0% higher than the then applicable interest rate on the Notes. Pursuant to the terms of the UPC Expenses Agreement described above, LGE will make payments to the Issuer to enable it to pay the additional interest required to be paid under the Notes on overdue principal and interest. The Issuer will make each interest payment to the holders of record on the immediately preceding December 15 and June 15.

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 the basis of a 360-day year comprised of twelve 30-day months.

Principal Paying Agent and Registrar for the Notes

The Bank of New York Mellon will initially act as Principal Paying Agent and Transfer Agent and The Bank of New York Mellon (Luxembourg) S.A. will initially act as Registrar for the Notes, respectively. The Issuer may change the Principal Paying Agent, Transfer Agent or Registrar for the Notes, and the Issuer may act as Principal Paying Agent, Transfer Agent or Registrar for the Notes. In addition, the Issuer undertakes that it will ensure that it maintains a paying agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the European Council of Economics and Finance Ministers ("**ECOFIN**") meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Security Agent

The Bank of New York Trust Company (Cayman) Limited will act as Security Agent under the Notes Security Documents until such time, if any, that a new Security Agent is appointed under the relevant provisions of the Indenture.

Neither the Trustee nor the Security Agent nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any property securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Notes

Security Documents, for the creation, perfection, priority, sufficiency or protection of any security interest under any Notes Security Document, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Notes Security Documents or any delay in doing so.

Redemption and Repurchase

Disposal Proceeds

Under the UPC Broadband Holding Bank Facility, UPC Broadband Holding and UPC Financing are required to prepay, or to procure that there is prepaid (in either case, unless otherwise waived in accordance with the provisions of the UPC Broadband Holding Bank Facility), the Additional Facilities under the UPC Broadband Holding Bank Facility with certain proceeds of asset disposals ("**Disposal Proceeds**"), subject to certain exceptions. See paragraph (d) under "Description of the UPC Broadband Holding Bank Facility—Mandatory Prepayment". UPC Broadband Holding may elect which Additional Facility or Additional Facilities are to be prepaid in connection with any mandatory prepayment with Disposal Proceeds. Under the Deed of Covenant, UPC Broadband Holding and UPC Financing will agree that, with respect to any Disposal Proceeds that are required to be applied to prepay any Additional Facilities pursuant to Clause 7.6 (Mandatory prepayment from disposal proceeds) of the UPC Broadband Holding Bank Facility, an amount of such Disposal Proceeds that bears the same proportion to the total Disposal Proceeds as the aggregate principal amount that the Finco Loan bears to the aggregate principal amount of all outstanding UPCB Loans (the "**Available Disposal Proceeds**") will be available for prepayment of the Finco Loan.

In respect of the Available Disposal Proceeds, UPC Broadband Holding and UPC Financing will elect, at their option:

(1) to offer to prepay a principal amount of the Finco Loan equal to the lesser of (a) the amount of the Available Disposal Proceeds and (b) the aggregate principal amount of the Notes tendered in an Asset Sale Offer (as defined below) to be made by the Issuer following receipt of notice from UPC Broadband Holding as set forth below; or

(2) prepay the Finco Loan in an amount equal to the Available Disposal Proceeds, in which case the Issuer will redeem an aggregate principal amount of the Notes equal to the amount of the Finco Loan prepaid,

in each case, as described below.

Asset Sale Offer

Following receipt of notice of an asset disposal from UPC Broadband Holding delivered pursuant to Clause 2.1(a)(i)(A) of the Deed of Covenant, the Issuer will, within five Business Days of receipt of such notice, make an offer to all holders of Notes (an "**Asset Sale Offer**") to purchase the maximum principal amount of Notes that may be purchased out of the Available Disposal Proceeds stated in such notice at an offer price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, which offer price will be payable in cash.

Under the Deed of Covenant, UPC Broadband Holding and UPC Financing have agreed to pay (or procure the payment of) an amount of Finco Loan equal to the lesser of (i) the Available Disposal Proceeds and (ii) the aggregate principal amount of Notes tendered in such Asset Sale Offer, and the Issuer will accept for purchase an equal aggregate principal amount of the Notes in such Asset Sale Offer. The Issuer will apply any such prepayment of the Finco Loan, together with all accrued and unpaid interest on the Finco Loan to the date of prepayment, to pay the purchase price of all Notes accepted for purchase in such Asset Sale Offer.

The Issuer and the Trustee will promptly notify UPC Broadband Holding of the aggregate principal amount of Notes tendered in such Asset Sale Offer. If the aggregate principal amount of Notes tendered in such Asset Sale Offer exceeds the amount of the Available Disposal Proceeds, the Trustee will select the Notes to be purchased on a pro rata basis, based on the amounts tendered.

The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale Offer provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale Offer provisions of the Indenture by virtue of such compliance.

Redemption with Disposal Proceeds

Under the Deed of Covenant, if UPC Broadband and UPC Financing elect not to offer to prepay the Finco Loan in an amount equal to the lesser of the Available Disposal Proceeds and the aggregate principal amount of the Notes tendered in a related Asset Sale Offer, they are required to prepay (or procure the payment of) the Finco Loan in an amount equal to the Available Disposal Proceeds, plus accrued and unpaid interest on the Finco Loan to the date of prepayment. UPC Broadband and UPC Financing are required to give not less than 10 Business Days' notice of any such prepayment.

Following receipt of prepayment of the Finco Loan described in the preceding paragraph, the Issuer will promptly redeem an aggregate principal amount of the Notes equal to the Available Disposal Proceeds at a redemption price in cash equal to the redemption price that would be payable if such Notes were redeemed on such date pursuant to the provisions described below under "—Optional Redemption", subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

Redemption upon a Change of Control

Upon the occurrence of any mandatory prepayment of any or all of the Finco Loan following a Change of Control (as defined under Clause 7.4 (*Change of Control*) of the UPC Broadband Holding Bank Facility), the Issuer will redeem the corresponding aggregate principal amount of the Notes, subject to and in accordance with the notice provisions of the UPC Broadband Holding Bank Facility, at a redemption price equal to 101% of the principal amount of Notes redeemed plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date.

Under the terms of the UPC Broadband Holding Bank Facility, upon the occurrence of a Change of Control, the UPCB Loans (including the Finco Loan) will only become due and payable if the Majority Lenders so require. The Issuer, as a UPCB Lender, will be entitled to vote the Finco Loan in accordance with the provisions described below under "—Amendment, Supplement and Waiver—To the UPC Broadband Holding Bank Facility". Depending on how the other UPCB Lenders vote in the determination of whether to require prepayment, holders of Notes may have no right to demand redemption of the Notes by the Issuer following the occurrence of a Change of Control.

Optional Redemption

In the event that all or any portion of the Finco Loan is voluntarily prepaid by UPC Broadband Holding pursuant to Clause 7.3 (Voluntary Prepayment) of the UPC Broadband Holding Bank Facility (an "**Early Redemption Event**"), subject to and in accordance with the terms of the UPC Broadband Holding Bank Facility and the Finco Accession Agreement, the Finco Accession Agreement will provide for the payment of certain additional payments to be made to the Issuer that correspond to the premiums payable to holders of the Notes upon early redemption, as described below.

Redemption prior to July 1, 2015

At any time prior to July 1, 2015, upon the occurrence of any Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Notes equal to the principal amount of the Finco Loan prepaid in such Early Redemption Event (not to exceed an amount equal to 10% of the original aggregate principal amount of the Notes during each twelve-month period commencing on the Issue Date), upon not less than 30 days nor more than 60 days' notice, at a redemption price equal to 103% of the principal amount of Notes redeemed plus 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. Prior to July 1, 2014, to the extent that during any twelve-month period commencing on the Issue Date, the principal amount of the Finco Loan prepaid in any one or more Early Redemption Events is greater than an amount equal to 10% of the original aggregate principal amount of the Notes (any such amount, the "Excess Early Redemption Proceeds"), the Issuer will apply the Excess Early Redemption Proceeds to redemption of the Notes as described below under "—Optional Redemption—Redemption prior to July 1, 2015 with Excess Early Redemption Proceeds".

Redemption prior to July 1, 2015 with Excess Early Redemption Proceeds

At any time prior to July 1, 2015, upon the occurrence of an Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Notes equal to the principal amount of the Finco Loan prepaid with any Excess Early Redemption Proceeds in such Early Redemption Event, upon not less than 30 days nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of Notes redeemed plus the Applicable Premium (calculated as of a date no more than three Business Days prior to the date of the relevant redemption notice) 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.

Redemption on or after July 1, 2015

On or after July 1, 2015, upon the occurrence of an Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Notes equal to the principal amount of the Finco Loan prepaid in such Early Redemption Event, upon not less than 30 days nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount), plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on July 1 of the years set out below:

	Redemption Price
2015	%
2016	%
2017	%
2018 and thereafter	100.000%

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.

Special Optional Redemption in connection with a UPC Exchange Transaction

At any time following the Issue Date and subject to its compliance with the UPC Broadband Holding Bank Facility and the other agreements to which it is subject, UPC Broadband Holding or UPC Financing may at its option initiate a UPC Exchange Transaction, pursuant to which it will make an offer to all holders of the Notes to exchange their Notes for senior secured notes issued by UPC Broadband Holding or UPC Financing.

If, among other requirements, holders of a majority of the aggregate principal amount of the outstanding Notes elect to participate in such UPC Exchange Transaction and UPC Broadband Holding or UPC Financing, as the case may be, accepts for exchange all Notes tendered in such UPC Exchange Transaction, UPC Broadband Holding or UPC Financing, as the case may be, will be entitled to prepay all, but not less than all, of the remaining principal amount of the Finco Loan outstanding without the requirement to pay the "make-whole" or other early prepayment amounts that it would otherwise be required to pay in the event of a voluntary redemption of the Finco Loan. In order to effect any such prepayment, either UPC Broadband Holding or UPC Financing, as the case may be, is required to give notice of such prepayment to the Issuer not later than three Business Days prior to the completion of such UPC Exchange Transaction and make such prepayment on the completion date of such UPC Exchange Transaction. To the extent the Notes are exchanged as part of the UPC Exchange Transaction, redeemed through the special optional redemption (as described below) or otherwise prepaid, UPC Financing's obligation to repay the corresponding amount of the Finco Loan will be automatically discharged.

For a description of the requirements of any such exchange offer and certain required terms of such senior secured notes, see "UPC Exchange Transaction" and "UPC Qualified Notes" under "—Certain Definitions".

The Issuer will redeem all, but not less than all, of the Notes issued under the Indenture not exchanged in the UPC Exchange Transaction on the date of the prepayment of the Finco Loan described above, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date.

In the event that UPC Broadband Holding consummates a UPC Exchange Transaction, in connection therewith, UPC Broadband Holding expects to enter into an intercreditor agreement with its senior creditors to regulate, among other things, such creditors' rights with respect to shared collateral, including with respect to enforcement of such collateral. UPC Broadband Holding expects that any UPC Qualified Notes issued in such UPC Exchange Transaction will be subject to the terms of that intercreditor agreement. While the terms of any intercreditor agreement will be subject to negotiation among UPC Broadband Holding and its creditors, UPC Broadband Holding expects the principal terms thereof to be consistent with those terms set forth in Annex D to this offering memorandum.

Redemption for Changes in Withholding Taxes

Upon the occurrence of an Early Redemption Event effected at any time following the occurrence of an Issuer Tax Event (as defined below) or an optional prepayment of the Finco Loan pursuant to Clause 7.9(a)(i) (Right of prepayment and cancellation in relation to a single Lender) of the UPC Broadband Holding Bank Facility (a "**UPCB Tax Event**"), the Issuer may redeem the Notes, in whole but not in part, at its discretion at any time, upon not less than 30 days nor more than 60 days' notice (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice"), at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest then due on the Notes redeemed, to the applicable redemption date (a "**Tax Redemption Date**") (subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date), if, in the case of an Issuer Tax Event only, on the next date on which any amount would be payable in respect of the Notes, the Issuer has or would be required to pay Additional Amounts as a result of:

(1) any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder) of the Relevant Tax Jurisdiction (as defined below) affecting taxation;

(2) any change in official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

and the Issuer cannot avoid any such payment obligation taking reasonable measures available. For this purpose, reasonable measures shall not include the Issuer changing or moving jurisdictions.

In the case of an Issuer Tax Event, the Issuer will not give any such notice of redemption earlier than 90 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes were then due. Notwithstanding the foregoing, the Issuer may not redeem the Notes under this provision if the Relevant Tax Jurisdiction changes under the Indenture and the Issuer is obligated to pay any Additional Amounts as a result of any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder), or any change in official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings, of the then current Relevant Tax Jurisdiction which, at the time such Relevant Tax Jurisdiction became the applicable Tax Jurisdiction under the Indenture, was publicly announced or formally proposed. 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 counsel to the effect that there has been such change or amendment. 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 it cannot avoid its obligation to pay Additional Amounts by the Issuer taking reasonable measures (for this purpose, reasonable measures shall not include the Issuer changing or moving jurisdictions) available to it.

The Trustee is entitled to accept such Officer's Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of Notes.

The foregoing provisions regarding redemption for changes in withholding taxes will apply *mutatis mutandis* to any successor to the Issuer after such successor person becomes a party to the Indenture.

Open Market Purchases of UPCB Loans

In the event that any member of the UPCH Group makes any offer to purchase or otherwise acquire any UPCB Loans (whether through a tender offer process or other process) at a price below the relevant prevailing market price for such UPCB Loans, and such offer includes all or a portion of the Finco Loan held by the Issuer, the Issuer shall make a contemporaneous offer to purchase the Notes on substantially similar terms as the offer to purchase UPCB Loans; *provided* that (1) in no event will holders of Notes be required to participate in any such offer, (2) the consideration offered to holders of Notes will not be less than the consideration they would have received as UPCB Lenders in connection with such offer to purchase UPCB Loans and (3) UPC Broadband Holding and/or the Issuer shall have confirmed to the Trustee that such purchases will not result in taxable income for the Issuer, including upon the extinguishment of Financial Indebtedness in connection therewith, or that UPC Broadband Holding or LGE will have agreed to pay such income tax payable. Prior to undertaking any such repurchases, one or more members of the UPCH Group will enter into arrangements providing for the payment of any fees and expenses incurred in connection with any such offer.

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 unless otherwise required by law or applicable stock exchange requirements. The Trustee will not be liable for selections made by it in accordance with this paragraph.

No Notes of $150,000 can be redeemed in part. Notices of redemption will be delivered to holders through the applicable clearing systems in accordance with the procedures specified above. Notices of redemption may not be conditional.

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 Note, will be issued in the name of the holder of the Note upon cancellation of the original Note, as applicable. 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 which have been redeemed on such redemption date.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, any such notice to the holders of the relevant Notes will also be published in a newspaper having a general circulation in Ireland and, in connection with any redemption, the Issuer (or UPCB on behalf of the Issuer) will notify the Irish Stock Exchange of any change in the principal amount of Notes outstanding.

Withholding Taxes

All payments made by the Issuer or any successor thereto (a "**Payor**") on the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") unless the withholding or deduction of such Taxes is then required by law or by the official interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) the Cayman Islands or any political subdivision or governmental authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on the Notes is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which a Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "**Relevant Tax Jurisdiction**"),

will at any time be required from any payments made with respect to the Notes (an "**Issuer Tax Event**"), including payments of principal, redemption price, interest or premium, the Payor will make such deduction or withholding, make payment of the amount so withheld to the Relevant Tax Jurisdiction and 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 of the Notes, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts) equal the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable with respect to:

(a) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder or beneficial owner and the Relevant Tax Jurisdiction imposing such Taxes (other than the mere ownership or holding of such Note or enforcement of rights thereunder or under the Indenture or the receipt of payments in respect thereof);

(b) any Taxes that would not have been so imposed but for the failure of the holder or beneficial owner of such Note to make a declaration of non-residence or any other claim or filing for exemption to which it is entitled after receiving reasonable written notices, *provided* that (x) such declaration of non-residence or other claim or filing for exemption is required by the applicable law of the Relevant Tax Jurisdiction as a precondition to exemption from the requirement to deduct or withhold all or a part of any such Taxes and (y) within a reasonable period of time prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption is required under the applicable law of the Relevant Tax Jurisdiction, the relevant holder at that time has been notified (in accordance with the procedures set forth in the Indenture) by the Payor or any other person through whom payment may be made that a declaration of non-residence or other claim or filing for exemption is required to be made;

(c) any Note presented for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented during such 30-day period);

(d) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest on the Notes;

(e) any estate, inheritance, gift, sale, transfer, personal property, capital gains, excise or similar tax, assessment or other governmental charge;

(f) any withholding or deduction imposed on a payment to an individual and required to be made pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive; or

(g) any Taxes which could have been avoided by the presentation (where presentation is required) of the relevant Note to another paying agent in a member state of the European Union.

Such Additional Amounts will also not be payable where, had the beneficial owner of the Note been the holder of the Note, it would not have been entitled to payment of Additional Amounts by reason of any of clauses (a) to (g) inclusive above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Tax Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Tax Jurisdiction imposing such Taxes and will provide such certified copies (or, if certified copies are not available despite reasonable efforts of the Payor, other evidence of payment reasonably satisfactory to the Trustee) to each holder. The Payor will attach to each certified copy (or other evidence) a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Trustee by the holders of the Notes upon request and will be made available at the offices of the Irish Listing Agent if the Notes are then listed on the Irish Stock Exchange.

Wherever mentioned in the Indenture, the Notes or this description of the Notes, in any context: (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes, (3) interest, or (4) any other amount payable on or with respect to the Notes, such reference will be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

In the event the Payor is required to pay Additional Amounts, pursuant to the terms of the UPC Expenses Agreement, LGE will pay to the Payor an amount in cash equal to such Additional Amounts to enable the Payor to make such payment.

The foregoing obligations regarding withholding taxes will survive any termination, defeasance or discharge of the Indenture.

Certain Covenants

Limitations with Respect to Business Activities of the Issuer

Notwithstanding anything contained in the Indenture to the contrary:

(1) the Issuer will not engage in any business activity or undertake any other activity, except any activity: (a) relating to the offering, sale, or issuance of the Notes (including any Additional Notes) and the lending or otherwise advancing of the proceeds thereof to the UPCB Group and any other activities in connection therewith; (b) undertaken with the purpose of, and directly related to, fulfilling any other obligations or enforcing any rights under the Indenture, the Finco Loan and the Finco Accession Agreement (including any additional Finco Loan and any additional Finco Accession Agreement entered into in connection with the issuance of Additional Notes), and any Notes Security Document to which it is a party or any other document relating to the Notes or the Deed of Covenant, the UPC Expenses Agreement or the Fee Letter; (c) undertaken as investments in the Finco Loan, any additional Finco Loan or cash and Cash Equivalents; or (d) directly related or reasonably incidental to the establishment and/or maintenance of the Issuer's corporate existence;

(2) the Issuer will not take any action which would cause it to no longer satisfy the requirements of an available exemption from the provisions of the U.S. Investment Company Act of 1940, as amended;

(3) the Issuer will not: (a) incur any Financial Indebtedness other than as expressly permitted by clause (1) above; (b) guarantee any obligations of any other Person; (c) issue any shares (other than shares issued to the Share Trustee on or prior to the date of the Indenture); (d) incur any Liens (other than Permitted Issuer Liens); or (e) deposit additional amounts in its Share Capital Account (other than amounts deposited in connection with the issuance of Additional Notes);

(4) for so long as any Notes are outstanding, the Issuer will not commence or take any action or facilitate a winding-up, liquidation, dissolution or other analogous proceeding;

(5) the Issuer will not amend its constitutive documents in any manner which would adversely affect the rights of holders of the Notes in any material respect;

(6) except as otherwise provided herein, the Issuer will take all actions necessary and within its power to prohibit the transfer of the issued shares in the Issuer by the Share Trustee, except to the extent set forth below under "—Events of Default and Remedies";

(7) the Issuer will not merge, consolidate, amalgamate or otherwise combine with or into any Person or sell, transfer, lease or otherwise dispose of any material property or assets to any Person (other than any sale or other disposal of property or assets in connection with the incurrence of a Permitted Issuer Lien, following any enforcement action or as otherwise expressly permitted by the Indenture);

(8) the Issuer will use all reasonable efforts to: (a) maintain books and records separate from any other person or entity; (b) maintain its accounts separate from those of any other person or entity; (c) not commingle its assets with those of any other person or entity; (d) conduct its own business in its own name; (e) observe all corporate formalities; (f) maintain an arms' length relationship with any affiliates; (g) maintain separate financial statements; (h) pay its own liabilities out of its own funds (other than those contemplated under the Finco Loan, the Finco Accession Agreement, the Fee Letter and the UPC Expenses Agreement and any related or similar agreement); (i) use separate stationery; (j) hold itself out as a separate entity; and (k) correct any known misunderstanding regarding its separate identity;

(9) the Issuer: (a) will not take any action that would impair any security interests over the Collateral benefiting the Notes in any material respect (other than Permitted Issuer Liens); and (b) will take all actions (including making all filings and registrations) that may be necessary for the purpose

of the creation, perfection, protection or maintenance of any Collateral subject to any Notes Security Document;

(10) the Issuer will use all amounts received (other than amounts not corresponding to required payments under the Notes) under any Finco Loan for application towards amounts payable under the Notes; and

(11) the Issuer will not grant any waiver or agree to any amendment or waive any rights under any of the Transaction Documents, except with respect to the Required Consent Provisions or in compliance with the provisions of "Amendment, Supplement and Waiver".

Maintenance of the Existence of the Issuer

The Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, in accordance with the its constitutional documents (as the same may be amended from time to time) and the rights (contractual and statutory), licenses and franchises of the Issuer.

In addition, the Issuer will agree that, except as described below under "—Events of Default and Remedies", it will not register any transfer of its issued shares by the Share Trustee.

Maintenance of Listing

The Issuer will use its reasonable best efforts to list and maintain the listing of the Notes on the Irish Stock Exchange for so long as the Notes are outstanding; *provided*, *however*, that if at any time the Issuer is unable to list the Notes on the Irish Stock Exchange or if maintenance of such listing becomes unduly burdensome, it will, prior to the delisting of the Notes from the Irish Stock Exchange, use its reasonable best efforts to list and maintain a listing of the Notes on another internationally recognized stock exchange.

Maintenance of Rating

The Issuer will use its reasonable best efforts to maintain a rating of the Notes by Moody's and S&P, *provided* that, in the event either Moody's or S&P is no longer available to rate the Notes, the Issuer will use its reasonable best efforts to maintain a rating of the Notes with another "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g(2)) under the U.S. Securities Act, such that in each case at least two "nationally recognized statistical rating organization" rate the Notes. For as long as the Notes are so rated, the Issuer will furnish Moody's and S&P or such other nationally recognized statistical rating organization from time to time with any and all documents, instruments, information and undertakings that may be necessary in accordance with Moody's and S&P or such other nationally recognized statistical rating organization's normal requirements in respect of the Notes.

Minimum Period for Consents under Loan Documents

In the event that the Issuer, as a UPCB Lender, is eligible or required to vote (or otherwise consent) with respect to any request by any member of the UPCB Group for any waiver, amendment or supplement to any UPCB Loan Document or any other determination to be made by the UPCB Lenders, other than with respect to the Required Consent Provisions, the Issuer will procure the agreement from the applicable member of the UPCB Group that the period during which the Issuer, as a UPCB Lender, will be eligible to validly vote (or otherwise consent) with respect to any such waiver, amendment, supplement or determination will not be less than 15 Business Days from the date when written request for such waiver, amendment or supplement is first made to the UPCB Lenders. The Issuer will distribute, or cause to be distributed, to holders of the Notes and all holders of Book-Entry Interests in a Global Note or otherwise make available (including through the facilities of Euroclear and Clearstream) all documents related to any such waiver, amendment, supplement or other determination distributed to the Issuer as a UPCB Lender, including all documentation necessary to enable the holders of Notes to vote in the manner set forth under "Amendment, Supplement and Waiver", within three Business Days after the date when written request for such waiver, amendment or supplement is first made to the UPCB Lenders.

Payments for Consent

UPC Broadband Holding Bank Facility. Neither UPC Broadband Holding nor UPC Financing will, and UPC Broadband Holding will procure that no member of the UPCB Group will, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any UPCB Lender for or as an inducement to any consent, waiver or amendment under any UPCB Loan Document which is subject to the consent of Majority Lenders or all UPCB Lenders, other than the Required Consent Provisions, unless (i) such consideration is also offered to be paid to the Issuer (as a UPCB Lender) and (ii) if the Issuer consents, waives or agrees to such consent, waiver or amendment in accordance with the provisions of the Indenture described below under "—Amendment, Supplement and Waiver—To the UPC Broadband Holding Bank Facility" in the time frame set forth in the solicitation documents relating thereto (including any amendment or supplement thereto), the Issuer is paid such consideration. The Issuer will promptly pay any such consideration received by it to all consenting holders of Notes on a *pro rata* basis.

Indenture. The Issuer will not, 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, amendment or supplement of any of the terms or 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, amendment or supplement.

Amendments to Loan Documents to be applied equally to all UPCB Lenders

The Issuer will procure that no member of the UPCB Group will amend, waive or supplement any UPCB Loan Document requiring the consent of Majority Lenders or all UPCB Lenders to amend, waive or supplement, unless such amendment, waiver or supplement applies to all UPCB Lenders; *provided*, this covenant will not apply to (a) any such amendment, waiver or supplement that does not adversely affect the rights of the Issuer or the holders of the Notes in any material respect, (b) any amendment, waiver or supplement consented to by holders of a majority in aggregate principal amount of the then outstanding Notes in compliance with the provisions of the Indenture described below under "—Amendment, Supplement and Waiver—To the Indenture and the Notes" as if such amendment, waiver or supplement were subject to the majority consent provisions described thereunder or (c) such amendment, waiver or supplement has been consented to by the requisite UPCB Lenders (as determined in accordance with the UPC Broadband Holding Bank Facility), including the Issuer, but irrespective of whether the Issuer, acting on the instructions of the holders of the Notes in accordance with the terms of the Indenture, has voted in favor of the amendment, waiver, or supplement.

Information

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

Upon receipt from UPC Broadband Holding or the UPCB Facility Agent of any report or other information pursuant to the terms of or in respect of the UPC Broadband Holding Bank Facility, the Issuer will promptly (and in any event, within three Business Days of receipt) deliver any such report or other information to the holders of Notes. In the event such reports or other information are furnished by or at the direction of UPC Broadband Holding or the UPCB Facility Agent to "public" UPCB Lenders via an Internet website or an electronic information provider, the Issuer shall procure that the Trustee, the holders of the Notes and Book-Entry Interests are granted access to such website or electronic information supplier in order to receive such reports or other information at the same time as other "public" UPCB Lenders.

The Issuer will provide to the Trustee and will post by website (or make similar disclosure) and shall make available to potential investors in the Notes, within 150 days after the end of each fiscal year ending subsequent to the Issue Date, the audited consolidated balance sheets of the Issuer as of the end of the two most recent fiscal years (or such shorter period as the Issuer has been in existence) and audited consolidated income statements and statements of cash flow of Issuer for the three most recent fiscal years (or such shorter period as the Issuer has been in existence), in each case prepared in accordance with GAAP, including appropriate footnotes to such financial statements and a report of the independent auditors on the financial statements.

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default, the Issuer is required to deliver to the Trustee a statement specifying such Default or Event of Default and the action that is being taken in respect of such Default or Event of Default. The Issuer, UPC Broadband Holding and LGE will promptly notify the Issuer, the Trustee, the holders of Notes and the holders of Book-Entry Interests in the Notes upon becoming aware of any breach (or other event that would constitute or would be reasonably likely to result in a default) under the UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Fee Letter, the Deed of Covenant or the UPC Expenses Agreement.

Events of Default and Remedies

Events of Default

Each of the following is an "*Event of Default*":

(1) default for three Business Days in the payment when due of interest on the Notes;

(2) default for one Business Day 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 the Issuer to comply with Clauses (4), (5), (7) or (11) under the captions "—Certain Covenants—Limitations with Respect to Business Activities of the Issuer" or the provisions of "—Certain Covenants—Maintenance of Existence of the Issuer" or "—Certain Covenants—Minimum Period for Consents under Loan Documents";

(4) failure by the Issuer for 28 days after notice to the Issuer by the Trustee or the holders of at least 25% in aggregate principal amount of Notes then outstanding to comply with any of the agreements in the Indenture (other than those described in clauses (1), (2) and (3) above) or the Notes;

(5) breach by the Issuer or the Share Trustee of any material representation or warranty in any Notes Security Document to which it is a party, the repudiation by the Issuer or the Share Trustee of any of its obligations under any Notes Security Document to which it is a party or the unenforceability for any reason against the Issuer or the Share Trustee of any Notes Security Document to which it is a party;

(6) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer;

(7) (a) failure by any party thereto for 28 days to comply with any of the agreements in the Deed of Covenant, the UPC Expenses Agreement or the Fee Letter in any material respect or (b) the repudiation by any party thereto of any of its obligations under any of the Deed of Covenant, the UPC Expenses Agreement or the Fee Letter, the unenforceability for any reason against any party thereto of the Deed of Covenant, the UPC Expenses Agreement or the Fee Letter or any breach by any party thereto of any material representation or warranty in the Deed of Covenant, the UPC Expenses Agreement or the Fee Letter; or

(8) (a) the occurrence of a UPCB Event of Default that is continuing or (b) any breach by UPC Broadband Holding or UPC Financing of any material representation or warranty or any material agreement in the Finco Accession Agreements.

For purposes of clause (8) above, "**UPCB Event of Default**" means an "Event of Default" as defined in the UPC Broadband Holding Bank Facility (including the Finco Accession Agreement) as then in effect.

Remedies

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 (other than any Event of Default described in Clause (8) above) occurs and is continuing, 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.

Whether or not the Notes are accelerated pursuant to the provisions of the immediately preceding paragraph, if any Event of Default (other than any Event of Default described in Clause (8) above) occurs and is continuing, any Lien over the Collateral granted under any Security Document will become enforceable; provided however, if an Event of Default as described in Clause (8) above occurs and is continuing, any Lien over the (1) UPCB Loan Collateral, (2) Deed of Covenant Collateral, and (3) Expenses Agreement Collateral granted under any Security Document will become enforceable. If such Lien over the Collateral becomes enforceable, the Trustee or Security Agent may at its discretion and shall if so requested in writing by holders representing at least 25% of the principal amount of the Notes then outstanding enforce such Lien in any manner permitted by the Notes Security Documents, including taking possession of, appointing a receiver in respect of and/or realizing all or any part of the Collateral. Pursuant to the Finco Accession Agreement, UPC Broadband Holding has consented to any assignment, transfer or novation of rights and/or obligations (in whole or in part) of the Finco Loan following an Event of Default under the Indenture, including any subsequent assignment, transfer or novation of the Finco Loan, subject to minimum transfer amount of $150,000 and other requirements of a UPCB Lender under the UPC Broadband Holding Bank Facility.

Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee and/or the Security Agent in its exercise of any trust or power. The Trustee and/or the Security Agent 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, premium or Additional Amounts (if any).

Subject to the provisions of the Indenture relating to the duties of the Trustee and/or the Security Agent, in case an Event of Default occurs and is continuing, the Trustee and/or the Security Agent 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 and/or the Security Agent indemnity or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts (if any) when due, no holder of a Note may pursue any remedy (other than the exchange of Notes for UPCB Exchange Loans as described below) 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 and/or the Security Agent to pursue the remedy;

(3) such holders have offered the Trustee and/or the Security Agent reasonable security or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee and/or the Security Agent has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee and/or the Security Agent a direction inconsistent with such request within such 60-day period.

The holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the holders of all of the Notes, rescind an acceleration or an enforcement action or waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or premium on, Additional Amounts with respect to, or the principal of, the Notes.

Notwithstanding any provision in the Indenture, the Notes, the Note Security Documents or otherwise to the contrary, the obligations of the Issuer to the Trustee, the Security Agent, the Principal Paying Agent, the Transfer Agent, the Registrar and the holders of the Notes under the Indenture, the Notes and the Note Security Documents shall be limited to the proceeds of the realization of the Collateral once the proceeds have been applied in accordance with the terms of the Indenture, the Notes and the Note Security Documents. Having realized all the Collateral in accordance with the Note Security Documents and distributed the net proceeds thereof in accordance with the Indenture, none of the Trustee, the Security Agent, the Principal Paying Agent, the Registrar and the holders of the Notes may take any further steps to recover any sum still unpaid in respect of the Notes, the Indenture or any of the Note Security Documents or otherwise and all claims against the Issuer in respect of any such sum due but still unpaid shall be extinguished.

Exchange of Notes for UPCB Loans

Upon the occurrence of an Event of Default under the Indenture which is continuing (an "**Exchange Triggering Event**"), a holder of Notes may exchange all or part of its Notes (including in connection with a transfer to a third party) into a like aggregate principal amount of Finco Loan equal to the aggregate principal amount of Notes so exchanged, in each case, plus accrued interest up to but not including the day of exchange (each, a "**UPCB Exchange Loan**"), subject to the following procedures and conditions:

(1) the date specified for exchange (the "**Exchange Date**") shall be a date to be agreed between the Issuer and the exchanging holder of Notes, provided that the Issuer's consent to any Exchange Date requested by such exchanging holder will not be unreasonably withheld;

(2) on or prior to the Exchange Date, Notes to be exchanged will be delivered to the Principal Paying Agent or Registrar for cancellation;

(3) the Issuer or the Trustee and/or Security Agent promptly will deliver to the UPCB Facility Agent an executed Novation Certificate (as defined in the UPC Broadband Holding Bank Facility) designating such holder (or any Person designated by such Holder) as the New Lender (as defined in the UPC Broadband Holding Bank Facility) in respect of such UPCB Exchange Loan;

(4) the UPCB Exchange Loan will be denominated in the same currency as the Notes exchanged;

(5) in consideration of the exchange of such Notes for the UPCB Exchange Loan, each of the Issuer, the holder of Notes and the Trustee and/or Security Agent hereby agrees to assign any right that such person may be entitled to pursuant to the terms of the UPC Broadband Holding Bank Facility to Pre-Transfer Accrued Interest (as defined in the UPC Broadband Holding Bank Facility) on such Finco Loan transferred, and the Issuer will direct the UPCB Facility Agent to pay such Pre-Transfer Accrued Interest to such holder on the next date on which interest is payable under such Finco Loan; and

(6) the aggregate principal amount of Notes being exchanged on any Exchange Date by a holder is at least $150,000.

UPCB has irrevocably consented to the transfer to any holder of Notes each UPCB Exchange Loan exchanged for Notes pursuant to the terms of this section and each subsequent transfer of such UPCB Exchange Loan, subject to minimum transfer amounts as set forth in the Finco Accession Agreement and other requirements of a UPCB Lender under the UPC Broadband Holding Bank Facility.

Non Petition

Each of the Trustee, the Security Agent, the Principal Paying Agent and the Registrar and each Noteholder will agree that its rights against the Issuer under the Indenture and the Notes will be limited to the extent that it will not take any action or proceedings against the Issuer to recover any amounts due and payable by the Issuer to it under the Indenture, the Notes or the Note Security Documents except as expressly permitted by the provisions of the Indenture, the Notes and the Note Security Documents. Each of the Trustee, the Security Agent, the Principal Paying Agent and the Registrar and each Noteholder will further agree that it will not, and in the case of a Noteholder will not request that the Trustee or the Security Agent on its behalf, petition a court for, or take any other action or commence any proceedings for, the liquidation or winding-up of the Issuer or any other bankruptcy or insolvency proceedings with respect to the Issuer.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer will have any liability for any obligations of the Issuer under the Notes, the Indenture and the Notes 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.

Amendment, Supplement and Waiver

To the UPC Broadband Holding Bank Facility or the Finco Accession Agreement

In the event that the Issuer, as a UPCB Lender, is eligible or required to vote (or otherwise consent) (including with respect to any enforcement decision) with respect to any matter, other than the Required Consent Provisions, arising from time to time under the UPC Broadband Holding Bank Facility or under the Finco Accession Agreement in which all UPCB Lenders are eligible or required to vote (or otherwise consent) (a "**UPC Broadband Holding Bank Facility Decision**"), the Issuer will solicit votes (or other consents) from the holders of Notes (each, a "**Noteholder Consent**") with respect to such UPC Broadband Holding Bank Facility Decision in accordance with the provisions of the Indenture described above under "—Certain Covenants—Minimum Period for Consents under Loan Documents". Upon the expiration of the applicable consent period, the Trustee will inform the UPCB Facility Agent promptly in writing (and in no event more than one Business Day following such expiration) of the results of the Noteholder Consent.

Under the terms of the UPC Broadband Holding Bank Facility, UPCB Lenders are not entitled to split their votes when voting on a proposed consent, waiver, amendment or other determination. The following voting mechanic is designed to achieve the same practical effect as allowing a UPCB Lender to split its vote (subject to the provisions set forth below) under the UPC Broadband Holding Bank Facility.

Under the terms of the Finco Accession Agreement, the UPCB Facility Agent will be authorized to apply the Noteholder Consent to the UPC Broadband Holding Bank Facility Decision, at the direction of the Issuer or Trustee, as follows:

$$\frac{(OLC + BC + OBC)}{OL} = \text{Threshold Amount}$$

Where:

OLC = aggregate Commitments consenting (other than any Commitments of the Issuer and any other SPV Issuer) to such UPC Broadband Holding Bank Facility Decision

BC = aggregate principal amount of Notes consenting; *provided* where at least a majority in aggregate principal amount of Notes that respond to such solicitation provide consent, BC will be deemed to equal the aggregate principal amount of the Notes outstanding (for purposes of the calculation of BC, the principal amount of the Notes will be converted into Euro at the Agent's Spot Rate of Exchange (as defined in the UPC Broadband Holding Bank Facility) as of the Issue Date)

OBC = aggregate principal amount of SPV Notes issued by all SPV Issuers (other than any SPV Notes issued by the Issuer) consenting; *provided*, with respect to each SPV Issuer (other than the Issuer), where at least a majority in aggregate principal of SPV Notes issued by such SPV Issuer that respond to such solicitation provide consent, OBC with respect to such SPV Issuer will be deemed to equal the aggregate principal amount of the SPV Notes outstanding and issued by such SPV Issuer

OL = aggregate Commitments under the UPC Broadband Holding Bank Facility

"**Commitments**" means the aggregate undrawn Additional Facility Commitments (as defined in the UPC Broadband Holding Bank Facility) and participations in outstanding Advances (as defined in the UPC Broadband Holding Bank Facility) under the UPC Broadband Holding Bank Facility.

To the extent the Threshold Amount (expressed as a percentage) is greater than or equal to the required percentage of UPCB Lender consents with respect to any UPC Broadband Holding Bank Facility Decision, the entire amount of the Finco Loan will be voted in favor of the matter the subject of such UPC Broadband Holding Bank Facility Decision. To the extent the Threshold Amount is less than the required percentage of UPCB Lender consents with respect to any UPC Broadband Holding Bank Facility Decision, the entire amount of the Finco Loan will be voted against the matter the subject of such UPC Broadband Holding Bank Facility Decision.

Except as provided in the next succeeding paragraph, any provision or term of the Finco Accession Agreement and the UPC Broadband Holding Bank Facility applicable only to the Finco Loan or to a several right of the Issuer, as UPCB Lender, 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 in respect of, or compliance with, any such provision or term 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), an amendment, supplement or waiver of the Finco Accession Agreement may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the stated rate of or extend the stated time for payment of interest under the Finco Loan;

(2) reduce any amounts payable in respect of any prepayment of the Finco Loan;

(3) reduce the principal of or extend the Stated Maturity of the Finco Loan;

(4) make the Finco Loan payable in currency other than that stated in the Finco Accession Agreement; or

(5) modify the payment terms of the Finco Accession Agreement.

To the Indenture and the Notes

Except as provided in the next succeeding paragraphs, the Indenture, the Notes, any Notes Security Document, the Deed of Covenant, the Fee Letter and the UPC Expenses 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 the Indenture, the Notes, any Note Security Document, the Deed of Covenant, the Fee Letter and the UPC Expenses 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), an amendment, supplement or waiver of the Indenture, the Notes, any Notes Security Document, the Deed of Covenant, the Fee Letter and the UPC Expenses Agreement 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 waiver or other determination;

(2) reduce the stated rate of or extend the stated time for payment of interest or Additional Amounts on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note or alter the provisions with respect to the redemption of the Notes;

(4) make any Note payable in currency other than that stated in the Note;

(5) impair the right of any holder to receive payment of, premium, if any, principal of or interest or Additional Amounts, if any, on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes;

(6) make any change in these amendment or waiver provisions;

(7) impair the right of any holder of Notes to exchange its Notes for UPCB Exchange Loans in accordance with "—Events of Defaults and Remedies—Exchange of Notes into UPCB Loans"; or

(8) to release any Lien on the Collateral except in accordance with the terms of the Indenture and the Notes Security Documents.

Notwithstanding the preceding two paragraphs, without the consent of any holder of Notes, the Issuer and the Trustee and/or the Security Agent may amend or supplement the Indenture, the Notes, any Notes Security Document, the Deed of Covenant, the Fee Letter and the UPC Expenses 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 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, to the extent such change would not violate the provisions of the Indenture;

(4) to conform the text of the Indenture, the Notes or any Notes Security Document 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 Notes or any Notes Security Document;

(5) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the date of the Indenture (including with respect to Collateral);

(6) to the extent necessary to allow the Issuer to participate on the same terms as other UPCB Lenders in an offer to purchase or otherwise acquire UPCB Loans by any member of the UPCH Group made in compliance with the requirements set out under "Redemption—Open Market Purchases of UPCB Loans";

(7) to release any Lien on the Collateral in accordance with the terms of the Indenture and the Notes Security Documents; or

(8) to evidence and provide for a successor Trustee or Security Agent as provided for in the Indenture.

In determining whether the holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer or UPC Broadband Holding, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or UPC Broadband Holding will be considered as though not outstanding.

The Trustee will be entitled to require and rely conclusively on such evidence as is reasonably appropriate in light of the nature of such amendment or supplement, including an Opinion of Counsel and an Officer's Certificate in connection with any request of the Issuer to amend the Indenture, the Notes or any Notes Security Document without the consent of any holder of Notes. In addition, the Issuer shall deliver to the Trustee, and the Trustee shall be entitled to rely conclusively on, an Officer's Certificate and/or an Opinion of Counsel, in each case, reasonably satisfactory to the Trustee stating that all conditions precedent to such amendment or supplement have been satisfied.

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 Principal Paying Agent or Registrar for cancellation; or

  (b) all Notes that have not been delivered to the Principal Paying Agent or Registrar 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 a third party acting on behalf of the Issuer has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in dollars, Cash Equivalents constituting of non-callable dollar-denominated government securities or a combination of cash in dollars and Cash Equivalents constituting of non-callable dollar-denominated government securities in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Financial Indebtedness on the Notes of such series not delivered to the Principal Paying Agent or Registrar for cancellation for principal, premium and Additional Amounts (if any) and accrued interest to the date of maturity or redemption;

(2) in the case of clause 1(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or

constitute a default under, any other instrument to which the Issuer is a party or by which the Issuer is bound;

(3) the Issuer has paid or caused to be paid all other amounts payable by it under the Indenture with respect to the Notes; and

(4) 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.

Judgment Currency

Any payment on account of an amount that is payable in dollars (the "**Required Currency**"), which is made to or for the account of any holder of the Notes or the Trustee in lawful currency of any other jurisdiction (the "**Judgment Currency**"), will constitute a discharge of the Issuer's obligation under the Indenture and the Notes only to the extent of the amount of the Required Currency which 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 the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such Noteholder or the Trustee, as the case may be, the Issuer will indemnify and hold harmless the Noteholder 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 will constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Holder or the Trustee from time to time and will 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 Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days.

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. It may not be possible for the Trustee to take certain actions in relation to the Notes and accordingly in such circumstances the Trustee will be unable to take action, notwithstanding the provision of security or an indemnity to it.

Additional Information

So long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange shall so require, copies of the Indenture, the UPC Broadband Holding Bank Facility and the Finco Accession Agreement, the Deed of Covenant, the Fee Letter and the UPC Expenses Agreement may be obtained, free of charge, during normal business hours at the offices of the Principal Paying Agent.

Governing Law

The Indenture and the Notes will each be governed by, and construed in accordance with, the laws of the State of New York. The UPC Broadband Holding Bank Facility, the Finco Accession Agreement, the Deed of Covenant and the Fee Letter will be governed by, and construed in accordance with, English law. The Notes Security Documents and the UPC Expenses Agreement will be governed by, and construed in accordance with, Cayman Islands law.

Consent to Jurisdiction and Service of Process

The Issuer will irrevocably submit to the jurisdiction of any New York state or U.S. federal court located in The Borough of Manhattan, City of New York, State of New York in relation to any legal action or proceeding (1) arising out of, related to or in connection with the Indenture or the Notes and (2) arising under any U.S. federal or state securities laws. The Issuer will appoint an agent for service of process in New York in any such action or proceeding.

Enforceability of Judgments

Since the assets of the Issuer are outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, interest, Additional Amounts and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form, without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the 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**").

  The 144A Global Notes will, on the Issue Date, be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

- 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 "**Regulation S Global Notes**", and together with the 144A Global Notes, the "**Global Notes**").

  The Regulation S Global Notes will, on the closing date, be deposited with and registered in the name of The Bank of New York Depository (Nominees) Limited, as the common depositary, for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and Clearstream or DTC, as applicable, or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Notice to Investors". In addition, transfers of Book-Entry Interests between participants in Euroclear, participants in Clearstream or participants in DTC will be effected by Euroclear, Clearstream or DTC, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear, Clearstream or DTC and their respective participants.

Book-Entry Interests in the 144A Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Note denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Notice to Investors" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred.

Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of $150,000 principal amount, and integral multiples of $1,000 in excess thereof, upon receipt by the applicable Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear, Clearstream or DTC, as applicable, from the participant which owns the relevant Book-Entry

Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "Transfer Restrictions".

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of $150,000 in principal amount and integral multiples of $1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any 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.

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.

"**Additional Facilities**" has the meaning ascribed thereto in the UPC Broadband Holding Bank Facility.

"**Applicable Premium**" means, with respect to a Note at any redemption date prior to July 1, 2015 applicable to the redemption of such Note, the excess of:

(1) the present value at such redemption date of (i) the redemption price of the Note at July 1, 2015 (such redemption price being described under "Optional Redemption of the Finco Loan—Redemption on or after July 1, 2015") plus (ii) all required remaining scheduled interest payments due on the Notes through July 1, 2015 (excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate plus 50 basis points; over

(2) the principal amount of the Note.

"**Average Life**" means, as of the date of determination, with respect to any Financial Indebtedness, the quotient obtained by dividing (1) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Financial Indebtedness multiplied by the amount of such payment by (2) the sum of all such payments.

"**Business Day**" means each day that is not a Saturday, Sunday or other day on which banking institutions in Dublin, Ireland, New York, New York, London, England or the Cayman Islands are authorized or required by law to close.

"**Cash Equivalents**" means:

(1) securities issued or directly and fully guaranteed or insured by the United States Government or a member state of the European Union as of the Issue Date (each a "**Qualified Country**") or any agency or instrumentality thereof (*provided* that the full faith and credit of such Qualified Country is pledged in support thereof), having maturities of not more than one year from the date of acquisition;

(2) marketable general obligations issued by any political subdivision of any Qualified Country or any public instrumentality thereof maturing within one year from the date of acquisition of the United States (*provided t*hat the full faith and credit of the Qualified Country is pledged in

support thereof) and, at the time of acquisition, having a credit rating of "A2" or better from either Standard & Poor's Ratings Services or Moody's Investors Service, Inc.;

(3) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the UPC Broadband Holding Bank Facility or by any bank or trust company (x) the long-term debt of which is rated at the time of acquisition thereof at least "A" or the equivalent thereof by S&P or "A" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another nationally recognized rating agency);

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1), (2) and (3) entered into with any bank meeting the qualifications specified in clause (3) above;

(5) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's, or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof; and

(6) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (5) above.

"**Clearstream**" means Clearstream Banking, *societe anonyme*.

"**Collateral**" has the meaning set forth above under "—Security".

"**continuing**" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"**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.

"**dollar**" or "**$**" means the lawful currency of United States of America.

"**DTC**" means The Depository Trust Company.

"**euro**" or "**€**" means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union.

"**Euroclear**" means the Euroclear system.

"**European Union**" means the European Union as of the Issue Date, including Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

"**Financial Indebtedness**" has the meaning ascribed thereto in the UPC Broadband Holding Bank Facility as in effect on the Issue Date.

"**Finco Accession Agreement**" means the €750.0 million additional facility accession agreement to be dated on or about the Issue Date to be entered into between, among others, the Issuer and UPC Financing.

"**GAAP**" means generally accepted accounting principles in the United States ("**U.S. GAAP**") as in effect as of the date of the Indenture or, with respect to the covenant "Reports", as in effect from time to time. At any time after the Issue Date, the Issuer may elect to apply for all purposes of the Indenture, in lieu of U.S. GAAP, IFRS, and, upon such election, references to GAAP herein will be construed to mean IFRS as in effect at the Issue Date; *provided* that (1) any such election once made shall be irrevocable (unless (a) such an election was made in order to comply with applicable law with respect to the reporting standards of the Issuer and (b) subsequent to such election, such applicable law is modified or rescinded, and at the time of such modification or rescission, Liberty prepares its consolidated financial statements in accordance with U.S. GAAP), (2) all financial statements and reports to be provided, after such election, pursuant to the Indenture shall be prepared on the basis of IFRS as in effect from time to time (including that, upon first reporting its fiscal year results under IFRS, the Issuer shall restate its financial statements on the basis of IFRS for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of IFRS), and (3) from and after such election, all ratios, computations, and other determinations based on GAAP contained in the Indenture shall be computed in conformity with IFRS with retroactive effect being given thereto assuming that such election had been made on the Issue Date.

"**guarantee**" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Financial Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

"**IFRS**" means the accounting standards issued by the International Accounting Standards Board and its predecessors.

"**Issue Date**" means , 2011.

"**Issuer**" means UPCB Finance III Limited and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets.

"**Liberty**" means Liberty Global, Inc., a Delaware corporation, and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"**Majority Lenders**" has the meaning ascribed thereto in the UPC Broadband Holding Bank Facility.

"**Moody's**" means Moody's Investors Service, Inc.

"**Notes Security Documents**" means the documents evidencing the security interests granted over the Collateral and any other agreement or instrument from time to time governing a grant of a security interest permitted under the Indenture to secure the obligations under the Notes.

"**obligations**" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities or amounts payable under the documentation governing any Financial Indebtedness.

"**Officer**" means any Director or the Secretary of the Issuer or any equivalent position.

"**Officer's Certificate**" means a certificate signed by an Officer.

"**Opinion of Counsel**" means a written opinion of counsel, who may be counsel to the Issuer and/or a member of the UPCH Group (and may include employees of the issuer or a member of the UPCH Group) and who is acceptable to the Trustee.

"**Permitted Issuer Liens**" means:

(1) Liens for taxes, assessments or government charges or levies on the assets of the Issuer if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, *provided* that any reserve or other appropriate provision that shall be required in conformity with GAAP shall have been made therefor;

(2) Liens created for the benefit of (or to secure) the Notes (including any Liens granted pursuant to the Notes Security Documents);

(3) Liens granted to the Trustee for its compensation and indemnities pursuant to the Indenture; and

(4) Liens with respect to bankers' liens, rights of set-off or similar rights or remedies in respect of cash maintained in bank accounts or certificates of deposit.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision hereof or other entity.

"**S&P**" means Standard and Poor's Ratings Group.

“**Security Agent**” means The Bank of New York Trust Company (Cayman) Limited, acting as agent pursuant to the Indenture and the Notes Security Documents or any successor or replacement Security Agent, acting in such capacity.

“**Share Trustee**” means MaplesFS Limited or its successor or assigns as share trustee pursuant to the Shareholder Trust.

“**Shareholder Trust**” means the trust established under the laws of the Cayman Islands in respect of the issued shares of the Issuer which trust is established pursuant to the Amended and Restated Declaration of Trust dated January 19, 2011.

“**SPV Issuer**” means any lender under the UPC Broadband Holding Bank Facility that is a special purpose financing company and that has funded an Advance (under and as defined in the UPC Broadband Holding Bank Facility) using the proceeds from the issuance of senior secured notes.

“**SPV Notes**” means the senior secured notes issued by any SPV Issuer.

“**Stated Maturity**” means, with respect to any installment of interest or principal on any series of Financial Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Financial Indebtedness as of the date of the Indenture, 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.

“**Treasury Rate**” means, as of any redemption date, the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the Redemption Date (or, if such statistical release is not so published or available, any publicly available source of similar market date selected by the Issuer in good faith)) most nearly equal to the period from the Redemption Date to July 1, 2015; *provided, however*, that if the period from the Redemption Date to July 1, 2015 is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from the Redemption Date to July 1, 2015 is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

“**UPC Broadband Holding**” means UPC Broadband Holding B.V. and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets.

“**UPC Broadband Holding Bank Facility**” means the Senior Secured Credit Facility Agreement dated January 16, 2004 (as amended on May 10, 2006, December 11, 2006, April 16, 2007, April 30, 2009 and June 9, 2009) between, among others, UPC Broadband Holding, the obligors listed therein and The Bank of Nova Scotia as facility agent and security agent.

“**UPC Exchange Transaction**” means an exchange offer by UPC Broadband Holding or UPC Financing pursuant to which one or more series of UPC Qualified Notes are offered in exchange for all outstanding Notes issued under the Indenture; provided, that (i) no Default or Event of Default has occurred and is continuing at the time any such exchange offer is made or would result therefrom, (ii) holders of a majority in aggregate principal amount of the outstanding Notes have elected to participate in such offer, (iii) for each $1,000 in principal amount of Notes tendered and accepted, each holder tendering such Notes will receive $1,000 in principal amount of UPC Qualified Notes, (iv) the exchange offer complies with Rule 14e-1 under the U.S. Exchange Act and any other applicable securities law or regulation, (v) UPC Broadband Holding or UPC Financing accepts for exchange all Notes tendered in such exchange offer and issues the relevant UPC Qualified Notes in exchange therefor and (vi) the exchange offer is open to all holders of the notes on substantially similar terms.

“**UPC Financing**” means UPC Financing Partnership and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets.

“**UPC Holding**” means UPC Holding B.V. and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets.

“**UPC Qualified Notes**” means senior notes issued by UPC Broadband Holding or UPC Financing; provided, that (i) such senior notes will be guaranteed and secured to the same extent that other senior indebtedness of UPC Broadband Holding existing on the date of the UPC Exchange Transaction is guaranteed or secured; provided that in any event such senior notes will be secured to the same extent as UPC Broadband Holding's senior Financial Indebtedness existing on the Issue Date, (ii) the Financial Indebtedness incurred under such senior notes is permitted to be incurred pursuant to the terms and conditions of any other Financial Indebtedness of UPCH and its Subsidiaries outstanding upon consummation of the UPC Exchange Transaction, (iii) the terms and conditions of such senior notes (other than with respect to pricing and redemption) and the indenture governing such senior notes shall be substantially similar to, and in any event no less favorable to the holders of Notes than, the terms and conditions contained in the indentures governing the senior notes of UPC Holding outstanding on the date of the UPC Exchange Transaction, (iv) the interest rate applicable to each series of such senior notes shall not be less than the interest rate applicable to the series of Notes for which they are exchanged, (v) all amounts due and owing on such senior notes will be payable in the same currency as the Notes for which they are exchanged, (vi) the redemption provisions of such senior notes will have at least the remaining call protection applicable to the Notes for which they are exchanged, (vii) the Stated Maturity of such senior notes will be no later than the Stated Maturity of the Notes, and (viii) the exchange offer is not conditioned upon holders of the Notes consenting to any amendment to the terms of the notes or the Indenture.

"**UPCB Facility Agent**" means The Bank of Nova Scotia, acting as facility agent pursuant to the UPC Broadband Holding Bank Facility or any successor or replacement UPCB Facility Agent, acting in such capacity.

"**UPCB Lender**" and "**UPCB Lenders**" means a lender or lenders under the UPC Broadband Holding Bank Facility from time to time.

"**UPCB Loans**" means advances extended to UPC Financing and/or UPC Broadband Holding under the UPC Broadband Holding Bank Facility.

"**UPCB Loan Documents**" means the UPC Broadband Holding Bank Facility and any other agreements designated a "finance document" under the UPC Broadband Holding Bank Facility.

"**UPCB Security Agent**" means The Bank of Nova Scotia, acting as security agent pursuant to the UPC Broadband Holding Bank Facility or any successor or replacement UPCB Security Agent, acting in such capacity.

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated pursuant thereto.

"**U.S. Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated pursuant thereto.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes will initially be represented by two or more Notes in global form that together will represent the aggregate principal amount of the Notes. Notes sold in reliance on Rule 144A under the U.S. Securities Act will be represented by one or more permanent global notes (the "Rule 144A Global Note"). Notes sold in reliance on Regulation S under the U.S. Securities Act initially will be represented by one or more permanent global notes (the "Regulation S Global Note"). When issued, the Rule 144A Global Notes and the Regulation S Global Notes (together, the "Global Notes") will be deposited with, or on behalf of, DTC and registered in the name of Cede & Co., as DTC's nominee. Except as set forth below, record ownership of the Global Notes may be transferred, in whole or in part, only to another nominee of DTC or to a successor of DTC or its nominee.

The Notes will be issued only in registered form and in minimum denominations of $150,000 and integral multiples of $1,000 in excess thereof.

Investors who are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) and who purchase Notes in reliance on Rule 144A under the U.S. Securities Act may hold their interests in a Rule 144A Global Note directly through DTC if they are DTC participants (the "Participants") or indirectly through organizations that are DTC participants ("Indirect Participants").

Investors who hold beneficial interests in a Regulation S Global Note may hold such interests only directly through Euroclear Bank S.A./N.V, as operator of the Euroclear System ("Euroclear"), or Clearstream Banking, S.A. ("Clearstream"), if they are participants in these systems, or indirectly through organizations that are participants in these systems. Euroclear and Clearstream will hold interests in a Regulation S Global Note on behalf of their participants through their respective depositaries, which in turn will hold the interests in such Regulation S Global Note in customers' securities accounts in the depositaries' names on the books of DTC.

Beneficial interests in the Regulation S Global Note may be held only through Euroclear and Clearstream (as indirect participants in DTC), unless transferred to a person that takes delivery through the Rule 144A Global Note in accordance with the certification requirements described below. Beneficial interests in the Rule 144A Global Note may not be exchanged for beneficial interests in the Regulation S Global Note at any time except in the circumstances described below. See "*—Exchanges Between the Global Notes*". In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its Participants or its Indirect Participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

So long as Cede & Co., as the nominee of DTC, is the registered owner of a Global Note, Cede & Co. for all purposes will be considered the sole holder of the Global Note. Owners of beneficial interests in a Global Note will be entitled to have certificates registered in their names and to receive physical delivery of Notes only in the limited circumstances described below under "*Exchange of Global Notes for Definitive Notes*".

The Notes will be subject to certain transfer restrictions and restrictive legends as described under "*Transfer Restrictions*".

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them from time to time. The Issuer does not take any responsibility for these operations and procedures and urges investors to contact the systems or their participants directly to discuss these matters.

Upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the Initial Purchasers with portions of the principal amount of the Global Notes.

Payment of principal and other amounts, if any, on a Global Note will be made to Cede & Co., the nominee for DTC, as registered owner of the Global Notes, by wire transfer of immediately available funds on the applicable payment date. Neither the Issuer nor the Trustee, nor any agent of either of them, will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

The Issuer has been informed by DTC that, with respect to any payment of principal, or premium, interest or other amounts, if any, on a Global Note, DTC's practice is to credit Participants' accounts on the applicable payment date with payments in amounts proportionate to their respective beneficial interests in the Notes represented by the Global Note as shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on such payment date. Payments by Participants to owners of beneficial interests in the Notes represented by the Global Note held through such Participants will be the responsibility of such Participants, as is now the case with securities held for the accounts of customers registered in "street name". In particular, payments to owners of beneficial interests in the Notes held through Euroclear and Clearstream will be made in accordance with the rules and operating procedures of Euroclear and Clearstream.

Transfers between Participants will be effected in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds. Participants in Euroclear and Clearstream will effect transfers with other participants in the ordinary way in accordance with the rules and operating procedures of Euroclear and Clearstream, as applicable. The laws of some U.S. states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants and certain banks, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Cross-market transfers between DTC Participants, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, these cross market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in the system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and the credit of any transaction's interests in the Global Note settled during the processing day will be reported to the relevant Euroclear or Clearstream participant on that day.

Neither the Issuer nor the Trustee, nor any agent of either of them, will have responsibility for the performance of DTC, Euroclear, Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations. DTC has advised the Issuer that it will take any action permitted to be taken by a holder of the Notes (including, without limitation, the presentation of the Notes for exchange as described below) only at the direction of one or more Participants to whose accounts with DTC interests in a Global Note are credited, and only in respect of the Notes represented by the Global Note as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC reserves the right to exchange the Global Notes for Notes in definitive form, which it will distribute to its Participants.

DTC has also advised the Issuer that DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the U.S. Exchange Act. DTC was created to hold securities for its Participants and to facilitate the clearance and settlement of securities transactions between Participants through electronic book-entry changes to accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations such as the Initial Purchasers. Certain of such Participants (or their representatives), together with other entities, own DTC. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through, or maintain a custodial relationship with, a Participant, either directly or indirectly.

Euroclear and Clearstream have also advised the Issuer that Euroclear and Clearstream hold securities for participant organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry charges in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. 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 or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the Issuer expects that DTC, Euroclear and Clearstream will agree to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among their respective participants, DTC, Euroclear and Clearstream are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

Exchange of Global Notes for Definitive Notes

A Global Note is exchangeable for Notes in registered definitive form ("Definitive Notes") if:

(a) DTC notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Notes or has ceased to be a clearing agency registered under the U.S. Exchange Act and, in either case, the Issuer thereupon fails to appoint a successor depositary within 120 days after the date of such notice, or

(b) DTC so requests following an Event of Default under the Indenture.

In all cases, Definitive Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures) and will bear the restrictive legend referred to in "Transfer Restrictions", unless the Issuer determines otherwise in compliance with the requirements of the Indenture.

Definitive Notes delivered in exchange for Global Notes will be delivered to or upon the order of DTC or an authorized representative of DTC, and may be delivered to Noteholders at the office of the Transfer Agent in London.

Exchange of Definitive Notes for Global Notes

If issued, Definitive Notes may not be exchanged or transferred for beneficial interests in a Global Note except upon consummation of an exchange offer. See "*Transfer Restrictions*".

Exchange of Definitive Notes for Definitive Notes

If issued, Definitive Notes may be exchanged or transferred by presenting or surrendering such Definitive Notes at the office of the Registrar located in New York, London or Luxembourg with a written instrument of transfer in form satisfactory to such Registrar, duly executed by the holder of the Definitive Notes or by its attorney, duly authorized in writing. If the Definitive Notes being exchanged or transferred have restrictive legends, such holder must also provide a written certificate (in accordance with the terms of the Indenture) to the effect that such exchange or transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Transfer Restrictions*".

In the case of a transfer in part of a Definitive Note, a new Definitive Note in respect of the balance of the principal amount of the Definitive Note not transferred will be delivered at the office of the relevant Registrar.

If a holder of a Definitive Note claims that such Definitive Note has been lost, destroyed or stolen, or if such Definitive Note is mutilated and is surrendered to the office of the relevant Registrar, the Issuer will issue and the Trustee will authenticate a replacement Definitive Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a

Definitive Note to furnish such security or indemnity as may be required to protect them and any agent from any loss which they may suffer if a Definitive Note is replaced. The Issuer may charge for any expenses incurred by it in replacing a Definitive Note. In case any such mutilated, destroyed, lost or stolen Definitive Note has become or is about to become due and payable, the Issuer, in its discretion, may, instead of issuing a new Definitive Note, pay such Definitive Note.

Exchanges Between the Global Notes

Beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A and the transferor first delivers to the Trustee a written certificate (in accordance with the terms of the Indenture) to the effect that the Notes are being transferred to a person who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A, purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note only if the transferor first delivers to the Trustee a written certificate (in accordance with the terms of the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Transfers involving an exchange of a beneficial interest in one of the Global Notes for a beneficial interest in another Global Note will be effected in DTC by means of an instruction originated by the Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Global Note representing the beneficial interest that is transferred and a corresponding increase in the principal amount of the other Global Note. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest.

Same-Day Settlement and Payment

The Notes represented by the Global Notes will be eligible to trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any Definitive Notes would also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC.

DTC has advised the Issuer that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Methods of Receiving Payments on the Notes

Principal of, premium, if any, and interest on registered Notes held in global form will be payable at the corporate trust office or agency of the Paying Agent. All payments on the Global Notes will be made by transfer of immediately available funds to an account of the holder of the Global Notes in accordance with instructions given by the holder. Principal of, premium, if any, and interest on any Definitive Notes will be payable at the corporate trust office or agency of the paying agent. In addition, interest on Definitive Notes may be paid by check mailed to the person entitled thereto as shown on the register for such Definitive Notes.

TRANSFER RESTRICTIONS

The Notes have not been registered under the U.S. Securities Act and may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) except to (i) qualified institutional buyers in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or (ii) non-U.S. persons in offshore transactions in reliance on Regulation S.

By purchasing the Notes, you will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the U.S. Securities Act are used herein as defined therein):

(1) You are not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or UPC Holding, you are not acting on behalf of the Issuer or UPC Holding and you (A) (i) are a "qualified institutional buyer" (as defined in Rule 144A under the U.S. Securities Act), (ii) are aware that the sale to you is being made in reliance on Rule 144A; and (iii) are acquiring the Notes for your own account or for the account of a qualified institutional buyer; or (B) are not a U.S. person (as defined in Regulation S under the U.S. Securities Act) (and are not purchasing the Notes for the account or benefit of a U.S. person, other than a distributor) and are purchasing the Notes in an offshore transaction pursuant to Regulation S.

(2) You understand that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes have not been and will not be registered under the U.S. Securities Act or any other applicable securities laws and that (A) if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (i) for so long as the Notes are eligible for resale under Rule 144A, in the United States to a person whom you reasonably believe is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; (ii) outside the United States in a transaction complying with the provisions of Regulation S under the U.S. Securities Act; or (iii) to the Issuer, in each case in accordance with any applicable securities laws; and (B) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from you or it of the resale restrictions referred to the legend below.

(3) You acknowledge that none of the Issuer, UPC Holding, the Initial Purchasers or any person representing the Issuer, UPC Holding or the Initial Purchasers has made any representation to you with respect to the Issuer, UPC Holding or the offer or sale of any of the Notes, other than by UPC Holding and the Issuer with respect to the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this offering memorandum. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this offering memorandum. You have had access to such financial and other information concerning the Issuer, UPC Holding, the Indenture, the Notes, the UPC Broadband Holding Bank Facility and the security documents as you deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer, UPC Holding and the Initial Purchasers.

(4) You also acknowledge that:

(a) the Issuer and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under the paragraph two above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer and the Trustee; and

(b) each Global Note will contain a legend substantially to the following effect:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "U.S. SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) EXCEPT

TO (A) QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A OR (B) PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE UNDER RULE 144A, IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT; OR (III) TO THE ISSUER, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN THIS LEGEND.

BY ACCEPTING THIS NOTE (OR AN INTEREST IN THE NOTES REPRESENTED HEREBY) EACH ACQUIRER AND EACH TRANSFEREE IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) EITHER (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH NOTES OR ANY INTEREST THERE IN IT WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")), SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, ("CODE"), APPLIES, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S AND/OR PLAN'S INVESTMENT IN SUCH ENTITY (EACH, A "BENEFIT PLAN INVESTOR"), OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR THE PROHIBITED TRANSACTION PROVISIONS OF ERISA AND/OR SECTION 4975 OF THE CODE ("SIMILAR LAWS"), AND NO PART OF THE ASSETS USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAWS); (2) NEITHER ISSUER NOR ANY OF ITS AFFILIATES IS A "FIDUCIARY" (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF "FIDUCIARY" UNDER SIMILAR LAWS) WITH RESPECT TO THE PURCHASER OR HOLDER IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THE NOTES, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THE NOTES, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE PURCHASER AND HOLDER IN CONNECTION WITH THE NOTES AND THE

TRANSACTIONS CONTEMPLATED WITH RESPECT TO THE NOTES; AND (3) IT WILL NOT SELL OR OTHERWISE TRANSFER THIS NOTE OR ANY INTEREST HEREIN OTHERWISE THAN TO A PURCHASER OR TRANSFEREE THAT IS DEEMED TO MAKE THESE SAME REPRESENTATIONS, WARRANTIES AND AGREEMENTS WITH RESPECT TO ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(1) You acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth herein have been complied with.

(2) You acknowledge that:

   (a) the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify the Issuer and the Initial Purchasers promptly in writing; and

   (b) if you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

      (i) you have sole investment discretion; and

      (ii) you have full power to make, and make, the foregoing acknowledgments, representations and agreements.

(3) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(4) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth hereunder and under "*Plan of Distribution*".

European Economic Area

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

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

(b) to fewer than 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), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or

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

For the purposes of this provision, the expression an "offer of the Notes to the public" in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression

"Prospectus Directive" means Directive 2003/71/EC and amendments hereto, 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.

ERISA Considerations

By acquiring the Notes, you will be deemed to have further represented and agreed as follows:

(1) With respect to the acquisition, holding and disposition of the Notes, or any interest therein, (A) either (i) you are not, and are not acting on behalf of (and for so long as you hold such Notes or any interest therein will not be, and will not be acting on behalf of), an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA")), subject to the provisions of part 4 of subtitle B of Title I of ERISA, a plan to which Section 4975 of the U.S. Internal Revenue Code of 1986, as amended ("Code"), applies, or any entity whose underlying assets include "plan assets" by reason of such an employee benefit plan's and/or plan's investment in such entity (each, a "Benefit Plan Investor"), or a governmental, church or non-U.S. plan which is subject to any federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code ("Similar Laws"), and no part of the assets to be used by you to acquire or hold such Notes or any interest therein constitutes the assets of any such Benefit Plan Investor or such plan, or (ii) your acquisition, holding and disposition of such Note, or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a non-exempt violation of any Similar Laws); and (B) neither Issuer not any of its affiliates is a Fiduciary with respect to you, as the purchaser or holder, in connection with your purchase or holding of the Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of you as the purchaser and holder in connection with the Notes and the transactions contemplated with respect to the Notes; and (C) you will not sell or otherwise transfer such Notes or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its acquisition, holding and disposition of such Notes or any interest therein.

(2) You and any fiduciary causing you to acquire an interest in the Notes agree to indemnify and hold harmless the Issuer, UPC Holding, the Initial Purchasers and the Trustee and their respective affiliates, from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.

(3) Any purported acquisition or transfer of any Note or beneficial interest therein to an acquirer or transferee that does not comply with the foregoing requirements shall be null and void *ab initio*.

TAX CONSIDERATIONS

Cayman Islands Taxation

The following is a discussion of certain Cayman Islands tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws:

- Payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.
- No stamp duty is payable in respect of the issue of the Notes. *Ad valorem* stamp duty will be payable, however, within 45 days of an executed, completed and delivered original of the Notes being brought into the Cayman Islands, for example, for enforcement. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands.

The Tax Concessions Law (1999 Revision)—Undertaking as to Tax Concessions

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has applied for and is entitled to obtain an undertaking as to tax concessions from the Governor in Cabinet of the Cayman Islands in substantially the following form:

In accordance with Section 6 of The Tax Concessions Law (1999 Revision), the Governor in Cabinet undertakes with the Issuer:

- That no law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Issuer or its operations; and
- In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
    - on or in respect of the shares, debentures or other obligations of the Issuer; or
    - by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

These concessions shall be for a period of twenty years from the date of issue of such undertaking.

European Union Directive on the Taxation of Savings Interest

Under European Union Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State. However, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

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

Notes or to otherwise compensate the holder of Notes for the reduction in the amounts that such holder of the Notes will receive as a result of the imposition of such withholding tax. However, the Issuer is required to maintain a Principal 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 Taxation of the Notes

Pursuant to Internal Revenue Service ("IRS") Circular 230, we hereby inform you that the description set forth herein with respect to U.S. federal tax issues was not intended or written to be used, and such description cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the U.S. Internal Revenue Code of 1986 as amended (the "Code"). Such description was written in connection with the marketing of the Notes. Taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The following is a description of the principal U.S. federal income tax consequences of the acquisition, ownership, and disposition of the Notes by a holder thereof as defined below. This description only applies to Notes held as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as:

- banks or other financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- persons that will own the Notes through partnerships or other pass-through entities;
- dealers or traders in securities or currencies;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- certain former citizens and long-term residents of the United States;
- U.S. Holders that use a mark to market method of accounting; or
- U.S. Holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, and disposition of the Notes and does not address the U.S. federal income tax treatment of holders that do not acquire the Notes as part of the initial distribution at their initial issue price (generally, the first price to the public at which a substantial amount of the Notes is sold for money) and assumes that the Notes will be treated as debt for U.S. federal income tax purposes. If the Notes are not treated as debt for U.S. federal income tax purposes, the tax consequences of acquiring, owning and disposing of the Notes could be substantially different from this described herein. Each prospective purchaser should consult its tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, holding and disposing of the Notes.

This description is based on the Code, U.S. Treasury Regulations promulgated thereunder, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein.

For purposes of this description, a U.S. Holder is a beneficial owner of the Notes who for U.S. federal income tax purposes is:

- a citizen or individual resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any State thereof, including the District of Columbia;

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences.

Characterization of the Issuer

The Issuer will file IRS Form 8832, electing to be treated as an entity disregarded from its sole owner for U.S. federal income tax purposes, to be effective on or prior to the issuance of the Notes.

Redemptions and Additional Amounts

In certain circumstances (see "*Description of the Notes—Redemption and Repurchase*"), we may be obligated to make payments in excess of stated interest and the adjusted issue price of the Notes. We intend to take the position that the Notes should not be treated as contingent payment debt instruments because of the possibility of such payment. This position is based in part on assumptions regarding the likelihood, as of the date of issuance of the Notes, that such payment will have to be paid. Assuming such position is respected, any such amounts paid to a U.S. Holder pursuant to any repurchase or redemption would be taxable as described below in "*—Sale, Exchange or Disposition by a U.S. Holder*" and any payments of Additional Amounts should be taxable as additional ordinary income when received or accrued, in accordance with such holder's method of accounting for U.S. federal income tax purposes. Our position is binding on a U.S. Holder unless such holder discloses its contrary position in the manner required by applicable U.S. Treasury Regulations. The IRS, however, may take a position contrary to our position, which could affect the timing and character of a U.S. Holder's income and the timing of our deductions with respect to the Notes. U.S. Holders should consult their tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof. This discussion assumes that the Notes are not treated as contingent payment debt instruments.

Payments of Interest

Stated interest paid on the Notes will generally be treated as "qualified stated interest" and generally will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes, as detailed below. It is expected, and the following discussion assumes, that Notes will not be issued with original issue discount ("OID") for U.S. federal income tax purposes (other than a *de minimis* amount).

Interest included in a U.S. Holder's gross income with respect to the Notes will be treated as foreign source income for U.S. federal income tax purposes. The limitation on non-U.S. taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific "baskets" of income. For this purpose, interest should generally constitute "passive category income", or in the case of certain U.S. Holders, "general category income". U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits.

Sale, Exchange or Disposition by a U.S. Holder

You generally will recognize gain or loss on the sale or retirement of your Note equal to the difference, if any, between the amount you realize on the sale, exchange, redemption, retirement or other disposition or a Note (less any amounts attributable to accrued but unpaid interest not previously included in income, which will be subject to tax in the manner described above under "*—Payments of Interest*"), and your adjusted tax basis in your Note (generally, its cost decreased by payments other than stated interest made with respect to the Note). You generally will recognize capital gain or loss when you sell or dispose of your Note. Long-term capital gain of a non-corporate U.S. holder is generally taxed at preferential rates. The ability of a U.S. Holder to offset capital losses against ordinary income is limited. Any gain or loss you recognize on the sale or other disposition of a Note generally will be treated as income from sources within the United States or loss allocable to income from sources within the United States.

It is expected that any exchange pursuant to a UPC Exchange Transaction would likely be a taxable event. If so, your amount realized would equal the "issue price" of the UPC Qualified Notes received in the exchange. If the Notes are redeemed pursuant to the special optional redemption in connection with the UPC Exchange Transaction (see "*Description of the Notes—Special Optional Redemption upon a UPC Exchange Transaction*"), you would generally recognize gain or loss as described in the preceding paragraph.

Additional Notes

The Issuer may issue Additional Notes as described under "*Description of the Notes—Principal, Maturity and Interest*". These Additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, if the Additional Notes are considered to have been issued with OID for U.S. federal income tax purposes, this may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Alternative Characterization of the Notes

The proper characterization of instruments such as the Notes for U.S. federal income tax purposes is uncertain. It is possible, for example, that the Notes could be treated as debt of UPC Broadband Holding and/or UPC Financing or as an equity interest in the Issuer. In either case, a U.S. Holder should, in general, be taxed in the manner described above with respect to such holder's share of interest and any disposition of the Notes. U.S. Holders are urged to consult their tax advisors in this regard.

U.S. Backup Withholding Tax and Information Reporting

Backup withholding and information reporting requirements apply to certain payments of principal of, and interest on, an obligation and to proceeds of the sale or disposition of an obligation, to certain holders of Notes that are U.S. persons. The payor will be required to withhold backup withholding tax on payments made within the United States, or by a U.S. payor or U.S. middleman, on a Note to a holder of a Note that is a U.S. person, other than an exempt recipient, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Payments within the United States, or by a U.S. payor or U.S. middleman, of principal and interest to a holder of a Note that is not a U.S. person are generally subject to information reporting, but will not be subject to backup withholding tax if an appropriate certification is timely provided by the holder to the payor and the payor does not have actual knowledge or a reason to know that the certificate is incorrect.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's U.S. federal income tax liability. A holder may obtain a refund of any excess amounts withhold under the backup withholding rules by filing the appropriate claim for a refund with the IRS and furnishing any required information in a timely manner.

New Legislation

For taxable years beginning after March 18, 2010, new legislation requires certain U.S. Holders who are individuals to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in custodial accounts maintained by certain financial institutions). U.S. Holders are urged to consult their own tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

CERTAIN EMPLOYEE BENEFIT PLAN CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary standards and certain other requirements on employee benefit plans subject to ERISA, including entities such as collective investment funds, certain insurance company separate accounts, certain insurance company general accounts, and entities whose underlying assets are treated as being subject to ERISA (collectively, "ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment should be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment, including, but not limited to, the matters discussed above under "*Risk Factors*" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Notes or any interest therein.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), prohibit certain transactions involving the assets of an ERISA Plan, as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans (together with ERISA Plans, "Plans"), and certain persons (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code) having certain relationships to Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes or other liabilities under ERISA and the Code, and the transaction may have to be rescinded.

Governmental plans, certain church plans and certain non-U.S. plans, while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to federal, state, local, non-U.S. or other laws or regulations (such as the prohibited transaction rules of Section 503 of the Code) that are substantially similar to the foregoing provisions of ERISA or the Code ("Similar Laws").

Each of the Issuer, UPC Holding, the Initial Purchasers, the Trustee and certain other parties, or their respective affiliates, may be the sponsor of, or Fiduciary to, one or more Plans. Because such parties may receive certain benefits in connection with the sale of the Notes to such Plans, the purchase of such Notes using the assets of a Plan over which any of such parties is the sponsor or a Fiduciary might be deemed to be a violation of the prohibited transaction rules of ERISA and/or Section 4975 of the Code for which no exemption may be available. Accordingly, the Notes may not be purchased using the assets of any Plan if any of the Issuer, UPC Holding, the Initial Purchasers, the Trustee or their respective affiliates is the sponsor of or Fiduciary to, such Plan.

In addition, if the Notes are acquired by a Plan with respect to which the Issuer, UPC Holding, the Initial Purchasers, the Trustee, any holder of the Notes or any of their respective affiliates is a party in interest or a disqualified person, other than a sponsor of, or Fiduciary to, such Plan, such transaction could be deemed to be a direct or indirect prohibited transaction within the meaning of Section 406 of ERISA and/or Section 4975 of the Code. In addition, if a party in interest or disqualified person with respect to a Plan owns or acquires a 50% or more beneficial interest in the Issuer, the acquisition or holding of the Notes by or on behalf of such Plan could be considered to constitute an indirect prohibited transaction. Moreover, the acquisition or holding of the Notes or other indebtedness issued by the Issuer by or on behalf of a party in interest or disqualified person with respect to a Plan that owns or acquires an equity interest in the Issuer also could give rise to an indirect prohibited transaction. Certain exemptions from the prohibited transaction provisions of ERISA and Section 4975 of the Code could be applicable, however, to a Plan's acquisition of a Note depending in part upon the type of Fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption ("PTE") 90-1, regarding investments by insurance company pooled separate accounts; PTE 91-38, regarding investments by bank collective investment funds; PTE 84-14 (amended effective November 3, 2010), regarding transactions effected by a "qualified professional asset manager;" PTE 96-23, regarding investments by certain "in-house asset managers;" and PTE 95-60, regarding investments by insurance company general accounts. In addition to the class exemptions listed above, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide a statutory prohibited transaction exemption for transactions between a Plan and a person or entity that is a party in interest to such Plan solely by reason of providing services to the Plan (other than a party in interest that is a fiduciary, or its affiliate, that has or exercises discretionary authority or control or renders investment advice with respect to the assets of the Plan involved in the transaction), *provided* that the Plan receives no less, and pays no more than, "adequate consideration" (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code) in connection with the transaction. Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might not cover all acts which might be construed as prohibited transactions.

EACH ACQUIRER AND EACH TRANSFEREE OF A NOTE OR ANY INTEREST THEREIN WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTES OR ANY INTEREST THEREIN, THAT (1) EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY SIMILAR LAWS, AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH NOTES OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES OR ANY INTEREST THEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAWS); AND (2) NEITHER ISSUER NOR ANY OF ITS AFFILIATES IS A FIDUCIARY (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF "FIDUCIARY" UNDER SIMILAR LAWS) WITH RESPECT TO THE PURCHASER OR HOLDER IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THE NOTES, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THE NOTES, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE PURCHASER AND HOLDER IN CONNECTION WITH THE NOTES AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THE NOTES; AND (3) IT WILL NOT SELL OR OTHERWISE TRANSFER SUCH NOTES OR ANY INTEREST THEREIN OTHERWISE THAN TO AN ACQUIRER OR TRANSFEREE THAT IS DEEMED TO MAKE THESE SAME REPRESENTATIONS, WARRANTIES AND AGREEMENTS WITH RESPECT TO ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE.

THE ISSUER, UPC HOLDING, THE INITIAL PURCHASERS AND THE TRUSTEE, AND THEIR RESPECTIVE AFFILIATES, SHALL BE ENTITLED TO CONCLUSIVELY RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS BY ACQUIRERS AND TRANSFEREES OF ANY NOTES WITHOUT FURTHER INQUIRY. THE ACQUIRER AND ANY FIDUCIARY CAUSING IT TO ACQUIRE AN INTEREST IN ANY NOTES AGREES TO INDEMNIFY AND HOLD HARMLESS THE ISSUER, THE INITIAL PURCHASERS AND THE TRUSTEE, AND THEIR RESPECTIVE AFFILIATES, FROM AND AGAINST ANY COST, DAMAGE OR LOSS INCURRED BY ANY OF THEM AS A RESULT OF ANY OF THE FOREGOING REPRESENTATIONS AND AGREEMENTS BEING OR BECOMING FALSE.

ANY PURPORTED ACQUISITION OR TRANSFER OF ANY NOTE OR BENEFICIAL INTEREST THEREIN TO AN ACQUIRER OR TRANSFEREE THAT DOES NOT COMPLY WITH THE REQUIREMENTS DESCRIBED HEREIN SHALL BE NULL AND VOID *AB INITIO*.

It should be noted that an insurance company's general account may be deemed to include assets of Plans under certain circumstances, e.g., where a Plan purchases an annuity contract issued by such an insurance company, based on the reasoning of the United States Supreme Court in *John Hancock Mutual Life Ins. Co.* v. *Harris Trust and Savings Bank*, 510 U.S. 86 (1993). An insurance company considering the purchase of Notes with assets of its general account should consider such purchase and the insurance company's ability to make the representations described above in light of *John Hancock Mutual Life Ins. Co.* v. *Harris Trust and Savings Bank*, Section 401(c) of ERISA and a regulation promulgated by the U.S. Department of Labor under that Section of ERISA, 29 C.F.R. Section 2550.401c-1.

A fiduciary of an ERISA Plan or other employee benefit plan that is subject to Similar Laws, prior to investing in the Notes or any interest therein, should take into account, among other considerations, whether the fiduciary has the authority to make the investment; the composition of the plan's portfolio with respect to diversification by type of asset; the plan's funding objectives; the tax effects of the investment; and whether, under the general fiduciary standards of ERISA or other applicable laws, including investment prudence and diversification, an investment in the Notes or any interest therein is appropriate for the plan, taking into account the plan's particular circumstances and all of the facts and circumstances of the investment, including such matters as the overall investment policy of the plan and the composition of the plan's investment portfolio.

The sale of any Note or any interest therein to a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Laws is in no respect a representation by the Issuer, UPC Holding, the Initial Purchasers or the Trustee, or any of their respective affiliates, that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular such plan; that the prohibited transaction exemptions described above, or any other prohibited transaction exemption, would apply to such an investment by such plan in general or any particular such plan; or that such an investment is appropriate for such plan generally or any particular such plan.

The discussion of ERISA and Section 4975 of the Code contained in this offering memorandum, is, of necessity, general, and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

Any Plan or employee benefit plan not subject to ERISA or Section 4975 of the Code, and any fiduciary thereof, proposing to invest in the Notes or any interest therein should consult with its legal advisors regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA, Section 4975 of the Code and any Similar Laws, to such investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of any applicable requirement of ERISA, Section 4975 of the Code or Similar Laws.

PLAN OF DISTRIBUTION

The Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Issuer, the entire principal amount of the Notes. The sale will be made pursuant to a purchase agreement dated on or around , 2011 (the "purchase agreement").

The obligations of the Initial Purchasers under the purchase agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. Pursuant to the terms of the purchase agreement, the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, together with all other Initial Purchasers, Notes in an aggregate principal amount of $1,000,000,000. Sales in the United States may be made through affiliates of the Initial Purchasers.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of this offering memorandum. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

In the purchase agreement, the Issuer, UPC Holding and UPC Broadband Holding have agreed that:

- subject to certain exceptions, the Issuer, UPC Holding and UPC Broadband Holding will not offer or sell any of its debt securities, which are substantially similar to the Notes, having a maturity of more than one year from the date of issue of the Notes, without the prior consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, for a period of 30 days after the closing date of this offering of Notes; and
- the Issuer, UPC Holding and UPC Broadband Holding will indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

United States

Each purchaser of Notes offered by this offering memorandum, in making its purchase, will be deemed to have made the acknowledgements, representations and agreements as described under "*Transfer Restrictions*".

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer Restrictions*".

The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this offering memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

United Kingdom

In the purchase agreement, each Initial Purchaser has also represented and agreed that:

(i) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to such Initial Purchaser.

Each Initial Purchaser has also agreed in the purchase agreement that it has complied with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this offering memorandum, and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force.

This offering memorandum is directed solely at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "relevant persons"). This offering memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

European Economic Area

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

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

(b) to fewer than 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), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes 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 Prospective Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC and amendments hereto, 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.

Cayman Islands

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Notes unless the Issuer is listed on the Cayman Islands Stock Exchange. The Issuer does not intend to be so listed.

General

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "*Transfer Restrictions*". The Issuer has applied to list the Notes on the Irish Stock Exchange's Official List and for trading on its Global Exchange Market. The Initial Purchasers have advised the Issuer and UPC Holding that they intend to make a market in the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time in their sole discretion. In addition, such market making activities will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, the Issuer and UPC Holding cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which will be seven business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T + 7"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the next three succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with the offering of the Notes, the Initial Purchasers may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the 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. Stabilizing transactions and syndicate covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Initial Purchasers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

The Initial Purchasers and their affiliates perform various financial advisory, investment banking advisory, consulting, commercial banking and other financial services from time to time for UPC Holding and its affiliates.

Certain affiliates of the Initial Purchasers are lenders under facilities of the UPC Broadband Holding Bank Facility that may be repaid with the proceeds from the offering of the Notes and are parties to certain of UPC Holding's hedging arrangements.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for UPC Holding and the Issuer by Ropes & Gray International LLP, London, England, as to matters of United States federal, New York law and English law; (in respect solely for the Issuer) by Maples and Calder, as to matters of the law of the Cayman Islands; and by Allen & Overy LLP, the Netherlands, as to matters of Dutch law.

Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP, London, England, as to matters of United States federal and New York law; by Appleby, Cayman Islands, as to matters of the law of the Cayman Islands; and by Nauta Dutilh, London, England, as to matters of Dutch law.

Certain legal matters in connection with this offering will be passed upon for the Trustee by Ashurst LLP, London, England, as to matters of English law.

ENFORCEMENT OF JUDGMENTS

The Issuer is incorporated under the laws of the Cayman Islands. Most of the Issuer's directors and officers live outside the United States. Most of the assets of the Issuer's directors and officers and all of the Issuer's assets are located outside the United States. As a result, although the Issuer has appointed an agent for service of process under the Indenture, it may be difficult for you to serve process on those persons or on the Issuer in the United States or to enforce judgments obtained in U.S. courts against them or the Issuer based on civil liability provisions of the securities laws of the United States. The Issuer will appoint CT Corporation System as its agent in New York for service of process.

The United States and the Cayman Islands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in New York or other states in the United States, a judgment obtained in such jurisdictions will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (i) is given by a foreign court of competent jurisdiction, (ii) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (iii) is final, (iv) is not in respect of taxes, a fine or a penalty and (v) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. A Cayman Islands court may also stay proceedings if concurrent proceedings are being brought elsewhere.

INDEPENDENT AUDITORS OF UPC HOLDING

The consolidated balance sheets of UPC Holding and its subsidiaries as of December 31, 2009 and 2008 and the consolidated statements of operations and comprehensive loss, owners' deficit, and cash flows for the years ended December 31, 2009, 2008 and 2007 have been audited by KPMG Accountants N.V., Laan van Langerhuize 1, 1186 DS Amstelveen, The Netherlands, independent auditors, as stated in their reports appearing herein. KPMG Accountants N.V. is governed by Dutch law in The Netherlands.

As discussed in note 2, in 2008 UPC Holding changed its method of accounting for certain investments. In 2007, UPC Holding changed its method of accounting for income tax uncertainties.

As discussed in note 2 (SFAS 160), UPC Holding adopted SFAS 160, "Non Controlling Interests in Consolidated Financial Statements" (SFAS 160), subsequently codified within FASB ASC Topic 810, Consolidation (FASB ASC 810) as of January 1, 2009 and recasted the consolidated financial statements for all periods presented to give retrospective effect to the adoption of SFAS 160.

As discussed in note 4, UPC Holding transferred 100% of its interest in two of its wholly-owned indirect subsidiaries, Liberty Global Europe and Liberty Global Europe Ltd., to another indirect subsidiary of LGI and recasted the consolidated financial statements for all periods presented to give retrospective effect to the transfer.

As discussed in note 5, UPC Holding sold 100% of its interest in UPC Slovenia on July 15, 2009 and recasted the consolidated financial statements for all periods presented to give retrospective effect to the discontinued operations of UPC Slovenia.

As discussed in note 18, UPC Holding centralized the direct to home operations and recasted the information regarding their operating segments for all periods presented to give retrospective effect to the centralization of UPC Europe Division's direct to home operations.

INDEPENDENT AUDITORS OF THE ISSUER

The Issuer's independent auditors are KPMG Accountants N.V., Laan van Langerhuize 1, 1186 DS Amstelveen, The Netherlands, who were appointed pursuant to a resolution of by the board of directors of the Issuer passed on February 2, 2011.

LISTING AND GENERAL INFORMATION

Listing

Maples and Calder, as the Irish Listing Agent, is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Global Exchange Market of the Irish Stock Exchange.

The listing of the Notes on the Irish Stock Exchange's Global Exchange Market will be expressed in U.S. dollars. Transactions will normally be effected for settlement on the third business day after the day of the transaction.

Copies of the following documents may be inspected in physical form during usual business hours on any weekdays (Saturdays, Sundays and public holidays excepted) at the registered offices of the Issuer and the Principal Paying Agent so long as the Notes are listed on the Irish Stock Exchange's Global Exchange Market:

(1) the memorandum and articles of association of the Issuer;

(2) the September 30, 2010 Condensed Consolidated Financial Statements and the December 31, 2009 Consolidated Financial Statements;

(3) the Indenture;

(4) the purchase agreement;

(5) the Finco Accession Agreement;

(6) the Notes Security Documents;

(7) the Fee Letter;

(8) the Expenses Agreement;

(9) the Deed of Covenant;

(10) the UPC Broadband Holding Bank Facility; and

(11) the Partnership Agreement of UPC Financing.

Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published by the Companies Announcement Office of the Irish Stock Exchange.

The gross proceeds of the offering (together with any fees allocable to original issue discount on the Notes payable to the Issuer from UPC Financing under the Fee Letter) of the Notes will be $1 billion.

Clearing Information

The Notes sold pursuant to Regulation S and the Notes sold pursuant to Rule 144A of the U.S. Securities Act have been accepted for clearance through the facilities of DTC and have been assigned CUSIP numbers and respectively. The international securities identification number (ISIN) for the Notes sold pursuant to Regulation S is and the international securities identification number (ISIN) for the Notes sold pursuant to Rule 144A is .

Legal Information Regarding the Issuer

The Issuer is an exempted company incorporated in the Cayman Islands with limited liability. The Issuer was incorporated on February 1, 2011 under the Companies Law (2010 Revision) of the Cayman Islands with company registration number 251435. The registered office of the Issuer is at PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands. The Issuer's telephone number is +1 345 945 7099. The address of the Issuer's directors is PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The authorized share capital of the Issuer is U.S. $50,000 divided into 50,000 ordinary shares of U.S. $1.00 each, 250 of which have been issued. All of the issued shares of the Issuer (the "Shares") are fully-paid and are held by the Share Trustee under the terms of the Declaration of Trust. The Shares will be subject to the Share Charge. Pursuant to the Declaration of Trust, the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Declaration of Trust) and may only dispose or otherwise deal with the Shares with the approval of the Trustee for so long as there are any Notes outstanding or the

Share Charge is subsisting. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has power with the consent of the Trustee, to benefit the holders of the Notes or Qualified Charities (as defined in the Declaration of Trust). It is not anticipated that any distribution will be made whilst any Note is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

The Notes are the obligations of the Issuer alone and not the Share Trustee.

MaplesFS Limited will also act as the administrator of the Issuer (in such capacity, the "Administrator"). The office of the Administrator will serve as the general business office of the Issuer. Through the office, and pursuant to the terms of an amended and restated administration agreement to be entered into between the Issuer, LG Europe and the Administrator (the "Administration Agreement"), the Administrator will perform in the Cayman Islands or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Issuer, including the provision of registered office facilities to the Issuer and the provision of certain clerical, administrative and other services until termination of the Administration Agreement. In consideration of the foregoing, the Administrator will receive various fees payable by the Issuer at rates agreed upon from time to time, plus expenses. The terms of the Administration Agreement provide that either the Issuer or the Administrator may terminate the Administration Agreement by giving at least 14 days' notice to the other parties at any time within 12 months of the happening of any of certain stated events, including any breach by any other party of its obligations under the Administration Agreement. In addition, the Administration Agreement provides that the Issuer or the Administrator shall be entitled to terminate the Administration Agreement by giving at least three months' notice in writing to the other parties.

The Administrator will be subject to the overview of the Issuer's board of directors.

The Administrator's principal office is PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The creation and issuance of the Notes has been authorized by resolutions of the board of directors of the Issuer passed on February 4, 2011.

Corporate Governance

The Issuer is a special purpose financing company which engages in limited activities, and it is managed by its directors, currently Kareem Robinson and George Bashforth.

As permitted by its articles of association, the business of the Issuer is the granting of loans or other forms of financing directly or indirectly in whatever means to UPC Financing. This includes, but is not limited to, by subscription of bonds, debentures, other debt instruments, advances, the granting of pledges or the issuing of other guarantees of any kind to secure the obligations of UPC Financing.

The Issuer may finance itself in whatever form including, without being limited to, through borrowing or through issuance of listed or unlisted notes and other debt instruments (*e.g.,* including but not limited to bonds, notes, loan participation notes and subordinated notes) including under stand-alone issues, medium term note and commercial paper programs.

In general, the Issuer may undertake any financial, commercial, industrial or real estate transactions which it may deem useful in the accomplishment and development of its business and, in such context, it may give or receive guarantees, issue all types of securities and financial instruments and enter into any type of hedging, trading or derivative transactions.

The Issuer has no prior operating experience other than in connection with the issuance of the Notes and the arrangements with respect thereto.

Under the Expenses Agreement, LG Europe, a parent company of UPC Holding and an entity not subject to the covenants of the UPC Broadband Holding Bank Facility, has agreed to pay certain obligations of the Issuer including in respect of the maintenance of the Issuer's existence and the payment of Additional Amounts due on the Notes pursuant to the Indenture following certain tax events. See "*Description of the Notes—Brief Description of the Structure of the Offering—Certain Transaction Documents*".

Business Year

The Issuer's financial year ends on December 31 of each year.

Financial Statements

Financial statements will be published by the Issuer on an annual basis. These statements will be audited by the Issuer's independent auditors (see below).

The Issuer intends to publish its first annual financial statements in respect of the year ended 2010. Any future published financial statements prepared by the Issuer (which will be in respect of the period ending on December 31 in each year) will be available from the Principal Paying Agent. The Issuer will not prepare interim financial statements.

Auditors

The Issuer's independent auditors are KPMG Accountants N.V. Their address is Laan van Langerhuize 1, 1186 DS Amstelveen, The Netherlands. KPMG Accountants N.V., a Dutch limited liability company, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Litigation

There are no, and have not been any, governmental, legal or arbitration proceedings against or affecting the Issuer, nor is the Issuer aware of any pending or threatened proceedings of such kind, which may have or have had a significant effect on the financial position or profitability of the Issuer.

No Conflict of Interests

There are no potential conflicts of interests between any duties to the Issuer of the members of the board of directors of the Issuer and their private interests.

Legal Information Regarding UPC Holding

UPC Holding is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) and was incorporated under the laws of The Netherlands on June 27, 2000.

The principal office of UPC Holding is at Boeing Avenue 53, 1119 PE Schipol-Rijk, The Netherlands. UPC Holding is registered with the Dutch Commercial Register under number 34136926.

Pursuant to Article 3 of its articles of association, the purpose of UPC Holding is to incorporate, to participate in any way whatsoever in, to manage, to supervise businesses and companies; to finance businesses and companies; to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with aforementioned activities; to render advice and services to businesses and companies with which UPC Holding forms a group and to third parties; to grant guarantees to bind itself and to pledge its assets for obligations of businesses and companies with which it forms a group and on behalf of third parties; to acquire, alienate, manage and exploit registered property and items of property in general; to trade in currencies, securities and items of property in general; to develop and trade in patents, trade marks, licenses, know-how and other industrial property rights to perform any and all activities of an industrial, financial or commercial nature; and to do all that is connected therewith or may be conducive thereto.

UPC Holding's fiscal year ends on December 31.

Legal Information Regarding UPC Financing

UPC Financing is a general partnership, which was formed under the laws of the State of Delaware, United States of America on October 24, 2000.

The principal place of business of UPC Financing is 12300 Liberty Boulevard, Englewood, CO 80112, United States of America. UPC Financing's telephone number is +1 303 220-6600. UPC Financing is directly and indirectly owned by UPC Holding and UPC Holding II B.V. The managing partner of UPC Financing is UPC Holding, represented by Liberty Global Europe Management.

Pursuant to Article 2 of the Partnership Agreement, the business of UPC Financing is to engage, either directly or indirectly, in the business of a finance company and in other business approved by its managing partner. UPC Financing may do all things necessary, advisable or convenient for the conduct of its businesses and may do all of the things incidental thereto.

UPC Financing is a holding company and conducts no business operations of its own. It engages primarily in the business of a finance company for and in respect of the Borrower Group in connection with the UPC Broadband Holding Bank Facility. UPC Financing depends on payments from the subsidiaries of UPC Broadband Holding to make payments on the Finco Loan from the Issuer. See "*General Description of UPC Holding's Business, the Issuer and the Offering—The Issuer and Consolidation of the Issuer by UPC Holding*".

There has been no significant change in the financial or trading position of UPC Financing which has occurred since September 30, 2010 and no material adverse change in the prospects of UPC Financing since September 30, 2010.

Offering Memorandum

Except as disclosed in this offering memorandum:

- there has been no material adverse change in the financial position of the Issuer, UPC Financing or UPC Holding since September 30, 2010; and
- none of UPC Holding, UPC Financing or the Issuer are or have been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which UPC Holding, UPC Financing or the Issuer, respectively, are aware) during the 12 months before the date of this offering memorandum which may have, or have had in the recent past, significant effects on UPC Holding's, UPC Financing's or the Issuer's, respectively, financial position or profitability.

UPC Holding and the Issuer (except as noted on page v of this offering memorandum) accept responsibility for the accuracy of the information contained in this offering memorandum. To the best knowledge and belief of UPC Holding and the Issuer, the information contained in this offering memorandum for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect import of such information.

The Trustee

The Notes provide for the Trustee to take action on behalf of the holders of the Notes in certain circumstances, but only if the Trustee is indemnified and/or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and accordingly in such circumstances, the Trustee will be unable to take action, notwithstanding the provision of an indemnity or security to it, and it will be for the holders of the Notes to take action directly. If the Trustee resigns or is removed, the Issuer will appoint a successor.

GLOSSARY

Term	Definition
"ADSL"	Asymmetrical Digital Subscriber Line; ADSL is an internet access technology that allows voice and high-speed data to be sent simultaneously over local copper telephone lines.
"B2B"	Business-to-business.
"bandwidth"	The width of a communications channel; in other words, the difference between the highest and lowest frequencies available for network signals. Bandwidth also refers to the capacity to move information.
"broadband"	Any circuit that can transfer data significantly faster than a dial up phone line.
"CLEC"	Competitive local exchange carrier.
"FTTx"	Fiber to the x; FTTx is a generic term for any broadband network architecture that uses optical fiber to replace all or part of the usual metal local loop used for last mile telecommunications. The generic term originated as a generalization of several configurations of fiber deployment (FTTN, FTTC, FTTB, FTTH...), all starting by FTT but differentiated by the last letter, which is substituted by an x in the generalization.
"Internet"	A collection of interconnected networks spanning the entire world, including university, corporate, government and research networks. These networks all use the IP (Internet Protocol) communications protocol.
"MHz"	Megahertz; a unit of frequency equal to one million Hertz.
"network"	An interconnected collection of components which would, in a telecommunications network, consist of switches connected to each other and to customer equipment by real or virtual links. Transmission links may be based on fiber optic or metallic cable or point to point radio connections.
"NVoD"	Near Video-on-Demand; a pay per view facility offered by digital television providers where a subscriber can request from a list of videos a movie with staggered start times (usually half to quarter-hour intervals). This avoids the cost of using video on demand technology.
"SMATVs"	Satellite Master Antenna Television Systems.
"VoD"	Video on demand; a service which provides subscribers with enhanced playback functionality and gives subscribers access to a broad array of on demand programming, including movies, live events, local drama, music videos, kids programming and adult programming.
"VoIP"	Voice over Internet Protocol; a telephone service via internet, or via TCP/IP protocol, which can be accessed using a computer, a sound card, adequate software and a modem.

INDEX TO FINANCIAL INFORMATION

UPCB FINANCE III LIMITED

Financial Statements
February 1, 2011

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of UPCB Finance III Limited

We have audited the accompanying balance sheet of UPCB Finance III Limited (the Company) as of February 1, 2011 (the date of incorporation). This balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit of a balance sheet also includes examining, on a test basis, evidence supporting the amounts and disclosures in that balance sheet, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

In our opinion, the balance sheet as of February 1, 2011 presents fairly, in all material respects, the financial position of UPCB Finance III Limited, in conformity with U.S. generally accepted accounting principles.

Amstelveen, The Netherlands, February 7, 2011

KPMG ACCOUNTANTS N.V.

UPCB FINANCE III LIMITED

BALANCE SHEETS

FEBRUARY 1, 2011

(incorporation date)

	February 1, 2011 (audited)
Current assets:	
Cash	$ —
Receivable	1
Total current assets	1
Total assets	$ 1
Total liabilities	$ —
Shareholder equity:	
Common stock (par value $1.00; Authorized 50,000; issued and outstanding 1 and 1 shares, respectively)	1
Total shareholders' equity	1
Total liabilities and shareholder equity	$ 1

The accompanying notes are an integral part of these financial statements.

UPCB FINANCE III LIMITED

NOTES TO THE FINANCIAL STATEMENTS OF

FEBRUARY 1, 2011

(incorporation date)

(1) Basis of Presentation

UPCB Finance III Limited (the Company) was incorporated on February 1, 2011 under the laws of the Cayman Islands. The Company is a special purpose vehicle which engages in limited activities, and is managed by its directors.

As permitted by its articles of incorporation, the business of the Company is the granting of loans or other forms of financing directly or indirectly in whatever means to UPC Financing Partnership Limited, a subsidiary of UPC Holding B.V. (UPC Holding). This includes, but is not limited to, by subscription of bonds, debentures, other debt instruments, advances, the granting of pledges or the issuing of other guarantees of any kind to secure the obligations of UPC Holding.

The Company may finance itself in whatever form including, without being limited to, through borrowing or through issuance of listed or unlisted notes and other debt instruments (e.g. including but not limited to bonds, notes, loan participation notes and subordinated notes) including under stand-alone issues, medium term note and commercial paper programs.

In general, the Company may undertake any financial, commercial, industrial or real estate transactions which it may deem useful in accomplishment and development of its business and, in such context, it may give or receive guarantees, issue all types of securities and financial instruments and enter into any type of hedging, trading, or derivative transactions.

The Company has no prior operating experience.

(2) Summary of Significant Accounting Policies

Estimates

The preparation of the financial statements, in accordance with generally accepted principles in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash

Cash and cash equivalents are stated in the balance sheet at nominal value, and consist of all investments that are readily convertible into cash and have maturities of three months or less at the time of acquisition.

As at February 1, 2011, no cash and cash equivalents were held by the Company.

Receivable

Receivables are recorded at the net realizable value and do not bear interest. As of February 1, 2011, the receivable represents a $1 payment due from Mapcal Limited, the sole shareholder of the Company.

Statement of Operations

These financial statements do not include a statement of operations because the Company has not (i) earned any revenue or income, or (ii) incurred any expenses through February 1, 2011. In this regard, general and administrative costs associated with the formation and daily management of the Company are the responsibility of Liberty Global Europe B.V., an affiliate of Liberty Global Europe Holding B.V., and, as such, are not presented in these financial statements.

(3) Shareholder Equity

The Company has authorized share capital of 50,000 ordinary shares with $1.00 par value. As of February 1, 2011, one share was issued and outstanding, which was held by Mapcal Limited.

On February 1, 2011, Mapcal Limited transferred its one share of common stock to MaplesFS Limited, making MaplesFS Limited the sole shareholder of the Company as of February 1, 2011.

(4) Subsequent Events

On February 3, 2011, the Company issued an additional 249 shares of common stock at par value to MaplesFS Limited in exchange for cash received on February 3, 2011.

These financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through February 7, 2011.

UPC HOLDING B.V.

Condensed Consolidated Financial Statements
September 30, 2010

UPC Holding B.V.
Boeing Avenue 53
1119PE, Schiphol-Rijk
The Netherlands

UPC HOLDING B.V.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

	September 30, 2010	December 31, 2009
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 71.3	€ 159.7
Trade receivables, net	255.8	385.6
Deferred income taxes	36.3	49.0
Derivative instruments (note 5)	57.2	107.6
Other current assets (note 11)	95.5	74.3
Total current assets	516.1	776.2
Restricted cash (note 8)	—	318.2
Investments (note 4)	32.1	30.7
Property and equipment, net (note 7)	3,969.5	3,864.3
Goodwill (note 7)	5,029.6	4,761.1
Intangible assets subject to amortization, net (note 7)	361.5	445.9
Other assets, net (note 5)	298.0	315.2
Total assets	€ 10,206.8	€ 10,511.6

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC HOLDING B.V.

CONDENSED CONSOLIDATED BALANCE SHEETS (continued)

(unaudited)

	September 30, 2010	December 31, 2009
	in millions	
LIABILITIES AND OWNERS' DEFICIT		
Current liabilities:		
Accounts payable (note 11)	€ 219.8	€ 197.2
Accrued liabilities (note 11)	555.9	488.0
Deferred revenue and advance payments from subscribers and others	257.7	418.6
Current portion of debt and capital lease obligations (note 8)	1.9	14.4
Derivative instruments (note 5)	366.3	415.7
Total current liabilities	1,401.6	1,533.9
Long-term debt and capital lease obligations (note 8):		
Third party	7,951.7	8,202.7
Related party (note 11)	8,271.6	8,331.4
Other long-term liabilities (notes 5 and 11)	1,513.4	852.4
Total liabilities	19,138.3	18,920.4
Commitments and contingencies (note 12)		
Owners' deficit:		
Parent's deficit:		
Distributions and accumulated losses in excess of contributions	(9,409.7)	(8,600.2)
Accumulated other comprehensive earnings, net of taxes	312.7	30.7
Total parent's deficit	(9,097.0)	(8,569.5)
Noncontrolling interests	165.5	160.7
Total owners' deficit	(8,931.5)	(8,408.8)
Total liabilities and owners' deficit	€ 10,206.8	€ 10,511.6

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009 (a)	2010	2009 (a)
	in millions			
Revenue (note 11)	€ 949.1	€ 861.5	€ 2,767.7	€ 2,571.0
Operating costs and expenses:				
Operating (other than depreciation and amortization) (including stock-based compensation) (notes 10 and 11)	339.0	307.0	1,006.9	930.9
Selling, general and administrative (SG&A) (including stock-based compensation) (notes 10 and 11)	146.4	131.5	452.4	408.3
Related-party fees and allocations, net (note 11)	1.0	7.2	9.1	22.8
Depreciation and amortization	247.3	265.5	738.0	790.2
Impairment, restructuring and other operating charges (credits), net (note 7)	4.3	(0.4)	10.1	89.1
	738.0	710.8	2,216.5	2,241.3
Operating income	211.1	150.7	551.2	329.7
Non-operating income (expense):				
Interest expense:				
Third party	(117.8)	(101.6)	(340.9)	(282.5)
Related party (note 11)	(104.0)	(101.9)	(304.2)	(479.8)
Interest income	1.3	3.8	4.5	13.7
Realized and unrealized losses on derivative instruments, net (note 5)	(350.5)	(187.5)	(662.2)	(474.9)
Foreign currency transaction gains, net	307.8	122.6	22.8	101.6
Realized and unrealized gains due to changes in fair values of certain investments, net (notes 4 and 6)	1.1	1.5	0.3	3.6
Losses on debt modifications and extinguishments, net (note 8)	(19.3)	(0.7)	(18.2)	(18.0)
Other income (expense), net	(0.7)	2.8	(2.1)	1.5
	(282.1)	(261.0)	(1,300.0)	(1,134.8)
Loss from continuing operations before income taxes	(71.0)	(110.3)	(748.8)	(805.1)
Income tax benefit (expense) (note 9)	(10.7)	(1.3)	(45.5)	16.8
Loss from continuing operations	(81.7)	(111.6)	(794.3)	(788.3)
Discontinued operations (note 3):				
Earnings (loss) from discontinued operations, net of taxes	—	(1.4)	—	2.8
Gain on disposal of discontinued operations, net of taxes	—	15.3	—	15.3
	—	13.9	—	18.1
Net loss	(81.7)	(97.7)	(794.3)	(770.2)
Net earnings attributable to noncontrolling interests	(7.0)	(5.5)	(16.2)	(11.6)
Net loss attributable to parent	€ (88.7)	€ (103.2)	€ (810.5)	€ (781.8)

(a) As restated. See note 3.

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009 (a)	2010	2009 (a)
	in millions			
Net loss	€ (81.7)	€ (97.7)	€ (794.3)	€ (770.2)
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(26.6)	(40.0)	294.5	23.7
Pension related adjustments and other	(0.2)	—	(1.1)	—
Other comprehensive earnings (loss)	(26.8)	(40.0)	293.4	23.7
Comprehensive loss	(108.5)	(137.7)	(500.9)	(746.5)
Comprehensive loss (earnings) attributable to noncontrolling interests	(9.5)	0.7	(27.6)	(17.5)
Comprehensive loss attributable to parent	€ (118.0)	€ (137.0)	€ (528.5)	€ (764.0)

(a) As restated. See note 3.

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENT OF OWNERS' DEFICIT

(unaudited)

	Parent's deficit				
	Distributions and accumulated losses in excess of contributions	Accumulated other comprehensive earnings, net of taxes	Total parent's deficit	Noncontrolling interests	Total owners' deficit
			in millions		
Balance at January 1, 2010	€ (8,600.2)	€ 30.7	€ (8,569.5)	€ 160.7	€ (8,408.8)
Net loss	(810.5)	—	(810.5)	16.2	(794.3)
Other comprehensive earnings, net of taxes	—	282.0	282.0	11.4	293.4
Distributions by subsidiaries to noncontrolling interest owners	—	—	—	(22.8)	(22.8)
Stock-based compensation (note 10)	13.1	—	13.1	—	13.1
Capital charges in connection with exercise of LGI stock incentive awards (notes 10 and 11)	(12.1)	—	(12.1)	—	(12.1)
Balance at September 30, 2010	€ (9,409.7)	€ 312.7	€ (9,097.0)	€ 165.5	€ (8,931.5)

The accompanying notes are an integral part of these condensed consolidated financial statements.

UPC HOLDING B.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Nine months ended September 30, 2010	2009 (a)
	in millions	
Cash flows from operating activities:		
Net loss	€ (794.3)	€ (770.2)
Earnings from discontinued operations	—	(18.1)
Loss from continuing operations	(794.3)	(788.3)
Adjustments to reconcile loss from continuing operations to net cash provided by operating activities:		
Stock-based compensation expense	14.6	11.0
Related-party fees and allocations, net	9.1	22.8
Depreciation and amortization	738.0	790.2
Impairment, restructuring and other operating charges, net	10.1	89.1
Non-cash interest on shareholder loan	304.2	479.8
Amortization of deferred financing costs and non-cash interest	17.1	11.1
Realized and unrealized losses on derivative instruments, net	662.2	474.9
Foreign currency transaction gains, net	(22.8)	(101.6)
Realized and unrealized gains due to changes in fair values of certain investments and related dividends	(0.2)	(3.6)
Losses on debt modifications and extinguishments, net	18.2	18.0
Deferred income tax expense (benefit)	31.6	(28.3)
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions	(278.4)	(322.9)
Net cash provided by operating activities of discontinued operations	—	8.9
Net cash provided by operating activities	709.4	661.1
Cash flows from investing activities:		
Capital expended for property and equipment	(600.9)	(648.9)
Cash paid in connection with acquisitions, net of cash acquired	(2.7)	(3.4)
Proceeds received upon disposition of discontinued operations, net of disposal costs	—	118.5
Other investing activities, net	0.7	2.0
Net cash used by investing activities of discontinued operations	—	(6.9)
Net cash used by investing activities	€ (602.9)	€ (538.7)

(a) As restated. See note 3.

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(unaudited)

	Nine months ended September 30,	
	2010	**2009 (a)**
	in millions	
Cash flows from financing activities:		
Repayments of third-party debt and capital lease obligations	€ (1,488.5)	€ (773.8)
Borrowings of third-party debt	1,437.0	1,158.6
Net repayment of shareholder loan	(79.6)	(458.5)
Payment of deferred financing costs and debt premiums	(43.4)	(60.2)
Other financing activities, net	(26.2)	(17.2)
Net cash used by financing activities	(200.7)	(151.1)
Effect of exchange rate changes on cash—continuing operations	5.8	(0.4)
Net decrease in cash and cash equivalents:		
Continuing operations	(88.4)	(31.1)
Discontinued operations	—	2.0
Total	(88.4)	(29.1)
Cash and cash equivalents:		
Beginning of period	159.7	108.6
End of period	€ 71.3	€ 79.5
Cash paid for interest—continuing operations	€ 297.3	€ 279.5
Net cash paid for taxes:		
Continuing operations	€ 5.8	€ 4.8
Discontinued operations	—	0.3
Total	€ 5.8	€ 5.1

(a) As restated. See note 3.

The accompanying notes are an integral part of these condensed consolidated financial statements.

(1) Basis of Presentation

UPC Holding B.V. (UPC Holding) is an indirect wholly-owned subsidiary of Liberty Global Holding BV (Liberty Global Holding). Liberty Global Holding is an indirect subsidiary of UnitedGlobalCom, Inc., which in turn is an indirect wholly-owned subsidiary of Liberty Global, Inc. (LGI). UPC Holding is an international provider of video, voice and broadband internet services, with consolidated broadband communications and/or direct-to-home satellite (DTH) operations at September 30, 2010 in nine European countries and in Chile. Our European broadband communications and DTH operations are collectively referred to as UPC Europe. Our broadband communications operations in Chile are provided through our 80%-owned indirect subsidiary, VTR Global Com SA (VTR). In the following text, the terms "we," "our," "our company" and "us" may refer, as the context requires, to UPC Holding or collectively to UPC Holding and its subsidiaries.

On July 15, 2009, one of our subsidiaries sold 100% of its interest in our Slovenian cable operations (UPC Slovenia). We have presented UPC Slovenia as a discontinued operation in our condensed consolidated statements of operations and cash flows. As such, all statement of operations and cash flow statement amounts presented in the notes to these condensed consolidated financial statements relate only to our continuing operations, unless otherwise noted. See note 3.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Accordingly, these financial statements do not include all of the information required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto included in our 2009 annual financial statements.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, deferred income taxes and related valuation allowances, loss contingencies, fair values of derivative instruments, financial instruments and investments, fair values of long-lived assets and any related impairments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, including certain leased assets, actuarial liabilities associated with certain benefit plans and stock-based compensation. Actual results could differ from those estimates.

Unless otherwise indicated, convenience translations into euros are calculated as of September 30, 2010.

Certain prior period amounts have been reclassified to conform to the current year presentation.

(2) Accounting Changes

SFAS 166

In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140* (SFAS 166). FASB Statement No. 140, as amended by SFAS 166, was subsequently codified within various FASB Accounting Standards Codification (FASB ASC) Topics, primarily FASB ASC Topic 860, *Transfers and Servicing*. SFAS 166, among other matters, (i) eliminates the concept of a qualifying special-purpose entity, (ii) creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, (iii) clarifies other sale-accounting criteria and (iv) changes the initial measurement of a transferor's interest in transferred financial assets. SFAS 166 is applicable for fiscal years and interim periods beginning after November 15, 2009. We adopted SFAS 166 effective January 1, 2010 and such adoption did not have a material impact on our condensed consolidated financial statements.

SFAS 167

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167). FASB Interpretation No. 46(R) (FIN 46(R)), as amended by SFAS 167, was subsequently codified within various FASB ASC Topics, primarily FASB ASC 810. SFAS 167, among other matters, (i) eliminates the exceptions of FIN 46(R) with respect to the consolidation of qualifying special-purpose entities, (ii) contains new criteria for determining the primary beneficiary and (iii) increases the frequency of required reassessments to determine whether a company is the primary beneficiary of a variable interest entity. SFAS 167 also contains a new requirement that any term, transaction or arrangement that does not have a substantive effect on an entity's status as a variable interest entity, a company's power over a variable interest entity or a company's obligation to absorb losses or its right to receive benefits of an entity must be disregarded in applying the provisions of FASB Interpretation No. 46(R). SFAS 167 is applicable for fiscal years and interim periods beginning after November 15, 2009. We adopted SFAS 167 effective January 1, 2010 such adoption did not have a material impact on our condensed consolidated financial statements.

FASB ASU 2009-05

In August 2009, the FASB issued Accounting Standards Update (FASB ASU) No. 2009-05, *Fair Value Measurements and Disclosures (Topic 820)—Measuring Liabilities at Fair Value* (FASB ASU 2009-05). FASB ASU 2009-05 provides clarification in measuring the fair value of liabilities in circumstances in which a quoted price in an active market for the identical liability is not available and in circumstances in which a liability is restricted from being transferred. FASB ASU 2009-05 also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. We adopted FASB ASU 2009-05 effective January 1, 2010 and such adoption did not have a material impact on our condensed consolidated financial statements.

FASB ASU 2009-13

In October 2009, the FASB issued ASU No. 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force* (FASB ASU 2009-13). FASB ASU 2009-13 provides amendments to the criteria for separating consideration in multiple-deliverable arrangements by establishing an expanded selling price hierarchy for determining the selling price of a deliverable. FASB ASU 2009-13 also replaces the term "fair value" in the revenue allocation guidance with "selling price" to clarify that the allocation of revenue is based on entity-specific assumptions rather than assumptions of a marketplace participant. FASB ASU 2009-13 is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. We adopted FASB ASU 2009-13 effective January 1, 2010 and such adoption did not have a material impact on our condensed consolidated financial statements.

(3) Common Control Transfer and Disposition

2009 Common Control Transfer of Certain Corporate and Administrative Subsidiaries

On December 17, 2009, we transferred our 100% interests in two of our wholly-owned indirect subsidiaries, Liberty Global Europe BV (LG Europe) and Liberty Global Europe Ltd. (LGE Ltd.), to another indirect subsidiary of LGI. LG Europe and LGE Ltd. perform certain corporate and administrative functions. We accounted for the common control transfer at carryover basis and our condensed consolidated financial statements have been restated to give effect to this transaction for all periods presented. The consideration received for the transfer of the LGE Ltd. and LG Europe interests was €11.5 million and one euro, respectively. These amounts which were effected as decreases to our shareholder loan payable to Liberty Global Europe Financing B.V. (LGE Financing), an indirect subsidiary of Liberty Global Holding, were recorded as capital transactions during the fourth quarter of 2009. LG Europe and LGE Ltd. were transferred at the €125.7 million carrying value of their aggregate net liabilities. Certain related changes to intercompany payable and receivable arrangements have also been given retroactive effect in our condensed consolidated financial statements.

The following table sets forth the retroactive effects of the 2009 common control transfer on certain line items within our condensed consolidated statements of operations for the indicated:

	Three months ended September 30, 2009		
	Prior to restatement	Common control restatement	As restated
		in millions	
Operating expenses:			
Stock-based compensation included in operating expenses	€ 1.9	€ (0.8)	€ 1.1
Other operating expenses	304.7	1.2	305.9
Total	€ 306.6	€ 0.4	€ 307.0
SG&A expenses:			
Stock-based compensation included in SG&A expenses	€ 9.0	€ (3.9)	€ 5.1
Other SG&A expenses	136.2	(9.8)	126.4
Total	€ 145.2	€ (13.7)	€ 131.5
Related-party fees and allocations, net	€ (4.5)	€ 11.7	€ 7.2
Interest expense—related party	€ (157.4)	€ 55.5	€ (101.9)
Foreign currency transaction gains	€ 115.7	€ 6.9	€ 122.6
Loss from continuing operations	€ (175.6)	€ 64.0	€ (111.6)

	Nine months ended September 30, 2009		
	Prior to restatement	Common control restatement	As restated
		in millions	
Operating expenses:			
Stock-based compensation included in operating expenses	€ 4.0	€ (2.1)	€ 1.9
Other operating expenses	925.4	3.6	929.0
Total	€ 929.4	€ 1.5	€ 930.9
SG&A expenses:			
Stock-based compensation included in SG&A expenses	€ 19.4	€ (10.3)	€ 9.1
Other SG&A expenses	428.2	(29.0)	399.2
Total	€ 447.6	€ (39.3)	€ 408.3
Related-party fees and allocations, net	€ (15.1)	€ 37.9	€ 22.8
Interest expense—related party	€ (475.6)	€ (4.2)	€ (479.8)
Foreign currency transaction gains	€ 101.0	€ 0.6	€ 101.6
Loss from continuing operations	€ (785.5)	€ (2.8)	€ (788.3)

Disposition

UPC Slovenia—On July 15, 2009, one of our subsidiaries sold 100% of its interest in UPC Slovenia to Mid Europa Partners for a cash purchase price of €119.5 million. As a result of this disposition, we have presented UPC Slovenia as a discontinued operation.

The operating results of UPC Slovenia for the three and nine months ended September 30, 2009 are classified as discontinued operations in our condensed consolidated statements of operations and are summarized in the following table:

	Three months ended September 30, 2009	Nine months ended September 30, 2009
	in millions	
Revenue	€ —	€ 22.7
Operating income (loss)	€ (1.4)	€ 2.4
Earnings (loss) before income taxes and noncontrolling interests	€ (1.4)	€ 2.5
Income tax benefit	€ —	€ 0.3
Earnings (loss) from discontinued operations attributable to parent, net of taxes	€ (1.4)	€ 2.8

(4) Investments

The details of our investments are set forth below:

Accounting Method	September 30, 2010	December 31, 2009
	in millions	
Fair value	€ 28.2	€ 26.9
Equity	3.4	3.4
Cost	0.5	0.4
Total	€ 32.1	€ 30.7

(5) Derivative Instruments

Through our subsidiaries, we have entered into various derivative instruments to manage interest rate and foreign currency exposure with respect to the euro (€), the U.S. dollar ($), the Czech koruna (CZK), the Hungarian forint (HUF), the Polish zloty (PLN), the Romanian lei (RON), the Swiss franc (CHF), and the Chilean peso (CLP). As we generally do not apply hedge accounting to our derivative instruments, changes in the fair values of our derivative instruments are recorded in realized and unrealized losses on derivative instruments in our condensed consolidated statements of operations. The following table provides details of the fair values of our derivative instrument assets and liabilities:

	September 30, 2010			December 31, 2009		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b)	€ 55.8	€ 73.1	€ 128.9	€ 107.0	€ 107.6	€ 214.6
Foreign currency forward contracts	0.5	—	0.5	—	—	—
Embedded derivatives	0.9	0.7	1.6	0.6	0.4	1.0
Total	€ 57.2	€ 73.8	€ 131.0	€ 107.6	€ 108.0	€ 215.6
Liabilities:						
Cross-currency and interest rate derivative contracts (b)	€ 362.7	€ 1,066.2	€ 1,428.9	€ 411.9	€ 733.1	€ 1,145.0
Foreign currency forward contracts	3.4	—	3.4	3.6	—	3.6
Embedded derivatives	0.2	0.7	0.9	0.2	0.7	0.9
Total	€ 366.3	€ 1,066.9	€ 1,433.2	€ 415.7	€ 733.8	€ 1,149.5

(a) Our long-term derivative assets and liabilities are included in other assets and other long-term liabilities, respectively, in our condensed consolidated balance sheets.

(b) As of September 30, 2010, the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €4.0 million and the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating €131.6 million. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our subsidiaries' debt instruments, as applicable. The change in the credit risk valuation adjustments associated with the derivative instruments of our continuing operations resulted in net gain of €23.3 million and €75.0 million during the three and nine months ended September 30, 2010, respectively, compared to a net gain (loss) of €7.9 million and (€0.5 million) during the three and nine months ended September 30, 2009, respectively. These amounts are included in realized and unrealized losses on derivative instruments, net, in our condensed consolidated statements of operations. For further information concerning our fair value measurements, see note 6.

The details of our realized and unrealized losses on derivative instruments, net, are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	in millions			
Cross-currency and interest rate derivative contracts	€ (344.2)	€ (192.4)	€ (651.9)	€ (472.1)
Foreign currency forward contracts	(8.0)	3.3	(11.3)	(3.3)
Embedded derivatives	1.7	1.6	1.0	0.5
Total	€ (350.5)	€ (187.5)	€ (662.2)	€ (474.9)

The net cash paid related to our derivative instruments is classified as an operating, investing or financing activity in our condensed consolidated statements of cash flows based on the classification of the applicable underlying cash flows. The classifications of these cash flows are as follows:

	Nine months ended September 30, 2010	Nine months ended September 30, 2009
	in millions	
Operating activities	€ (300.8)	€ (233.3)
Financing activities	(2.6)	(13.9)
Total	€ (303.4)	€ (247.2)

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative contracts will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative contracts is spread across a relatively broad counterparty base of banks and financial institutions. We generally do not require counterparties to our derivative instruments to provide collateral or other security or to enter into master netting arrangements. At September 30, 2010, our exposure to credit risk included derivative assets with a fair value of €131.0 million.

Under our derivative contracts, the exercise of termination and set-off provisions is generally at the option of the non-defaulting party only. However, in an insolvency of a derivative counterparty, a liquidator may be able to force the termination of a derivative contract. In addition, mandatory set-off of amounts due under the derivative contract and potentially other contracts between our company and the relevant counterparty may be applied under the insolvency regime of the relevant jurisdiction. Accordingly, it is possible that certain amounts owing between our company and an insolvent counterparty could be set-off, even if that counterparty had previously defaulted on its obligations under a derivative contract with our company. While we anticipate that, in the event of the insolvency of one of our derivative counterparties, we would seek to novate our derivative contracts to different counterparties, no assurance can be given that we would be able to do this on terms or pricing that would be acceptable to us. If we are unable to, or choose not to, novate to a different party, the risks that were the subject of the original derivative contract would no longer be hedged.

While we currently have no specific concerns about the creditworthiness of any particular counterparty, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations and financial condition.

Cross-currency and Interest Rate Derivative Contracts

Cross-currency Swaps:

The terms of our outstanding cross-currency swap contracts at September 30, 2010 are as follows:

Subsidiary/Final maturity date (a)		Notional amount due from counterparty		Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
		in millions				
UPC Holding:						
April 2016	$	400.0	CHF	441.8	9.88%	9.87%
UPC Broadband Holding BV (UPC Broadband Holding), a subsidiary of UPC Holding:						
December 2014	€	165.8	CZK	4,721.8	5.50%	5.89%
December 2014	€	200.0	CZK	5,800.0	5.46%	5.30%
December 2014–December 2016	€	60.0	CZK	1,703.1	5.50%	6.99%
July 2017	€	39.6	CZK	1,000.0	3.00%	3.75%
December 2014	€	488.0	HUF	138,437.5	5.50%	9.21%
December 2014–December 2016	€	260.0	HUF	75,570.0	5.50%	10.56%
December 2014	€	400.5	PLN	1,605.6	5.50%	7.50%
December 2014–December 2016	€	245.0	PLN	1,000.6	5.50%	9.03%
July 2017	€	82.0	PLN	318.0	3.00%	5.60%
December 2014	$	171.5	CHF	187.1	6 mo. LIBOR + 2.75%	6 mo. CHF LIBOR + 2.95%
December 2016	$	340.0	CHF	370.9	6 mo. LIBOR + 3.50%	6 mo. CHF LIBOR + 4.01%
July 2015	€	123.8	CLP	86,500.0	2.50%	5.84%
December 2015	€	69.1	CLP	53,000.0	3.50%	5.75%
December 2016	€	31.9	RON	116.8	5.50%	11.58%
September 2012	€	229.1	CHF	355.8	6 mo. EURIBOR + 2.50%	6 mo. CHF LIBOR + 2.46%
December 2014	€	653.0	CHF	1,066.0	6 mo. EURIBOR + 2.00%	6 mo. CHF LIBOR + 1.95%
December 2014	€	245.4	CHF	400.0	6 mo. EURIBOR + 0.82%	6 mo. CHF LIBOR + 1.94%
December 2014–December 2016	€	360.4	CHF	589.0	6 mo. EURIBOR + 3.75%	6 mo. CHF LIBOR + 3.94%
January 2017	€	75.0	CHF	110.9	7.63%	6.98%
January 2020	€	175.0	CHF	258.6	7.63%	6.76%

(a) For each subsidiary, the notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of September 30, 2010, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to September 30, 2010, we present a range of dates that represents the period covered by the applicable derivative instrument.

Cross-currency Interest Rate Swaps:

The terms of our outstanding cross-currency interest rate swap contracts at September 30, 2010 are as follows:

Subsidiary/Final maturity date (a)	Notional amount due from counterparty		Notional amount due to counterparty		Interest rate due from counterparty	Interest rate due to counterparty
	in millions					
UPC Broadband Holding:						
March 2013	$	200.0	€	150.9	6 mo. LIBOR + 2.00%	5.73%
December 2014	$	725.0	€	547.3	6 mo. LIBOR + 1.75%	5.74%
December 2016	$	160.0	€	120.7	6 mo. LIBOR + 3.50%	7.56%
December 2010	$	292.0	RON	709.1	6 mo. LIBOR + 3.50%	10.24%
December 2010–December 2016	$	292.0	RON	709.1	6 mo. LIBOR + 3.50%	14.01%
December 2016	$	84.1	RON	203.3	6 mo. LIBOR + 3.50%	13.35%
December 2014	$	340.0	CLP	181,322.0	6 mo. LIBOR + 1.75%	8.76%
December 2014	€	134.2	CLP	107,800.0	6 mo. EURIBOR + 2.00%	10.00%
VTR:						
September 2014	$	456.0	CLP	252,396.0	6 mo. LIBOR + 3.00%	11.16%

(a) For each subsidiary, the notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of September 30, 2010, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to September 30, 2010, we present a range of dates that represents the period covered by the applicable derivative instrument.

Interest Rate Swaps:

The terms of our outstanding interest rate swap contracts at September 30, 2010 are as follows:

Subsidiary/Final maturity date (a)	Notional amount		Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
UPC Broadband Holding:				
January 2011	€	1,500.0	1 mo. EURIBOR + 3.40%	6 mo. EURIBOR + 3.09%
January 2011	€	193.5	6 mo. EURIBOR	3.83%
July 2011	€	850.0	1 mo. EURIBOR + 3.00%	6 mo. EURIBOR + 2.59%
January 2012	€	1,500.0	1 mo. EURIBOR + 4.00%	6 mo. EURIBOR + 3.68%
April 2012	€	555.0	6 mo. EURIBOR	3.32%
September 2012	€	500.0	3 mo. EURIBOR	2.96%
December 2013	€	90.5	6 mo. EURIBOR	3.84%
January 2014	€	185.0	6 mo. EURIBOR	4.04%
April 2012–July 2014	€	337.0	6 mo. EURIBOR	3.94%
January 2011–December 2014	€	193.5	6 mo. EURIBOR	4.68%
December 2014	€	1,659.5	6 mo. EURIBOR	4.66%
April 2012–December 2015	€	263.3	6 mo. EURIBOR	3.97%
January 2015–December 2016	€	500.0	6 mo. EURIBOR	4.32%
December 2010	CHF	618.5	6 mo. CHF LIBOR	2.19%
September 2012	CHF	711.5	6 mo. CHF LIBOR	2.33%
January 2011–December 2014	CHF	618.5	6 mo. CHF LIBOR	3.56%
October 2012–December 2014	CHF	711.5	6 mo. CHF LIBOR	3.65%
December 2014	CHF	1,050.0	6 mo. CHF LIBOR	3.47%
January 2015–December 2016	CHF	370.9	6 mo. CHF LIBOR	3.82%
July 2013	CLP	86,100.0	6.77%	6 mo. TAB
July 2013	HUF	5,908.8	6 mo. BUBOR	8.52%
July 2013	PLN	115.1	6 mo. WIBOR	5.41%
VTR:				
July 2013	CLP	86,100.0	6 mo. TAB	7.78%

(a) For each subsidiary, the notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of September 30, 2010, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to September 30, 2010, we present a range of dates that represents the period covered by the applicable derivative instrument.

UPC Holding Cross-Currency Options

Pursuant to its cross-currency option contracts, UPC Holding has the option to require the counterparty to deliver U.S. dollars in exchange for Swiss francs at a fixed exchange rate of 1.10 Swiss francs per one U.S. dollar, in the notional amounts listed below:

Contract expiration date	Notional amount at September 30, 2010	
	in millions	
October 2016	$	19.8
April 2017	$	19.8
October 2017	$	19.8
April 2018	$	419.8

Foreign Currency Forwards

The following table summarizes our outstanding foreign currency forward contracts at September 30, 2010:

Subsidiary	Currency purchased forward		Currency sold forward		Maturity dates
	in millions				
UPC Broadband Holding	€	1.4	HUF	394.7	October 2010–October 2011
UPC Broadband Holding	€	0.5	PLN	2.1	October 2010–March 2011
UPC Broadband Holding	€	1.4	CZK	35.2	October 2010–September 2011
UPC Broadband Holding	€	94.0	$	127.4	October 2010
VTR	$	61.9	CLP	32,464.2	October 2010–September 2011

(6) Fair Value Measurements

We use the fair value method to account for certain of our investments and derivative instruments. The reported fair values of these assets and liabilities as of September 30, 2010 likely will not represent the value that will be realized upon the ultimate settlement or disposition of these assets and liabilities. In the case of the investments that we account for using the fair value method, the values we realize upon disposition will be dependent upon, among other factors, market conditions and the historical and forecasted financial performance of the investees at the time of any such disposition. With respect to our foreign currency and interest rate derivative instruments, we expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

All of our Level 2 inputs (interest rates, yield curves, dividend yields and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (forecasted volatilities and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive fair value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

Our investments that we account for at fair value are privately-held companies, and therefore, quoted market prices are unavailable. The valuation technique we use for such investments is a combination of an income approach (discounted cash flow model based on forecasts) and a market approach (market multiples of similar businesses). With the exception of certain inputs for our weighted average cost of capital calculations that are derived from pricing services, the inputs used to value these investments are based on unobservable inputs derived from our assumptions. Therefore, the valuation of our privately-held investments falls under Level 3 of the fair value hierarchy.

As further described in note 5, we have entered into various derivative instruments to manage our interest rate and foreign currency exchange risk. The fair value measurements of these derivative instruments are determined using discounted cash flow models. All but one of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes interest rates, swap rates and yield curves, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads are Level 3 inputs that are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we believe that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 5.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations typically involve the use of discounted cash flow analyses to assess enterprise values, the values of customer relationship intangible assets, the implied value of goodwill, replacement costs of tangible assets and the values of certain other assets and liabilities. With the exception of certain inputs for our weighted average cost of capital calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. Accordingly, nonrecurring valuations that involve the use of discounted cash flow analyses fall under Level 3 of the fair value hierarchy. During the nine months ended September 30, 2010, we performed nonrecurring fair value measurements in connection with goodwill impairment assessments. See note 7.

A summary of the assets and liabilities that are measured at fair value is as follows:

Description		Fair value measurements at September 30, 2010 using:	
	September 30, 2010	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		in millions	
Assets:			
Derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 128.9	€ 128.9	€ —
Foreign currency forward contracts	0.5	0.5	—
Embedded derivatives	1.6	1.6	—
Total derivative instruments	131.0	131.0	—
Investments	28.2	—	28.2
Total assets	€ 159.2	€ 131.0	€ 28.2
Liabilities:			
Derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 1,428.9	€ 1,428.9	€ —
Foreign currency forward contracts	3.4	3.4	—
Embedded derivatives	0.9	0.9	—
Total liabilities—derivative instruments	€ 1,433.2	€ 1,433.2	€ —

Description	December 31, 2009	Fair value measurements at December 31, 2009 using: Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		in millions	
Assets:			
Derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 214.6	€ 214.6	€ —
Embedded derivatives	1.0	1.0	—
Total derivative instruments	215.6	215.6	—
Investments	26.9	—	26.9
Total assets	€ 242.5	€ 215.6	€ 26.9
Liabilities:			
Derivative instruments:			
Cross-currency and interest rate derivative contracts	€ 1,145.0	€ 1,145.0	€ —
Foreign currency forward contracts	3.6	3.6	—
Embedded derivatives	0.9	0.9	—
Total liabilities—derivative instruments	€ 1,149.5	€ 1,149.5	€ —

A reconciliation of the beginning and ending balances of our investments measured at fair value using significant unobservable, or Level 3, inputs is as follows (in millions):

Balance at January 1, 2010	€ 26.9
Gains included in net loss—Realized and unrealized gains due to changes in fair values of certain investments, net	0.3
Dispositions and other	(1.7)
Foreign currency translation adjustments	2.7
Balance at September 30, 2010	€ 28.2

(a) Substantially all of the gains recognized during the nine months ended September 30, 2010 relate to investments that we continue to carry on our condensed consolidated balance sheet as of September 30, 2010.

(7) Long-lived Assets

Property and Equipment, Net

The details of our property and equipment and the related accumulated depreciation are set forth below:

	September 30, 2010	December 31, 2009
	in millions	
Distribution systems	€ 6,935.0	€ 6,306.3
Support equipment, buildings and land	1,073.5	1,013.8
	8,008.5	7,320.1
Accumulated depreciation	(4,039.0)	(3,455.8)
Total property and equipment, net	€ 3,969.5	€ 3,864.3

Goodwill

Changes in the carrying amount of our goodwill for the nine months ended September 30, 2010 are set forth below:

	January 1, 2010	Foreign currency translation adjustments and other	September 30, 2010
		in millions	
UPC Europe:			
The Netherlands	€ 912.1	€ —	€ 912.1
Switzerland	1,916.1	211.0	2,127.1
Other Western Europe	781.6	—	781.6
Total Western Europe	3,609.8	211.0	3,820.8
Central and Eastern Europe	784.1	19.5	803.6
Total UPC Europe	4,393.9	230.5	4,624.4
VTR (Chile)	367.2	38.0	405.2
Total	€ 4,761.1	€ 268.5	€ 5,029.6

We continue to experience difficult economic environments and significant competition in most of our markets, particularly in Romania and Hungary, which collectively accounted for €306.7 million of the goodwill associated with the broadband communications operations included in our Central and Eastern Europe reportable segment at September 30, 2010. If, among other factors, (i) LGI's equity value declines significantly or (ii) the adverse impacts of economic, competitive or regulatory factors are worse than anticipated, we could conclude in future periods that further impairment charges are required in order to reduce the carrying values of our goodwill, and to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

At September 30, 2010 and December 31, 2009 and based on exchange rates as of those dates, the amount of our accumulated impairments was €182.1 million and €183.6 million, respectively. The September 30, 2010 amount includes accumulated impairments related to our broadband communications operations in Romania, which are included within UPC Europe's Central and Eastern Europe segment.

Intangible Assets Subject to Amortization, Net

The details of our intangible assets subject to amortization are set forth below:

	September 30, 2010	December 31, 2009
	in millions	
Gross carrying amount:		
Customer relationships	€ 1,128.2	€ 1,088.4
Other	4.1	8.1
	€ 1,132.3	€ 1,096.5
Accumulated amortization:		
Customer relationships	€ (767.9)	€ (644.0)
Other	(2.9)	(6.6)
	€ (770.8)	€ (650.6)
Net carrying amount:		
Customer relationships	€ 360.3	€ 444.4
Other	1.2	1.5
	€ 361.5	€ 445.9

(8) Debt and Capital Lease Obligations

The euro equivalents of the components of our consolidated debt and capital lease obligations are as follows:

	September 30, 2010		Estimated fair value (c)		Carrying value (d)	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
			in millions			
Debt:						
Parent:						
Shareholder loan	4.80%	€ —	(e)	(e)	€ 8,271.6	€ 8,331.4
UPC Holding Senior Notes	8.91%	—	€ 1,699.0	€ 1,602.1	1,589.0	1,548.3
Subsidiaries:						
UPC Broadband Holding Bank Facility	3.89%	820.8	€ 5,545.6	€ 5,935.8	5,845.0	6,316.5
UPCB Finance Senior Secured Notes (f)	7.63%	—	€ 522.7	€ —	495.9	—
VTR Bank Facility (g)	—	—	€ —	€ 321.5	—	321.5
Other	6.60%	—	€ 0.4	€ 6.6	0.4	6.6
Total debt	4.96%	€ 820.8			16,201.9	16,524.3
Capital lease obligations					23.3	24.2
Total debt and capital lease obligations					16,225.2	16,548.5
Current maturities					(1.9)	(14.4)
Long-term debt and capital lease obligations					€ 16,223.3	€ 16,534.1

(a) Represents the weighted average interest rate in effect at September 30, 2010 for all borrowings outstanding pursuant to each debt instrument including the applicable margin. The interest rates presented represent stated rates and do not include the impact of our interest rate derivative agreements, deferred financing costs, discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, discounts and commitments fees, but excluding the impact of financing costs, our estimated weighted average interest rate on our aggregate variable and fixed rate indebtedness was approximately 8.7% at September 30, 2010. For information concerning our derivative instruments, see note 5.

(b) Unused borrowing capacity represents the maximum availability under the applicable facility at September 30, 2010 without regard to covenant compliance calculations. At September 30, 2010, our availability under the UPC Broadband Holding Bank Facility (as defined below) was limited to €169.7 million. Additionally, when the September 30, 2010 compliance reporting requirements have been completed, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €438.7 million.

(c) The estimated fair values of our debt instruments were determined using the average of the midpoint of applicable bid and ask prices or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models. The discount rates used in the cash flow models are based on the estimated credit spread of each entity, taking into account market data, to the extent available, and other relevant factors.

(d) Amounts include the impact of discounts, where applicable.

(e) The fair value of the shareholder loan is not subject to reasonable estimation due to the related-party nature of the loan.

(f) UPCB Finance Limited (UPCB Finance), the issuer of 7.625% senior secured notes (the UPCB Senior Secured Notes), is a special purpose financing company created for the primary purpose of issuing the UPCB Senior Secured Notes and is owned 100% by a charitable trust. UPCB Finance used the proceeds from the UPCB Senior Secured Notes to fund a new additional facility (Facility V) under the UPC Broadband Holding Bank Facility (as defined below), with UPC Financing Partnership (UPC Financing), a direct subsidiary of UPC Holding, as the borrower. UPCB Finance is dependent on payments from UPC Financing under Facility V in order to service its payment obligations under the UPCB Senior Secured Notes. As such, UPCB Finance is a variable interest entity and UPC Financing and its parent entities, including UPC Holding, are required by U.S. GAAP to consolidate UPCB Finance. Accordingly, the amount outstanding under Facility V is eliminated through the consolidation of UPCB Finance within UPC Holding's condensed consolidated financial statements.

(g) Pursuant to the deposit arrangements with the lender in relation to VTR's amended and restated senior secured credit facility (the VTR Bank Facility), we were required to fund a cash collateral account in an amount equal to the outstanding principal and interest under the VTR Bank Facility. On March 22, 2010, the third-party lender under the VTR Bank Facility assigned its rights and obligations under the VTR Bank Facility to a subsidiary of UPC Broadband Holding. As consideration for this assignment, the deposit in the collateral account was transferred to the third-party lender in a non-cash transaction.

Shareholder Loan

UPC Holding has an unsecured shareholder loan with its immediate parent, LGE Financing, which, as amended, is scheduled to be repaid in 2030 and is subordinated in right of payment to the prior payment in full of the UPC Holding Senior Notes in the event of (i) a total or partial liquidation, dissolution or winding up of UPC Holding, (ii) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to UPC Holding or its property, (iii) an assignment for the benefit of creditors or (iv) any marshalling of UPC Holding's assets or liabilities. Accrued interest is included in other long-term liabilities until the end of each fiscal year and then it is transferred to the loan balance. The interest rate on the shareholder loan is reviewed annually, with any adjustment effective on October 1 of each year. The interest rate was 4.80% and 7.58% for the nine months ended September 30, 2010 and 2009, respectively. The net decrease in the shareholder loan balance during the nine months ended September 30, 2010 includes (i) cash payments of €1,765.8 million, (ii) cash borrowings of €1,686.2 million, (iii) a €27.7 million non-cash increase related to the settlement of intercompany charges and allocations and (iv) individually insignificant net non-cash decreases aggregating €7.9 million. During the nine months ended September 30, 2010 and 2009, none of the debt repayments were payments of interest.

UPC Broadband Holding Bank Facility

The UPC Broadband Holding Bank Facility, as amended, is the senior secured credit facility of UPC Broadband Holding. During the first nine months of 2010, pursuant to various additional facility accession agreements, (i) new Facilities W and X were executed and (ii) commitments under existing Facilities R, S and T were increased. Facility W is a redrawable term loan facility and Facility X is a non-redrawable term loan facility. In connection with the completion of these transactions, certain lenders under existing Facilities M, N and P novated their commitments to UPC Broadband Operations BV (UPC Broadband Operations), a direct subsidiary of UPC Broadband Holding, and entered into one or more of Facilities R, S, T, W or X. As a result, total commitments of (i) €218.1 million under Facility M were rolled into Facility W, (ii) $1,042.8 million (€765.6 million) under Facility N were rolled into Facility X and (iii) $322.9 million (€237.1 million) under Facility P were rolled into Facilities R, S, T and W. In addition, in July 2010, Facility W was increased by an aggregate principal amount of €25.0 million. Among other matters, the completion of the foregoing transactions resulted in the extension of a significant portion of the maturities under the UPC Broadband Holding Bank Facility.

Prior to the redemption of the 2014 Senior Notes (as defined below) in August 2010, Facilities M, N, Q, R, S, T, U, W and X of the UPC Broadband Holding Bank Facility matured on the earlier of (i) the respective final maturity dates specified in the applicable accession agreements for each such Facility and (ii) October 17, 2013, being the date falling 90 days prior to the date on which the 2014 Senior Notes were originally specified to fall due (the Contingent Early Maturity Date) if, (a), in respect of Facilities S, T, U, W and X, on such date, the 2014 Senior Notes are outstanding in an aggregate amount of €250.0 million or more or (b), in respect of Facilities M, N, Q and R, the 2014 Senior Notes have not been repaid, refinanced or redeemed prior to such date. Pursuant to the settlement of the Tender Offers and Post-Closing Redemption (each as defined below), all 2014 Senior Notes were refinanced or redeemed and so the Contingent Early Maturity Date, in respect of each of the abovementioned Facilities, are no longer applicable.

The details of our borrowings under the UPC Broadband Holding Bank Facility as of September 30, 2010 are summarized in the following table:

		September 30, 2010			
Facility	**Final maturity date**	**Interest rate**	**Facility amount (in borrowing currency) (a)**	**Unused borrowing capacity (b)**	**Carrying value (c)**
				in millions	
L	July 3, 2012	EURIBOR + 2.25%	€ 129.7	€ 129.7	€ —
M	December 31, 2014	EURIBOR + 2.00%	€ 566.6	—	566.6
N	December 31, 2014	LIBOR + 1.75%	$ 357.2	—	262.3
O	July 31, 2013	(d)	(d)	—	50.6
P	September 2, 2013	LIBOR + 2.75%	$ 188.6	—	138.5
Q	July 31, 2014	EURIBOR + 2.75%	€ 422.0	422.0	—
R	December 31, 2015	EURIBOR + 3.25%	€ 290.7	—	290.7
S	December 31, 2016	EURIBOR + 3.75%	€ 1,740.0	—	1,740.0
T	December 31, 2016	LIBOR + 3.50%	$ 1,071.5	—	779.9
U	December 31, 2017	EURIBOR + 4.00%	€ 1,250.8	—	1,250.8
V (e)	January 15, 2020	7.625%	€ 500.0	—	500.0
W	March 31, 2015	EURIBOR + 3.00%	€ 269.1	269.1	—
X	December 31, 2017	LIBOR + 3.50%	$ 1,042.8	—	765.6
Elimination of Facility V in consolidation (e)			€ (500.0)	—	(500.0)
Total				€ 820.8	€ 5,845.0

(a) Represents total third-party facility amounts at September 30, 2010 without giving effect to the impact of discounts. Certain of the originally committed amounts under Facilities L, M, N and P have been novated to UPC Broadband Operations, a direct subsidiary of UPC Broadband Holding, and, accordingly, such amounts are not included in the table above.

(b) At September 30, 2010, our availability under the UPC Broadband Holding Bank Facility was limited to €169.7 million. When the September 30, 2010 compliance reporting requirements have been completed, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €438.7 million.

(c) The Facility T amount includes the impact of discounts.

(d) The applicable interest payable under Facility O is 2.75% per annum plus the specified percentage rate per annum determined by the Polish Association of Banking Dealers—Forex Poland or the National Bank of Hungary, as appropriate for the relevant period. The principal amount of Facility O is comprised of (i) a HUF 5,962.5 million (€21.6 million) sub-tranche and (ii) a PLN 115.1 million (€29.0 million) sub-tranche.

(e) As discussed above, the amount outstanding under Facility V is eliminated through the consolidation of UPCB Finance within UPC Holding's condensed consolidated financial statements. Pursuant to the Facility V accession agreement, the call provisions, maturity and applicable interest rates for Facility V are the same as those of the UPCB Finance Senior Secured Notes.

UPC Holding Senior Notes

On August 13, 2010, UPC Holding issued €640.0 million principal amount of 8.375% Senior Notes (the 8.375% Senior Notes), resulting in net cash proceeds after fees of €627.2 million. The 8.375% Senior Notes mature on August 15, 2020. The 8.375% Senior Notes are senior obligations of UPC Holding and rank equally with all of the other existing and future senior debt of UPC Holding and senior to all existing and future subordinated debt of UPC Holding. The 8.375% Senior Notes are secured (on a shared basis) by a pledge over the shares of UPC Holding.

Concurrently with the offering of the 8.375% Senior Notes, holders of UPC Holding's (i) €384.6 million aggregate principal amount of 7.75% Senior Notes due 2014 (the 7.75% Senior Notes) and (ii) €230.9 million aggregate principal amount of 8.625% Senior Notes due 2014 (the 8.625% Senior Notes and together with the 7.75% Senior Notes, the 2014 Senior Notes) were invited, subject to certain offering restrictions, to tender their 7.75% Senior Notes and 8.625% Senior Notes to UPC Holding (the Tender Offers). A total of €205.5 million aggregate principal amount of the 7.75% Senior Notes and €101.3 million aggregate principal amount of the 8.625% Senior Notes were tendered. The proceeds of the issuance of the 8.375% Senior Notes were used to (i) purchase the 2014 Senior Notes tendered pursuant to the Tender Offers, (ii) redeem and discharge the 2014 Senior Notes not tendered in the Tender Offers (the Post Closing Redemption) and (iii) pay fees and expenses incurred in connection with the offering of the 8.375% Senior Notes and the Tender Offers. To effect the Post-Closing Redemption, UPC Holding deposited funds sufficient to redeem and discharge such notes and such redemption was completed on (i) August 20, 2010 for the 7.75% Senior Notes and (ii) September 13, 2010 for the 8.625% Senior Notes. In connection with the repurchase and redemption of the 2014 Senior Notes, we paid debt redemption premiums of €12.4 million and wrote-off deferred financing costs of €6.8 million. These amounts are included in losses on debt modifications and extinguishments, net in our condensed consolidated statement of operations.

The 8.375% Senior Notes are non-callable until August 15, 2015. At any time prior to August 15, 2015, UPC Holding may redeem some or all of the Senior 8.375% Notes by paying a "make-whole" premium, which is the present value of all remaining scheduled interest payments using the discount rate (as specified in the indenture governing the 8.375% Senior Notes) as of the redemption date plus 50 basis points. UPC Holding may redeem some or all of the 8.375% Senior Notes at the following redemption prices (expressed as a percentage of the principal amount), plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date, if redeemed during the twelve-month period commencing on August 15 of the years set out below:

Year	Percentage of principal
2015	104.188%
2016	102.792%
2017	101.396%
2018 and thereafter	100.000%

Maturities of Debt and Capital Lease Obligations

Maturities of our debt and capital lease obligations for the indicated periods are presented. Amounts presented represent euro equivalents based on September 30, 2010 exchange rates:

	Third-party debt	Shareholder loan	Total
		in millions	
Debt:			
Year ended December 31:			
Remainder of 2010	€ —	€ —	€ —
2011	0.2	—	0.2
2012	0.2	—	0.2
2013	189.2	—	189.2
2014	828.8	—	828.8
2015	290.7	—	290.7
Thereafter	6,676.9	8,271.6	14,948.5
Total debt maturities	7,986.0	8,271.6	16,257.6
Unamortized discounts	(55.7)	—	(55.7)
Total debt	€ 7,930.3	€ 8,271.6	€ 16,201.9
Current portion	€ —	€ —	€ —
Noncurrent portion	€ 7,930.3	€ 8,271.6	€ 16,201.9

Capital lease obligations (in millions):	
Year ended December 31:	
Remainder of 2010	€ 0.9
2011	3.3
2012	2.8
2013	2.5
2014	2.4
2015	2.3
Thereafter	24.7
	38.9
Amounts representing interest	(15.6)
Present value of net minimum lease payments	€ 23.3
Current portion	€ 1.9
Noncurrent portion	€ 21.4

Non-cash Refinancing Transactions

During the nine months ended September 30, 2010 and 2009, we completed certain refinancing transactions that resulted in non-cash borrowings and repayments of debt aggregating €991.5 million and €4,094.9 million, respectively.

(9) Income Taxes

Income tax benefit (expense) attributable to our loss from continuing operations before income taxes differs from the income tax benefit computed by applying the Dutch income tax rate of 25.5%, as a result of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	in millions			
Computed "expected" income tax benefit	€ 18.1	€ 28.1	€ 190.9	€ 205.3
Change in valuation allowance	(18.4)	4.5	(188.4)	(63.1)
Non-deductible or non-taxable interest and other expenses	(14.5)	(26.1)	(43.7)	(80.5)
International rate differences	0.3	(5.5)	(1.8)	(28.8)
Impairment of goodwill	—	—	—	(13.5)
Other, net	3.8	(2.3)	(2.5)	(2.6)
Total	€ (10.7)	€ (1.3)	€ (45.5)	€ 16.8

(10) Stock Incentive Awards

Our stock-based compensation expense includes amounts allocated to our company by LGI and amounts that are based on stock incentive awards related to shares of our subsidiaries. The amounts allocated by LGI to our company represent the stock-based compensation associated with the LGI stock incentive awards held by certain employees of our subsidiaries. Stock-based compensation expense allocated to our company by LGI is reflected as a decrease to parent's deficit. The following table summarizes our stock-based compensation expense:

	Three months ended September 30,				Nine months ended September 30,			
	2010		2009 (a)		2010		2009 (a)	
	U.S. dollar	Euro equivalent	U.S. dollar	Euro equivalent	U.S. dollar	Euro equivalent	U.S. dollar	Euro equivalent
	in millions							
LGI common stock:								
LGI performance-based incentive awards (b)	$ 2.5	€ 1.9	$ 6.4	€ 4.4	$ 8.5	€ 6.5	$ 5.4	€ 4.0
Other LGI stock-based incentive awards	2.8	2.2	0.9	0.7	8.8	6.7	7.8	5.7
Total LGI common stock	5.3	4.1	7.3	5.1	17.3	13.2	13.2	9.7
Other	—	—	1.6	1.1	1.9	1.4	1.8	1.3
Total	$ 5.3	€ 4.1	$ 8.9	€ 6.2	$ 19.2	€ 14.6	$ 15.0	€ 11.0
Included in:								
Operating expense	$ 0.5	€ 0.4	$ 1.6	€ 1.1	$ 2.2	€ 1.7	$ 2.6	€ 1.9
SG&A expense	4.8	3.7	7.3	5.1	17.0	12.9	12.4	9.1
Total	$ 5.3	€ 4.1	$ 8.9	€ 6.2	$ 19.2	€ 14.6	$ 15.0	€ 11.0

(a) As restated. See note 3.

(b) Includes stock-based compensation expense related to the LGI Performance Plans (as defined below) and, for the 2010 periods, LGI performance-based restricted share units (PSUs). See below for information regarding the LGI Performance Plans and LGI PSUs. The amount presented for the nine months ended September 30, 2009 includes a €0.8 million reduction associated with the first quarter 2009 settlement of the second installment of awards under the LGI Performance Plans and an €8.2 million reduction related to the first quarter 2009 forfeiture of certain awards granted under the LGI Performance Plans.

The following table provides certain information related to stock-based compensation not yet recognized for stock incentive awards related to LGI common stock as of September 30, 2010:

	LGI common stock (a)		LGI Performance Plans (b)		LGI PSUs	
	U.S. $	Euro equivalent (c)	U.S. $	Euro equivalent (c)	U.S. $	Euro equivalent (c)
Total compensation expense not yet recognized (in millions)	$ 25.6	€ 18.8	$ 2.6	€ 1.9	$ 5.9	€ 4.3
Weighted average period remaining for expense recognition (in years)	2.7		0.8		1.8	

(a) Amounts relate to the Liberty Global, Inc. 2005 Incentive Plan (as amended and restated October 31, 2006) (the LGI Incentive Plan). The LGI Incentive Plan had 14,408,516 shares available for grant as of September 30, 2010. These shares may be awarded at or above fair value in any series of our common stock.

(b) Includes compensation expense under the LGI Performance Plans. This compensation expense is reported as stock-based compensation in our condensed consolidated statements of operations, notwithstanding the fact that the compensation committee of LGI's board of directors has elected to cash settle a portion of the vested awards under the LGI Performance Plans.

(c) Convenience translations into euros are calculated as of September 30, 2010.

The following table summarizes certain information related to the incentive awards granted and exercised with respect to LGI common stock:

LGI common stock:	Nine months ended September 30, 2010	Nine months ended September 30, 2009
Assumptions used to estimate fair value of options and stock appreciation rights (SARs) granted:		
Risk-free interest rate	1.26–2.53%	1.82–2.97%
Expected life	3.4–4.9 years	3.2–4.2 years
Expected volatility	42.1–45.5%	47.5–54.5%
Expected dividend yield	none	none
Weighted average grant-date fair value per share of awards granted:		
SARs	$ 9.28	$ 6.20
Restricted stock	$ 24.80	$ 13.20
PSUs	$ 27.66	$ —
Total intrinsic value of awards exercised (in millions):		
Options	$ 3.1	$ 0.1
SARs	$ 7.4	$ 1.9
Cash received by LGI from exercise of options (in millions)	$ 7.7	$ 0.7
Income tax benefit related to stock-based compensation (in millions)	$ 0.3	$ 0.3

LGI Performance Plans

The LGI Performance Plans are five-year performance-based incentive plans for LGI's senior executives and certain key employees. The LGI Performance Plans have a two-year performance period, beginning January 1, 2007, and a three-year service period beginning January 1, 2009. At the end of the two-year performance period, each participant became eligible to receive varying percentages of the maximum achievable award specified for such participant based on LGI's achievement of specified compound annual growth rates (CAGR) in consolidated operating cash flow (see note 13), adjusted for events such as acquisitions, dispositions and changes in foreign currency exchange rates that affect comparability (OCF CAGR), and the participant's annual performance ratings during the performance period.

On February 16, 2010, the compensation committee of LGI's board of directors determined the method of payment for the four remaining installments of the awards that had been earned. In accordance with the compensation committee's determination, LGI (i) paid cash aggregating $50.9 million (€37.4 million) (including $9.8 million (€7.2 million) paid to employees of our subsidiaries), together with 32,802 restricted plan shares (as defined in the performance plans) of LGI Series A common stock and 31,708 restricted plan shares of LGI Series C common stock to settle the March 31, 2010 installment, and (ii) granted an aggregate of 3,248,061 restricted plan shares of LGI Series A common stock and 3,139,707 restricted plan shares of LGI Series C common stock (including 608,160 and 587,868 respectively, granted to employees of our subsidiaries) to settle the remaining balance of each participant's earned award, which shares vest in three equal installments. In accordance with the performance plans, restricted plan shares may be restricted shares or restricted share units. The restricted plan shares issued in relation to the March 31, 2010 and September 30, 2010 installments vested in full on those dates and the remaining restricted plan shares are scheduled to vest in equal installments, on March 31, 2011 and September 30, 2011. For purposes of determining the number of restricted plan shares to be granted, the compensation committee valued the restricted plan shares at the respective closing market prices for LGI Series A and Series C common stock on February 16, 2010. The decision by the compensation committee to settle the final three installments of each earned award with restricted plan shares represents a modification that resulted in the reclassification of this portion of the earned awards from a liability to equity during the first quarter of 2010.

LGI PSUs

In March 2010, the compensation committee of LGI's board of directors determined to modify the equity incentive award component of LGI's executive officers' and other key employees' compensation packages, whereby a target annual equity value would be set for each executive or key employee, of which approximately two-thirds will be delivered in the form of an annual award of PSUs and approximately one-third in the form of an annual award of SARs.

In connection with each year's award of PSUs, the compensation committee will select one or more performance measures for the ensuing two-year performance period. Different performance measures may be selected for the awards in subsequent years. The compensation committee will also set the performance targets corresponding to the selected performance measure(s), which will determine the percentage of the PSU award earned during the relevant performance period, and a base performance objective that must be achieved in order for any portion of the PSU award to be earned. Earned PSUs will then vest in two equal installments on March 31 and September 30 of the year following the end of the performance period. Each year's award of SARs will be made at the same time as awards are made under our annual equity grant program for employees and on terms consistent with our standard form of SAR award agreement.

In March and April 2010, the compensation committee granted to LGI's executive officers and certain key employees a total of 692,678 LGI Series A PSUs and 692,678 LGI Series C PSUs (including 184,444 and 184,444, respectively, granted to employees of our subsidiaries) pursuant to the LGI Incentive Plan. Each PSU represents the right to receive one share of Series A common stock or Series C common stock, as applicable, subject to performance and vesting.

The performance period for the 2010 PSUs is January 1, 2010 to December 31, 2011. The performance target selected by the committee is achievement of an OCF CAGR of approximately 7% for the two-year performance period, subject to upward or downward adjustment for certain events in accordance with the terms of the grant agreement. A performance range of 75% to 125% of the target

OCF CAGR would generally result in award recipients earning 50% to 150% of their 2010 PSUs, subject to reduction or forfeiture based on individual performance. One-half of the earned 2010 PSUs will vest on March 31, 2012 and the balance on September 30, 2012. The compensation committee also established a base performance objective of a 5.0% OCF CAGR, which must be satisfied in order for award recipients to be eligible to earn any of their 2010 PSUs and is not subject to adjustment. Compensation costs attributable to the 2010 PSUs are recognized over the requisite service period of the awards.

Stock Award Activity—LGI Common Stock

The following tables summarize the stock award activity during the nine months ended September 30, 2010 with respect to LGI common stock held by employees of our subsidiaries:

Options—LGI Series A common stock:	**Number of shares**	**Weighted average exercise price**	**Weighted average remaining contractual term**	**Aggregate intrinsic value**
			in years	**in millions**
Outstanding at January 1, 2010	495,344	$ 22.23		
Granted	—	$ —		
Transfers, net	(14,532)	$ 23.22		
Expired or canceled	—	$ —		
Forfeited	—	$ —		
Exercised	(184,640)	$ 21.46		
Outstanding and exercisable at September 30, 2010	296,172	$ 22.66	2.4	$ 2.5

Options—LGI Series C common stock:	**Number of shares**	**Weighted average exercise price**	**Weighted average remaining contractual term**	**Aggregate intrinsic value**
			in years	**in millions**
Outstanding at January 1, 2010	523,604	$ 20.91		
Granted	—	$ —		
Transfers, net	(3,282)	$ 19.92		
Expired or canceled	—	$ —		
Forfeited	—	$ —		
Exercised	(184,640)	$ 20.43		
Outstanding and exercisable at September 30, 2010	335,682	$ 21.19	2.6	$ 3.2

SARs—LGI Series A common stock:	**Number of shares**	**Weighted average base price**	**Weighted average remaining contractual term**	**Aggregate intrinsic value**
			in years	**in millions**
Outstanding at January 1, 2010	1,362,325	$ 17.39		
Granted	465,696	$ 27.47		
Transfers, net	(30,822)	$ 15.79		
Expired or canceled	(34,822)	$ 33.94		
Forfeited	(8,152)	$ 16.01		
Exercised	(405,326)	$ 17.98		
Outstanding at September 30, 2010	1,348,899	$ 20.31	5.2	$ 13.5
Exercisable at September 30, 2010	431,981	$ 17.52	3.2	$ 5.1

SARs—LGI Series C common stock:	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2010	1,309,975	$ 17.21		
Granted	465,696	$ 27.07		
Transfers, net	(30,822)	$ 15.60		
Expired or canceled	(34,822)	$ 32.12		
Forfeited	(8,152)	$ 10.74		
Exercised	(352,731)	$ 18.80		
Outstanding at September 30, 2010	1,349,144	$ 19.87	5.2	$ 13.7
Exercisable at September 30, 2010	432,226	$ 16.73	3.3	$ 5.3

Restricted stock and restricted stock units—LGI Series A common stock:	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2010	242,164	$ 23.71	
Granted	675,504	$ 25.00	
Transfers, net	(12,051)	$ 25.05	
Expired or canceled	—	$ —	
Forfeited	(6,951)	$ 25.77	
Released from restrictions	(273,598)	$ 24.91	
Outstanding at September 30, 2010	625,068	$ 24.53	1.4

Restricted stock and restricted stock units—LGI Series C common stock:	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2010	242,164	$ 22.78	
Granted	655,212	$ 24.58	
Transfers, net	(12,051)	$ 23.95	
Expired or canceled	—	$ —	
Forfeited	(6,951)	$ 25.19	
Released from restrictions	(266,834)	$ 24.30	
Outstanding at September 30, 2010	611,540	$ 24.00	1.4

PSUs—LGI Series A common stock:	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2010	—	$ —	
Granted	184,444	$ 27.86	
Expired or canceled	—	$ —	
Forfeited	—	$ —	
Released from restrictions	—	$ —	
Outstanding at September 30, 2010	184,444	$ 27.86	1.8

PSUs—LGI Series C common stock:	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2010	—	$ —	
Granted	184,444	$ 27.47	
Expired or canceled	—	$ —	
Forfeited	—	$ —	
Released from restrictions	—	$ —	
Outstanding at September 30, 2010	184,444	$ 27.47	1.8

At September 30, 2010, total SARs outstanding included 36,654 LGI Series A common stock capped SARs and 36,654 LGI Series C common stock capped SARs, all of which were exercisable. The holder of an LGI Series A common stock capped SAR will receive the difference between $6.84 and the lesser of $10.90 or the market price of LGI Series A common stock on the date of exercise. The holder of an LGI Series C common stock capped SAR will receive the difference between $6.48 and the lesser of $10.31 or the market price of LGI Series C common stock on the date of exercise.

(11) Related Party Transactions

The related party transactions of our continuing operations are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009 (a)	2010	2009 (a)
	in millions			
Revenue	€ 2.8	€ 4.5	€ 8.0	€ 12.3
Operating expenses	(16.5)	(15.8)	(50.0)	(47.3)
SG&A expenses	(0.9)	(0.7)	(3.1)	(1.8)
Allocated stock-based compensation expense	(4.1)	(5.1)	(13.2)	(9.7)
Fees and allocations, net	(1.0)	(7.2)	(9.1)	(22.8)
Included in operating income	(19.7)	(24.3)	(67.4)	(69.3)
Interest expenses	(104.0)	(101.9)	(304.2)	(479.8)
Included in net loss	€ (123.7)	€ (126.2)	€ (371.6)	€ (549.1)

(a) As restated. See note 3.

Revenue. Amounts consist primarily of cash settled construction and programming services provided to our affiliates and, to a lesser extent programming services provided to Chellomedia BV (Chellomedia), another indirect subsidiary of LGI.

Operating expenses. Amounts consist primarily of cash settled programming and digital interactive services provided by Chellomedia and, to a lesser extent, cash settled programming services provided by Pramer S.C.A., an indirect subsidiary of LGI, in the aggregate amounts of €14.0 million and €13.4 million during the three months ended September 30, 2010 and 2009, respectively, and €43.1 million and €39.1 million during the nine months ended September 30, 2010 and 2009, respectively. In addition, operating expenses include costs for cash settled programming and interconnect fees charged by certain of LGI's affiliates of €2.5 million and €2.4 million during the three months ended September 30, 2010 and 2009, respectively, and €6.9 million and €8.2 million during the nine months ended September 30, 2010 and 2009, respectively.

SG&A expenses. Amounts consist primarily of marketing and other administrative charges between our company, Chellomedia, and LG Europe.

Allocated stock-based compensation expense. As further described in note 10, LGI allocates stock-based compensation to our company.

Fees and allocations, net. These amounts represent the aggregate net effect of charges between subsidiaries of UPC Holding and various LGI subsidiaries, including (i) aggregate charges from LG Europe and LGE Ltd. of €11.4 million and €11.6 million during the three months ended September 30, 2010 and 2009, respectively, and €38.8 million and €37.8 million during the nine months ended September 30, 2010 and 2009, respectively, (ii) charges to Unitymedia GmbH (Unitymedia), another indirect subsidiary of LGI, of €5.8 million and nil during the three months ended September 30, 2010 and 2009, respectively, and €17.4 million and nil during the nine months ended September 30, 2010 and 2009, respectively, and (iii) charges to LGI and certain other LGI subsidiaries of €4.6 million and €4.4 million during the three months ended September 30, 2010 and 2009, respectively, and €12.3 million and €15.0 million during the nine months ended September 30, 2010 and 2009, respectively. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to or by our subsidiaries and, in the case of charges to Unitymedia, also include charges related to marketing and other services that support Unitymedia's broadband communications operations. The amounts charged generally are based on the respective subsidiary's estimated share of the applicable costs incurred (including personnel and other costs related to the services provided, which, in the case of the charges from LG Europe and LGE Ltd., include stock-based compensation) plus a mark-up. The monthly charges are based on estimated costs that are reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The annual revision to reflect actual costs for 2009 and 2008 amounted to a €2.8 million decrease and a €1.7 million increase in our billings to LGI and certain other LGI subsidiaries during the three months ended March 31, 2010 and 2009, respectively. With the exception of the costs allocated to Unitymedia during the first quarter of 2010, which were cash settled with an indirect parent of Unitymedia, the charges are settled through adjustments of the amount due under the shareholder loan with LGE Financing.

Interest expense. Amount includes interest accrued on our shareholder loan. The interest expense is not paid in cash, but accrued in other long-term liabilities during the year and then added to the shareholder loan balance at the end of the year. See note 8.

Except as noted above, our intercompany transactions are typically settled through adjustments of the amount due under the shareholder loan with LGE Financing. Depending on the nature of our intercompany transactions, the amount of the charges or allocations may be based on (i) estimated or allocated costs, (ii) estimated or allocated costs plus a mark-up or (iii) commercially negotiated rates. Although we believe that the intercompany charges and fees described above are reasonable, no assurance can be given that the costs and expenses reflected in our condensed consolidated statements of operations are reflective of the costs that we would incur on a stand-alone basis.

The following table provides details of our related-party balances:

	September 30, 2010	December 31, 2009
	in millions	
Other current assets (a)	€ 22.5	€ 7.5
Accounts payable	€ 19.6	€ 12.6
Accrued liabilities	12.1	6.1
Other long-term liabilities (b)	304.2	—
Shareholder loan (note 8)	8,271.6	8,331.4
Total	€ 8,607.5	€ 8,350.1

(a) Represents related-party receivables.

(b) Represents accrued interest on the shareholder loan. See note 8.

(12) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to non-cancellable operating leases, programming contracts, satellite carriage commitments, purchases of customer premise equipment and other items. We expect that in the ordinary course of business, operating leases that expire generally will be renewed or replaced by similar leases.

Contingent Obligations

In September 2009, VTR Móvil SA (VTR Móvil), a wholly-owned subsidiary of VTR, was officially notified by the Undersecretary of Telecommunications of Chile's Ministry of Transport and Telecommunications that VTR Móvil had been awarded one of three "3G" mobile licenses recently auctioned by the Chilean government pursuant to a public bidding process. The term "3G" refers to a set of mobile technologies that allow mobile telephony providers to offer, among other things, higher-speed internet access, data and video services. The purchase price for the 3G license was CLP 1,669 million (€2.5 million). In order to guarantee its compliance with the terms of the 3G license, in October 2009, VTR Móvil posted a performance bond in the amount of CLP 35.6 billion (€54.0 million). This performance bond is fully guaranteed by VTR.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we have provided indemnifications to purchasers of certain of our assets, our lenders, our vendors and certain other parties. In addition, we have provided performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

Legal and Regulatory Proceedings and Other Contingencies

The Netherlands Regulatory Developments—During 2008, the Dutch national regulatory authority (OPTA) conducted a second round analysis of certain markets to determine if any operator or service provider has "Significant Market Power" within the meaning of certain directives originally promulgated by the European Union (EU) in 2003. With respect to television services, OPTA issued a draft decision on August 5, 2008, again finding our broadband communications operations in the Netherlands (UPC Netherlands) as well as other cable operators, to have Significant Market Power in the market for wholesale broadcasting transmission services and imposing new obligations. Following a national consultation procedure, OPTA issued a revised decision and submitted it to the EU Commission on January 9, 2009. On February 9, 2009, the EU Commission informed OPTA of its approval of the draft decision. The decision, which became effective on March 17, 2009, imposed on the four largest cable operators in the Netherlands a number of access obligations in respect of television services. UPC Netherlands filed an appeal against OPTA's decision on April 15, 2009 with College van Beroep voor het bedrijfsleven (CBb), the Dutch Supreme Administrative Court. On August 18, 2010, the CBb annulled the decision on substantive grounds with immediate effect. This decision, which is not open for appeal, releases UPC Netherlands and the other cable operators in the Netherlands from the access obligations as defined in OPTA's decision.

Chilean Antitrust Matter—On December 12, 2006, Liberty Media Corporation (Liberty Media), the former parent company of our predecessor, announced publicly that it had agreed to acquire an approximate 39% interest in The DirecTV Group, Inc. (DirecTV). On August 1, 2007, VTR received formal written notice from the Chilean Federal Economic Prosecutor (FNE) that Liberty Media's acquisition of the DirecTV interest would violate one of the conditions imposed by the Chilean Antitrust Court on VTR's combination with Metrópolis Intercom SA prohibiting VTR and its control group from participating, directly or indirectly through related persons, in Chilean satellite or microwave television businesses through April 2010. On March 10, 2008, following the closing of Liberty Media's investment in DirecTV, the FNE commenced an action before the Chilean Antitrust Court against John C. Malone who is chairman of LGI's board of directors and of Liberty Media's board of directors. In this action, the FNE alleges that Mr. Malone is a controller of VTR and either controls or indirectly participates in DirecTV's satellite operations in Chile, thus violating the condition. The FNE requests the Antitrust Court to impose a fine on Mr. Malone and order him to effect the transfer of the shares, interests or other assets that are necessary to restore the independence, in ownership and administration, of VTR and DirecTV. We currently are unable to predict the outcome of this matter or its impact on VTR.

Other Regulatory Issues—Video distribution, broadband internet, telephony and content businesses are regulated in each of the countries in which we operate. The scope of regulation varies from country to country, although in some significant respects regulation in European markets is harmonized under the regulatory structure of the EU. Adverse regulatory developments could subject our businesses to a number of risks. Regulation could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and capital expenditures. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

Other—In addition to the foregoing items, we have contingent liabilities related to (i) legal proceedings, (ii) wage, property, sales and other tax issues, (iii) disputes over interconnection fees, (iv) disputes over programming and copyright fees and (v) other matters arising in the ordinary course of business. We expect that the amounts, if any, which may be required to satisfy these contingencies will not be material in relation to our financial position or results of operations.

(13) Segment Reporting

We own a variety of international subsidiaries and investments that provide broadband communications services, and to a lesser extent, video programming services. We generally identify our reportable segments as those consolidated subsidiaries that represent 10% or more of our revenue, operating cash flow (as defined below), or total assets. In certain cases, we may elect to include an operating segment in our segment disclosure that does not meet the above-described criteria for a reportable segment. We evaluate performance and make decisions about allocating resources to our operating segments based on financial measures such as revenue and operating cash flow. In addition, we review non-financial measures such as subscriber growth, as appropriate.

Operating cash flow is the primary measure used by our chief operating decision maker to evaluate segment operating performance. Operating cash flow is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources to segments and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, operating cash flow is defined as revenue less operating and SG&A expenses (excluding stock-based compensation, related-party fees and allocations, depreciation and amortization, and impairment, restructuring and other operating charges or credits). Other operating charges or credits include (i) gains and losses on the disposition of long-lived assets, (ii) direct acquisition costs, such as third party due diligence, legal and advisory costs, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision makers believe operating cash flow is a meaningful measure and is superior to other available U.S. GAAP measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (i) readily view operating trends, (ii) perform analytical comparisons and benchmarking between segments and (iii) identify strategies to improve operating performance in the different countries in which we operate. We believe our operating cash flow measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other public companies. Operating cash flow should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net earnings (loss), cash flow from operating activities and other U.S. GAAP measures of income or cash flows. A reconciliation of total segment operating cash flow to our loss from continuing operations before income taxes is presented below.

UPC Europe provides DTH services to customers in the Czech Republic, Hungary, Romania and Slovakia. During the first quarter of 2010, we initiated the process of centralizing these DTH operations into a Luxembourg-based organization, which we refer to as "Luxco DTH," and began reporting Luxco DTH's operations under a centralized management structure within UPC Europe's Central and Eastern Europe reportable segment. Under the previous management structure, these DTH operations were managed locally in the respective countries with support from UPC Europe's central operations and, accordingly, were reported within the results of UPC Europe's Central and Eastern Europe and central operations categories. With the exception of the Romanian DTH operations, management responsibility for all of these DTH operations has been transferred to Luxco DTH as of September 30, 2010. As a result of this change in management structure, the Luxco DTH operating results that were previously reported within UPC Europe's central operations are now reported within UPC Europe's Central and Eastern Europe segment. Segment information for all periods presented has been restated to reflect this change and to present UPC Slovenia as a discontinued operation. We present only the reportable segments of our continuing operations in the tables below.

We have identified the following consolidated operating segments as our reportable segments:

- UPC Europe:
  - The Netherlands
  - Switzerland
  - Other Western Europe
  - Central and Eastern Europe
- VTR (Chile)

All of the reportable segments set forth above derive their revenue primarily from broadband communications and/or DTH services, including video, voice and broadband internet services. Certain segments also provide business-to-business (B2B) services. At September 30, 2010, our operating segments in UPC Europe provided services in nine European countries. Our Other Western Europe segment includes our operating segments in Austria and Ireland. Our Central and Eastern Europe segment includes our operating segments in the Czech Republic, Hungary, Poland, Romania and Slovakia. VTR provides broadband communications services in Chile. UPC Europe's central operations category includes billing systems, network operations, technology, marketing, facilities, finance and other administrative costs.

Performance Measures of Our Reportable Segments

The amounts presented below represent 100% of each of our reportable segment's revenue and operating cash flow. As we have the ability to control VTR, we consolidate 100% of the revenue and expenses of VTR in our condensed consolidated statements of operations despite the fact that a third party owns a significant interest in VTR. The noncontrolling owners' interests in the operating results of VTR and other less significant majority-owned subsidiaries are reflected in net earnings attributable to noncontrolling interests in our condensed consolidated statements of operations.

	Revenue			
	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	in millions			
UPC Europe:				
The Netherlands	€ 218.8	€ 201.6	€ 647.7	€ 609.7
Switzerland	209.8	181.0	594.8	545.9
Other Western Europe	152.8	147.8	460.5	445.4
Total Western Europe	581.4	530.4	1,703.0	1,601.0
Central and Eastern Europe	208.6	205.2	623.1	598.5
Central operations	(0.1)	0.2	0.4	(0.4)
Total UPC Europe	789.9	735.8	2,326.5	2,199.1
VTR (Chile)	159.2	125.7	441.2	371.9
Total	€ 949.1	€ 861.5	€ 2,767.7	€ 2,571.0

	Operating cash flow			
	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	in millions			
UPC Europe:				
The Netherlands	€ 129.3	€ 122.2	€ 376.8	€ 356.1
Switzerland	121.4	103.2	329.8	305.1
Other Western Europe	72.4	69.3	211.5	206.5
Total Western Europe	323.1	294.7	918.1	867.7
Central and Eastern Europe	105.3	109.3	308.9	308.4
Central operations	(29.7)	(27.0)	(86.6)	(84.0)
Total UPC Europe	398.7	377.0	1,140.4	1,092.1
VTR (Chile)	69.1	52.2	182.6	150.7
Total	€ 467.8	€ 429.2	€ 1,323.0	€ 1,242.8

The following table provides a reconciliation of total segment operating cash flow to loss from continuing operations before income taxes:

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
	in millions			
Total segment operating cash flow from continuing operations	€ 467.8	€ 429.2	€ 1,323.0	€ 1,242.8
Stock-based compensation expense	(4.1)	(6.2)	(14.6)	(11.0)
Related-party fees and allocations, net	(1.0)	(7.2)	(9.1)	(22.8)
Depreciation and amortization	(247.3)	(265.5)	(738.0)	(790.2)
Impairment, restructuring and other operating credits (charges), net	(4.3)	0.4	(10.1)	(89.1)
Operating income	211.1	150.7	551.2	329.7
Interest expense:				
Third party	(117.8)	(101.6)	(340.9)	(282.5)
Related party	(104.0)	(101.9)	(304.2)	(479.8)
Interest income	1.3	3.8	4.5	13.7
Realized and unrealized losses on derivative instruments, net	(350.5)	(187.5)	(662.2)	(474.9)
Foreign currency transaction gains, net	307.8	122.6	22.8	101.6
Realized and unrealized gains due to changes in fair values of certain investments, net	1.1	1.5	0.3	3.6
Losses on debt modifications and extinguishments, net	(19.3)	(0.7)	(18.2)	(18.0)
Other income (expense), net	(0.7)	2.8	(2.1)	1.5
Loss from continuing operations before income taxes	€ (71.0)	€ (110.3)	€ (748.8)	€ (805.1)

Revenue by Major Category

Our revenue by major category is set forth below:

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
	in millions			
Subscription revenue (a):				
Video	€ 465.9	€ 431.9	€ 1,364.6	€ 1,293.1
Broadband internet	240.4	215.4	700.5	638.4
Telephony	132.8	119.4	388.2	358.6
Total subscription revenue	839.1	766.7	2,453.3	2,290.1
Other revenue (b)	110.0	94.8	314.4	280.9
Total	€ 949.1	€ 861.5	€ 2,767.7	€ 2,571.0

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile telephony revenue. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. However, due to regulatory, billing system and other constraints, the allocation of bundling discounts may vary among our broadband communications operating segments.

(b) Other revenue includes non-subscription revenue (including B2B and installation fee revenue).

Geographic Segments

The revenue of our geographic segments is set forth below:

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
	in millions			
Europe:				
UPC Europe:				
The Netherlands	€ 218.8	€ 201.6	€ 647.7	€ 609.7
Switzerland	209.8	181.0	594.8	545.9
Austria	83.4	86.2	255.0	260.8
Ireland	69.4	61.6	205.5	184.6
Poland	59.8	51.8	175.6	145.4
Hungary	54.9	59.2	165.5	176.0
Czech Republic	49.9	48.5	145.9	140.5
Romania	29.5	31.1	91.8	92.1
Slovakia	12.8	13.4	39.6	40.2
Other (a)	1.6	1.4	5.1	3.9
Total UPC Europe	789.9	735.8	2,326.5	2,199.1
Chile (VTR)	159.2	125.7	441.2	371.9
Total	€ 949.1	€ 861.5	€ 2,767.7	€ 2,571.0

(a) Primarily represents certain revenue related to Luxco DTH.

UPC HOLDING B.V.

Consolidated Financial Statements
December 31, 2009

Recasted to reflect the presentation of the centralization of the direct-to-home operations

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of UPC Holding B.V.

We have audited the accompanying consolidated balance sheets of UPC Holding B.V. (a B.V. registered in the Netherlands) and subsidiaries (the Company) as of December 31, 2009 and 2008, and the related consolidated statements of operations, comprehensive loss, owner's deficit, and cash flows for the years ended December 31, 2009, 2008 and 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of UPC Holding B.V. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years ended December 31, 2009, 2008 and 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in note 2, in 2008 UPC Holding B.V changed its method of accounting for certain investments. In 2007, UPC Holding B.V. changed its method of accounting for income tax uncertainties.

As discussed in note 2 (SFAS 160), UPC Holding B.V. adopted SFAS 160, "Non Controlling Interests in Consolidated Financial Statements" (SFAS 160), subsequently codified within FASB ASC Topic 810, *Consolidation* (FASB ASC 810) as of January 1, 2009 and recasted the consolidated financial statements for all periods presented to give retrospective effect to the adoption of SFAS 160.

As discussed in note 4, UPC Holding B.V. transferred 100% of its interest in two of its wholly-owned indirect subsidiaries, Liberty Global Europe BV (LG Europe) and Liberty Global Europe Ltd. (LGE Ltd.) to another indirect subsidiary of LGI and recasted the consolidated financial statements for all periods presented to give retrospective effect to the transfer.

As discussed in note 5, UPC Holding B.V. sold 100% of its interest in UPC Slovenia on July 15, 2009 and recasted the consolidated financial statements for all periods presented to give retrospective effect to the discontinued operations of UPC Slovenia.

As discussed in note 18, UPC Holding B.V. centralized the direct to home operations and recasted the information regarding their operating segments for all periods presented to give retrospective effect to the centralization of UPC Europe's direct to home operations.

Amstelveen, the Netherlands, March 23, 2010, except as to note 18, which is as of August 3, 2010.

KPMG ACCOUNTANTS N.V.

UPC HOLDING B.V.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2009	2008 (a)
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 159.7	€ 108.6
Trade receivables, net	385.6	427.1
Receivables—related party (note 14)	7.5	8.0
Deferred income taxes (note 11)	49.0	41.4
Derivative instruments (note 7)	107.6	134.1
Other current assets	66.8	78.9
Total current assets	776.2	798.1
Restricted cash (note 10)	318.2	330.2
Investments (note 6)	30.7	31.1
Property and equipment, net (note 9)	3,864.3	3,974.4
Goodwill (note 9)	4,761.1	4,817.0
Intangible assets subject to amortization, net (note 9)	445.9	594.8
Other assets, net (notes 7, 9, and 11)	315.2	302.9
Total assets	€ 10,511.6	€ 10,848.5

(a) As restated. See note 4.

The accompanying notes are an integral part of these consolidated financial statements.

UPC HOLDING B.V.

CONSOLIDATED BALANCE SHEETS (continued)

	December 31,	
	2009	2008 (a)
	in millions	
LIABILITIES AND OWNERS' DEFICIT		
Current liabilities:		
Accounts payable:		
Third party	€ 184.6	€ 265.5
Related party (note 14)	12.6	16.8
Accrued liabilities:		
Third party	481.9	492.1
Related party (note 14)	6.1	3.6
Deferred revenue and advance payments from subscribers and others	418.6	441.0
Current portion of debt and capital lease obligations (note 10)	14.4	12.7
Derivative instruments (note 7)	415.7	274.8
Total current liabilities	1,533.9	1,506.5
Long-term debt and capital lease obligations (note 10):		
Third party	8,202.7	7,775.1
Related party (note 14)	8,331.4	8,418.7
Deferred tax liabilities (note 11)	10.9	87.1
Other long-term liabilities (note 7)	841.5	671.5
Total liabilities	18,920.4	18,458.9
Commitments and contingencies (notes 10, 11, 13 and 17)		
Owners' deficit (note 12):		
Parent's deficit:		
Distributions and accumulated losses in excess of contributions	(8,600.2)	(7,699.2)
Accumulated other comprehensive earnings (loss), net of taxes (note 16)	30.7	(49.6)
Total parent's deficit	(8,569.5)	(7,748.8)
Noncontrolling interests	160.7	138.4
Total owners' deficit	(8,408.8)	(7,610.4)
Total liabilities and owners' deficit	€ 10,511.6	€ 10,848.5

(a) As restated. See note 4.

The accompanying notes are an integral part of these consolidated financial statements.

UPC HOLDING B.V.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2009	2008 (a)	2007 (a)
		in millions	
Revenue (note 14)	€ 3,453.9	€ 3,472.9	€ 3,297.2
Operating costs and expenses:			
Operating (other than depreciation and amortization) (including stock-based compensation) (notes 13 and 14)	1,251.0	1,267.2	1,298.4
Selling, general and administrative (SG&A) (including stock-based compensation) (notes 13 and 14)	555.2	587.2	599.2
Related-party fees and allocations, net (note 14)	30.6	31.5	49.2
Depreciation and amortization (note 9)	1,048.5	1,079.9	1,062.8
Impairment, restructuring and other operating charges, net (notes 9 and 15)	90.5	118.9	20.3
	2,975.8	3,084.7	3,029.9
Operating income	478.1	388.2	267.3
Other income (expense):			
Interest expense:			
Third party	(383.0)	(463.3)	(454.4)
Related party (note 14)	(568.1)	(616.5)	(513.0)
Interest income (note 14)	16.0	23.2	46.3
Realized and unrealized losses on derivative instruments, net (note 7)	(642.9)	(181.9)	(99.5)
Foreign currency transaction gains (losses), net	102.6	(185.3)	138.8
Unrealized gains (losses) due to changes in fair values of certain investments, net (notes 6 and 8)	0.1	(2.1)	—
Losses on debt modifications and extinguishments, net (note 10)	(17.7)	—	(16.8)
Other income (expense), net	1.3	(0.9)	(0.5)
	(1,491.7)	(1,426.8)	(899.1)
Loss from continuing operations before income taxes	(1,013.6)	(1,038.6)	(631.8)
Income tax benefit (expense) (note 11)	124.8	(62.0)	(12.6)
Loss from continuing operations	(888.8)	(1,100.6)	(644.4)
Discontinued operation (note 5):			
Earnings from discontinued operations, net of taxes (note 5)	2.7	11.3	9.8
Gain on disposal of discontinued operations	15.2	—	—
	17.9	11.3	9.8
Net loss	(870.9)	(1,089.3)	(634.6)
Net earnings attributable to noncontrolling interests	(16.8)	(20.1)	(9.2)
Net loss attributable to parent	€ (887.7)	€ (1,109.4)	€ (643.8)

(a) As restated. See note 4.

The accompanying notes are an integral part of these consolidated financial statements.

UPC HOLDING B.V.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year ended December 31,		
	2009	2008 (a)	2007 (a)
		in millions	
Net loss	€ (870.9)	€ (1,089.3)	€ (634.6)
Other comprehensive earnings (loss), net of taxes (note 16):			
Foreign currency translation adjustments	94.8	148.8	(87.3)
Pension related adjustments	9.8	(14.9)	7.6
Other comprehensive earnings (loss)	104.6	133.9	(79.7)
Comprehensive loss	(766.3)	(955.4)	(714.3)
Comprehensive earnings attributable to noncontrolling interests	(32.3)	(4.8)	(6.4)
Comprehensive loss attributable to parent	€ (798.6)	€ (960.2)	€ (720.7)

(a) As restated. See note 4.

The accompanying notes are an integral part of these consolidated financial statements.

UPC HOLDING B.V.

CONSOLIDATED STATEMENTS OF OWNERS' DEFICIT

	Parent's deficit				
	Distributions and accumulated losses in excess of contributions	Accumulated other comprehensive loss, net of taxes	Total parent's deficit	Noncontrolling interests	Total owners' deficit
			in millions		
Balance at January 1, 2007, before effect of accounting change (a)	€ (1,950.3)	€ (121.9)	€ (2,072.2)	€ 153.5	€ (1,918.7)
Accounting change (note 2)	(45.3)	—	(45.3)	—	(45.3)
Balance at January 1, 2007, as adjusted for accounting change (a)	(1,995.6)	(121.9)	(2,117.5)	153.5	(1,964.0)
Net loss	(643.8)	—	(643.8)	9.2	(634.6)
Other comprehensive loss, net of taxes (note 16)	—	(76.9)	(76.9)	(2.8)	(79.7)
Stock-based compensation, including related taxes (notes 3 and 13)	12.0	—	12.0	—	12.0
Consideration issued in connection with common control transactions (note 4)	(3,754.4)	—	(3,754.4)	—	(3,754.4)
Consideration received in connection with common control transactions (note 4)	7.2	—	7.2	—	7.2
Adjustment to goodwill due to utilization of tax benefits by a parent company (note 9)	(194.2)	—	(194.2)	—	(194.2)
Capital charge in connection with the exercise of LGI stock incentive awards (note 13 and 14)	(61.7)	—	(61.7)	—	(61.7)
Adjustments due to other changes in subsidiaries' equity and other, net	—	—	—	(4.9)	(4.9)
Balance at December 31, 2007 (a)	€ (6,630.5)	€ (198.8)	€ (6,829.3)	€ 155.0	€ (6,674.3)

(a) As restated. See note 4.

The accompanying notes are an integral part of these consolidated financial statements.

UPC HOLDING B.V.

CONSOLIDATED STATEMENTS OF OWNERS' DEFICIT (continued)

	Parent's deficit				
	Distributions and accumulated losses in excess of contributions	Accumulated other comprehensive loss, net of taxes	Total parent's deficit	Noncontrolling interests	Total owners' deficit
			in millions		
Balance at January 1, 2008, before effect of accounting change (a)	€ (6,630.5)	€ (198.8)	€ (6,829.3)	€ 155.0	€ (6,674.3)
Accounting change (note 2)	4.8	—	4.8	—	4.8
Balance at January 1, 2008, as adjusted for accounting change (a)	(6,625.7)	(198.8)	(6,824.5)	155.0	(6,669.5)
Net loss	(1,109.4)	—	(1,109.4)	20.1	(1,089.3)
Other comprehensive earnings, net of taxes (note 16)	—	149.2	149.2	(15.3)	133.9
Stock-based compensation, including related taxes (notes 3 and 13)	32.2	—	32.2	—	32.2
Carrying value of assets transferred in connection with common control transactions (note 4)	10.1	—	10.1	—	10.1
Adjustment to goodwill due to changes in pre-acquisition income tax balances of a parent company (note 9)	4.7	—	4.7	—	4.7
Capital charge in connection with the exercise of LGI stock incentive awards (notes 13 and 14)	(11.1)	—	(11.1)	—	(11.1)
Adjustments due to other changes in subsidiaries' equity and other, net	—	—	—	(21.4)	(21.4)
Balance at December 31, 2008 (a)	€ (7,699.2)	€ (49.6)	€ (7,748.8)	€ 138.4	€ (7,610.4)

(a) As restated. See note 4.

The accompanying notes are an integral part of these consolidated financial statements.

UPC HOLDING B.V.

CONSOLIDATED STATEMENTS OF OWNERS' DEFICIT (continued)

	Parent's deficit				
	Distributions and accumulated losses in excess of contributions	Accumulated other comprehensive earnings (loss), net of taxes	Total parent's deficit	Noncontrolling interests	Total owners' deficit
			in millions		
Balance at January 1, 2009 (a)	€ (7,699.2)	€ (49.6)	€ (7,748.8)	€ 138.4	€ (7,610.4)
Net loss	(887.7)	—	(887.7)	16.8	(870.9)
Other comprehensive earnings, net of taxes (note 16)	—	89.1	89.1	15.5	104.6
Stock-based compensation, including related taxes (notes 3 and 13)	14.0	—	14.0	—	14.0
Consideration received in connection with common control transactions (note 4)	11.5	—	11.5	—	11.5
Capital charge in connection with the exercise of LGI stock incentive awards (notes 13 and 14)	(46.3)	—	(46.3)	—	(46.3)
Disposal of UPC Slovenia (note 5)	—	—	—	(12.3)	(12.3)
Adjustments due to other changes in subsidiaries' equity and other, net	7.5	(8.8)	(1.3)	2.3	1.0
Balance at December 31, 2009	€ (8,600.2)	€ 30.7	€ (8,569.5)	€ 160.7	€ (8,408.8)

(a) As restated. See note 4.

The accompanying notes are an integral part of these consolidated financial statements.

UPC HOLDING B.V.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2009	2008 (a)	2007 (a)
		in millions	
Cash flows from operating activities:			
Net loss	€ (870.9)	€ (1,089.3)	€ (634.6)
Earnings from discontinued operations	(17.9)	(11.3)	(9.8)
Loss from continuing operations	(888.8)	(1,100.6)	(644.4)
Adjustments to reconcile loss from continuing operations to net cash provided by operating activities:			
Stock-based compensation expense	15.1	27.6	20.0
Related-party fees and allocations, net	30.6	31.5	49.2
Depreciation and amortization	1,048.5	1,079.9	1,062.8
Impairment, restructuring and other operating charges	90.5	118.9	20.3
Non-cash interest on shareholder loan	568.1	616.5	513.0
Amortization of deferred financing costs and non-cash interest	16.6	8.2	8.5
Realized and unrealized losses on derivative instruments, net	642.9	181.9	99.5
Foreign currency transaction losses (gains), net	(102.6)	185.3	(138.8)
Unrealized losses (gains) due to changes in fair values of certain investments, net of dividends	(0.1)	2.1	—
Losses on debt modifications and extinguishments	17.7	—	16.8
Deferred income tax expense (benefit)	(134.5)	54.6	2.5
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions:			
Receivables and other operating assets	275.2	92.9	111.1
Payables and accruals	(552.3)	(176.4)	(203.3)
Net cash provided by operating activities of discontinued operations	7.2	17.9	14.2
Net cash provided by operating activities	1,034.1	1,140.3	931.4
Cash flows from investing activities:			
Capital expended for property and equipment	(853.9)	(979.5)	(891.1)
Proceeds received upon disposition of discontinued operations, net of disposal costs	118.5	—	—
Cash paid in connection with acquisitions, net of cash acquired	(3.4)	(49.0)	(107.1)
Proceeds received upon dispositions of assets	4.9	5.0	3.5
Other investing activities, net	(2.6)	(3.1)	8.0
Net cash used by investing activities of discontinued operations	(6.9)	(15.4)	(29.5)
Net cash used by investing activities	€ (743.4)	€ (1,042.0)	€ (1,016.2)

(a) As restated. See note 4.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended December 31,		
	2009	2008 (a)	2007 (a)
		in millions	
Cash flows from financing activities:			
Borrowings of third-party debt	€ 1,249.3	€ 1,075.6	€ 1,541.7
Repayments of third-party debt and capital lease obligations	(774.6)	(13.2)	(333.4)
Net repayments of shareholder loan	(641.6)	(1,175.6)	(1,547.8)
Change in cash collateral	3.3	3.2	(20.1)
Payment of financing costs	(61.4)	(5.3)	(11.4)
Other financing activities, net	(20.6)	(10.9)	1.7
Net cash used by financing activities of discontinued operations	—	(2.7)	(0.8)
Net cash used by financing activities	(245.6)	(128.9)	(370.1)
Effect of exchange rates on cash	6.0	(14.4)	(7.6)
Net increase (decrease) in cash and cash equivalents: Continuing operations	50.8	(44.8)	(446.4)
Discontinued operations	0.3	(0.2)	(16.1)
Net increase (decrease) in cash and cash equivalents	51.1	(45.0)	(462.5)
Cash and cash equivalents:			
Beginning of period	108.6	153.6	616.1
End of period	€ 159.7	€ 108.6	€ 153.6
Cash paid for interest	€ 376.4	€ 583.8	€ 403.0
Net cash paid for taxes	€ 6.5	€ 12.0	€ 9.7

(a) As restated. See note 4.

The accompanying notes are an integral part of these consolidated financial statements.

(1) Basis of Presentation

UPC Holding B.V. (UPC Holding), is an indirect wholly-owned subsidiary of Liberty Global Europe Holding BV (Liberty Global Europe) (formally known as Liberty Global Europe, NV). Liberty Global Europe is an indirect subsidiary of UnitedGlobalCom, Inc. (UGC), which in turn is an indirect wholly-owned subsidiary of Liberty Global, Inc. (LGI). LGI was formed for the purpose of effecting the combination of LGI International, Inc. (LGI International) and UGC (the LGI Combination). As a result of the LGI Combination, LGI International and UGC each became wholly-owned subsidiaries of LGI. LGI International is the predecessor to LGI and was formed in connection with the June 2004 spin-off of certain international cable television and programming subsidiaries and assets of Liberty Media Corporation (Liberty Media). The full amount of LGI's cost basis in UPC Holding, including the basis that resulted from the LGI Combination, is included in these consolidated financial statements. UPC Holding is an international provider of video, voice and broadband internet services, with consolidated broadband communications and/or direct-to-home (DTH) satellite operations at December 31, 2009 in nine European countries and in Chile. Our European broadband communications operations are collectively referred to as UPC Europe. Our broadband communications operations in Chile are provided through our 80%-owned indirect subsidiary, VTR Global Com SA (VTR). In the following text, the terms "we," "our," "our company," and "us" may refer, as the context requires, to UPC Holding or collectively to UPC Holding and its subsidiaries.

On July 15, 2009, one of our subsidiaries sold 100% of its interest in our Slovenian cable operations (UPC Slovenia). Accordingly, we have presented UPC Slovenia as a discontinued operation in our consolidatedstatements of operations and cash flows and related footnote disclosures. See note 5.

Unless otherwise indicated, convenience translations into euros are calculated as of December 31, 2009.

These consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through March 23, 2009, the date of issuance.

(2) Accounting Changes and Recent Accounting Pronouncements

Accounting Changes

SFAS 168

In May 2008, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 162, *The Hierarchy of Generally Accepted Accounting Principles* (SFAS 162), which identified the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements that are presented in conformity with Accounting Principles Generally Accepted in the United States (U.S. GAAP). In June 2009, SFAS 162 was replaced by SFAS No. 168, *The FASB Accounting Standard Codification and the Hierarchy of Generally Accepted Accounting Principles—replacement of FASB Statement No. 162* (SFAS 168), subsequently codified within FASB Accounting Standards Codification (FASB ASC) Topic 105, *Generally Accepted Accounting Principles*. The FASB ASC is now the source of authoritative U.S. GAAP recognized by the FASB. We adopted SFAS 168 effective July 1, 2009 and such adoption did not have a material impact on our consolidated financial statements.

SFAS 141(R)

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* (SFAS 141(R)), subsequently codified within FASB ASC Topic 805, *Business Combinations*. SFAS 141(R) replaces SFAS 141, Business Combinations, and, among other items, generally requires an acquirer in a business combination to recognize (i) the assets acquired, (ii) the liabilities assumed (including those arising from contractual contingencies), (iii) any contingent consideration and (iv) any noncontrolling interest in the acquiree at the acquisition date, at fair values as of that date. The requirements of SFAS 141(R) will result in the recognition by the acquirer of goodwill attributable to the noncontrolling interest in addition to that attributable to the acquirer. SFAS 141(R) also provides that the acquirer shall not adjust the finalized accounting for business combinations, including business combinations completed prior to the effective date of SFAS 141(R), for changes in acquired tax uncertainties or changes in the valuation allowances for acquired deferred tax assets that occur subsequent to the effective date of SFAS 141(R). We prospectively adopted the provisions of SFAS 141(R) effective January 1, 2009.

SFAS 157

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157), subsequently codified within various FASB ASC Topics, primarily FASB ASC Topic 820, *Fair Value Measurements and Disclosures* (FASB ASC 820). SFAS 157 defines fair value, establishes a framework for measuring fair value under U.S. GAAP, and expands disclosures about fair value measurements. SFAS 157 was effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2007. However, the effective date of SFAS 157 was deferred to fiscal years beginning after November 15, 2008 and interim periods within those years as it relates to fair value measurement requirements for (i) nonfinancial assets and liabilities that are not remeasured at fair value on a recurring basis (e.g. asset retirement obligations, restructuring liabilities and assets and liabilities acquired in business combinations) and (ii) fair value measurements required for impairment assessments. We prospectively adopted SFAS 157 (exclusive of the deferred provisions discussed above) effective January 1, 2008 and we prospectively adopted the deferred provisions of SFAS 157 effective January 1, 2009.

SFAS 160

In December 2007, the FASB issued SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements* (SFAS 160), subsequently codified within FASB ASC Topic 810, *Consolidation* (FASB ASC 810). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It also states that a noncontrolling interest in a subsidiary is an ownership interest in a consolidated entity that should be reported as equity in the consolidated financial statements. In addition, SFAS 160 requires (i) that consolidated net income include the amounts attributable to both the parent and noncontrolling interest, (ii) that a parent recognize a gain or loss in net income in connection with changes in ownership that result in the consolidation of investees or the deconsolidation of subsidiaries and (iii) expanded disclosures that clearly identify and distinguish between the interests of the parent owners and the interests of the noncontrolling owners of a subsidiary. SFAS 160 is effective for fiscal years and interim periods beginning on or after December 15, 2008. We adopted SFAS 160 effective January 1, 2009 and such adoption resulted in the retrospective reclassification of minority interests in subsidiaries to noncontrolling interests within equity.

SFAS 159

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities,* subsequently codified within various FASB ASC Topics, primarily FASB ASC Topic 825, *Financial Instruments*, which permits entities to choose to measure financial assets and financial liabilities at fair value on an instrument-by-instrument basis. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. Effective January 1, 2008, we adopted the fair value method of accounting for certain equity method investments, and such adoption resulted in (i) an increase to our investments and a decrease to our parent's deficit of €4.8 million.

FIN 48

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109* (FIN 48), subsequently codified within various FASB ASC Topics, primarily FASB ASC Topic 740. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. FIN 48 prescribes the recognition threshold and provides guidance for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition.

In connection with our January 1, 2007 adoption of FIN 48, we recognized (i) a €2.0 million decrease to our other long-term liabilities related to uncertain income tax positions, (ii) a €1.1 million decrease to our parent's deficit and (iii) a €9.0 million decrease to our goodwill. In addition, we recorded a €46.4 million increase to our parent's deficit and a €46.4 million decrease to our goodwill to reflect the allocation from a parent company of certain FIN 48 implementation adjustments related to income tax items that were originally recorded in connection with certain purchase accounting transactions.

Other accounting changes

In addition to the accounting changes described above, we adopted the following new accounting pronouncements during 2009 and such adoptions did not have a material impact on our consolidated financial statements:

- Effective January 1, 2009, FASB Staff Position (FSP) No. 142-3, *Determination of the Useful Life of Intangible Assets* (FSP 142-3), subsequently codified within FASB ASC Topic 350, *Intangibles—Goodwill and Other*, and FASB ASC Topic 275, *Risks and Uncertainties*;
- Effective January 1, 2009, Emerging Issues Task Force Issue No. 08-06, *Equity Method Investment Accounting Considerations*, subsequently codified within FASB ASC Topic 323, *Investments—Equity Method and Joint Ventures*;
- Effective June 30, 2009, FSP No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*, subsequently codified within FASB ASC 820; and
- Effective June 30, 2009, FSP No. 107, *Interim Disclosures about Fair Value of Financial Instruments*, subsequently codified within FASB ASC Topic 825, *Financial Instruments.*

Recent Accounting Pronouncements

SFAS 166

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140* (SFAS 166). FASB Statement No. 140, as amended by SFAS 166, was subsequently codified within various FASB ASC Topics, primarily FASB ASC Topic 860, *Transfers and Servicing*. SFAS 166, among other matters, (i) eliminates the concept of a qualifying special-purpose entity, (ii) creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, (iii) clarifies other sale-accounting criteria and (iv) changes the initial measurement of a transferor's interest in transferred financial assets. SFAS 166 is applicable for fiscal years and interim periods beginning after November 15, 2009. We will adopt SFAS 166 effective January 1, 2010 and do not expect such adoption to have a material impact on our consolidated financial statements.

SFAS 167

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167). FASB Interpretation No. 46(R) (FIN 46(R)), as amended by SFAS 167, was subsequently codified within various FASB ASC Topics, primarily FASB ASC 810. SFAS 167, among other matters, (i) eliminates the exceptions of FIN 46(R) with respect to the consolidation of qualifying special-purpose entities, (ii) contains new criteria for determining the primary beneficiary and (iii) increases the frequency of required reassessments to determine whether a company is the primary beneficiary of a variable interest entity. SFAS 167 also contains a new requirement that any term, transaction or arrangement that does not have a substantive effect on an entity's status as a variable interest entity, a company's power over a variable interest entity or a company's obligation to absorb losses or its right to receive benefits of an entity must be disregarded in applying the provisions of FASB Interpretation No. 46(R). SFAS 167 is applicable for fiscal years and interim periods beginning after November 15, 2009. We will adopt SFAS 167 effective

January 1, 2010 and do not expect such adoption to have a material impact on our consolidated financial statements.

ASU 2009-05

In August 2009, the FASB issued Accounting Standards Update (FASB ASU) No. 2009-05, *Fair Value Measurements and Disclosures (Topic 820)—Measuring Liabilities at Fair Value* (FASB ASU 2009-05). FASB ASU 2009-05 provides clarification in measuring the fair value of liabilities in circumstances in which a quoted price in an active market for the identical liability is not available and in circumstances in which a liability is restricted from being transferred. FASB ASU 2009-05 also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. We will adopt FASB ASU 2009-05 effective January 1, 2010 and do not expect such adoption to have a material impact on our consolidated financial statements.

ASU 2009-13

In October 2009, the FASB issued ASU No. 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force* (FASB ASU 2009-13). FASB ASU 2009-13 provides amendments to the criteria for separating consideration in multiple-deliverable arrangements by establishing an expanded selling price hierarchy for determining the selling price of a deliverable. FASB ASU 2009-13 also replaces the term "fair value" in the revenue allocation guidance with "selling price" to clarify that the allocation of revenue is based on entity-specific assumptions rather than assumptions of a marketplace participant. FASB ASU 2009-13 is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. We will adopt FASB ASU 2009-13 effective January 1, 2010 and do not expect such adoption to have a material impact on our consolidated financial statements.

(3) Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, stock-based compensation and actuarial liabilities associated with certain benefit plans. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and the accounts of all voting interest entities where we exercise a controlling financial interest through the ownership of a direct or indirect controlling voting interest and variable interest entities for which our company is the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents and Restricted Cash

Cash equivalents consist of all investments that are readily convertible into cash and have maturities of three months or less at the time of acquisition.

Restricted cash includes cash held in escrow and cash held as collateral for debt and other compensating balances. Restricted cash amounts that are required to be used to purchase long-term assets or repay long-term debt are classified as long-term assets. All other cash that is restricted to a specific use is classified as current or long-term based on the expected timing of the disbursement. At December 31, 2009 and 2008, our current and long-term restricted cash balances aggregated €323.6 million and €336.0 million, respectively. For additional information concerning our restricted cash balances, see note 10.

Our significant non-cash investing and financing activities are disclosed in our statements of owners' deficit and in notes 4, 5, 9, and 10.

Trade Receivables

Our trade receivables are reported net of an allowance for doubtful accounts. Such allowance aggregated €76.1 million and €78.4 million at December 31, 2009 and 2008, respectively. The allowance for doubtful accounts is based upon our assessment of probable loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions and specific customer credit risk. The allowance is maintained until either receipt of payment or the likelihood of collection is considered to be remote.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers and their dispersion across many different countries worldwide. We also manage this risk by disconnecting services to customers whose accounts are delinquent.

Investments

We make elections, on an investment-by-investment basis, as to whether we measure our investments at fair value. Such elections are generally irrevocable. We have elected the fair value method for most of our investments as we believe this method generally provides the most meaningful information to our investors. However, for investments over which we have significant influence, we have considered the significance of transactions between our company and our equity affiliates and other factors in determining whether the fair value method should be applied. In general, we have not elected the fair value option for those equity method investments with which UPC Holding or its consolidated subsidiaries have significant related-party transactions. For additional information regarding our fair value method investments, see notes 6 and 8.

Under the fair value method, investments are recorded at fair value and any changes in fair value are reported in net earnings or loss. All costs directly associated with the acquisition of an investment that is intended to be accounted for using the fair value method are expensed as incurred. Transfers between fair value hierarchies are recorded as of the end of the period in which the transfer occurs.

We continue to use the equity method for certain privately-held investments over which we have the ability to exercise significant influence. Generally, we exercise significant influence through a voting interest between 20% and 50%, or board representation and management authority. Under the equity method, an investment, originally recorded at cost, is adjusted to recognize our share of net earnings or losses of the affiliates as they occur rather than as dividends or other distributions are received, with our recognition of losses generally limited to the extent of our investment in, and advances and commitments to, the investee. The portion of the difference between our investment and our share of the net assets of the investee that represents goodwill is not amortized, but continues to be considered for impairment. Intercompany profits on transactions with equity affiliates where assets remain on the balance sheet of UPC Holding or the investee are eliminated to the extent of our ownership in the investee.

We use the cost method for investments in certain non-marketable securities over which we do not have the ability to exercise significant influence. These investments are carried at cost, subject to an other-than-temporary impairment assessment.

Realized gains and losses are determined on an average cost basis. Securities transactions are recorded on the trade date.

Financial Instruments

Due to the short maturities of cash and cash equivalents, short-term restricted cash, trade and other receivables, other current assets, accounts payable, accrued liabilities, subscriber advance payments and deposits and other current liabilities, their respective carrying values approximate their respective fair values. For information concerning the fair value of our debt, see note 10.

Derivative Instruments

All derivatives, whether designated as hedging relationships or not, are recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive earnings (loss) and subsequently reclassified into our consolidated statement of operations when the hedged forecasted transaction affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings. If the derivative is not designated as a hedge, changes in the fair value of the derivative are recognized in earnings. We generally do not apply hedge accounting to our derivative instruments.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. We capitalize costs associated with the construction of new cable transmission and distribution facilities and the installation of new cable services. Capitalized construction and installation costs include materials, labor and other directly attributable costs. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities such as reconnecting customer locations where a drop already exists, disconnecting customer locations and repairing or maintaining drops, are expensed as incurred. Interest capitalized with respect to construction activities was not material during any of the periods presented.

Depreciation is computed using the straight-line method over estimated useful lives of 3 to 25 years for cable distribution systems, 10 to 40 years for buildings and leasehold improvements and 2 to 20 years for support equipment. Equipment under capital leases is amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. The useful lives used to depreciate cable distribution systems are assessed periodically and are adjusted when warranted. The useful lives of systems that are undergoing a rebuild are adjusted such that property and equipment to be retired will be fully depreciated by the time the rebuild is completed.

Additions, replacements and improvements that extend the asset life are capitalized. Repairs and maintenance are charged to operations.

We recognize a liability for asset retirement obligations in the period in which it is incurred if sufficient information is available to make a reasonable estimate of fair values. In addition, we recognize asset retirement obligations that arise from the European Union (EU) Directive on Waste Electrical and Electronic Equipment (WEEE Directive). The WEEE Directive creates certain legal obligations to dispose of electrical and electronic equipment, which incorporates equipment used in our European operations. The majority of our obligations under the WEEE Directive are related to customer premise equipment.

Asset retirement obligations may arise from the loss of rights of way that we obtain from local municipalities or other relevant authorities. Under certain circumstances, the authorities could require us to remove our network equipment from an area if, for example, we were to discontinue using the equipment for an extended period of time or the authorities were to decide not to renew our access rights.

However, because the rights of way are integral to our ability to deliver broadband communications services to our customers, we expect to conduct our business in a manner that will allow us to maintain these rights for the foreseeable future. In addition, we have no reason to believe that the authorities will not renew our rights of way and, historically, renewals have always been granted. We also have obligations in lease agreements to restore the property to its original condition or remove our property at the end of the lease term. Sufficient information is not available to estimate the fair value of our asset retirement obligations in certain of our lease arrangements. This is the case in long-term lease arrangements in which the underlying leased property is integral to our operations, there is not an acceptable alternative to the leased property and we have the ability to indefinitely renew the lease. Accordingly, for most of our rights of way and certain lease agreements, the possibility is remote that we will incur significant removal costs in the foreseeable future and, as such, we do not have sufficient information to make a reasonable estimate of fair value for these asset retirement obligations.

As of December 31, 2009 and 2008, the recorded value of our asset retirement obligations was €33.9 million and €31.7 million, respectively.

Intangible Assets

Our primary intangible assets are goodwill, customer relationships and trade names. Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired in business combinations. Customer relationships and trade names were originally recorded at their fair values in connection with business combinations.

Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with definite lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment.

We do not amortize certain other intangible assets as these assets have indefinite-lives. Our customer relationship intangible assets are amortized on a straight line basis over estimated useful lives ranging from 3 to 10 years for broadband communications and DTH satellite customer relationships.

Impairment of Property and Equipment and Intangible Assets

We review, when circumstances warrant, the carrying amounts of our property and equipment and our intangible assets (other than goodwill and indefinite-lived intangible assets) to determine whether such carrying amounts continue to be recoverable. Such events or changes in circumstance may include, among other items, (i) an expectation of a sale or disposal of a long-lived asset or asset group, (ii) adverse changes in market or competitive conditions, (iii) an adverse change in legal factors or business climate in the markets in which we operate and (iv) operating or cash flow losses. For purposes of impairment testing, long-lived assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities, which is generally at or below the reporting unit level (see below). If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (i) sale prices for similar assets, (ii) discounted estimated future cash flows using an appropriate discount rate and/or (iii) estimated replacement costs. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

We evaluate goodwill and other indefinite-lived intangible assets for impairment at least annually on October 1 and whenever other facts and circumstances indicate that the carrying amounts of goodwill and indefinite-lived intangible assets may not be recoverable. For purposes of the goodwill evaluation, we compare the fair values of our reporting units to their respective carrying amounts. A reporting unit is an operating segment or one level below an operating segment (referred to as a component). In most cases, our operating segments are deemed to be a reporting unit either because the operating segment is comprised of only a single component, or the components below the operating segment are aggregated as they have similar economic characteristics. If the carrying value of a reporting unit were to exceed its fair value, we would then compare the implied fair value of the reporting unit's goodwill to its carrying amount, and any excess of the carrying amount over the fair value would be charged to operations as an impairment loss. Any excess of the carrying value over the fair value of other indefinite-lived intangible assets is also charged to operations as an impairment loss.

Income Taxes

Income taxes are accounted for under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on the technical merits, that the position will be sustained upon examination. Net deferred tax assets are then reduced by a valuation allowance if we believe it more-likely-than-not such net deferred tax assets will not be realized. Certain of our valuation allowances and tax uncertainties are associated with entities that we acquired in business combinations. Through December 31, 2008, we accounted for any post-acquisition changes in these items as adjustments of the accounting for the respective business combinations, and accordingly, the tax impact of these changes was not recognized in our consolidated statements of operations. Effective January 1, 2009, the finalized accounting for business combinations, including business combinations completed prior to January 1, 2009, is no longer adjusted for these changes. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax liabilities related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration are not recognized until it becomes apparent that such amounts will reverse in the foreseeable future. Interest and penalties related to income tax liabilities are included in income tax expense. UPC Holding and its Dutch subsidiaries are part of a Dutch tax fiscal unity with its indirect parent company Liberty Global Europe and certain other non-UPC Holding subsidiaries. The Dutch fiscal unity combines individual tax paying Dutch entities and their parent company as one taxpayer for Dutch tax purposes. The income taxes of UPC Holding and its subsidiaries are presented in our consolidated financial statements on a separate return basis for each tax-paying entity or group based on the local tax law.

Foreign Currency Translation and Transactions

The reporting currency of our company is the euro. The functional currency of our foreign operations generally is the applicable local currency for each foreign subsidiary. Assets and liabilities of foreign subsidiaries (including intercompany balances for which settlement is not anticipated in the foreseeable future) and equity method investees are translated at the spot rate in effect at the applicable reporting date, and our consolidated statement of operations and our company's share of the results of operations of our equity affiliates generally are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustment, net of applicable income taxes, is recorded as a component of accumulated other comprehensive earnings (loss) in our consolidated statement of owners' deficit. Cash flows from our operations in foreign countries are translated at actual exchange rates when known or at the average rate for the applicable period. The effect of exchange rates on cash balances held in foreign currencies are separately reported in our consolidated statement of cash flows.

Transactions denominated in currencies other than our or our subsidiaries' functional currencies are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheet related to these non-functional currency transactions result in transaction gains and losses that are reflected in our consolidated statement of operations as unrealized (based on the applicable period end translation) or realized upon settlement of the transactions.

Revenue Recognition

Service Revenue—Cable Networks. We recognize revenue from the provision of video, telephone and broadband internet services over our cable network to customers in the period the related services are provided. Installation revenue (including reconnect fees) related to services provided over our cable network is recognized as revenue in the period in which the installation occurs to the extent these fees are equal to or less than direct selling costs, which costs are expensed as incurred. To the extent installation revenue exceeds direct selling costs, the excess revenue is deferred and amortized over the average expected subscriber life.

Service Revenue—Other. We recognize revenue from DTH, telephone and data services that are not provided over our cable network in the period the related services are provided. Installation revenue (including reconnect fees) related to services that are not provided over our cable network is deferred and amortized over the average expected subscriber life.

Promotional Discounts. For subscriber promotions, such as discounted or free services during an introductory period, revenue is recognized only to the extent of the discounted monthly fees charged to the subscriber, if any.

Subscriber Advance Payments and Deposits. Payments received in advance for distribution services are deferred and recognized as revenue when the associated services are provided.

Sales, Use and Other Value Added Taxes. Revenue is recorded net of applicable sales, use and other value added taxes.

Stock-Based Compensation

We recognize all share-based payments from LGI to our employees, including grants of employee stock options based on their grant-date fair values and LGI's estimates of forfeitures. We recognize the fair value of outstanding options as a charge to operations over the vesting period. The cash benefits of tax deductions in excess of deferred taxes on recognized compensation expense are reported as a financing cash flow.

We use the straight-line method to recognize stock-based compensation expense for LGI's outstanding stock awards to our employees that do not contain a performance condition and the accelerated expense attribution method for our outstanding stock awards that contain a performance condition and vest on a graded basis.

LGI has calculated the expected life of options and stock appreciation rights (SARs) granted by LGI to employees based on historical exercise trends. The expected volatility for LGI options and SARs was based on the historical volatilities of LGI for a historical period equal to the expected average life of the LGI awards. LGI also considered the volatilities of certain other companies with characteristics similar to LGI in arriving at its determination of the expected volatility of LGI options and SARs granted prior to 2009.

(4) Common Control Transfers and Acquisitions

We completed various acquisitions and transfers between entities under common control during 2009, 2008 and 2007. We accounted for the common control transfers at carryover basis and, unless otherwise indicated, our consolidated financial statements have been restated to give effect to these transactions for the periods in which the transferred entities were under the control of LGI.

2009 Common Control Transfer of certain corporate and administrative subsidiaries

On December 17, 2009, we transferred our 100% interests in two of our wholly-owned indirect subsidiaries, Liberty Global Europe BV (LG Europe) and Liberty Global Europe Ltd. (LGE Ltd.), to another indirect subsidiary of LGI. LG Europe and LGE Ltd. perform certain corporate and administrative functions. We recorded the consideration received of €11.5 million and €1 for the transfer of the LGE Ltd. and LG Europe interests, respectively, as capital transactions during 2009 in exchange for an €11.5 million decrease to our shareholder loan payable to Liberty Global Europe Financing B.V. (LGE Financing), a direct subsidiary of Liberty Global Europe. The net assets of LG Europe and LGE Ltd. were transferred at the €125.7 million carrying value of their aggregate net liabilities. Certain related changes to intercompany payable and receivable arrangements have also been given retroactive effect in our consolidated financial statements.

2008 Common Control Transfer of Chellomedia Interactive Services Group

Effective April 1, 2008, the business activities and certain assets of Chellomedia Interactive Services Group (ISG) were transferred from Chellomedia BV (Chellomedia) to UPC Holding for no material consideration. Chellomedia is a direct subsidiary of Liberty Global Europe. Due to the relative immateriality of the amounts involved, we did not restate our consolidated financial statements and as such we recorded the carrying value of the assets transferred of €10.1 million as a capital transaction during the three months ended June 30, 2008.

2007 Common Control Transfers and Acquisitions

During 2007, we completed the following common control transfers and significant acquisitions:

(i) On January 1, 2007, our 100% ownership interest in At Media Sp.z.o.o (At Media), a provider of programming services in Poland, was transferred by UPC Holding to Chellomedia Programming B.V. (Chellomedia Programming), another subsidiary of Liberty Global Europe;

(ii) On April 16, 2007, Liberty Global Europe transferred its 100% interest in Cablecom Holdings GmbH (Cablecom) to UPC Holding (the Cablecom Transfer);

(iii) On May 4, 2007, Liberty Global Europe transferred its 100% interest in Unite Holdco III B.V. (Unite Holdco), another subsidiary of Liberty Global Europe, to UPC Holding;

(iv) On May 23, 2007, Liberty Global Europe transferred its indirect 80% interest in VTR to UPC Holding (the VTR Transfer); and

(v) On October 2, 2007, our operating subsidiary in Austria acquired Telesystem Tirol GmbH & Co KG (Tirol), a broadband communications operator in Austria.

At Media Common Control Transfer—On January 1, 2007, our 100% ownership interest in At Media, was transferred by UPC Holding to Chellomedia Programming in exchange for a €7.2 million intercompany loan. We recorded the consideration received of €7.2 million and the transfer of the At Media interest as capital transactions in 2007.

Cablecom and VTR Common Control Transfers—In April and May 2007, in conjunction with the refinancing of the UPC Broadband Holding Bank Facility, (i) a 100% ownership interest in Cablecom and (ii) an indirect 80% ownership interest in VTR were transferred by certain of UGC's subsidiaries outside of UPC Holding to subsidiaries of UPC Holding (the Cablecom Transfer and the VTR Transfer, respectively). The consideration for the Cablecom Transfer consisted of a €2,370.0 million addition to our shareholder loan payable to LGE Financing. The consideration for the VTR Transfer consisted of a €960.0 million addition to our shareholder loan with LGE Financing and acceptance of a €96.5 million intercompany payable to our subsidiary, United Chile. We recorded the consideration issued of €2,370.0 million and €960.0 million for the transfer of the Cablecom and VTR interests, respectively, as capital transactions during 2007. The net assets of Cablecom were transferred at the October 31, 2005 carrying value of €1,849.7 million.

Unite Holdco Common Control Transfer—On May 4, 2007, Liberty Global Europe transferred its 100% interest in Unite Holdco to UPC Holding at its carrying amount in exchange for a €329.2 million increase to UPC Holding's shareholder loan with LGE Financing. At the time of the transfer, (i) we held 99% of the shares of Karneval Media s.r.o. and 97% of the shares of Forecable s.r.o. (together Karneval), which interests were transferred from Liberty Global Europe to our company in December 2006, as described below and (ii) Unite Holdco held the remaining 1% interest in Karneval Media s.r.o., the remaining 3% interest in Forecable s.r.o, and a €344.2 million loan receivable from Liberty Global Europe. Following the transfer of Unite Holdco, UPC Holding owns 100% of Karneval. The consideration issued of €329.2 million for the shares of Unite Holdco was reflected as a capital transaction in 2007. The net assets of Unite Holdco were transferred at the September 30, 2006 carrying value of €329.2 million and this transfer was reflected as a capital transaction in 2006.

Tirol Acquisition—On October 2, 2007, one of our operating subsidiaries in Austria acquired Tirol for cash consideration of €84.3 million, including working capital adjustments and direct acquisition costs. We have accounted for the Tirol acquisition using the purchase method of accounting, whereby the total purchase price has been allocated to the acquired identifiable net assets based on assessments of their respective fair values, and the excess of the purchase price over the fair values of such identifiable net assets was allocated to goodwill.

(5) Discontinued Operations and Dispositions

Discontinued Operations

UPC Slovenia—On July 15, 2009, one of our subsidiaries sold 100% of its interest in UPC Slovenia to Mid Europa Partners for a cash purchase price of €119.5 million. As a result of this disposition, we have accounted for UPC Slovenia as a discontinued operation. In connection with the disposal of UPC Slovenia, we recognized a net gain of €15.2 million. This net gain is reflected in discontinued operations in our consolidated statement of operations for the year ended December 31, 2009. The operating results of UPC Slovenia that are classified as discontinued operations in our consolidated statements of operations are summarized in the following table:

	Year ended December 31,		
	2009	2008	2007
		in millions	
Revenue	€ 22.7	€ 43.2	€ 36.8
Operating income	€ 2.4	€ 12.1	€ 10.5
Earnings before income taxes and noncontrolling interests	€ 2.6	€ 12.3	€ 10.5

(6) Investments

The details of our investments are set forth below:

	December 31,	
Accounting Method	2009	2008
	in millions	
Fair value	€ 26.9	€ 27.6
Equity	3.4	3.1
Cost	0.4	0.4
Total	€ 30.7	€ 31.1

Fair Value Method Investments

On January 1, 2008, we elected the fair value option for certain of our investments, including our investments in broadband communications operators in Switzerland. The aggregate fair value of our fair value method investments as of January 1, 2008 was €26.0 million. For additional information regarding our fair value method investments, see note 8.

(7) Derivative Instruments

Through our subsidiaries, we have entered into various derivative instruments to manage interest rate and foreign currency exposure with respect to the euro (€), the U.S. dollar ($), the Czech koruna (CZK), the Hungarian forint (HUF), the Polish zloty (PLN), the Romanian lei (RON), the Swiss franc (CHF) and the Chilean peso (CLP). We generally do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of our other derivative instruments generally are recorded in realized and unrealized losses on derivative instruments, net, in our consolidated statements of operations. The following table provides details of the fair values of our derivative instrument assets and liabilities:

	December 31, 2009			December 31, 2008		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b)	€ 107.0	€ 107.6	€ 214.6	€ 130.1	€ 197.1	€ 327.2
Foreign currency forward contracts	—	—	—	3.8	—	3.8
Embedded derivatives	0.6	0.4	1.0	0.2	0.5	0.7
Total	€ 107.6	€ 108.0	€ 215.6	€ 134.1	€ 197.6	€ 331.7
Liabilities:						
Cross-currency and interest rate derivative contracts (b)	€ 411.9	€ 733.1	€ 1,145.0	€ 274.0	€ 553.5	€ 827.5
Foreign currency forward contracts	3.6	—	3.6	—	—	—
Embedded derivatives	0.2	0.7	0.9	0.8	0.7	1.5
Total	€ 415.7	€ 733.8	€ 1,149.5	€ 274.8	€ 554.2	€ 829.0

(a) Our long-term derivative assets and liabilities are included in other assets and other long-term liabilities, respectively, in our consolidated balance sheets.

(b) In 2008, we began considering credit risk in our fair value assessments. As of December 31, 2009 and 2008, (i) the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €3.9 million and €14.6 million, respectively, and (ii) the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating €56.2 million and €81.0 million, respectively. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our subsidiaries' debt instruments, as applicable. The changes in the credit risk valuation adjustments associated with our derivative instruments resulted in a loss of €14.1 million during 2009 and a gain of €66.4 million during 2008, and these amounts are included in realized and unrealized losses on derivative instruments, net, in our consolidated statements of operations. For further information concerning our fair value measurements, see note 8.

The details of our realized and unrealized losses on derivative instruments, net, are as follows:

	Year ended December 31,		
	2009	2008	2007
	in millions		
Cross-currency and interest rate derivative contracts	€ (638.3)	€ (179.1)	€ (102.9)
Foreign currency forward contracts	(5.7)	0.9	2.3
Embedded derivatives	1.1	(3.7)	1.1
Total	€ (642.9)	€ (181.9)	€ (99.5)

The net cash received (paid) related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated statements of cash flows based on the classification of the applicable underlying cash flows. The classifications of these cash flows are as follows:

	Year ended December 31,		
	2009	2008	2007
		in millions	
Operating activities	€ (199.6)	€ 105.4	€ (25.6)
Financing activities	(13.9)	3.1	2.7
Total	€ (213.5)	€ 108.5	€ (22.9)

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative contracts will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative contracts is spread across a relatively broad counterparty base of banks and financial institutions. We generally do not require counterparties to our derivative instruments to provide collateral or other security or to enter into master netting arrangements. At December 31, 2009, our exposure to credit risk included derivative assets with a fair value of €215.6 million.

Under our derivative contracts, the exercise of termination and set-off provisions is generally at the option of the non-defaulting party only. However, in an insolvency of a derivative counterparty, a liquidator may be able to force the termination of a derivative contract. In addition, mandatory set-off of amounts due under the derivative contract and potentially other contracts between our company and the relevant counterparty may be applied under the insolvency regime of the relevant jurisdiction. Accordingly, it is possible that certain amounts owing between our company and an insolvent counterparty could be set-off, even if that counterparty had previously defaulted on its obligations under a derivative contract with our company. While we anticipate that, in the event of the insolvency of one of our derivative counterparties, we would seek to novate our derivative contracts to different counterparties, no assurance can be given that we would be able to do this on terms or pricing that would be acceptable to us. If we are unable to, or choose not to, novate to a different counterparty, the risks that were the subject of the original derivative contract would no longer be hedged.

While we currently have no specific concerns about the creditworthiness of any particular counterparty, we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations and financial condition.

Cross-currency and Interest Rate Derivative Contracts

Cross-currency Swaps:

The terms of our outstanding cross-currency swap contracts at December 31, 2009 are as follows:

Subsidiary (a)	Notional amount due from counterparty		Notional amount due to counterparty		Interest rate due from counterparty	Interest rate due to counterparty
	in millions					
UPC Holding:						
April 2016	$	400.0	CHF	441.8	9.88%	9.87%
UPC Broadband Holding BV, a direct subsidiary of UPC Holding (UPC Broadband Holding):						
July 2010	€	60.0	CZK	1,703.1	5.50%	5.33%
July 2010–December 2014	€	60.0	CZK	1,703.1	5.50%	6.05%
February 2010	€	105.8	CZK	3,018.7	5.50%	4.88%
February 2010–December 2014	€	105.8	CZK	3,018.7	5.50%	5.80%
December 2014	€	200.0	CZK	5,800.0	5.46%	5.30%
December 2014–December 2016	€	36.0	CZK	1,021.9	5.50%	6.84%
July 2010	€	260.0	HUF	75,570.0	5.50%	7.80%
July 2010–December 2014	€	260.0	HUF	75,570.0	5.50%	9.40%
December 2014	€	228.0	HUF	62,867.5	5.50%	8.98%
December 2014–December 2016	€	156.0	HUF	45,342.0	5.50%	10.30%
July 2010	€	245.0	PLN	1,000.6	5.50%	6.52%
July 2010–December 2014	€	245.0	PLN	1,000.6	5.50%	7.60%
December 2014	€	98.4	PLN	335.0	5.50%	7.12%
December 2014	€	57.1	PLN	270.0	5.50%	7.60%
December 2014–December 2016	€	147.0	PLN	600.4	5.50%	8.84%
December 2010–December 2016	€	200.0	RON	709.1	5.50%	11.38%
December 2016	€	31.9	RON	116.8	5.50%	11.58%
September 2012	€	229.1	CHF	355.8	6 mo. EURIBOR + 2.50%	6 mo. CHF LIBOR + 2.46%
December 2014	€	653.0	CHF	1,066.0	6 mo. EURIBOR + 2.00%	6 mo. CHF LIBOR + 1.95%
December 2014	€	245.4	CHF	400.0	6 mo. EURIBOR + 0.82%	6 mo. CHF LIBOR + 1.94%
December 2014–December 2016	€	216.2	CHF	353.4	6 mo. EURIBOR + 3.75%	6 mo. CHF LIBOR + 3.95%
December 2015	€	69.1	CLP	53,000.0	3.50%	5.75%
December 2014	$	171.5	CHF	187.1	6 mo. LIBOR + 2.75%	6 mo. CHF LIBOR + 2.95%
December 2016	$	340.0	CHF	370.9	6 mo. LIBOR + 3.50%	6 mo. CHF LIBOR + 4.01%

(a) For each subsidiary, the notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of December 31, 2009, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to December 31, 2009, we present a range of dates that represents the period covered by the applicable derivative instrument.

Cross-currency Interest Rate Swaps:

The terms of our outstanding cross-currency interest rate swap contracts at December 31, 2009 are as follows:

Subsidiary (a)	Notional amount due from counterparty		Notional amount due to counterparty		Interest rate due from counterparty	Interest rate due to counterparty
	in millions					
UPC Broadband Holding:						
March 2013	$	200.0	€	150.9	6 mo. LIBOR + 2.00%	5.73%
December 2014	$	725.0	€	547.3	6 mo. LIBOR + 1.75%	5.74%
December 2016	$	160.0	€	120.7	6 mo. LIBOR + 3.50%	7.56%
December 2010	$	292.0	RON	709.1	6 mo. LIBOR + 3.50%	10.24%
December 2016	$	84.1	RON	203.3	6 mo. LIBOR + 3.50%	13.35%
December 2014	$	340.0	CLP	181,322.0	6 mo. LIBOR + 1.75%	8.76%
December 2014	€	134.3	CLP	107,800.0	6 mo. EURIBOR + 2.00%	10.00%
VTR:						
September 2014	$	460.8	CLP	255,025.1	6 mo. LIBOR + 3.00%	11.16%

(a) For each subsidiary, the notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of December 31, 2009, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to December 31, 2009, we present a range of dates that represents the period covered by the applicable derivative instrument.

Interest Rate Swaps:

The terms of our outstanding interest rate swap contracts at December 31, 2009 are as follows:

Subsidiary (a)	Notional amount		Interest rate due from counterparty	Interest rate due to counterparty
	in millions			
UPC Broadband Holding:				
January 2010	€	3,890.0	1 mo. EURIBOR + 2.00%	6 mo. EURIBOR + 1.81%
January 2010	€	655.0	1 mo. EURIBOR + 2.25%	6 mo. EURIBOR + 1.61%
January 2010–January 2011	€	1,500.0	1 mo. EURIBOR + 3.40%	6 mo. EURIBOR + 3.09%
April 2012	€	555.0	6 mo. EURIBOR	3.32%
December 2014	€	659.5	6 mo. EURIBOR	4.67%
July 2010 (b)	€	31.6	5.50%	5.67%
April 2010	€	1,000.0	6 mo. EURIBOR	3.28%
April 2010–December 2014	€	1,000.0	6 mo. EURIBOR	4.66%
January 2011	€	193.5	6 mo. EURIBOR	3.83%
January 2011–December 2014	€	193.5	6 mo. EURIBOR	4.68%
September 2012	€	500.0	3 mo. EURIBOR	2.96%
December 2013	€	90.5	6 mo. EURIBOR	3.84%
January 2014	€	185.0	6 mo. EURIBOR	4.04%
April 2012—July 2014	€	337.0	6 mo. EURIBOR	3.94%
April 2012–December 2015	€	263.0	6 mo. EURIBOR	3.97%
January 2015—December 2016	€	500.0	6 mo. EURIBOR	4.32%
December 2010	CHF	618.5	6 mo. CHF LIBOR	2.19%
January 2011–December 2014	CHF	618.5	6 mo. CHF LIBOR	3.56%
September 2012	CHF	711.5	6 mo. CHF LIBOR	2.33%
October 2012–December 2014	CHF	711.5	6 mo. CHF LIBOR	3.65%
December 2014	CHF	1,050.0	6 mo. CHF LIBOR	3.47%
January 2015–December 2016	CHF	370.9	6 mo. CHF LIBOR	3.82%
July 2013	CLP	98,400.0	6.77%	6 mo. TAB
January 2010	$	511.0	1 mo. LIBOR + 2.75%	6 mo. LIBOR + 2.17%
January 2010	$	1,900.0	1 mo LIBOR + 1.75%	6 mo. LIBOR + 1.54%
July 2013	HUF	5,908.8	6 mo. BUBOR	8.52%
July 2013	PLN	115.1	6 mo. WIBOR	5.41%
VTR:				
July 2013	CLP	98,400.0	6 mo. TAB	7.78%

(a) For each subsidiary, the notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. For derivative instruments that were in effect as of December 31, 2009, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to December 31, 2009, we present a range of dates that represents the period covered by the applicable derivative instrument.

(b) This contract originated as a cross-currency interest rate swap involving the euro and the Slovakian koruna (SKK). As a result of Slovakia's January 1, 2009 conversion to the euro, the SKK notional amount was converted into euros at the entry rate of 30.126 SKK per euro.

UPC Holding Cross-Currency Options

Pursuant to its cross-currency option contracts, we have the option to require the counterparty to deliver U.S. dollars in exchange for Swiss francs at a fixed exchange rate of 1.10 Swiss francs per one U.S. dollar, in the notional amounts listed below:

Contract expiration date	Notional amount at December 31, 2009
	in millions
October 13, 2016	$ 19.8
April 12, 2017	$ 19.8
October 12, 2017	$ 19.8
April 12, 2018	$ 419.8

Foreign Currency Forwards

The following table summarizes our outstanding foreign currency forward contracts at December 31, 2009:

Subsidiary	Currency purchased forward		Currency sold forward		Maturity dates
	in millions				
UPC Broadband Holding	€	2.2	HUF	610.2	January 2010–July 2010
UPC Broadband Holding	€	0.7	PLN	2.9	January 2010–July 2010
UPC Broadband Holding	€	1.0	CZK	25.2	January 2010–March 2010
VTR	$	63.2	CLP	34,686.9	January 2010–December 2010

(8) Fair Value Measurements

We use the fair value method to account for (i) certain of our investments and (ii) our derivative instruments. The reported fair values of these assets and liabilities as of December 31, 2009 likely will not represent the value that will be realized upon the ultimate settlement or disposition of these assets and liabilities. In the case of the investments that we account for using the fair value method, the values we realize upon disposition will be dependent upon, among other factors, market conditions and the historical and forecasted financial performance of the investees at the time of any such disposition. With respect to our foreign currency and interest rate derivative instruments, we expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

All of our Level 2 inputs (interest rates, yield curves, dividend yields and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (forecasted volatilities and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive fair value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

Our investments that we account for at fair value are privately-held companies, and therefore, quoted market prices are unavailable. The valuation technique we use for such investments is a combination of an income approach (discounted cash flow model based on forecasts) and a market approach (market multiples of similar businesses). With the exception of certain inputs for our weighted average cost of capital calculations that are derived from pricing services, the inputs used to value these investments are based on unobservable inputs derived from our assumptions. Therefore, the valuation of our privately-held investments falls under Level 3 of the fair value hierarchy.

As further described in note 7, we have entered into various derivative instruments to manage our interest rate and foreign currency exchange risk. The fair value measurements of these derivative instruments are determined using cash flow models. All but one of the inputs to these cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes interest rates, swap rates and yield curves, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads are Level 3 inputs that are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we believe that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 7.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations typically involve the use of discounted cash flow analyses to assess enterprise values, the values of customer relationship intangible assets, the implied value of goodwill and the values of certain other assets and liabilities. With the exception of certain inputs for our weighted average cost of capital calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. Accordingly, nonrecurring valuations that involve the use of discounted cash flow analyses fall under Level 3 of the fair value hierarchy. During 2009, we performed nonrecurring fair value measurements in connection with goodwill impairment assessments. For additional information, see note 9.

A summary of the assets and liabilities that are measured at fair value is as follows:

Description	December 31, 2009	Fair value measurements at December 31, 2009 using: Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		in millions	
Assets:			
Derivative instruments	€ 215.6	€ 215.6	€ —
Investments	26.9	—	26.9
Total assets	€ 242.5	€ 215.6	€ 26.9
Liabilities—Derivative instruments	€ 1,149.5	€ 1,149.5	€ —

Description	December 31, 2008	Fair value measurements at December 31, 2008 using: Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		in millions	
Assets:			
Derivative instruments	€ 331.7	€ 331.7	€ —
Investments	27.6	—	27.6
Total assets	€ 359.3	€ 331.7	€ 27.6
Liabilities—Derivative instruments	€ 829.0	€ 829.0	€ —

A reconciliation of the beginning and ending balances of our investments measured at fair value using significant unobservable, or Level 3, inputs is as follows (in millions):

Balance at January 1, 2009	€ 27.6
Gains included in net loss (a):	
Unrealized gains due to changes in fair values of certain investments, net	0.1
Foreign currency translation adjustments	(0.8)
Balance at December 31, 2009	€ 26.9

(a) All of the gains recognized during 2009 relate to investments that we continue to carry on our consolidated balance sheet as of December 31, 2009.

Our cash equivalents include amounts that are invested in money market funds. We record these funds at the net asset value reported by the investment manager as there are no restrictions on our ability, contractual or otherwise, to redeem our investments at the stated net asset value reported by the investment manager.

(9) Long-lived Assets

Property and Equipment, Net

The details of property and equipment and the related accumulated depreciation are set forth below:

	December 31, 2009	December 31, 2008 (a)
	in millions	
Cable distribution systems	€ 6,306.3	€ 5,714.2
Support equipment, buildings and land	1,013.8	890.8
	7,320.1	6,605.0
Accumulated depreciation	(3,455.8)	(2,630.6)
Total property and equipment, net	€ 3,864.3	€ 3,974.4

(a) As restated. See note 4.

Depreciation expense related to our property and equipment was €910.1 million, €912.6 million and €896.8 million during 2009, 2008 and 2007, respectively.

At December 31, 2009 and 2008, the amount of property and equipment, net, recorded under capital leases was €23.0 million and €22.9 million, respectively. Most of these amounts relate to assets included in our cable distribution systems category. Depreciation of assets under capital leases is included in depreciation and amortization in our consolidated statements of operations.

During 2009, 2008 and 2007, we recorded €2.9 million, €3.5 million and €1.0 million of non-cash increases to our property and equipment, respectively, as a result of assets acquired under capital lease arrangements.

Goodwill

Changes in the carrying amount of goodwill during 2009 are as follows:

	January 1, 2009	Acquisition-related adjustments	Impairments	Reclassified to discontinued operations	Foreign currency translation adjustments and other	December 31, 2009
			in millions			
UPC Europe:						
The Netherlands	€ 917.5	€ —	€ —	€ —	€ (5.4)	€ 912.1
Switzerland	1,905.4	0.4	—	—	10.3	1,916.1
Other Western Europe	781.6	—	—	—	—	781.6
Total Western Europe	3,604.5	0.4	—	—	4.9	3,609.8
Central and Eastern Europe	912.8	—	(84.7)	(39.6)	(4.4)	784.1
Total UPC Europe	4,517.3	0.4	(84.7)	(39.6)	0.5	4,393.9
VTR (Chile)	299.7	—	—	—	67.5	367.2
Total UPC Holding	€ 4,817.0	€ 0.4	€ (84.7)	€ (39.6)	€ 68.0	€ 4,761.1

As further described below, we recorded a €107.0 million goodwill impairment charge during the fourth quarter of 2008 with respect to our broadband communications reporting unit in Romania. During June 2009, we concluded that an additional goodwill impairment charge was warranted for this reporting unit, due largely to adverse competitive and economic factors, including changes in foreign currency exchange rates that adversely impacted U.S. dollar and euro denominated cash outflows. These factors led to (i) lower than expected levels of revenue, cash flows and subscribers and (ii) declines in the forecasted cash flows of our Romanian reporting unit. Consistent with our approach to the valuation of this reporting unit during the fourth quarter of 2008, our June 2009 fair value assessment was based primarily on a discounted cash flow analysis due to the limited number of recent transactions involving businesses similar to our Romanian reporting unit. Based on this discounted cash flow analysis, which reflected the aforementioned declines in forecasted cash flows and a discount rate of 19%, we determined that an additional goodwill impairment charge of €84.7 million was necessary to reflect a further decline in the fair value of our Romanian reporting unit. This impairment charge is included in impairment, restructuring and other operating charges, net, in our consolidated statements of operations.

We continue to experience difficult economic environments and significant competition in most of our markets. If, among other factors, (i) LGI's equity value declines or (ii) the adverse impacts of economic or competitive factors are worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill, and to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

With the exception of impairment charges related to our broadband communications operations in Romania, as described above, we have not recorded any significant goodwill impairment charges since the later of January 1, 2002 or the date on which a new basis of accounting was established, as applicable. At January 1, 2008, December 31, 2008 and December 31, 2009 and based on exchange rates as of those dates, the amount of our accumulated impairments with respect to our broadband communications operations in Romania was nil, €104.3 million and €183.6 million, respectively.

Changes in the carrying amount of goodwill during 2008 are as follows:

	January 1, 2008	Acquisition-related adjustments	Impairments	Release of pre-acquisition valuation allowance and other income tax related adjustments (a)	Foreign currency translation adjustments and other (b)	December 31, 2008
			in millions			
UPC Europe:						
The Netherlands	€ 937.5	€ 1.0	€ —	€ (26.9)	€ 5.9	€ 917.5
Switzerland	1,728.0	—	—	(13.7)	191.1	1,905.4
Other Western Europe	776.9	0.7	—	(0.2)	4.2	781.6
Total Western Europe	3,442.4	1.7	—	(40.8)	201.2	3,604.5
Central and Eastern Europe	1,049.2	23.6	(107.0)	—	(53.0)	912.8
Total UPC Europe	4,491.6	25.3	(107.0)	(40.8)	148.2	4,517.3
VTR (Chile)	367.7	—	—	—	(68.0)	299.7
Total UPC Holding	€ 4,859.3	€ 25.3	€ (107.0)	€ (40.8)	€ 80.2	€ 4,817.0

(a) Includes an increase of €4.7 million related to changes in pre-acquisition income tax balances of a parent company that is recorded as a decrease to parent's deficit.

(b) Amounts shown with respect to the Netherlands and Austria are related to the transfer of ISG to UPC Holding. See note 4.

During the fourth quarter of 2008, we concluded that the fair value of our broadband communications reporting unit in Romania was less than its carrying value and that the implied fair value of the goodwill related to this reporting unit was less than its carrying value. The fair value of the reporting unit was based on discounted cash flow analyses that contemplated, among other matters, (i) the current and expected future impact of competition in Romania, (ii) anticipated costs associated with requirements imposed by certain municipalities to move aerial cable to underground ducts and (iii) the impact of disruptions in the credit and equity markets on our weighted average cost of capital with respect to our Romanian reporting unit. Accordingly, we recorded a €107.0 million charge during the fourth quarter of 2008 to reflect this goodwill impairment. This impairment charge is included in impairment, restructuring and other operating charges, net, in our consolidated statement of operations.

Intangible Assets Subject to Amortization, Net

The details of our intangible assets subject to amortization are set forth below:

	December 31, 2009	December 31, 2008
	in millions	
Gross carrying amount:		
Customer relationships	€ 1,088.4	€ 1,096.4
Other	8.1	45.8
	€ 1,096.5	€ 1,142.2
Accumulated amortization:		
Customer relationships	€ (644.0)	€ (504.4)
Other	(6.6)	(43.0)
	€ (650.6)	€ (547.4)
Net carrying amount:		
Customer relationships	€ 444.4	€ 592.0
Other	1.5	2.8
	€ 445.9	€ 594.8

Amortization of intangible assets with finite useful lives was €138.4 million, €167.3 million and €166.0 million during 2009, 2008 and 2007, respectively. Based on our amortizable intangible asset balances at December 31, 2009, we expect that amortization expense will be as follows for the next five years and thereafter. Amounts presented below represent euro equivalents based on December 31, 2009 exchange rates (in millions):

2010	€ 132.7
2011	91.9
2012	75.8
2013	55.9
2014	51.9
Thereafter	37.7
Total	€ 445.9

Indefinite-lived Intangible Assets

At December 31, 2009 and 2008, other indefinite-lived intangible assets aggregating €13.2 million and €10.7 million, respectively, were included in other assets, net, in our consolidated balance sheets.

(10) Debt

The euro equivalents of the components of our consolidated debt and capital lease obligations are as follows:

	December 31, 2009						
	Weighted average interest rate (a)	Unused borrowing capacity (b)		Estimated fair value (c)		Carrying value (d)	
		Borrowing currency	Euro equivalent	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008 (e)
				in millions			
Debt:							
Parent:							
Shareholder loan	4.80%	€ —	€ —	(f)	(f)	€ 8,331.4	€ 8,418.7
UPC Holding Senior Notes	8.80%	€ —	€ —	€ 1,602.1	€ 818.0	1,548.3	1,100.0
Subsidiaries:							
UPC Broadband Holding Bank Facility	3.54%	€ 439.1	439.1	€ 5,935.8	€ 5,349.3	6,316.5	6,323.5
VTR Bank Facility (g)	2.68%	CLP 13,837.5	19.0	€ 321.5	€ 333.6	321.5	333.6
Other	6.60%	—	—	€ 6.6	€ 9.0	6.6	9.0
Total debt	4.65%		€ 458.1			16,524.3	16,184.8
Capital lease obligations						24.2	21.7
Total debt and capital lease obligations						16,548.5	16,206.5
Current maturities						(14.4)	(12.7)
Long-term debt and capital lease obligations						€ 16,534.1	€ 16,193.8

(a) Represents the weighted average interest rate in effect at December 31, 2009 for all borrowings outstanding pursuant to each debt instrument including the applicable margin. The interest rates presented represent stated rates and do not include the impact of our interest rate derivative agreements, deferred financing costs, discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, discounts and commitments fees, but excluding the impact of financing costs, our estimated weighted average interest rate on our aggregate variable and fixed rate indebtedness was approximately 7.7% at December 31, 2009. For information concerning our derivative instruments, see note 7.

(b) Unused borrowing capacity represents the maximum availability under the applicable facility at December 31, 2009 without regard to covenant compliance calculations. At December 31, 2009, our availability under the UPC Broadband Holding Bank Facility (as defined below) was limited to €317.9 million. Additionally, when the December 31, 2009 bank reporting requirements have been completed and taking into account financing transactions completed subsequent to December 31, 2009, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €58.9 million. To the extent we were to draw on the VTR Bank Facility (as defined below) commitments, we would be required to set aside an equivalent amount of cash collateral. For additional information regarding amounts that became available for borrowing subsequent to December 31, 2009, see related discussion below.

(c) The estimated fair values of our debt instruments were determined using the average of the midpoint of applicable bid and ask prices or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models. The discount rates used in the cash flow models are based on the estimated credit spread of each entity, taking into account market data, to the extent available, and other relevant factors.

(d) Amounts include the impact of discounts, where applicable.

(e) As restated. See note 4.

(f) The fair value of the shareholder loan is not subject to reasonable estimation due to the related-party nature of the loan.

(g) Pursuant to the deposit arrangements with the lender in relation to VTR's amended and restated senior secured credit facility (the VTR Bank Facility), we are required to fund a cash collateral account in an amount equal to the outstanding principal and interest under the VTR Bank Facility. This cash collateral account had a balance of €321.5 million at December 31, 2009, of which €3.3 million is reflected as a current asset and €318.2 million is included in long-term restricted cash in our consolidated balance sheet.

Shareholder Loan

UPC Holding has an unsecured shareholder loan with its immediate parent, LGE Financing, which is scheduled to be repaid in 2020 and is subordinated in right of payment to the prior payment in full of the UPC Holding Senior Notes in the event of (i) a total or partial liquidation, dissolution or winding up of UPC Holding, (ii) a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to UPC Holding or its property, (iii) an assignment for the benefit of creditors or (iv) any marshalling of UPC Holding's assets or liabilities. Accrued interest is included in other long-term liabilities until the end of each fiscal year and then it is transferred to the loan balance. The interest rate on the shareholder loan is reviewed annually, with any adjustment effective on October 1 of each year. The interest rate in effect for the 12 month periods beginning October 1 2009, 2008 and 2007 were 4.80%, 7.58% and 7.06%, respectively. The net decrease in the shareholder loan balance during 2009 includes (i) cash payments of €2,535.1 million, (ii) cash borrowings of €1,893.5 million, (iii) additions of €568.1 million in non-cash accrued interest, (iv) consideration received of €11.5 million related to the transfer of LGE Ltd. and LG Europe (see note 4), (v) a €4.7 million non-cash increase relating to charges from LGI to our company in connection with LGI stock incentive awards exercised by our subsidiaries' employees and (vi) individually insignificant net non-cash decreases aggregating €7.0 million. The net decrease in the shareholder loan balance during 2008 includes (i) cash payments of €1,729.4 million, (ii) cash borrowings of €553.8 million, (iii) additions of €616.5 million in non-cash accrued interest, (iv) a €11.1 million non-cash increase relating to charges from LGI to our company in connection with LGI stock incentive awards exercised by our subsidiaries' employees and (v) individually insignificant net non-cash increases aggregating €9.4 million. During the three year period ending December 31, 2009, none of the debt repayments were payments of interest.

UPC Broadband Holding Bank Facility

The UPC Broadband Holding Bank Facility, as amended, is the senior secured credit facility of UPC Broadband Holding. The security package for the UPC Broadband Holding Bank Facility includes a pledge over the shares of UPC Broadband Holding and the shares of certain of UPC Broadband Holding's majority-owned operating companies. The UPC Broadband Holding Bank Facility is also guaranteed by UPC Holding, the immediate parent of UPC Broadband Holding, and is senior to other long-term debt obligations of UPC Broadband Holding and UPC Holding. The agreement governing the UPC Broadband Holding Bank Facility contains covenants that limit, among other things, UPC Broadband Holding's ability to merge with or into another company, acquire other companies, incur additional debt, dispose of assets, make distributions or pay dividends, provide loans and guarantees and enter into hedging agreements. In addition to customary default provisions, including defaults on other indebtedness of UPC Broadband Holding and its subsidiaries, the UPC Broadband Holding Bank Facility provides that any event of default with respect to indebtedness of €50.0 million or more in the aggregate of (i) Liberty Global Europe, Inc. (an indirect subsidiary of UGC), (ii) any other company of which UPC Broadband Holding is a subsidiary and which is a subsidiary of Liberty Global Europe, Inc. and (iii) UPC Holding II B.V. (a direct subsidiary of UPC Holding) is an event of default under the UPC Broadband Holding Bank Facility.

The UPC Broadband Holding Bank Facility permits UPC Broadband Holding to transfer funds to its parent company (and indirectly to LGI) through loans, advances or dividends provided that UPC Broadband Holding maintains compliance with applicable covenants. If a Change of Control occurs, as defined in the UPC Broadband Holding Bank Facility, the facility agent may (if required by the majority lenders) cancel each facility and declare all outstanding amounts immediately due and payable. The UPC Broadband Holding Bank Facility requires compliance with various financial covenants such as: (i) Senior Debt to Annualized EBITDA, (ii) EBITDA to Total Cash Interest, (iii) EBITDA to Senior Debt Service, (iv) EBITDA to Senior Interest and (v) Total Debt to Annualized EBITDA, each capitalized term as defined in the UPC Broadband Holding Bank Facility.

The covenant in the UPC Broadband Holding Bank Facility relating to disposals of assets includes a basket for permitted disposals of assets, the Annualized EBITDA of which does not exceed a certain percentage of the Annualized EBITDA of the Borrower Group, each capitalized term as defined in the UPC Broadband Holding Bank Facility. The UPC Broadband Holding Bank Facility includes a recrediting mechanism, in relation to the permitted disposals basket, based on the proportion of net sales proceeds that are (i) used to prepay facilities and (ii) reinvested in the Borrower Group, as defined in the UPC Broadband Holding Bank Facility.

The UPC Broadband Holding Bank Facility includes a mandatory prepayment requirement of four times Annualized EBITDA, as defined in the UPC Broadband Holding Bank Facility, of certain disposed assets. The prepayment amount may be allocated to one or more of the facilities at UPC Broadband Holding's discretion and then applied to the loans under the relevant facility on a pro rata basis. A prepayment may be waived by the majority lenders subject to the requirement to maintain pro forma covenant compliance. If the mandatory prepayment amount is less than €100 million, then no prepayment is required (subject to pro forma covenant compliance). No such prepayment is required to be made where an amount, equal to the amount that would otherwise be required to be prepaid, is deposited in a blocked account on terms that the principal amount deposited may only be released in order to make the relevant prepayment or to reinvest in assets in accordance with the terms of the UPC Broadband Holding Bank Facility, which expressly includes permitted acquisitions and capital expenditures. Any amounts deposited in the blocked account that have not been reinvested (or contracted to be so reinvested), within 12 months of the relevant permitted disposal, are required to be applied in prepayment in accordance with the terms of the UPC Broadband Holding Bank Facility.

The details of our borrowings under the UPC Broadband Holding Bank Facility as of December 31, 2009 are summarized in the following table:

		December 31, 2009			
Facility	**Final maturity date**	**Interest rate**	**Facility amount (in borrowing currency) (a)**	**Unused borrowing capacity (b)**	**Carrying value (c)**
				in millions	
I	April 1, 2010	EURIBOR + 2.50%	€ 48.1	€ 48.1	€ —
L	July 3, 2012	EURIBOR + 2.25%	€ 129.7	129.7	—
M	(d)	EURIBOR + 2.00%	€ 954.2	—	954.2
N	(d)	LIBOR + 1.75%	$ 1,400.0	—	976.9
O	July 31, 2013	(e)	(e)	—	50.1
P	September 2, 2013	LIBOR + 2.75%	$ 511.5	—	356.9
Q	(f)	EURIBOR + 2.75%	€ 422.0	261.3	160.7
R	(f)	EURIBOR + 3.25%	€ 263.3	—	263.3
S	(g)	EURIBOR + 3.75%	€ 1,700.0	—	1,700.0
T	(g)	LIBOR + 3.50%	$ 876.1	—	603.6
U	(h)	EURIBOR + 4.00%	€ 1,250.8	—	1,250.8
Total				€ 439.1	€ 6,316.5

(a) Amounts represent total third-party commitments at December 31, 2009 without giving effect to the impact of discounts. Certain of the originally committed amounts under Facilities I, L, M and N have been novated to UPC Broadband Operations B.V. (UPC Broadband Operations), a direct subsidiary of UPC Broadband Holding, and, accordingly, such amounts are not included in the table above. Subsequent to December 31, 2009, we cancelled Facility I.

(b) At December 31, 2009, our availability under the UPC Broadband Holding Bank Facility was limited to €317.9 million. When the December 31, 2009 bank reporting requirements have been completed and taking into account financing transactions completed subsequent to December 31, 2009, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €58.9 million.

(c) The Facility T amount includes the impact of discounts.

(d) The final maturity date for Facilities M and N is the earlier of (i) December 31, 2014 and (ii) October 17, 2013, the date falling 90 days prior to the date on which the UPC Holding Senior Notes due 2014 (see below) fall due, if such Senior Notes have not been repaid, refinanced or redeemed prior to such date.

(e) The applicable interest payable under Facility O is 2.75% per annum plus the specified percentage rate per annum determined by the Polish Association of Banking Dealers—Forex Poland or the National Bank of

Hungary, as appropriate for the relevant period. The principal amount of Facility O is comprised of (i) a HUF 5,962.5 million (€22.1 million) sub-tranche and (ii) a PLN 115.1 million (€28.0 million) sub-tranche.

(f) The final maturity dates for Facilities Q and R are the earlier of (i) July 31, 2014 and December 31, 2015, respectively, and (ii) October 17, 2013, the date falling 90 days prior to the date on which the UPC Holding Senior Notes due 2014 (see below) fall due, if such Senior Notes have not been repaid, refinanced or redeemed prior to such date.

(g) The final maturity dates for Facilities S and T are the earlier of (i) December 31, 2016 and (ii) October 17, 2013, the date falling 90 days prior to the date on which the UPC Holding Senior Notes due 2014 (see below) fall due, if, on such date, such Senior Notes are outstanding in an aggregate principal amount of €250.0 million or more.

(h) The final maturity date for Facility U is the earlier of (i) December 31, 2017 and (ii) October 17, 2013, the date falling 90 days prior to the date on which the UPC Holding Senior Notes due in 2014 (see below) fall due, if, on such date, such Senior Notes are outstanding in an aggregate principal amount of €250.0 million or more.

2009 Transactions. During 2009, pursuant to various additional facility accession agreements, new Facilities Q, R, S, T and U (collectively, the New Facilities) were executed under the UPC Broadband Holding Bank Facility. Facility Q is a redrawable term loan facility. Facilities R, S, T and U are non-redrawable term loan facilities.

In connection with the completion of the New Facilities, certain of the lenders under the existing Facilities L, M and N novated their commitments to LG Europe (which commitments were subsequently novated by LG Europe to UPC Broadband Operations in December 2009) and entered into the New Facilities. As a result, total commitments of €700.3 million, €2,935.8 million and $500.0 million (€348.9 million) under Facilities L, M and N, respectively, were rolled into the New Facilities during 2009. Among other matters, the completion of the New Facilities resulted in the extension of a significant portion of the maturities under the UPC Broadband Holding Bank Facility.

During September and October 2009, Facility T was increased by $325.0 million (€226.8 million) through the addition of (i) a $25.0 million (€17.4 million) tranche issued at par and (ii) a $300.0 million (€209.3 million) tranche issued at a discount of 4%, resulting in net proceeds after discounts of $313.0 million (€218.4 million).

In November 2009, Facility Q was increased by a €35.0 million redrawable term loan facility (Facility Q5).

Fees and third-party costs incurred during 2009 in connection with the New Facilities included €25.1 million related to Facilities Q and R and €15.9 million related to Facilities S, T and U. In accordance with applicable guidance, (i) €27.0 million, representing the fees and third-party costs related to Facilities Q and R, and a portion of the fees and third-party costs related to Facility T, were capitalized as deferred financing costs and (ii) €14.0 million, representing the fees and third-party costs related to Facilities S and U, and a portion of the fees and third-party costs related to Facility T, were charged to expense and included in losses on debt modifications and extinguishments in our consolidated statement of operations.

2008 Transactions. In August and September 2008, two additional facility accession agreements (Facility O and Facility P, respectively) were entered into under the UPC Broadband Holding Bank Facility. Facility O is an additional term loan facility comprised of (i) a HUF 5,962.5 million (€22.1 million) sub-tranche and (ii) a PLN 115.1 million (€28.0 million) sub-tranche, and both sub-tranches were drawn in full in August 2008. Facility P is an additional term loan facility in the principal amount of $521.2 million (€363.7 million), of which only $511.5 million (€356.9 million) was received due to the failure of one of the lenders to fund a $9.7 million (€6.8 million) commitment. Certain of the lenders under Facility I, which was then a €250.0 million repayable and redrawable term loan under the UPC Broadband Holding Bank Facility, novated €202.0 million of their undrawn commitments to LG Europe (which commitments were subsequently novated by LG Europe to UPC Broadband Operations in December 2009) and entered into Facility P. Facility P was drawn on September 12, 2008. The proceeds of Facilities O and P were used for general corporate and working capital purposes.

2007 Transactions. In April and May 2007, the UPC Broadband Holding Bank Facility was amended and six additional facility accession agreements (collectively, the 2007 Accession Agreements) were executed. In connection with the execution of the 2007 Accession Agreements, each of which provided for an additional term loan under new Facilities M and N of the UPC Broadband Holding Bank Facility, the then-existing Facilities J1, J2, K1 and K2 were refinanced. Tranches 1, 2 and 3 under Facility M became effective on April 17, 2007, April 16, 2007 and May 18, 2007, respectively. The €1,695.0 million of proceeds received under Facility M—Tranche 1 were used to refinance all of the outstanding borrowings under Facility J1 and Facility K1 under the UPC Broadband Holding Bank Facility. The €1,175.0 million of proceeds received under Facility M—Tranche 2 were indirectly used, together with available cash of €207.2 million, to repay debt of certain subsidiaries of Cablecom, an indirect subsidiary through which we hold our broadband communications operations in Switzerland, and Liberty Global Switzerland, Inc., another indirect subsidiary and the then immediate parent of Cablecom. Effective April 16, 2007, Cablecom and its subsidiaries became subsidiaries of UPC Broadband Holding. The €520.0 million of proceeds received under Facility M—Tranche 3 were used to fund the cash collateral account that secures the VTR Bank Facility, and for general corporate and working capital purposes. Tranche 4 under Facility M became effective on May 14, 2007 and was drawn in full in September 2007. The €250.0 million of proceeds received under Facility M—Tranche 4 were used for general corporate purposes. Tranches 1 and 2 under Facility N became effective on May 16, 2007 and May 18, 2007, respectively. The $1,775.0 million (€1,238.6 million) of proceeds received under Facility N—Tranche 1 were used to refinance all of the outstanding borrowings under Facility J2 and Facility K2 under the UPC Broadband Holding Bank Facility. The $125.0 million (€87.2 million) of proceeds received under Facility N—Tranche 2 were used for general corporate and working capital purposes. Tranches 1, 2, 3, and 4 under Facility M and Tranches 1 and 2 under Facility N were subsequently combined into single Facilities M and N, respectively.

Pursuant to an amendment letter dated April 16, 2007, the UPC Broadband Holding Bank Facility was amended to permit the acquisition of LGI's indirect 80% interest in VTR (either directly or indirectly by the acquisition of its parent holding company) and its subsidiaries by a member of the Borrower Group, as defined in the UPC Broadband Holding Bank Facility (the VTR Transfer). The amendment letter also amended the terms of the UPC Broadband Holding Bank Facility to, among other things, permit security interests granted under VTR's then existing bank facilities, including any refinancing thereof, and over related deposits or similar arrangements and to permit the disposal of all or any part of any member of the VTR Group (consisting of VTR, its subsidiaries and its parent holding company) without impact on the ability to dispose of other assets in the Borrower Group, as defined in the UPC Broadband Holding Bank Facility, under applicable covenants. The VTR Transfer was completed on May 23, 2007, when certain of our subsidiaries that collectively own an 80% interest in VTR were transferred to a subsidiary of UPC Broadband Holding.

In connection with the refinancing of Facilities J1, J2, K1 and K2, as described above, we recognized debt extinguishment losses of €6.2 million, representing the write-off of unamortized deferred financing costs.

UPC Holding Senior Notes

On July 29, 2005, UPC Holding issued €500 million principal amount of 7.75% senior notes (the 7.75% Senior Notes). On October 10, 2005, UPC Holding issued €300 million principal amount of 8.625% senior notes (the 8.625% Senior Notes). On April 17, 2007, the €300.0 million principal amount of 8.0% senior notes due 2016 (the 8.0% Senior Notes) issued on October 31, 2006 by Cablecom Luxembourg S.C.A. (Cablecom Luxembourg) became the direct obligation of UPC Holding on terms substantially identical (other than as to interest, maturity and redemption) to those governing UPC Holding's existing senior notes due 2014.

On April 30, 2009, UPC Holding issued €184.4 million aggregate principal amount of new 9.75% senior notes due April 2018 (the 9.75% Senior Notes), together with cash payments of €4.6 million and €4.1 million, respectively, in exchange for (i) €115.3 million aggregate principal amount of its existing 7.75% Senior Notes and (ii) €69.1 million aggregate principal amount of its existing 8.625% Senior Notes. In connection with this exchange transaction, UPC Holding paid the accrued interest on the exchanged senior notes and incurred applicable commissions and fees, including fees paid to third parties of $5.1 million (€3.6 million) that are included in losses on debt modifications and extinguishments in our consolidated statement of operations.

On April 30, 2009, UPC Holding also issued €65.6 million principal amount of additional 9.75% Senior Notes at an original issue discount of 16.5%, resulting in cash proceeds before commissions and fees of €54.8 million.

On May 29, 2009, UPC Holding issued €150.0 million principal amount of additional 9.75% Senior Notes at an original issue discount of 10.853% and $400.0 million (€279.1 million) principal amount of new 9.875% Senior Notes due April 2018 (the 9.875% Senior Notes, and together with the 7.75% Senior Notes, the 8.625% Senior Notes, the 8.0% Senior Notes and the 9.75% Senior Notes, the UPC Holding Senior Notes) at an original issue discount of 7.573%, resulting in cash proceeds before commissions and fees of €133.7 million and $369.7 million (€258.0 million), respectively. The net proceeds from the issuance of the 9.75% and 9.875% Senior Notes, after deducting applicable commissions and fees, were used for general corporate purposes.

Each issue of the UPC Holding Senior Notes are senior obligations that rank equally with all of the existing and future senior debt and are senior to all existing and future subordinated debt of UPC Holding. The UPC Holding Senior Notes are secured by pledges of the shares of UPC Holding. In addition, the UPC Holding Senior Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of €50.0 million or more in the aggregate of UPC Holding or its Restricted Subsidiaries (as defined in the indentures), including UPC Broadband Holding, is an event of default under the UPC Holding Senior Notes.

The details of the UPC Holding Senior Notes are summarized in the following table:

	December 31, 2009			
	Outstanding principal amount			
UPC Holding Senior Notes:	Borrowing currency	Euro equivalent	Estimated fair value	Carrying value (a)
	in millions			
7.75% Senior Notes due January 2014	€ 384.6	€ 384.6	€ 375.2	€ 384.6
8.625% Senior Notes due January 2014	€ 230.9	230.9	232.6	230.9
8.0% Senior Notes due November 2016	€ 300.0	300.0	288.0	300.0
9.75% Senior Notes due April 2018	€ 400.0	400.0	413.2	374.0
9.875% Senior Notes due April 2018	$ 400.0	279.1	293.1	258.8
		€ 1,594.6	€ 1,602.1	€ 1,548.3

(a) Amounts include the impact of discounts, where applicable.

At any time prior to April 15, 2013 in the case of the 9.75% Senior Notes and April 15, 2014 in the case of the 9.875% Senior Notes, UPC Holding may redeem some or all of such Senior Notes by paying a "make-whole" premium, which is the present value of all scheduled interest payments until April 15, 2013 or 2014, as the case may be, using the discount rate (as specified in the applicable indenture) as of the redemption date, plus 50 basis points. In addition, at any time prior to April 15, 2012, UPC Holding may redeem up to 35% of the 9.75% and 9.875% Senior Notes (at a redemption price of 109.75% and 109.875% of the principal amount, respectively) with the net proceeds from one or more specified equity offerings.

The UPC Holding Senior Notes contain an incurrence-based Consolidated Leverage Ratio test, as defined in the indentures.

UPC Holding may redeem some or all of the UPC Holding Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date, if redeemed during the twelve-month period commencing on July 15 in the case of the 7.75% and 8.625% Senior Notes, November 1 in the case of the

8.0% Senior Notes and April 15 in the case of the 9.75% and 9.875% Senior Notes of the years set out below:

	Redemption price				
Year	7.75% Senior Notes	8.625% Senior Notes	8.0% Senior Notes	9.75% Senior Notes	9.875% Senior Notes
2010	101.938%	102.156%	106.000%	N.A.	N.A.
2011	100.000%	100.000%	104.000%	N.A.	N.A.
2012	100.000%	100.000%	102.660%	N.A.	N.A.
2013	100.000%	100.000%	101.330%	104.875%	N.A.
2014	N.A.	N.A.	100.000%	102.437%	104.938%
2015	N.A.	N.A.	100.000%	100.000%	102.469%
2016 and thereafter	N.A.	N.A.	100.000%	100.000%	100.000%

UPC Holding may redeem all of the UPC Holding Senior Notes at a price equal to their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in tax law. If UPC Holding or certain of its subsidiaries sell certain assets or experience specific changes in control, UPC Holding must offer to repurchase the UPC Holding Senior Notes at a redemption price of 101%.

VTR Bank Facility

In connection with the VTR Transfer, a single lender acquired the interests and was subrogated to the rights of the lenders under the then existing fully-drawn $475.0 million (€331.5 million) U.S. dollar denominated Tranche B term loan under VTR's previous bank facility (the VTR Tranche B Term Loan). The VTR Tranche B Term Loan was then amended and restated pursuant to the VTR Bank Facility. The amendments included, among other things, a 100 basis point reduction in the interest rate margin payable under the VTR Tranche B Term Loan (from LIBOR plus 3.0% to Eurodollar Rate, as defined in the VTR Bank Facility, plus 2.0%) and the elimination of certain restrictive covenants and undertakings. VTR's then existing undrawn CLP 122.6 billion (€168.6 million) term loan (the VTR Tranche A Term Loan) and CLP 13.8 billion (€19.0 million) revolving loan (the VTR Revolving Loan) facilities were cancelled and replaced in the VTR Bank Facility on substantially the same terms. Effective November 20, 2009, the undrawn VTR Tranche A Term Loan was no longer available to be drawn. The VTR Tranche B Term Loan matures in September 2014 and the VTR Revolving Loan matures in March 2013. Any borrowings under the VTR Revolving Loan will bear interest at the Nominal TAB Rate, as defined in the VTR Bank Facility, plus 2.50%.

Pursuant to the deposit arrangements with the lender in relation to the VTR Bank Facility, we are required to fund a cash collateral account in an amount equal to the outstanding principal and interest payable under the VTR Bank Facility. In this regard, we used borrowings under Facility M of the UPC Broadband Holding Bank Facility to fund a deposit with the new lender securing VTR's obligations under the VTR Bank Facility. In connection with the refinancing of VTR's bank facilities, VTR recognized debt extinguishment losses of €14.4 million during the second quarter of 2007, representing the write-off of unamortized deferred financing costs.

Maturities of Debt and Capital Lease Obligations

Maturities of our debt and capital lease obligations as of December 31, 2009 are presented below for the named entity and its subsidiaries, unless otherwise noted. Amounts presented below represent euro equivalents based on December 31, 2009 exchange rates:

Debt:

	UPC Holding (excluding VTR) (a)	VTR (b)	Total third-party debt	Shareholder loan	Total debt
			in millions		
Year ended December 31:					
2010	€ 6.0	€ 3.3	€ 9.3	€ —	€ 9.3
2011	0.2	3.3	3.5	—	3.5
2012	0.2	3.3	3.5	—	3.5
2013	1,022.8	3.3	1,026.1	—	1,026.1
2014	2,091.7	308.3	2,400.0	—	2,400.0
Thereafter	4,804.6	—	4,804.6	8,331.4	13,136.0
Total debt maturities	7,925.5	321.5	8,247.0	8,331.4	16,578.4
Unamortized discount	(54.1)	—	(54.1)	—	(54.1)
Total debt	€ 7,871.4	€ 321.5	€ 8,192.9	€ 8,331.4	€ 16,524.3
Current portion	€ 6.0	€ 3.3	€ 9.3	€ —	€ 9.3
Noncurrent portion	€ 7,865.4	€ 318.2	€ 8,183.6	€ 8,331.4	€ 16,515.0

(a) For purposes of this table, we have assumed that (i) the €615.5 million outstanding principal amount of the UPC Holding Senior Notes due 2014 will be repaid, refinanced or redeemed in 2013, (ii) Facilities M, N and Q of the UPC Broadband Holding Bank Facility will be repaid in 2014, (iii) Facility R of the UPC Holding Broadband Holding Bank Facility will be repaid in 2015, (iv) Facilities S and T of the UPC Broadband Holding Bank Facility will be repaid in 2016 and (v) Facility U of the UPC Broadband Holding Bank Facility will be repaid in 2017.

(b) Amounts represent borrowings under the VTR Credit Facility, for which the source of repayment is expected to be the related cash collateral account.

Capital lease obligations (in millions):

Year ended December 31:	
2010	€ 6.5
2011	3.1
2012	2.7
2013	2.3
2014	2.0
Thereafter	20.6
	37.2
Amounts representing interest	(13.0)
Present value of net minimum lease payments	€ 24.2
Current portion	€ 5.1
Noncurrent portion	€ 19.1

Non-cash Refinancing Transactions

During 2009, 2008 and 2007, we completed certain refinancing transactions that resulted in non-cash borrowings and repayments of debt aggregating €4,094.9 million, €250.0 million and €3,857.1 million, respectively.

Subsequent Events

For information regarding a financing transaction completed subsequent to December 31, 2009, see note 19.

(11) Income Taxes

UPC Holding and its Dutch subsidiaries ("UPC Holding group") are part of a Dutch tax fiscal unity with its indirect parent company Liberty Global Europe and certain other non-UPC Holding subsidiaries. The Dutch fiscal unity combines individual tax paying Dutch entities and their parent company as one taxpayer for Dutch tax purposes. The income taxes of subsidiaries not included within this fiscal unity are presented in our financial statements on a separate return basis for each tax-paying entity or group based on the local tax law.

For tax purposes, UPC Holding's net operating losses for the year can be offset with taxable income of non-UPC Holding subsidiaries within the Dutch fiscal unity. UPC Holding and Liberty Global Europe do not operate under a tax sharing agreement and no cash payments are made between the companies related to Dutch tax liabilities.

Income tax benefit (expense) consists of:

	Current	Deferred	Total
		in millions	
Year ended December 31, 2009:			
Domestic	€ —	€ (0.8)	€ (0.8)
Foreign	(9.7)	135.3	125.6
	€ (9.7)	€ 134.5	€ 124.8
Year ended December 31, 2008 (a):			
Domestic	€ 0.1	€ 0.8	€ 0.9
Foreign	(7.5)	(55.4)	(62.9)
	€ (7.4)	€ (54.6)	€ (62.0)
Year ended December 31, 2007 (a):			
Domestic	€ 0.3	€ (1.3)	€ (1.0)
Foreign	(10.4)	(1.2)	(11.6)
	€ (10.1)	€ (2.5)	€ (12.6)

(a) As restated. See note 4.

Income tax benefit (expense) attributable to our loss from continuing operations before income taxes differs from the amounts computed by applying the Dutch income tax rate of 25.5%, as a result of the following:

	Year ended December 31,		
	2009	2008 (a)	2007 (a)
		in millions	
Computed "expected" tax benefit	€ 258.5	€ 264.8	€ 161.1
Non-deductible or non-taxable interest and other expenses	(91.6)	(113.6)	(96.4)
International rate differences	(32.4)	(25.5)	(15.0)
Impairment and write-off of goodwill	(13.5)	(17.1)	—
State and local income taxes	(3.7)	(5.2)	—
Change in valuation allowance	3.1	(162.2)	(154.5)
Enacted tax law and rate changes	(1.7)	(0.5)	(32.9)
Differences in the treatment of items associated with investments in subsidiaries and affiliates	—	(0.5)	133.3
Other, net	6.1	(2.2)	(8.2)
	€ 124.8	€ (62.0)	€ (12.6)

(a) As restated. See note 4.

The current and non-current components of our deferred tax assets (liabilities) are as follows:

	December 31,	
	2009	2008 (a)
	in millions	
Current deferred tax assets	€ 49.0	€ 41.4
Non-current deferred tax assets	100.2	32.3
Current deferred tax liabilities	(0.2)	—
Non-current deferred tax liabilities	(10.9)	(87.1)
Net deferred tax asset (liability)	€ 138.1	€ (13.4)

(a) As restated. See note 4.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	December 31, 2009	December 31, 2008 (a)
	in millions	
Deferred tax assets:		
Net operating loss and other carryforwards	€ 1,115.2	€ 1,153.3
Property and equipment, net	53.1	28.9
Derivative instruments	12.2	5.7
Intangible assets, net	7.2	6.5
Other future deductible amounts	87.8	85.6
Deferred tax assets	1,275.5	1,280.0
Valuation allowance	(1,007.2)	(1,106.8)
Deferred tax assets, net of valuation allowance	268.3	173.2
Deferred tax liabilities:		
Intangible assets	(90.6)	(117.8)
Property and equipment, net	(38.2)	(67.2)
Other future taxable amounts	(1.4)	(1.6)
Deferred tax liabilities	(130.2)	(186.6)
Net deferred tax asset (liability)	€ 138.1	€ (13.4)

(a) As restated. See note 4.

Our deferred income tax valuation allowance decreased €99.6 million in 2009. This decrease reflects the net effect of (i) the net tax benefit recorded in our consolidated statement of operations of €3.1 million, (ii) the reversal of valuation allowances against expired net operating loss carryforwards of €98.0 million, (iii) foreign currency translation adjustments and (iv) other.

The significant components of our tax loss carryforwards and related tax assets at December 31, 2009 are as follows:

Country	Tax loss carryforward	Related tax asset	Expiration date
	in millions		
The Netherlands	€ 3,050.2	€ 777.9	2012–2019
France	480.9	165.5	Indefinite
Ireland	352.7	44.1	Indefinite
Switzerland	318.7	66.5	2010–2013
Austria	119.3	29.8	Indefinite
Hungary	72.6	13.8	Indefinite
Chile	56.0	9.5	Indefinite
Romania	43.4	6.9	2010–2014
Slovakia	6.1	1.2	2011–2013
Total	€ 4,499.9	€ 1,115.2	

Our tax loss carryforwards within each jurisdiction combine all companies' tax losses (both capital and ordinary losses) in that jurisdiction, however, certain tax jurisdictions limit the ability to offset taxable income of a separate company or different tax group with the tax losses associated with another separate company or group. Some losses are limited in use due to change in control or same business tests. In addition, the pre-fiscal unity losses in the Netherlands of Liberty Global Europe and of UPC Holding and its subsidiaries can only be offset with profits that occur within these groups. Losses that relate to UPC

Holding and its subsidiaries can also be offset against profits of other entities within the fiscal unity of Liberty Global Europe

Although we intend to take reasonable tax planning measures to limit our tax exposures, there can be no assurance we will be able to do so.

With a few exceptions in certain foreign jurisdictions, tax returns filed by our company or our subsidiaries for years prior to 2004 are no longer subject to examination by tax authorities. Certain of our foreign subsidiaries are currently involved in income tax examinations in various foreign jurisdictions in which we operate, including Chile (2002 through 2005), Czech Republic (2006 and 2007), Hungary (2003 through 2007) and Romania (2007). Any adjustments that might arise from the foregoing examinations are not expected to have a material impact on our consolidated financial position or results of operations.

The changes in our unrecognized tax benefits during 2009 are summarized below (in millions):

Balance at January 1, 2009	€	27.8
Reductions for tax positions of prior years		(22.2)
Additions for tax positions of prior years		3.8
Additions based on tax positions related to the current year		3.2
Lapse of statute of limitations		(0.2)
Foreign currency translation		(0.3)
Balance at December 31, 2009	€	12.1

No assurance can be given that any of these tax benefits will be recognized or realized.

As of December 31, 2009, our unrecognized tax benefits included €8.2 million of tax benefits that would have a favorable impact on our effective income tax rate if ultimately recognized, after considering amounts that we would expect to be offset by valuation allowances.

During 2010, it is reasonably possible that the resolution of currently ongoing examinations by tax authorities could result in changes to our unrecognized tax benefits related to tax positions taken as of December 31, 2009. We do not expect that any such changes will have a material impact on our unrecognized tax benefits. No assurance can be given as to the nature or impact of any other changes in our unrecognized tax positions during 2010.

(12) Owners' Deficit

UPC Holding is a private limited liability company under Dutch law. The authorized share capital of our company equals one hundred thousands euros (€100,000), divided into one thousand shares with a nominal value of one hundred euros (€100) each. As of December 31, 2009 and 2008, respectively, two hundred shares have been issued and fully paid-in. All shares are registered; no share certificates can be issued. All shares are ordinary shares for a private limited liability company under Dutch law. A shareholder wishing to transfer one or more of his shares must first offer his shares to co-shareholders in a written notification to the Management Board, stating the number of shares to be transferred. Management is required to give notice within two weeks after the notification to the co-shareholders. Co-shareholders have the possibility to notify management of a decision to purchase the shares within two weeks after the notification by the Management Board. If the company itself is a co-shareholder, it can only be entitled to act as an interested party with the consent of the offer or of the shares. Each shareholder has the right of pre-emption in proportion to the aggregate nominal value of its shares subject to certain limitations including as prescribed by Dutch Law. No preference or priority rights exist for profit distribution, voting or dissolution and liquidation.

(13) Stock Incentive Awards

Our stock-based compensation expense includes amounts allocated to our company by LGI and amounts that are based on stock incentive awards related to shares of our subsidiaries. The amounts allocated by LGI to our company represent the stock-based compensation associated with the stock incentive awards held by certain employees of our subsidiaries, including awards granted to these individuals pursuant to the LGI Performance Plans. Stock-based compensation expense allocated to our company by LGI is reflected as a decrease of parent's deficit. The following table summarizes the U.S. dollar and euro equivalent (convenience translations at the applicable average rate for the period) of our stock-based compensation expense:

	2009		2008 (a)		2007 (a)	
	U.S. dollar	Euro equivalent	U.S. dollar	Euro equivalent	U.S. dollar	Euro equivalent
			in millions			
LGI common stock:	$ 5.4	€ 3.9	$ 35.0	€ 23.8	$ 9.5	€ 6.9
LGI Performance Plans						
Stock options, SARs, restricted stock and restricted stock units	13.5	9.7	12.5	8.5	7.0	5.1
Total LGI common stock	18.9	13.6	47.5	32.3	16.5	12.0
Other	2.1	1.5	(6.9)	(4.7)	11.0	8.0
Total	$ 21.0	€ 15.1	$ 40.6	€ 27.6	$ 27.5	€ 20.0
Included in:						
Operating expense	$ 3.6	€ 2.6	$ 6.9	€ 4.7	$ 4.7	€ 3.4
SG&A expense	17.4	12.5	33.7	22.9	22.8	16.6
Total	$ 21.0	€ 15.1	$ 40.6	€ 27.6	$ 27.5	€ 20.0

(a) As restated. See note 4.

The following table provides certain information related to stock-based compensation not yet recognized as of December 31, 2009:

	LGI Series A and Series C common stock (a)		LGI Performance Plans (b)	
	U.S. $	Euro equivalent (c)	U.S. $	Euro equivalent (c)
Total compensation expense not yet recognized (in millions)	$ 22.8	€ 15.9	$ 12.1	€ 8.4
Weighted average period remaining for expense recognition (in years)	2.6		1.8	

(a) Amounts relate to the LGI incentive plans and the UGC incentive plans described below.

(b) Amounts relate to the LGI Performance Plans described below.

(c) The U.S. dollar amounts have been translated into euros at the December 31, 2009 spot rate.

The following table summarizes certain information related to the incentive awards granted and exercised pursuant to the LGI and UGC incentive plans described below:

	Year ended December 31,		
	2009	2008 (a)	2007 (a)
LGI common stock:			
Assumptions used to estimate fair value of awards granted:			
Risk-free interest rate	1.42–2.97%	3.24–3.78%	4.56–4.61%
Expected life	3.2–4.2 years	4.5 years	4.5 years
Expected volatility	47.5–56.8%	24.0–25.1%	22.7–22.8%
Expected dividend yield	none	none	none
Weighted average grant-date fair value per share of awards granted:			
Options	$ —	$ —	$ 9.98
SARs	$ 6.21	$ 9.85	$ 10.12
Restricted stock	$ 13.24	$ 35.29	$ 36.40
Total intrinsic value of awards exercised (in millions):			
Options	$ 0.1	$ 2.2	$ 5.1
SARs	$ 2.7	$ 4.8	$ 22.1
Cash received from exercise of options (in millions)	$ 0.8	$ 3.7	$ 7.0
Income tax expense (benefit) related to stock-based compensation (in millions)	$ (0.3)	$ 0.1	$ (1.2)

(a) As restated. See note 4.

Stock Incentive Plans—LGI Common Stock

The LGI Incentive Plan

The Liberty Global, Inc. 2005 Incentive Plan, as amended and restated effective October 31, 2006 (the LGI Incentive Plan) is administered by the compensation committee of LGI's board of directors. The compensation committee of LGI's board of directors has full power and authority to grant eligible persons the awards described below and to determine the terms and conditions under which any awards are made. The incentive plan is designed to provide additional remuneration to certain employees and independent contractors for exceptional service and to encourage their investment in our company. The compensation committee may grant non-qualified stock options, SARs, restricted shares, stock units, cash awards, performance awards or any combination of the foregoing under the incentive plan (collectively, awards).

The maximum number of shares of LGI common stock with respect to which awards may be issued under the incentive plan is 50 million, subject to anti-dilution and other adjustment provisions of the LGI Incentive Plan, of which no more than 25 million shares may consist of LGI Series B common stock. With limited exceptions, no person may be granted in any calendar year awards covering more than four million shares of LGI common stock, of which no more than two million shares may consist of LGI Series B common stock. In addition, no person may receive payment for cash awards during any calendar year in excess of $10 million. Shares of LGI common stock issuable pursuant to awards made under the incentive plan are made available from either authorized but unissued shares or shares that have been issued but reacquired by LGI. Options and SARs under the LGI Incentive Plan issued prior to the LGI Combination generally vest at the rate of 20% per year on each anniversary of the grant date and expire 10 years after the grant date. Options and SARs under the LGI Incentive Plan issued after the LGI Combination generally (i) vest 12.5% on the six month anniversary of the grant date and then vest at a rate of 6.25% each quarter thereafter and (ii) expire seven years after the grant date. The LGI Incentive Plan had

25,682,950 shares available for grant as of December 31, 2009 before considering any shares that might be issued in satisfaction of LGI's obligations under the LGI Performance Plans, as described below. These shares may be awarded at or above fair value in any series of stock, except that no more than 23,372,168 shares may be awarded in LGI Series B common stock.

UGC Equity Incentive Plan, UGC Director Plans and UGC Employee Plan

Options, restricted stock and SARs were granted to employees and directors of UGC prior to the LGI Combination under these plans. No new grants will be made under these plans.

Stock Award Activity—LGI Common Stock

The following tables summarize the LGI stock award activity during 2009 under the LGI and UGC incentive plans held by employees of our subsidiaries, as described above.

Options—LGI Series A common stock:	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2009 (a)	659,555	$ 24.50		
Granted	—	$ —		
Expired or canceled	(78,450)	$ 38.99		
Forfeited	(71,311)	$ 25.54		
Exercised	(14,450)	$ 18.63		
Outstanding at December 31, 2009	495,344	$ 22.23	2.7	$ 0.6
Exercisable at December 31, 2009	482,029	$ 22.28	2.6	$ 0.6

Options—LGI Series C common stock:	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2009 (a)	699,065	$ 22.92		
Granted	—	$ —		
Expired or canceled	(78,450)	$ 36.27		
Forfeited	(71,311)	$ 24.11		
Exercised	(25,700)	$ 19.96		
Outstanding at December 31, 2009	523,604	$ 20.91	2.8	$ 0.9
Exercisable at December 31, 2009	510,289	$ 20.94	2.8	$ 0.9

Restricted stock and restricted stock units—LGI Series A common stock:	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2009 (a)	215,944	$ 32.61	
Granted	592,362	$ 13.29	
Expired or canceled	—	$ —	
Forfeited	(51,962)	$ 28.58	
Released from restrictions	(514,180)	$ 14.95	
Outstanding at December 31, 2009	242,164	$ 23.71	2.7

Restricted stock and restricted stock units—LGI Series C common stock:	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2009 (a)	215,944	$ 30.68	
Granted	575,958	$ 13.18	
Expired or canceled	—	$ —	
Forfeited	(51,746)	$ 27.10	
Released from restrictions	(497,992)	$ 14.66	
Outstanding at December 31, 2009	242,164	$ 22.78	2.7

SARs—LGI Series A common stock:	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2009 (a)	1,391,846	$ 26.51		
Granted	753,540	$ 15.87		
Expired or canceled	(541,589)	$ 37.03		
Forfeited	(114,532)	$ 28.85		
Exercised	(126,940)	$ 14.19		
Outstanding at December 31, 2009	1,362,325	$ 17.39	4.6	$ 6.8
Exercisable at December 31, 2009	710,318	$ 18.62	3.1	$ 3.0

SARs—LGI Series C common stock:	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2009 (a)	1,414,782	$ 24.84		
Granted	753,540	$ 15.69		
Expired or canceled	(541,589)	$ 34.62		
Forfeited	(114,532)	$ 27.31		
Exercised	(202,226)	$ 12.52		
Outstanding at December 31, 2009	1,309,975	$ 17.21	4.7	$ 6.4
Exercisable at December 31, 2009	657,968	$ 18.56	3.3	$ 2.5

(a) As restated. See note 4.

At December 31, 2009, total SARs outstanding included 36,654 LGI Series A common stock capped SARs and 36,654 LGI Series C common stock capped SARs, all of which were exercisable. The holder of an LGI Series A common stock capped SAR will receive the difference between $6.84 and the lesser of $10.90 or the market price of LGI Series A common stock on the date of exercise. The holder of an LGI Series C common stock capped SAR will receive the difference between $6.48 and the lesser of $10.31 or the market price of LGI Series C common stock on the date of exercise.

Exchange Offer for LGI Options and SARs

On May 13, 2009, LGI commenced an option and SAR exchange offer for certain outstanding LGI equity awards (Eligible Awards) granted under the LGI Incentive Plan. Under the terms of the exchange offer, certain LGI employees, other than those of our senior executives who hold Eligible Awards, were given the opportunity to exchange Eligible Awards for the grant of new SARs on a 2-for-1 basis (exchange two existing options or SARs for one new SAR). Pursuant to the exchange offer, which was completed on June 16, 2009, eligible participants tendered, and LGI accepted for cancellation and exchange, Eligible Awards consisting of options and SARs covering an aggregate of 1,789,210 shares of LGI Series A common stock and 1,787,810 shares of LGI Series C common stock (including 608,424 shares of both LGI Series A and Series C common stock cancelled and exchanged by employees of our subsidiaries) from 170 participants (including 42 participants from our subsidiaries), representing approximately 99% of the total Series A and Series C shares (100% of the total shares held by the employees of our subsidiaries) underlying the options and SARs eligible for exchange. On June 16, 2009, after the cancellation of the tendered Eligible Awards, LGI granted new SARs to the exchange offer participants in respect of 894,627 shares of LGI Series A common stock and 893,927 shares of LGI Series C common stock (including 304,212 shares of both LGI Series A and Series C common stock granted to employees of our subsidiaries), as applicable. The new SARs have a base price equal to $14.73 per share and $14.50 per share of LGI Series A and Series C common stock, respectively, which represents the closing price of such stock on June 16, 2009. The new SARs (i) vest 12.5% on November 1, 2009 and then vest at a rate of 6.25% each quarter thereafter and (ii) expire on May 1, 2016. This exchange did not have a significant impact on our stock-based compensation expense for the year ended December 31, 2009.

LGI Performance Plans

During the fourth quarter of 2006, the compensation committee of LGI's board of directors and LGI's board of directors authorized the implementation of a new performance-based incentive plan for LGI's senior executives (the LGI Senior Executive Performance Plan) pursuant to the LGI 2005 Incentive Plan. In January 2007, the compensation committee authorized the implementation of a similar performance-based incentive plan (the LGI Management Performance Plan and together with the LGI Senior Executive Performance Plan, the LGI Performance Plans) pursuant to the LGI Incentive Plan, for certain management-level employees not participating in the LGI Senior Executive Performance Plan. Certain of our employees participate in the LGI Performance Plans.

The LGI Performance Plans are five-year plans, with a two-year performance period, beginning January 1, 2007, and a three-year service period beginning January 1, 2009. At the end of the two-year performance period, each participant became eligible to receive varying percentages of the maximum achievable award specified for such participant based on LGI's achievement of specified compound annual growth rates (CAGR) in consolidated operating cash flow (see note 18), adjusted for events such as acquisitions, dispositions and changes in foreign currency exchange rates that affect comparability (OCF CAGR), and the participant's annual performance ratings during the performance period.

Earned awards are payable in six equal semi-annual installments on each March 31 and September 30 commencing on March 31, 2009, subject to forfeiture upon certain events of termination of employment or acceleration in certain circumstances. Further, the compensation committee has the discretion to reduce the unpaid balance of an earned award based on an assessment of the participant's individual job performance during the service period. Each installment of the earned awards may be settled in cash, unrestricted shares of LGI Series A and Series C common stock, or any combination of the foregoing, or restricted share units may be issued at any time in respect of all or any portion of the remaining balance of an earned award, in each case at the discretion of the compensation committee. With the exception of an initial equity incentive award granted to a new hire in 2007, participants in the LGI Senior Executive Performance Plan were not eligible to receive and were not granted any equity incentive awards during the two-year performance period.

Following completion of the performance period, on February 18, 2009, the compensation committee determined that an OCF CAGR of approximately 15.5% had been achieved during the performance period. Based on this determination and after deducting forfeited awards, participants in the LGI Performance Plans (including certain employees of our subsidiaries) that met minimum annual performance rating levels earned $317.9 million (€221.8 million) or 87.4% of their aggregate maximum achievable awards. After deducting the first two semi-annual payments made during 2009 in respect of these earned awards, the remaining amount of unpaid earned awards was $208.4 million (€145.4 million) at December 31, 2009.

On February 18, 2009, the compensation committee also determined the method of payment for the March 31, 2009 and September 30, 2009 installments of the earned awards. In accordance with the compensation committee's determination, LGI (i) paid cash aggregating $56.2 million (€39.2 million) (including $14.6 million (€10.2 million) paid to employees of our subsidiaries) and granted on February 18, 2009 9,464 restricted share units with respect to LGI Series A common stock and 9,094 restricted share units with respect to LGI Series C common stock to settle the first installment of the awards earned under the LGI Performance Plans and (ii) granted restricted share units on February 18, 2009 with respect to 2,002,597 shares of LGI Series A common stock and 1,924,050 shares of LGI Series C common stock (including 418,122 and 401,718, respectively, granted to employees of our subsidiaries) to settle the second installment of the awards earned under the LGI Performance Plans. The restricted share units granted in partial satisfaction of the first installment of the awards vested on March 31, 2009, and the restricted share units granted in satisfaction of the second installment of the awards vested on September 30, 2009. For purposes of determining the number of restricted share units to be granted, the compensation committee assigned a value of $13.50 to each restricted share unit, which represented a premium of approximately 13.5% to the closing price of LGI Series A common stock on February 18, 2009. As required by the terms of the LGI Performance Plans, the restricted share units were allocated between LGI Series A and Series C common stock in the same relative proportions as the then outstanding LGI Series A and Series C common stock (51%/49%). The €0.8 million difference between the February 18, 2009 grant date market value of the restricted share units issued and the value assigned to the restricted share units by the compensation committee is reflected as a reduction of our stock-based compensation expense for the year ended December 31, 2009. Our stock-based compensation expense for the year ended December 31, 2009 also includes a reduction of €8.2 million related to the first quarter 2009 forfeiture of certain awards under the LGI Performance Plans.

On February 16, 2010, the compensation committee determined the method of payment for the four remaining installments of the awards that had been earned. In accordance with the compensation committee's determination, LGI (i) will pay cash aggregating $50.9 million (€35.5 million) (including $10.2 million (€7.1 million) to be paid to employees of our subsidiaries), together with 32,802 restricted plan shares (as defined in the performance plans) with respect to LGI Series A common stock and 31,708 restricted plan shares with respect to LGI Series C common stock to settle the March 31, 2010 installment, and (ii) granted 3,248,061 restricted plan shares of LGI Series A common stock and 3,139,707 restricted plan shares of LGI Series C common stock (including 630,684, and 609,639, respectively, granted to employees of our subsidiaries), relating to the final three installments of each participant's earned award. In accordance with the provisions of the LGI Performance Plans, restricted plan shares may be restricted shares or restricted share units. The restricted plan shares issued in relation to the March 31, 2010 installment will vest in full on March 31, 2010. The restricted plan shares issued in relation to the balance of the earned awards will vest in three equal installments on each of September 30, 2010, March 31, 2011 and September 30, 2011. For purposes of determining the number of restricted plan shares to be granted, the compensation committee valued the restricted plan shares at the respective closing market prices for LGI Series A and Series C common stock on February 16, 2010.

Compensation expense under the LGI Performance Plans is (i) recognized using the accelerated attribution method based on our assessment of the awards that are probable to be earned and (ii) reported as stock-based compensation in our consolidated statements of operations, notwithstanding the fact that the compensation committee has elected to cash settle a portion of the vested awards under the LGI Performance Plans. We began recording stock-based compensation with respect to the LGI Performance Plans on January 1, 2007, the date after which all awards were granted and the date that the requisite vesting periods began.

The LGI Senior Executive Performance Plan provides for the accelerated payment of awards under certain circumstances following the occurrence of specified change in control-type transactions. In the event any such acceleration gives rise to the imposition of certain excise taxes on participants in the LGI Senior Executive Performance Plan who are U.S. tax payers, we have agreed to make additional payments in amounts that are sufficient to fully reimburse such participants for these excise taxes after consideration of all taxes due on the additional payments.

Stock Incentive Plans—Other Subsidiaries

VTR Phantom SARs Plan

In April 2006, VTR's board of directors adopted a phantom SARs plan with respect to 1,000,000 shares of VTR's common stock (the VTR Plan). SARs granted under the VTR Plan vest in equal semi-annual installments over a two- to four-year period. Certain of these SARs expire on July 1, 2010 and the remainder expire on July 1, 2011. Vested SARs are exercisable within 60 days of receipt of an annual valuation report as defined in the VTR Plan. Upon exercise, the SARs are payable in cash or, for any such time as VTR is publicly traded, cash or shares of VTR or any combination thereof, in each case at the election of the compensation committee that administers the VTR Plan. As the outstanding SARs under this plan currently must be settled in cash, we use the liability method to account for the VTR phantom SARs.

A summary of the VTR Plan activity during 2009 is as follows:

SARs—VTR common stock:	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2009	707,894	CLP 11,438		
Granted	—	CLP —		
Expired or canceled	—	CLP —		
Forfeited	(43,791)	CLP 10,254		
Exercised	(51,930)	CLP 10,059		
Outstanding and exercisable at December 31, 2009 (a)	612,173	CLP 11,640	1.0	CLP 1,981.0

(a) The fair value of these awards at December 31, 2009 was calculated using an expected volatility of 48.4%, an expected life of 1.0 year and a risk-free return of 2.55%. In addition, we were required to estimate the fair value of VTR common stock at December 31, 2009. The fair value of these awards is remeasured each reporting period, and compensation expense is adjusted to reflect the updated fair value.

United Chile Synthetic Option Plan

Pursuant to a synthetic option plan (the United Chile Synthetic Option Plan) that was adopted in December 2006 to replace the former UIH Latin America, Inc. Stock Option Plan, one of LGI's directors and certain of our executive officers and employees, hold an aggregate of 381,300 synthetic options with respect to hypothetical shares of United Chile LLC (United Chile), the owner of our 80% ownership interest in VTR. These synthetic options represent a 1.9% fully diluted equity interest in United Chile. For purposes of determining the value attributable to these synthetic options, United Chile is assumed to have a specified share capital and intercompany indebtedness. These assumptions are designed to replicate at United Chile the share capital and indebtedness, net of the value of certain assets that UIH Latin America, Inc. would have had absent certain intercompany transactions that occurred in 2006. All of the synthetic options outstanding under the United Chile Synthetic Option Plan are fully vested and expire in 2010 and 2011. These synthetic options had no intrinsic value and minimal fair value at December 31, 2009. No new grants may be made under the United Chile Synthetic Option Plan. We account for the United Chile Synthetic Option Plan awards as liability-based awards.

(14) Related-Party Transactions

Our related-party transactions consist of the following:

	Year ended December 31,		
	2009	2008 (a)	2007 (a)
		in millions	
Revenue	€ 10.5	€ 13.3	€ 15.2
Operating expenses	(62.6)	(63.6)	(68.9)
SG&A expenses	(2.7)	(4.7)	(2.7)
Allocated stock-based compensation expense	(13.6)	(32.3)	(12.0)
Fees and allocations, net	(30.6)	(31.5)	(49.2)
Included in operating income	(99.0)	(118.8)	(117.6)
Interest expense	(568.1)	(616.5)	(513.0)
Interest income	—	—	20.2
Included in net loss	€ (667.1)	€ (735.3)	€ (610.4)

(a) As restated. See note 4.

Revenue. Amounts consist primarily of construction and programming services provided to our equity method affiliates and, to a lesser extent programming services provided to Chellomedia for all periods and certain transitional network services provided in 2007 to Telenet Group Holding NV, another indirect subsidiary of Liberty Global Europe.

Operating expenses. Amounts consist primarily of programming and digital interactive services provided by Chellomedia and, to a lesser extent, programming services provided by Pramer S.C.A., an indirect subsidiary of LGI, in the aggregate amounts of €52.6 million, €53.9 million and €59.7 million during the years ended December 31, 2009, 2008 and 2007, respectively. In addition, operating expenses include costs for programming costs and interconnect fees charged by certain of LGI's equity method affiliates of €10.0 million, €9.7 million and €9.2 million during the years ended December 31, 2009, 2008, and 2007, respectively.

SG&A expenses. Amounts consist primarily of marketing and other administrative charges primarily between UPC Holding, Chellomedia, LG Europe and Priority Telecom N.V.

Allocated stock-based compensation expense. As further described in note 13, LGI allocates stock-based compensation expense to our company.

Fees and allocations, net. UPC Holding recorded net credits primarily related to cost allocations between UPC Holding and LGI for services performed and costs incurred on behalf of the other party of €15.2 million, €9.3 million and €28.3 million during the years ended December 31, 2009, 2008 and 2007, respectively. The amounts allocated in connection with services performed include salary, stock-based compensation and other personnel and general and administrative costs. These allocations (i) are based on estimated costs that are reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year, and (ii) are reflected as a reduction of our shareholder loan with LGE Financing or periodically settled in cash. UPC Holding also recorded net credits for services provided to Chellomedia and Liberty Global Europe of €5.6 million, €3.7 million and €4.0 million during the years ended December 31, 2009, 2008 and 2007, respectively. In addition, UPC Holding recorded expenses for services provided by LG Europe and LGE Ltd. of €51.4 million, €44.5 million and €81.5 million during the years ended December 31, 2009, 2008, and 2007, respectively.

Interest expense. Amount includes interest accrued on UPC Holding's shareholder loan. The interest expense is not paid in cash, but accrued in other long-term liabilities during the year and then added to the shareholder loan balance at the end of the year. See note 10.

Interest Income. Related-party interest income for the year ended December 31, 2007 includes €20.0 million and €0.2 million earned on related-party loans between Unite Holdco and Liberty Global Europe and between Cablecom and LG Switzerland, respectively. The related-party interest income charged by Unite Holdco to Liberty Global Europe was accrued prior to the November 29, 2007 settlement of Unite Holdco loan receivable with Liberty Global Europe.

Although we believe that the intercompany fees and allocations described above are reasonable, no assurance can be given that the costs and expenses reflected in our consolidated statements of operations are reflective of the costs that we would incur on a stand-alone basis.

The following table provides details of the related-party balances of UPC Holding as of December 31, 2009 and 2008:

	December 31, 2009	December 31, 2008 (a)
	in millions	
Receivables	€ 7.5	€ 8.0
Accounts payable	€ 12.6	€ 16.8
Accrued liabilities	6.1	3.6
Shareholder loan (note 10)	8,331.4	8,418.7
Total	€ 8,350.1	€ 8,439.1

(a) As restated. See note 4.

During 2009, 2008 and 2007, (i) LGI charged €4.7 million, €11.1 million and €61.7 million, respectively, to our company in connection with the exercise of LGI SARS and stock options and the vesting of LGI restricted stock awards held by employees of our subsidiaries and (ii) we paid €41.6 million during 2009 to LGI as a reimbursement of the amounts paid by LGI to employees of our subsidiaries pursuant to the LGI Performance Plans. These charges and reimbursements are reflected as capital charges and distributions in connection with LGI stock incentive awards in our consolidated statements of owners' deficit.

(15) Restructuring Liabilities

A summary of changes in our restructuring liabilities during 2009 is set forth in the table below:

	Employee severance and termination	Office closures	Programming and lease contract termination	Total
		in millions		
Restructuring liability as of January 1, 2009	€ 9.0	€ 9.4	€ —	€ 18.4
Restructuring charges	7.5	0.5	0.1	8.1
Cash paid	(13.0)	(3.2)	(0.1)	(16.3)
Other	—	(0.1)	—	(0.1)
Foreign currency translation adjustments	0.2	—	—	0.2
Restructuring liability as of December 31, 2009	€ 3.7	€ 6.6	€ —	€ 10.3
Short-term portion	€ 3.3	€ 3.3	€ —	€ 6.6
Long-term portion	0.4	3.3	—	3.7
Total	€ 3.7	€ 6.6	€ —	€ 10.3

Our 2009 restructuring charges are primary related to reorganization and integration activities in certain of our European operations.

A summary of changes in our restructuring liabilities during 2008 is set forth in the table below:

	Employee severance and termination	Office closures	Programming and lease contract termination	Total
	in millions			
Restructuring liability as of January 1, 2008	€ 5.1	€ 11.3	€ —	€ 16.4
Restructuring charges	11.2	1.7	0.8	13.7
Cash paid	(9.2)	(3.6)	(0.8)	(13.6)
Acquisitions and other	1.9	—	—	1.9
Restructuring liability as of December 31, 2008	€ 9.0	€ 9.4	€ —	€ 18.4
Short-term portion	€ 8.5	€ 3.5	€ —	€ 12.0
Long-term portion	0.5	5.9	—	6.4
Total	€ 9.0	€ 9.4	€ —	€ 18.4

Our 2008 restructuring charges include (i) aggregate charges of €8.4 million related to reorganization and integration activities in certain of our European operations and (ii) a charge of €4.3 million related to the reorganization of certain of VTR's administrative and operational functions.

A summary of changes in our restructuring liabilities during 2007 is set forth in the table below:

	Employee severance and termination	Office closures	Other	Total
	in millions			
Restructuring liability as of January 1, 2007	€ 10.2	€ 8.0	€ 1.2	€ 19.4
Restructuring charges	7.5	5.5	—	13.0
Cash paid	(10.9)	(2.4)	(1.1)	(14.4)
Acquisitions and other	(1.6)	0.1	—	(1.5)
Foreign currency translation adjustments	(0.1)	0.1	(0.1)	(0.1)
Restructuring liability as of December 31, 2007	€ 5.1	€ 11.3	€ —	€ 16.4
Short-term portion	€ 3.8	€ 2.5	€ —	€ 6.3
Long-term portion	1.3	8.8	—	10.1
Total	€ 5.1	€ 11.3	€ —	€ 16.4

Our 2007 restructuring charges include (i) €6.3 million related primarily to the cost of terminating certain employees in connection with the integration of our business-to-business (B2B) and broadband communications operations in the Netherlands and (ii) €4.5 million related primarily to the cost of terminating certain employees in connection with the restructuring of our broadband communications operations in Ireland.

(16) Accumulated Other Comprehensive Earnings (Loss)

Accumulated other comprehensive earnings (loss) included in our consolidated balance sheets and statements of owners' deficit reflect the aggregate of foreign currency translation adjustments and pension related adjustments. The changes in the components of accumulated other comprehensive earnings (loss), net of taxes, are summarized below. We were not required to provide income taxes on the amounts recorded in other comprehensive earnings (loss) for the periods presented in the table below.

	Parent				
	Foreign currency translation adjustments	Pension related adjustments	Total parent's accumulated other comprehensive earnings (loss)	Noncontrolling interests	Total accumulated other comprehensive earnings (loss)
			in millions		
Balance at January 1, 2007 (a)	€ (121.9)	€ —	€ (121.9)	€ —	€ (121.9)
Other comprehensive loss	(84.5)	7.6	(76.9)	(2.8)	(79.7)
Balance at December 31, 2007 (a)	(206.4)	7.6	(198.8)	(2.8)	(201.6)
Other comprehensive earnings	164.1	(14.9)	149.2	(15.3)	133.9
Balance at December 31, 2008 (a)	(42.3)	(7.3)	(49.6)	(18.1)	(67.7)
Other comprehensive earnings	79.3	9.8	89.1	15.5	104.6
Other	(8.8)	—	(8.8)	—	(8.8)
Balance at December 31, 2009	€ 28.2	€ 2.5	€ 30.7	€ (2.6)	€ 28.1

(a) As restated. See note 4.

(17) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to non-cancellable operating leases, programming contracts, satellite carriage commitments, purchases of customer premise equipment and other items. As of December 31, 2009, the euro equivalents (based on December 31, 2009 exchange rates) of such commitments that are not reflected in our consolidated balance sheet are as follows:

	Payments due during:						
	2010	2011	2012	2013	2014	Thereafter	Total
				in millions			
Operating leases	€ 75.5	€ 37.2	€ 26.1	€ 18.8	€ 12.3	€ 49.0	€ 218.9
Programming, satellite and other purchase obligations	131.8	40.5	24.5	9.2	1.6	3.4	211.0
Other Commitments	17.4	13.1	11.4	10.0	7.4	59.5	118.8
	€ 224.7	€ 90.8	€ 62.0	€ 38.0	€ 21.3	€ 111.9	€ 548.7

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate cable service to a portion of our subscribers or dispose of a portion of our cable systems, or (iii) whether we discontinue our premium movie and sports services. The amounts reflected in the table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. Satellite commitments consist of obligations associated with satellite carriage services provided to our company. Other purchase obligations include commitments to purchase customer premise equipment that are enforceable and legally binding on us. Other commitments include fixed minimum contractual commitments associated with our agreements with franchise or municipal authorities.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments and agreements with programming vendors and other third parties pursuant to which we expect to make payments in future periods. We also have commitments pursuant to agreements with, and obligations imposed by, franchise authorities and municipalities, which may include obligations in certain markets to move aerial cable to underground ducts or to upgrade, rebuild or extend portions of our broadband distribution systems. Such amounts are not included in the above table because they are not fixed or determinable due to various factors.

Rental expense under non-cancelable operating lease arrangements amounted to €74.0 million, €71.3 million and €73.0 million in 2009, 2008 and 2007, respectively. It is expected that in the normal course of business, operating leases that expire generally will be renewed or replaced by similar leases.

We have established various defined contribution benefit plans for our and our subsidiaries' employees. The aggregate expense for matching contributions under the various defined contribution employee benefit plans was €10.4 million, €12.5 million and €12.0 million in 2009, 2008 and 2007, respectively.

Certain of our indirect subsidiaries maintain various employee benefit plans that are accounted for as defined benefit pension plans. Certain assumptions and estimates must be made in order to determine the costs and future benefits that will be associated with these plans. These assumptions include (i) the estimated long-term rates of return to be earned by plan assets, (ii) the estimated discount rates used to value the projected benefit obligations and (iii) estimated wage increases. We estimate discount rates annually based upon the yields on high-quality fixed-income investments available at the measurement date and expected to be available during the period to maturity of the pension benefits. For the long-term rates of return, we use a model portfolio based on the subsidiaries' targeted asset allocation. Plan assets include investments in debt securities, equity securities, guarantee investment contracts and other assets. To the extent that net actuarial gains or losses exceed 10% of the greater of plan assets or plan liabilities, such gains or losses are amortized over the average future service period of plan participants.

As of December 31, 2009 and 2008, (i) the aggregate projected benefit obligation of these plans was €140.3 million and €142.1 million, respectively, (ii) the aggregate fair value of the assets held by these plans was €111.0 million and €101.2 million, respectively, and (iii) the aggregate net liability included in our other long-term liabilities related to these plans was €29.3 million and €40.9 million, respectively. During 2009, 2008 and 2007, our consolidated statements of operations include net periodic pension costs related to these plans of €6.8 million, €5.5 million and €8.6 million, respectively. Our subsidiaries' contributions to their respective plans in 2010 are expected to aggregate €7.4 million.

Contingent Obligations

In September 2009, VTR Móvil SA (VTR Móvil), a wholly-owned subsidiary of VTR, was officially notified by the Undersecretary of Telecommunications of Chile's Ministry of Transport and Telecommunications that VTR Móvil had been awarded one of three "3G" mobile licenses recently auctioned by the Chilean government pursuant to a public bidding process. The term "3G" refers to a set of mobile technologies that allow mobile telephony providers to offer, among other things, higher-speed internet access, data and video services. The purchase price for the 3G license is CLP 1,669 million (€2.3 million). In order to guarantee its compliance with the terms of the 3G license, VTR Móvil was required to post a performance bond in the amount of CLP 35.6 billion (€49.0 million). This performance bond, which is fully guaranteed by VTR, was posted in October 2009. The definitive granting of the 3G license to VTR is still subject to the rejection of certain oppositions filed against such grant.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we have provided indemnifications to purchasers of certain of our assets, our lenders, our vendors and certain other parties. In addition, we have provided performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

Legal and Regulatory Proceedings and Other Contingencies

The Netherlands Regulatory Developments—During 2008, the Dutch national regulatory authority (OPTA) conducted a second round analysis of certain markets to determine if any operator or service provider has "Significant Market Power" within the meaning of certain directives originally promulgated by the European Union (EU) in 2003. With respect to television services, OPTA issued a draft decision on August 5, 2008, again finding our broadband communications operations in the Netherlands (UPC Netherlands) as well as other cable operators, to have Significant Market Power in the market for wholesale broadcasting transmission services and imposing new obligations. Following a national consultation procedure, OPTA issued a revised decision and submitted it to the EU Commission on January 9, 2009. On February 9, 2009, the EU Commission informed OPTA of its approval of the draft decision. The decision became effective on March 17, 2009. UPC Netherlands filed an appeal against the decision on April 15, 2009 with College van Beroep voor het bedrijfsleven (CBb), the Dutch Supreme Administrative Court. Pending the outcome of this appeal, UPC Netherlands will be required to comply with the decision. The appeal hearing took place on March 18, 2010 and a decision of the CBb is not expected before the end of 2010.

The new market analysis decision imposes on the four largest cable operators in the Netherlands a number of access obligations in respect of television services. The two largest cable operators, including UPC Netherlands, have a number of additional access obligations. The access obligations imposed on UPC Netherlands consist of (i) access to capacity for the transmission of the television signal (both analog and digital), (ii) resale of the analog television signal and, in conjunction with any such resale, the provision of customer connection, and (iii) access to UPC Netherlands' digital conditional access system, including access to its operational supporting systems and co-location. OPTA has stated that any operator with its own infrastructure, such as Royal KPN NV, the incumbent telecommunications operator in the Netherlands, will not be allowed to resell the analog television signal or avail itself of access to UPC Netherlands' digital platform.

The resale obligation will enable third parties to take over the customer relationship as far as the analog television signal is concerned. The decision includes the possibility for resale of an analog package that is not identical to the analog packages offered by UPC Netherlands. Potential resellers will need to negotiate the relevant copyrights directly with program providers in order to resell the analog television signals. In case of non-identical resale, the decision imposes a number of preconditions, including that the reseller must bear the costs of filtering and that OPTA will determine the reasonableness of such request on a case by case basis.

In respect of transmission of the analog television signal, a number of preconditions were established to ensure that such transmission will not cause unreasonable use of scarce capacity. A request for transmission of analog signals that are not included in UPC Netherlands' analog television package, as well as parallel transmission of analog signals that are already part of the analog package, will in principle be deemed unreasonable.

Regarding digital, the new market analysis decision requires UPC Netherlands to enable providers of digital television signals to supply their digital signals using their own or UPC Netherlands' digital conditional access system. This allows the third parties to have their own customer relationship for those digital television signals and to bundle their offer with the resale of the analog television signal.

Pricing of the wholesale offer for analog and digital transmission capacity will be at cost-oriented prices. Pricing of the wholesale offer for resale of the analog package, including access to UPC Netherlands' transmission platform for purposes of resale, will be based on a discount to UPC Netherlands' retail rates, at a level to be determined by OPTA and, if no retail offer of UPC Netherlands is available, on cost-oriented basis. Both access obligations come with the obligation to provide access to the relevant network elements and facilities, including set-top boxes, co-location, software systems and operational supporting systems, at cost-oriented prices if no relevant retail tariff is available to define the retail minus tariff.

UPC Netherlands was required to develop cost models for both the wholesale offer for analog resale as well as digital transmission capacity. OPTA reviewed the cost model-resale and published a draft tariff decision on November 26, 2009. The draft tariff decision was subject to national consultation and European Commission notification. UPC Netherlands submitted comments to the draft decision on January 7, 2010. The review of the cost model-digital transmission capacity has been postponed by OPTA.

UPC Netherlands was also required to publish reference offers regarding the wholesale offer for analog resale as well as digital transmission capacity. UPC Netherlands published the reference offer-resale on May 18, 2009, and the reference offer-digital transmission capacity on November 2, 2009. In respect of the reference offer-resale, OPTA published a draft implementation decision on October 30, 2009. The draft implementation decision was subject to national consultation and European Commission notification. The European Commission issued comments on December 14, 2009, which OPTA should take into account in the final decision. UPC Netherlands also submitted comments to the draft decision. OPTA initiated Industry Group meetings with respect to the reference offer-digital transmission capacity, which commenced at the end of November 2009 and are ongoing. Furthermore, UPC Netherlands will not be allowed to discriminate between third parties and its own retail business in making these services available. This includes, for example, a prohibition on offering loyalty discounts to its own customers.

OPTA issued its final implementation decision and its final tariff decision on analog resale on March 10, 2010. Both decisions are similar to OPTA's draft decisions. The tariff decision set a wholesale rate of €8.83 per month or 62.5% of UPC Netherlands' retail rate. The wholesale rate is subject to annual adjustments for cost of living increases beginning in April 2010. UPC Netherlands will appeal both decisions.

UPC Netherlands is required to begin offering its analog cable package (together with the requested access) to resellers in (i) June 2010 with respect to existing analog-only customers and (ii) November 2010 with respect to all of its customers. As the wholesale rate that UPC Netherlands will receive from resellers will be lower than UPC Netherlands' current retail rate for analog cable services, UPC Netherlands' average monthly subscription revenue for each analog cable customer and revenue from analog cable services are expected to be adversely impacted to the extent that existing retail analog cable customers of UPC Netherlands become retail analog cable customers of resellers. The extent of any such adverse impact is dependent on (i) the number of UPC Netherlands' existing analog cable customers who elect to receive their service from a reseller and (ii) the results of the appeal or any interim injunction process with respect to OPTA's final tariff decision.

Chilean Antitrust Matter—On December 12, 2006, Liberty Media announced publicly that it had agreed to acquire an approximate 39% interest in The DirecTV Group, Inc. (DirecTV). On August 1, 2007, VTR received formal written notice from the Chilean Federal Economic Prosecutor (FNE) that Liberty Media's acquisition of the DirecTV interest would violate one of the conditions imposed by the Chilean Antitrust Court on VTR's combination with Metrópolis prohibiting VTR and its control group from participating, directly or indirectly through related persons, in Chilean satellite or microwave television businesses. On March 10, 2008, following the closing of Liberty Media's investment in DirecTV, the FNE commenced an action before the Chilean Antitrust Court against John C. Malone who is chairman of LGI's board of directors and of Liberty Media's board of directors. In this action, the FNE alleges that Mr. Malone is a controller of VTR and either controls or indirectly participates in DirecTV's satellite operations in Chile, thus violating the condition. The FNE requests the Antitrust Court to impose a fine on Mr. Malone and order him to effect the transfer of the shares, interests or other assets that are necessary to restore the independence, in ownership and administration, of VTR and DirecTV. We currently are unable to predict the outcome of this matter or its impact on VTR.

Other Regulatory Issues—Video distribution, broadband internet, telephony and content businesses are regulated in each of the countries in which we operate. The scope of regulation varies from country to country, although in some significant respects regulation in European markets is harmonized under the regulatory structure of the EU. Adverse regulatory developments could subject our businesses to a number of risks. Regulation could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and capital expenditures. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

Other—In addition to the foregoing items, we have contingent liabilities related to (i) legal proceedings, (ii) wage, property, sales and other tax issues, (iii) disputes over interconnection fees and (iv) other matters arising in the ordinary course of business. We expect that the amounts, if any, which may be required to satisfy these contingencies will not be material in relation to our financial position or results of operations.

(18) Information about Operating Segments

We own a variety of international subsidiaries and investments that provide broadband communications services, and to a lesser extent, video programming services. We generally identify our reportable segments as those consolidated subsidiaries that represent 10% or more of our revenue, operating cash flow (as defined below), or total assets. In certain cases, we may elect to include an operating segment in our segment disclosure that does not meet the above-described criteria for a reportable segment. We evaluate performance and make decisions about allocating resources to our operating segments based on financial measures such as revenue and operating cash flow. In addition, we review non-financial measures such as subscriber growth, as appropriate.

Operating cash flow is the primary measure used by our chief operating decision maker to evaluate segment operating performance. Operating cash flow is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources to segments and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, operating cash flow is defined as revenue less operating and SG&A expenses (excluding stock-based compensation, related-party fees and allocations, depreciation and amortization, and impairment, restructuring and other operating charges or credits). Other operating charges or credits include gains and losses on the disposition of long-lived assets and due diligence, legal, advisory and other third-party costs directly related to our efforts to acquire controlling interests in entities. Our internal decision makers believe operating cash flow is a meaningful measure and is superior to other available U.S. GAAP measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (i) readily view operating trends, (ii) perform analytical comparisons and benchmarking between segments and (iii) identify strategies to improve operating performance in the different countries in which we operate. We believe our operating cash flow measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other public companies. Operating cash flow should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net earnings (loss), cash flow from operating activities and other U.S. GAAP measures of income or cash flows. A reconciliation of total segment operating cash flow to our loss from continuing operations before income taxes is presented below.

During 2009, we made the following changes to our reportable segments:

- During the fourth quarter, we (i) combined Ireland and Austria into one reportable segment (Other Western Europe) and (ii) combined Hungary and our Other Central and Eastern Europe into one reportable segment (Central and Eastern Europe). Previously, Ireland, Austria and Hungary were reported as separate reportable segments;
- During the fourth quarter and as further described in note 4, we transferred two of our subsidiaries that perform certain corporate and administrative functions to another indirect subsidiary of Liberty Global Europe; and
- During the first quarter, we changed our reporting such that we no longer include video-on-demand costs within the central operations category of UPC Europe. Instead, we present these costs within the individual operating segments of UPC Europe.

During the first quarter of 2010, we initiated the process of centralizing UPC Europe's DTH operations into a Luxembourg-based organization and began reporting the DTH operations under a centralized management structure within UPC Europe's Central and Eastern Europe reportable segment. Previously, these operations, which provide DTH services to customers in the Czech Republic, Hungary, Romania and Slovakia, were managed by the respective local management in these countries with support from UPC Europe's central operations, and accordingly, were included in the results of UPC Europe's Central and Eastern Europe and central operations segments. As a result of this change, the DTH operating results that were previously reported in UPC Europe's central operations are now reported within UPC Europe's Central and Eastern Europe segment.

Segment information for all periods presented has been restated to reflect the above-described changes and to present UPC Slovenia as a discontinued operation. Previously, UPC Slovenia was included in our Central and Eastern Europe segment. We present only the reportable segments of our continuing operations in the tables below.

We have identified the following consolidated operating segments as our reportable segments:

- UPC Europe:
  - The Netherlands
  - Switzerland
  - Other Western Europe
  - Central and Eastern Europe
- VTR (Chile)

All of the reportable segments set forth above derive their revenue primarily from broadband communications services, including video, voice and broadband internet services. Certain segments also provide business-to-business (B2B) services. At December 31, 2009, our operating segments in UPC Europe provided services in nine European countries. Our Other Western Europe segment includes our operating segments in Austria and Ireland. Our Central and Eastern Europe segment includes our operating segments in the Czech Republic, Hungary, Poland, Romania and Slovakia. VTR provides broadband communications services in Chile. UPC Europe's central operations category includes billing systems, network operations, technology, marketing, facilities, finance and other administrative costs.

Performance Measures of Our Reportable Segments

The amounts presented below represent 100% of each of our reportable segment's revenue and operating cash flow. As we have the ability to control VTR, we consolidate 100% of the revenue and expenses of VTR in our consolidated statements of operations despite the fact that a third party owns a significant interest in VTR. The noncontrolling owner's interest in the operating results of VTR is reflected in net earnings attributable to noncontrolling interests in our consolidated statements of operations.

	Year ended December 31,					
	2009		2008		2007	
	Revenue	Operating cash flow	Revenue	Operating cash flow (a)	Revenue	Operating cash flow (a)
	in millions					
UPC Europe:						
The Netherlands	€ 817.5	€ 477.0	€ 803.7	€ 457.2	€ 773.5	€ 400.3
Switzerland	731.9	404.8	692.7	368.3	637.1	305.2
Other Western Europe	599.0	281.0	607.4	282.1	591.0	248.8
Total Western Europe	2,148.4	1,162.8	2,103.8	1,107.6	2,001.6	954.3
Central and Eastern Europe	803.1	411.8	883.7	461.6	830.7	419.7
Central operations	0.1	(118.2)	0.4	(124.0)	2.3	(135.8)
Total UPC Europe	2,951.6	1,456.4	2,987.9	1,445.2	2,834.6	1,238.2
VTR (Chile)	502.3	206.4	485.0	200.9	462.6	181.4
Total UPC Holding	€ 3,453.9	€ 1,662.8	€ 3,472.9	€ 1,646.1	€ 3,297.2	€ 1,419.6

(a) As restated. See note 4.

The following table provides a reconciliation of total segment operating cash flow to loss from continuing operations before income taxes:

	Year ended December 31,		
	2009	2008 (a)	2007 (a)
	in millions		
Total segment operating cash flow	€ 1,662.8	€ 1,646.1	€ 1,419.6
Stock-based compensation expense	(15.1)	(27.6)	(20.0)
Related-party fees and allocations, net	(30.6)	(31.5)	(49.2)
Depreciation and amortization	(1,048.5)	(1,079.9)	(1,062.8)
Impairment, restructuring and other operating charges, net	(90.5)	(118.9)	(20.3)
Operating income	478.1	388.2	267.3
Interest expense:			
Third party	(383.0)	(463.3)	(454.4)
Related party	(568.1)	(616.5)	(513.0)
Interest income	16.0	23.2	46.3
Realized and unrealized losses on derivative instruments, net	(642.9)	(181.9)	(99.5)
Foreign currency transaction gains (losses), net	102.6	(185.3)	138.8
Unrealized gains (losses) due to changes in fair values of certain investments, net	0.1	(2.1)	—
Losses on debt modifications and extinguishments, net	(17.7)	—	(16.8)
Other income (expense), net	1.3	(0.9)	(0.5)
Loss from continuing operations before income taxes	€ (1,013.6)	€ (1,038.6)	€ (631.8)

(a) As restated. See note 4.

Balance Sheet Data of our Reportable Segments

Selected balance sheet data of our reportable segments is set forth below:

	Long-lived assets (a)		Total assets (a)(b)	
	December 31,		December 31,	
	2009	2008	2009	2008
	in millions			
UPC Europe:				
The Netherlands	€ 1,837.3	€ 1,939.5	€ 1,902.2	€ 2,001.6
Switzerland	3,043.9	3,095.4	3,375.2	3,376.1
Other Western Europe	1,477.0	1,482.5	1,527.6	1,533.3
Total Western Europe	6,358.2	6,517.4	6,805.0	6,911.0
Central and Eastern Europe	1,756.4	1,910.6	1,842.3	2,017.7
Central operations	145.2	173.7	842.3	950.9
Total UPC Europe	8,259.8	8,601.7	9,489.6	9,879.6
VTR (Chile)	824.7	672.7	1,022.0	838.7
Total UPC Holding—continuing operations	9,084.5	9,274.4	10,511.6	10,718.3
Discontinued operations	—	122.5	—	130.2
Total UPC Holding	€ 9,084.5	€ 9,396.9	€ 10,511.6	€ 10,848.5

(a) As restated. See note 4.

(b) Intercompany receivable balances that are eliminated within the LGI consolidated group are included in the central operations category.

Capital Expenditures of our Reportable Segments

The capital expenditures of our reportable segments, excluding amounts subject to capital lease arrangements, are set forth below:

	Year ended December 31,		
	2009	2008 (a)	2007 (a)
	in millions		
UPC Europe:			
The Netherlands	€ 106.8	€ 157.7	€ 148.7
Switzerland	184.3	168.0	153.6
Other Western Europe	171.4	150.1	149.5
Total Western Europe	462.5	475.8	451.8
Central and Eastern Europe	213.3	282.8	215.3
Central operations	65.5	97.6	108.8
Total UPC Europe	741.3	856.2	775.9
VTR (Chile)	112.6	123.3	115.2
Total UPC Holding	€ 853.9	€ 979.5	€ 891.1

(a) As restated. See note 4.

Revenue by Major Category

Our revenue by major category is set forth below:

	Year ended December 31,		
	2009	2008	2007
		in millions	
Subscription revenue (a):			
Video	€ 1,727.9	€ 1,758.2	€ 1,699.8
Broadband internet	856.5	838.6	748.3
Telephony	482.5	483.5	428.1
Total subscription revenue	3,066.9	3,080.3	2,876.2
Other revenue (b)	387.0	392.6	421.0
Total UPC Holding	€ 3,453.9	€ 3,472.9	€ 3,297.2

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, late fees and mobile telephony revenue. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the stand-alone price for each individual service. However, due to regulatory and other constraints, the allocation of bundling discounts may vary somewhat among our broadband communications operating segments.

(b) Other revenue includes non-subscription revenue (including B2B and installation fee revenue).

Geographic Segments

Revenue

The revenue of our geographic segments is set forth below:

	Year ended December 31,		
	2009	2008	2007
		in millions	
Europe:			
UPC Europe:			
The Netherlands	€ 817.5	€ 803.7	€ 773.5
Switzerland	731.9	692.7	637.1
Austria	347.3	365.5	366.9
Ireland	251.7	241.9	224.1
Hungary	232.9	275.6	275.2
Poland	198.8	212.5	166.8
Czech Republic	188.4	193.3	165.2
Romania	123.4	144.8	173.2
Slovakia	53.8	51.7	45.2
Other (a)	5.9	6.2	7.4
Total Europe	2,951.6	2,987.9	2,834.6
Chile	502.3	485.0	462.6
Total UPC Holding	€ 3,453.9	€ 3,472.9	€ 3,297.2

(a) Primarily represents certain revenue related to UPC Europe's DTH operations.

Long-lived assets

The long-lived assets of our geographic segments are set forth below:

	December 31, 2009	December 31, 2008 (a)
	in millions	
Europe:		
UPC Europe:		
The Netherlands	€ 1,837.3	€ 1,939.5
Switzerland	3,043.9	3,095.4
Austria	921.6	943.9
Ireland	555.4	538.6
Hungary	541.8	567.8
Poland	283.3	268.1
Czech Republic	620.2	645.3
Romania	201.2	313.2
Slovakia	106.6	111.9
Other (b)	148.5	178.0
Total Europe	8,259.8	8,601.7
Chile	824.7	672.7
Total UPC Holding—continuing operations	9,084.5	9,274.4
Discontinued operations	—	122.5
Total UPC Holding	€ 9,084.5	€ 9,396.9

(a) As restated. See note 4.

(b) Primarily represents long-lived assets of our central operations, which are located primarily in the Netherlands.

The revenue and operating cash flow of our reportable segments for each quarter of 2009, as restated to give effect to the centralization of UPC Europe's DTH operations and the common control transfers of LG Europe and LGE Ltd., are presented in the following tables:

	Revenue			
	Three months ended			
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009
	in millions			
UPC Europe:				
The Netherlands	€ 204.5	€ 203.6	€ 201.6	€ 207.8
Switzerland	182.5	182.4	181.0	186.0
Other Western Europe	148.9	148.7	147.8	153.6
Total Western Europe	535.9	534.7	530.4	547.4
Central and Eastern Europe	194.6	198.7	205.2	204.6
Central operations	(0.5)	(0.1)	0.2	0.5
Total UPC Europe	730.0	733.3	735.8	752.5
VTR (Chile)	119.4	126.8	125.7	130.4
Total	€ 849.4	€ 860.1	€ 861.5	€ 882.9

	Operating Cash Flow			
	Three months ended			
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009
	in millions			
UPC Europe:				
The Netherlands	€ 117.0	€ 116.9	€ 122.2	€ 120.9
Switzerland	100.1	101.8	103.2	99.7
Other Western Europe	67.9	69.3	69.3	74.5
Total Western Europe	285.0	288.0	294.7	295.1
Central and Eastern Europe	99.5	99.6	109.3	103.4
Central operations	(31.7)	(25.3)	(27.0)	(34.2)
Total UPC Europe	352.8	362.3	377.0	364.3
VTR (Chile)	47.0	51.5	52.2	55.7
Total	€ 399.8	€ 413.8	€ 429.2	€ 420.0

(19) Subsequent Events

UPCB Finance Senior Secured Notes

On January 20, 2010, UPCB Finance Limited (UPCB Finance), a special purpose financing company created for the primary purpose of issuing senior notes and owned 100% by a charitable trust, issued €500.0 million principal amount of 7.625% senior secured notes (the UPCB Senior Secured Notes) at an original issue discount of 0.862%, resulting in cash proceeds before commissions and fees of €495.7 million. UPCB Finance used the proceeds from the UPCB Senior Secured Notes to fund a new additional facility (Facility V) under the UPC Broadband Holding Bank Facility, with UPC Financing Partnership (UPC Financing), a direct subsidiary of UPC Holding, as the borrower. UPC Financing used the proceeds from Facility V to reduce outstanding amounts under Facilities M and Q under the UPC Broadband Holding Bank Facility through (i) the novation of €152.7 million of commitments under Facility M to UPC Broadband Operations and (ii) the use of the remaining €347.3 million to repay borrowings under Facility Q.

UPCB Finance is dependent on payments from UPC Financing under Facility V in order to service its payment obligations under the UPCB Senior Secured Notes. Although UPC Financing has no equity or voting interest in UPCB Finance, the Facility V loan creates a variable interest in UPCB Finance for which UPC Financing is the primary beneficiary, as contemplated by U.S. GAAP. As such, UPC Financing and its parent entities, including UPC Holding, are required by the provisions of U.S. GAAP to consolidate UPCB Finance following the issuance of the UPCB Senior Secured Notes. Accordingly, the amounts outstanding under Facility V will eliminate in UPC Holding's consolidated financial statements.

The UPCB Senior Secured Notes have been issued pursuant to an indenture (the Indenture), dated January 20, 2010. Facility V is made pursuant to an Additional Facility V Accession Agreement (the Facility V Accession Agreement). Pursuant to the Facility V Accession Agreement, the call provisions, maturity and applicable interest rate for Facility V are the same as those of the UPCB Senior Secured Notes. UPCB Finance, as a lender under the UPC Broadband Holding Bank Facility, will be treated the same as the other lenders under the UPC Broadband Holding Bank Facility and will have benefits, rights and protections that are similar to those benefits, rights and protections afforded to the other lenders. Through the covenants in the Indenture and the security interests over (i) all of the issued shares of UPCB Finance and (ii) Facility V, granted to secure UPCB Finance's obligations under the UPCB Senior Secured Notes, the holders of the UPCB Senior Secured Notes will be provided indirectly with the benefits, rights, protections and covenants, granted to UPCB Finance as a lender under the UPC Broadband Holding Bank Facility.

UPCB Finance is prohibited from incurring any additional indebtedness, subject to certain exceptions under the Indenture.

The UPCB Senior Secured Notes are non-callable until January 15, 2015. At any time prior to January 15, 2015, upon the occurrence of an Early Redemption Event (being a voluntary prepayment of all or a portion of Facility V), UPCB Finance will redeem an aggregate principal amount of the UPCB Senior Secured Notes equal to the amount of Facility V prepaid, at a redemption price equal to the sum of (i) 100% of the principal amount thereof, (ii) the excess of (a) the present value at such redemption date of (1) the redemption price on January 1, 2015, as set forth in the table below, plus (2) all required remaining scheduled interest payments due through January 1, 2015, computed using the discount rate specified in the Indenture, over (b) the principal amount of the UPCB Senior Secured Notes on the redemption date and (iii) accrued but unpaid interest and additional amounts, if any, to the applicable redemption date. On or after January 15, 2015, upon the occurrence of an Early Redemption Event (as defined in the Indenture), UPCB Finance will redeem an aggregate principal amount of the Senior Secured Notes equal to the principal amount of Facility V prepaid at the following redemption prices (expressed as a percentage of the principal amount), plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date, if redeemed during the twelve month period commencing on January 15 of the years set forth below:

Year	Redemption Price
2015	103.813%
2016	102.542%
2017	101.271%
2018 and thereafter	100.000%

Chile Earthquake

On February 27, 2010, areas served by our cable television systems in Chile experienced a significant earthquake. As a result, for certain areas of our network near the epicenter of the earthquake, we expect to (i) experience reductions in our revenue and increases in our operating, bad debt and other costs as a result of the dislocation caused by the earthquake, (ii) incur costs associated with the restoration of our cable systems and (iii) incur losses associated with the write-off of damaged property and equipment. We maintain limited property insurance and no business interruption insurance with respect to our operations in Chile. We do not believe that the impacts of this earthquake will have a material adverse effect on our consolidated financial condition or results of operations.

CONFORMED COPY

ANNEX A

SENIOR SECURED CREDIT FACILITY AGREEMENT

Dated 16th January 2004 as amended and restated pursuant to a Deed of Amendment and Restatement dated 10 May 2006 and further amended pursuant to amendment letters dated 11 December 2006, 16 April 2007, 30 April 2009 and 9 June 2009

For

UPC BROADBAND HOLDING B.V.
as Borrower

with

TORONTO DOMINION (TEXAS) LLC
acting as Facility Agent

ALLEN & OVERY

Allen & Overy LLP

CONTENTS

THIS AGREEMENT originally dated 16 January 2004 as amended and restated by an amendment agreement dated 24 June 2004 and as amended by amendment letters dated 22 July 2004 and 2 December 2004, subsequently amended and restated on 7 March 2005 and amended by an amendment letter dated 15 December 2005, amended and restated on 10 May 2006 and further amended pursuant to amendment letters dated 11 December 2006, 16 April 2007, 30 April 2009 and 9 June 2009 and made

BETWEEN:

(1) **UPC BROADBAND HOLDING B.V.** (previously called UPC Distribution Holding B.V.) (**UPC Broadband**);

(2) **THE COMPANIES** identified as guarantors in Schedule 1 (Original Guarantors) (the **Original Guarantors**);

(3) **TORONTO DOMINION (TEXAS) LLC** as facility agent (the **Facility Agent**); and

(4) **TD BANK EUROPE LIMITED** as security agent for the Finance Parties (in this capacity, the **Security Agent**).

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

2006 Amendment Effective Date means the Amendment Effective Date as defined in the Deed of Amendment and Restatement dated 10 May 2006 between (among others) UPC Broadband, UPC Financing and the Facility Agent.

Accounting Period in relation to any person means any period of approximately three months or one year for which accounts of such person are required to be delivered pursuant to this Agreement.

Acquisition means the acquisition, whether by one or a series of transactions, (including, without limitation, by purchase, subscription or otherwise) of all or any part of the share capital or equivalent of any company or other person (including, without limitation, any partnership or joint venture) or any asset or assets of any company or other person (including, without limitation, any partnership or joint venture) constituting a business or separate line of business of that company or other person.

Acquisition Business Plan means, in respect of an Acquisition, a business plan for the Target to be acquired which has been reviewed by Deloitte & Touche (or such other leading firm of independent and internationally recognised consultants or accountants appointed by UPC Broadband) and which sets out the management plan for the period from the date of the proposed Acquisition (taking into account the Acquisition Cost of such Acquisition and financial projections relating to the Target) up to and including the Final Maturity Date and based on assumptions which are no more aggressive (when taken as a whole) than those used in preparation of the Business Plan.

Acquisition Cost means, in relation to an Acquisition, the value of the consideration for that Acquisition at the time of completion of the Acquisition and for this purpose:

(a) the value at the time of completion of the Acquisition of any consideration to be paid or delivered after the time of completion of the Acquisition will be determined in accordance with GAAP;

(b) if the entity acquired becomes a member of the Borrower Group as a result of the Acquisition, the aggregate principal amount of Financial Indebtedness of any entity acquired outstanding at the time of completion of the Acquisition (including without limitation any Lending Transaction (as defined in Clause 16.14(f) (Loans and guarantees) made by a member of the Borrower Group in connection with the relevant Acquisition) will be counted as part of the consideration for that Acquisition;

(c) if the entity acquired does not become a member of the Borrower Group as a result of the Acquisition, the aggregate principal amount of Financial Indebtedness of the entity acquired at the time of completion of the Acquisition will be counted as part of the consideration for that Acquisition to the extent of the aggregate principal amount of the payment and repayment obligations in respect of such Financial Indebtedness assumed or guaranteed by any member of the Borrower Group; and

(d) subject to paragraphs (a), (b) and (c) above, the value at the time of completion of the Acquisition of any non-cash consideration will be determined in accordance with GAAP,

expressed in euros, if required, using the Agent's Spot Rate of Exchange on the date of completion of the Acquisition.

Additional Borrower means a member of the Borrower Group which becomes an Additional Borrower in accordance with Clause 26.4 (Additional Obligors).

Additional Currency means any currency that is the lawful currency for the time being of a country in which a member of the Borrower Group is incorporated and/or carries out its Business.

Additional Facility means an additional term loan facility referred to in Clause 2.2 (Additional Facilities) and **Additional Facilities** means all or any such Additional Facilities.

Additional Facility Accession Agreement means a deed in the form of Part 3 of Schedule 5, with such amendments as the Facility Agent may approve or reasonably require.

Additional Facility Availability Period in relation to an Additional Facility means the period specified in the Additional Facility Accession Agreement for that Additional Facility.

Additional Facility Commitment means in relation to:

(a) an Initial Additional Facility Lender the amount in euros, US Dollars or relevant Additional Currency set out as the Additional Facility Commitment of a Lender in the relevant Additional Facility Accession Agreement and the amount of any other Additional Facility Commitment transferred to it under this Agreement; and

(b) any other Lender, the amount in euros, US Dollars or relevant Additional Currency (as applicable) transferred to it in accordance with this Agreement,

to the extent not cancelled, reduced or transferred by it in accordance with this Agreement.

Additional Guarantor means:

(a) a Subsidiary of UPC Broadband; and

(b) any UPC Broadband Holdco (other than UPC Holding),

which in each case becomes an Additional Guarantor in accordance with Clause 26.4 (Additional Obligors).

Additional Obligor means an Additional Borrower or an Additional Guarantor.

Advance means an advance made to a Borrower under an Additional Facility.

Affiliate means, in respect of a person, a direct or indirect Subsidiary or Holding Company of that person or any other person which is under common control with that person (and for this purpose, **control** has the meaning given to it in section 416 of the Income and Corporation Taxes Act 1988 in force as at the Signing Date).

Agent means the Facility Agent or the Security Agent (or both), as the context requires.

Agent's Spot Rate of Exchange means the spot rate of exchange as determined by the Facility Agent for the purchase of US Dollars (or any other relevant currency) in the London foreign exchange market with euros at or about 11.00 a.m. on a particular day.

Amendment Agreement means the agreement dated on or around 24 June 2004 between UPC Broadband, the Original Guarantors the Facility Agent and the Security Agent, pursuant to which this Agreement was amended.

Annualised EBITDA has the meaning given to it in Clause 17.1 (Financial definitions).

Anti-Terrorism Law means each of:

(a) Executive Order No. 13224 of 23 September 2001—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the **Executive Order**);

(b) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (commonly known as the USA Patriot Act);

(c) the Money Laundering Control Act of 1986, Public Law 99-570; and

(d) any similar law enacted in the United States of America subsequent to the date of this Agreement.

Approved Stock Options means any options, warrants, rights to purchase or other equivalents (however designated) issued or granted by a member of the Borrower Group to any former, present or future officers, consultants, directors and/or employees of any member of the Borrower Group or its Associated Companies to subscribe for share capital or similar rights of ownership in that member of the Borrower Group provided that the maximum aggregate amount of such options, warrants, rights to purchase or other equivalents (however designated) shall not exceed (i) 8 per cent. of its issued share capital, in the case of UPC Central Europe Holding B.V. and any Subsidiary of UPC Central Europe Holding B.V. (provided that the aggregate amount of such options, warrants, rights to purchase or other equivalents issued by UPC Central Europe Holding B.V. and its Subsidiaries does not exceed 8 per cent. of the issued share capital of UPC Central Europe Holding B.V.) and (ii) 7.5 per cent. of its issued share capital or similar rights of ownership, in the case of each other member of the Borrower Group.

Associated Company of a person means:

(a) any other person which is directly or indirectly Controlled by, under common Control with or Controlling such person; or

(b) any other person owning beneficially and/or legally directly or indirectly 10 per cent. or more of the equity interest in such person or 10 per cent. of whose equity is owned beneficially and/or legally directly or indirectly by such person.

Auditors means KPMG or such other leading firm of independent and internationally recognised accountants appointed by UPC Broadband as its auditors for the purposes of preparing the audited consolidated accounts of UPC Broadband.

Beneficiaries has the meaning given to it in the Security Deed.

Borrower means UPC Broadband and any Additional Borrower.

Borrower Group means:

(a) UPC Broadband and its Subsidiaries from time to time excluding Unrestricted Subsidiaries; and

(b) UPC Financing.

Borrower Group Business Plan means, in respect of an Acquisition, a business plan for the Borrower Group (including the Target to be acquired) which has been certified by a director of UPC Broadband and which sets out the management plan for the period from the date of the proposed Acquisition (taking into account the Acquisition Cost of such Acquisition and financial projections relating to the Target) up to and including the Final Maturity Date and based on assumptions which are no more aggressive (when taken as a whole) than those used in preparation of the Business Plan.

Break Costs means the amount (if any) by which:

(a) the amount of interest (excluding the Margin and any Mandatory Costs) which a Lender should have received for the period from the date of receipt of all or any part of its participation in an Advance or Unpaid Sum to the last day of the current Interest Period in respect of that Advance or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period,

exceeds:

(b) the amount of interest which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the London interbank market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

Business means any business of the Borrower Group:

(a) that consists of the upgrade, construction, creation, development, marketing, acquisition (to the extent permitted under this Agreement), operation, utilisation and maintenance of networks that use existing or future technology for the transmission, reception and delivery of voice, video and/or other data (including networks that transmit, receive and/or deliver services such as multi-channel television and radio, programming, telephony, Internet services and content, high speed data transmission, video, multi-media and related activities); or

(b) that supports, is incidental to or is related to any such business; or

(c) that comprises being a Holding Company of one or more persons engaged in such business,

and references to **business** or **ordinary course of business** shall be similarly construed.

Business Day means:

(a) a day (other than a Saturday or Sunday) on which banks are open for general business in:

  (i) London and Amsterdam;

  (ii) in relation to a transaction involving US Dollars, New York; and

  (iii) in relation to a transaction involving an Additional Currency, the principal financial centre of the country of that currency; or

(b) in relation to a rate fixing day or a payment date for euros, a TARGET Day.

Business Plan means the business plan for the Borrower Group for the period from the Effective Date to, as a minimum, the Final Maturity Date as provided to the Facility Agent prior to the Effective Date.

Cancellation Notice means a notice of cancellation and/or prepayment substantially in the form of Part 2 of Schedule 4 (Form of Cancellation and/or Prepayment Notice).

Capital Expenditure means any expenditure which is or will be treated as a capital expenditure in the audited consolidated financial statements of the Borrower Group in accordance with GAAP.

Cash Flow means, for any period, as set out in the most recent relevant management accounts of or in respect of the Target for that period, EBITDA of or relating to the Target for such period:

(a) minus Capital Expenditure of or relating to the Target for such period;

(b) minus all Taxes actually paid and/or falling due for payment by or in respect of the Target during such period;

(c) minus the amount of all dividends, redemptions and other distributions payable by the Target during such period on, or in respect of any of its share capital not held by a member of the Borrower Group;

(d) minus any increase or plus any decrease in working capital of or in respect of the Target for such period;

(e) minus the aggregate of (i) Interest payable by or in respect of the Target during such period and (ii) an amount equal to the Interest that would have been payable in respect of an Advance made during such period in an amount equal to the principal amount of Financial Indebtedness incurred in connection with the Acquisition of the Target, and plus any Interest that was received by the Target during such period; and

(f) minus all extraordinary or exceptional items (including one off restructuring costs) which were paid by the Target during such period on (net of any cash proceeds of insurance or warranty claims which relate to such items) and plus all extraordinary or exceptional items which were received by or in respect of the Target during such period.

For the purposes of the above calculation no item shall be effectively deducted or credited more than once.

Cash Flow Hedging Agreement has the meaning given to it in Clause 16.17 (Hedging).

Change of Control has the meaning given to it in Clause 7.4(a) (Change of Control).

Code means the United States Internal Revenue Code of 1986, as amended and any rule or regulation issued thereunder from time to time in effect.

Commitments means Additional Facility Commitments.

Confidentiality Undertaking means a confidentiality undertaking substantially in the recommended form of either the LMA as set out in Part 1 of Schedule 6 (Form of LMA Confidentiality Undertaking) or the LSTA as set out in Part 2 of Schedule 6 (Form of LSTA Confidentiality Undertaking) or in any other form agreed between UPC Broadband and the Facility Agent.

Control means the power of a person:

(a) by means of the holding of shares or the possession of voting power in or in relation to any other person; or

(b) by virtue of any powers conferred by the articles of association or other documents regulating any other person,

to direct or cause the direction of the management and policies of that other person,

and **Controlled** and **Controlling** have a corresponding meaning.

Current Assets means, at any relevant time, the aggregate of the current assets (excluding cash) of the Borrower Group at such time which would be included as current assets in a consolidated balance sheet of the Borrower Group drawn up at such time in accordance with GAAP.

Current Liabilities means, at any relevant time, the aggregate of the current liabilities (excluding short term debt and overdrafts) of the Borrower Group at such time which would be included as current liabilities in a consolidated balance sheet of the Borrower Group drawn up at each time in accordance with GAAP.

Dangerous Substance means any radioactive emissions and any natural or artificial substance (whether in solid or liquid form or in the form of a gas or vapour and whether alone or in combination with any other substance) which, taking into account the concentrations and quantities present and the manner in which it is being used or handled, it is reasonably foreseeable will cause harm to man or any other living organism or damage to the Environment including any controlled, special, hazardous, toxic, radioactive or dangerous waste.

Default means an Event of Default or any event or circumstances specified in Clause 18 (Default) which would (with the expiry of a grace period or the giving of notice) be an Event of Default.

Designated Party means any person listed:

(a) in the Annex to the Executive Order;

(b) on the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control of the United States Department of the Treasury; or

(c) in any successor list to either of the foregoing.

Distribution Business means:

(a) the business of upgrading, constructing, creating, developing, acquiring, operating, owning, leasing and maintaining cable television networks (including for avoidance of doubt master antenna television, satellite master antenna television, single and multi-channel microwave single or multi-point distribution systems and direct-to-home satellite systems) for the transmission, reception and/or delivery of multi-channel television and radio programming, telephony and internet and/or data services to the residential markets; or

(b) any business which is incidental to or related to and, in either case, material to such business.

Dutch Banking Act means the Dutch Act on the Supervision of the Credit System 1992 (*Wet toezicht Kredietwezen* 1992), including the Dutch Exemption Regulation.

Dutch Borrower means a Borrower incorporated in the Netherlands.

Dutch Civil Code means the *Burgerlijk Wetboek*.

Dutch Exemption Regulation means the Exemption Regulation of the Minister of Finance (*Vrijstellingsregeling Wtk 1992*).

Eastern Europe means Europe other than Western Europe.

Eastern European Acquisition means an acquisition (including, without limitation, by purchase, subscription or otherwise) of:

(a) all or any part of the share capital or equivalent of a person or company (including, without limitation any partnership or joint venture) incorporated or carrying on a material part of its business in Eastern Europe; or

(b) any asset or assets constituting a business or separate line of business, a material part of which is being carried on in Eastern Europe,

but excluding any such acquisition in relation to an entity which is a Subsidiary of UPC on the Signing Date and is incorporated or carries on business in Poland on the Signing Date.

EBITDA has the meaning given to it in Clause 17.1 (Financial definitions).

Effective Date has the meaning given to it in Clause 4.1 (Documentary conditions precedent).

Environment means the media of air, water and land (wherever occurring) and in relation to the media of air and water includes, without limitation, the air and water within buildings and the air and water within other natural or man-made structures above or below ground and any water contained in any underground strata.

Environmental Claim means any claim by any person:

(a) in respect of any loss or liability suffered or incurred by that person as a result of or in connection with any violation of Environmental Law; or

(b) that arises as a result of or in connection with Environmental Contamination and that could give rise to any remedy or penalty (whether interim or final) that may be enforced or assessed by private or public legal action or administrative order or proceedings including, without limitation, any such claim that arises from injury to persons or property.

Environmental Contamination means each of the following and their consequences:

(a) any release, emission, leakage or spillage of any Dangerous Substance at or from any site owned or occupied by any member of the Borrower Group into any part of the Environment; or

(b) any accident, fire, explosion or sudden event at any site owned or occupied by any member of the Borrower Group which is directly caused by or attributable to any Dangerous Substance; or

(c) any other pollution of the Environment arising at or from any site owned or occupied by any member of the Borrower Group.

Environmental Law means all legislation, regulations or orders (insofar as such regulations or orders have the force of law) to the extent that it relates to the protection or impairment of the Environment or the control of Dangerous Substances (whether or not in force at the date of this Agreement) which are capable of enforcement in any applicable jurisdiction by legal process.

Environmental Licence means any permit, licence, authorisation, consent, filing, registration or other approval required by any Environmental Law.

ERISA means the United States Employee Retirement Income Security Act of 1974, as amended.

ERISA Affiliate means each trade or business, whether or not incorporated, that would be treated as a single employer with any member of the Borrower Group under section 414 of the United States Internal Revenue Code of 1986, as amended. When any provision of this Agreement relates to a past event, the term **ERISA Affiliate** includes any person that was an ERISA Affiliate of a member of the Borrower Group at the time of that past event.

EURIBOR means in relation to any Advance or Unpaid Sum denominated in euros:

(a) the applicable Screen Rate for deposits in the currency of the relevant Advance or Unpaid Sum for a period equal or comparable to the required period at or about 11.00 a.m. (Brussels time) on the applicable Rate Fixing Day; or

(b) if the rate cannot be determined under paragraph (a) above, the arithmetic mean (rounded upwards, if necessary, to the nearest four decimal places) of the respective rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks for the offering of deposits in euros for the required period in the London interbank market at or about 11.00 a.m. on the Rate Fixing Day for such period,

and for the purposes of this definition, **required period** means the Interest Period of an Advance or the period in respect of which EURIBOR falls to be determined in relation to any Unpaid Sum.

€, **euro** or **euros** means the single currency of the Participating Member States.

Event of Default means an event specified as such in Clause 18 (Default).

Excess Cash Flow means the aggregate consolidated EBITDA of the Borrower Group calculated for the most recently ended financial year (beginning with the financial year ending on 31 December 2004), as shown in the quarterly management accounts delivered to the Facility Agent pursuant to Clause 16.2(b) (Financial information) in respect of the financial quarter ending on 31 December in any relevant year:

(a) less:

  (i) any interest and other charges in respect of Financial Indebtedness of the Borrower Group paid during such financial year;

  (ii) repayments and/or prepayments of any Financial Indebtedness of the Borrower Group paid during such financial year; and

  (iii) capital expenditure of the Borrower Group incurred during such financial year; and

(b) either (i) plus any amount by which Net Working Capital at the commencement of such financial year exceeds Net Working Capital at the close of such financial year or, as appropriate, (ii) minus any amount by which Net Working Capital at the end of such financial year exceeds Net Working Capital at the beginning of such financial year.

For the purposes of this definition of "Excess Cash Flow", **Net Working Capital** means, at any time, the aggregate of the Current Assets of the Borrower Group at such time less the aggregate of the Current Liabilities of the Borrower Group at such time.

Existing Beneficiaries means Beneficiaries as defined in the Existing Security Deed.

Existing Facility means a facility made available to a borrower under the Existing Facility Agreement.

Existing Facility Agent means Toronto Dominion (Texas) LLC as facility agent under the Existing Facility.

Existing Facility Agents means the facility agents under the Existing Facility.

Existing Facility Agreement means the senior secured credit facility dated 26 October 2000 made between, *inter alia*, UPC Broadband, UPC Financing and Toronto Dominion (Texas) LLC as facility agent and the banks and financial institutions listed therein, as amended from time to time.

Existing Finance Document means a Finance Document as defined in the Existing Facility Agreement.

Existing Lender has the meaning given to it in Clause 26.2 (Transfers by Lenders).

Existing Security Deed means the security deed dated 26 October 2000 between, among others, UPC Broadband, UPC Financing, UPC, UPC Holding, the Existing Facility Agents, TD Bank Europe as security agent, the lenders and financial institutions listed therein, the senior hedging banks, the High Yield Hedging Banks and each Subordinated Creditor (as defined in the Existing Security Deed) and includes each Deed of Accession (as defined in the Existing Security Deed) entered into in relation to the Existing Security Deed.

Existing Security Documents means:

(a) the Security Documents as defined in paragraph (a) of the definition of **Security Documents** in the Existing Facility Agreement; and

(b) any other Security Documents as defined in paragraph (b) of the definition of **Security Documents** in the Existing Facility Agreement provided that the Security Interest(s) granted under any such Security Document are simultaneously granted on the same terms (save for variations directly attributable to the identity of the parties and the loan amounts) to the Security Agent on behalf of Beneficiaries to secure the Secured Obligations (as defined in the Security Deed).

Facility means each Additional Facility.

Facility A means Facility A as defined in the Existing Facility Agreement.

Facility I Advance means an advance under the Additional Facility under the Additional Facility Accession Agreement dated 9 March 2005.

Facility Office means the office(s) notified by a Lender to the Facility Agent:

(a) on or before the date it becomes a Lender; or

(b) by not less than five Business Days' notice,

as the office(s) through which it will perform all or any of its obligations under this Agreement.

Fee Letter means the letter between the Facility Agent and UPC Broadband, dated on or about the Signing Date, setting out the amount of agency fees referred to in Clause 20.2 (Agent's fees).

Final Maturity Date means the date falling after 30 June 2009 specified in the relevant Additional Facility Accession Agreement or, if that day is not a Business Day, the immediately preceding Business Day (and without any such designation means the latest such date).

Finance Document means this Agreement, a Security Document, the Security Deed, a Fee Letter, an Obligor Accession Agreement, a Novation Certificate, an Additional Facility Accession Agreement, the Intercreditor Agreement and any other document designated in writing as such by the Facility Agent and UPC Broadband.

Finance Party means a Lender, the Facility Agent or the Security Agent.

Financial Indebtedness means, without double counting, indebtedness in respect of:

(a) money borrowed or raised and debit balances at banks;

(b) any bond, note, loan stock, debenture or similar debt instrument;

(c) acceptance or documentary credit facilities;

(d) receivables sold or discounted (otherwise than on a non-recourse basis and other than in the normal course of business for collection);

(e) payments for assets acquired or services supplied deferred for a period of over 180 days (or 360 days if such deferral is in accordance with the terms pursuant to which the relevant assets were or are to be acquired or services were or are to be supplied) after the relevant assets were or are to be acquired or the relevant services were or are to be supplied;

(f) finance leases and hire purchase contracts to the extent that they constitute capital leases within the meaning of GAAP, provided that indebtedness in respect of network leases shall only be included in this paragraph (f) for the purposes of the definition of **Excess Cash Flow** and Clause 18.5 (Cross default);

(g) any other transaction (including without limitation forward sale or purchase agreements) having the commercial effect of a borrowing or raising of money or any of (b) to (f) above;

(h) (for the purposes of Clause 18.5 (Cross default) only) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked-to-market value shall be taken into account); and

(i) guarantees in respect of indebtedness of any person falling within any of paragraphs (a) to (g) above (including for the avoidance of doubt, without double counting, guarantees given by a member of the Borrower Group for the indebtedness of the type falling within (a) to (g) above of another member of the Borrower Group),

provided that indebtedness which has been cash-collateralised shall not be included in any calculation of Financial Indebtedness to the extent so cash-collateralised and indebtedness which is in the nature of equity (other than redeemable shares) shall not be regarded as Financial Indebtedness.

GAAP means generally accepted accounting principles and practices in the United States.

Guaranteed Document means each Finance Document and the High Yield Hedging Agreements.

Guarantor means each Original Guarantor and each Additional Guarantor.

High Yield Hedging Agreements has the meaning given to it in the Security Deed.

High Yield Hedging Bank means a Lender or its Affiliate or a **Lender** or its **Affiliate** as defined in the Existing Facility Agreement which is or becomes a party to the Existing Security Deed and/or the Security Deed as a High Yield Hedging Bank.

High Yield Hedging Counterparty means any member of the UGCE Borrower Group that enters into a High Yield Hedging Agreement.

High Yield Notes means high yield debt securities or other instruments not mandatorily convertible into equity, in each case issued by a company which is a member of the UGCE Borrower Group.

Holding Company means, in relation to a person, an entity of which that person is a Subsidiary.

Initial Additional Facility Lender means a person which becomes a Lender under an Additional Facility pursuant to Clause 2.2 (Additional Facilities).

Intellectual Property Rights means all know-how, patents, trade marks, designs and design rights, trading names, copyrights (including any copyright in computer software), database rights and other intellectual property rights anywhere in the world (in each case whether registered or not and including all applications for the same).

Interconnect Agreements means each interconnection agreement, network contract, franchise agreement, telecommunications service agreement and any agreement of a similar nature entered into by any member of the Borrower Group in connection with the conduct of its business as may be permitted by the terms of this Agreement (including any interconnect agreements maintained pursuant to Clause 16.20 (Inter-connection and chello)).

Intercreditor Agreement means the intercreditor deed entered into on or about the date of this Agreement between, among others, the Facility Agent and the Security Agent, the facility agent and security agent under the Existing Facility Agreement and UPC Broadband.

Interest has the meaning given to it in Clause 17.1 (Financial definitions).

Interest Date means the last day of an Interest Period.

Interest Period means each period determined in accordance with Clause 8 (Interest).

Lender means:

(a) an Initial Additional Facility Lender; and

(b) any person which has become a New Lender (as defined in Clause 26.2 (Transfers by Lenders) under an Additional Facility in accordance with Clause 26 (Changes to the Parties),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

LGEF means Liberty Global Europe Financing B.V., a private limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

LIBOR means in relation to any Advance or Unpaid Sum denominated in US Dollars or in an Additional Currency (other than euros):

(a) the applicable Screen Rate for deposits in the currency of the relevant Advance or Unpaid Sum for a period equal or comparable to the required period at or about 11.00 a.m. on the applicable Rate Fixing Day; or

(b) (if no Screen Rate is available for the required currency or required period of that Advance or Unpaid Sum) the arithmetic mean (rounded upwards, if necessary, to the nearest four decimal places) of the respective rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks for the offering of deposits in the required currency and for the required period in the London interbank market at or about 11.00 a.m. on the Rate Fixing Day for such period,

and for the purposes of this definition, **required period** means the applicable Interest Period of an Advance or the period in respect of which LIBOR falls to be determined in relation to any Unpaid Sum.

Licence means each approval, consent, authorisation and licence from, and all filings, registrations and agreements with any governmental or regulatory authority, in each case granted, issued, made or entered into pursuant to any Telecommunications and Cable Law necessary in order to enable each member of the Borrower Group to carry on its business as may be permitted by the terms of this Agreement.

LMA means the Loan Market Association.

Majority Acquisition has the meaning given in paragraph (c) of the definition of **Permitted Acquisition**.

Majority Lenders means, at any time Lenders the aggregate of whose undrawn Additional Facility Commitments (translated into euros, where such Additional Facility Commitment is denominated in US Dollars or an Additional Currency, on the basis of the Agent's Spot Rate of Exchange on the date of the Additional Facility Accession Agreement) and participations in outstanding Advances (calculated by reference to the Original Euro Amount of such Advances) exceeds 66⅔ per cent. of the aggregate undrawn Total Commitments and the Original Euro Amount of outstanding Advances.

Management Fees means any management, consultancy or similar fees payable by any member of the Borrower Group to any Restricted Person.

Mandatory Cost means the percentage rate per annum calculated by the Facility Agent in accordance with Schedule 3 (Mandatory Cost Formulae).

Margin means the amount specified in and, if applicable, adjusted in accordance with the Additional Facility Accession Agreement.

Material Adverse Effect means any event or circumstance which has a material adverse effect on the ability of the Obligors (taken as a whole) to perform their payment or other material obligations under any of the Finance Documents.

Material Contracts means:

(a) the Interconnect Agreements;

(b) the Priority Pledge;

(c) the Shareholders' Agreements as from time to time amended, varied, restated or replaced, in each case in a manner that does not constitute an Event of Default under Clause 18.18 (Material Contracts); and

(d) each other agreement agreed as such by the Facility Agent and UPC Broadband.

Material Subsidiary means any Subsidiary of UPC Broadband which accounts for more than five per cent. of consolidated EBITDA of the Borrower Group as shown in the financial statements most recently delivered under Clause 16.2(a) or (b) (Financial information) (except that for purposes of determining the consolidated EBITDA of the Borrower Group in respect of the financial statements delivered under Clause 16.2(b) (Financial information), the amount of such EBITDA shall equal two times the consolidated EBITDA of the Borrower Group during the relevant Ratio Period ending on the date to which such financial statements are prepared).

If a Subsidiary which is not a Material Subsidiary on the basis of the most recent such financial statements most recently delivered receives on any date (the **Relevant Date**) a transfer of assets or the right to receive any earnings which, taken together with the existing earnings of that Subsidiary, would satisfy the test above, then that Subsidiary shall also be a Material Subsidiary on and from the Relevant Date. If a Material Subsidiary disposes of any assets or the right to receive any earnings such that it would on the basis of the most recent such financial statements most recently delivered cease to be a Material Subsidiary, then it shall be excluded as a Material Subsidiary on and from the date it makes such disposal.

Mid-Interest Period Transfer means an assignment, transfer or novation by an Existing Lender of all or any of its rights and/or obligations in respect of an Advance under this Agreement in accordance with Clause 26.2 (Transfers by Lenders) where such assignment, transfer or novation:

(a) includes the assignment or transfer of the right to receive an amount of principal and interest under this Agreement; and

(b) is made on a day other than the last day of an Interest Period.

Necessary Authorisations means all material approvals, consents, authorisations and licences (other than the Licences) from, all rights granted by and all filings, registrations and agreements with, any government or other regulatory authority necessary in order to enable each member of the Borrower Group to carry on its business as may be permitted by the terms of this Agreement as carried on by it at the relevant time.

Net Proceeds means the aggregate cash (or cash equivalent) proceeds received by any member of the Borrower Group in consideration for or otherwise in respect of a relevant disposal, net of all Taxes applicable on, or to any gain resulting from, that disposal and of all reasonable costs, fees and expenses properly incurred by continuing members of the Borrower Group in arranging and effecting that disposal.

Network means the networks operated from time to time by any member of the Borrower Group pursuant to the Licences and in accordance with this Agreement.

New Lender has the meaning given to it in Clause 26.2 (Transfers by Lenders).

non-Distribution Business Assets has the meaning given to it in Clause 16.10(b)(viii) (Disposals).

Novation Certificate has the meaning given to it in Clause 26.3(a)(i) (Procedure for novations).

Obligor means a Borrower or a Guarantor including, for the purposes of Clause 18 (Default), any Subsidiary of UPC Broadband that is required to become a Guarantor under Clause 26.4 (Additional Obligors) but has not yet become a Guarantor.

Obligor Accession Agreement means a deed in the form of Part 2 of Schedule 5 (Obligor Accession Agreement), with such amendments as the Facility Agent may approve or reasonably require (including, without limitation, any limitation on the obligations of the relevant Additional Guarantor which has been approved by the Facility Agent pursuant to Clause 26.4(a)(vi) (Additional Obligors).

Obligor Pledge of Shareholder Loans means the deeds of pledge of shareholder loans entered into between certain Obligors and the Security Agent listed in subparagraphs 1)a)i), (c), (d), (e), (f) and (g) of Schedule 7 (Security Documents) and any other deed of pledge of shareholder loans in substantially the same form entered into by an Obligor pursuant to any such deed of pledge or Clause 16.14(a) (Loans and guarantees) or Clause 26.4 (Additional Obligors).

Obligors' Framework Agreement means the Framework Agreement (as defined in any Obligor Pledge of Shareholder Loans).

Original Borrower Group Financial Statements means the financial statements of the Borrower Group for the Accounting Period ended 31 March 2003 (comprising the unaudited compiled financial statements of each of the Obligors for the Accounting Period ended 31 March 2003 and a combination of those financial statements).

Original Euro Amount means:

(a) the principal amount of an Advance (as applicable) denominated in euros; or

(b) the principal amount of an Advance denominated in US Dollars or an Additional Currency translated into euros on the basis of the Agent's Spot Rate of Exchange on the date of receipt by the Facility Agent of the Request for the relevant Advance.

Participating Member State means a member state of the European Community that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community for Economic Monetary Union.

Party means a party to this Agreement.

Permitted Acquisition means:

(a) any Acquisition of a member of the Borrower Group by any other member of the Borrower Group as part of the solvent reorganisation of the Borrower Group;

(b) any Acquisition where, upon completion of the Acquisition, the person acquired will be a Subsidiary of UPC Broadband or where UPC Broadband or one of its Subsidiaries which is a member of the Borrower Group will own directly or indirectly greater than a 50 per cent. interest in the asset or assets constituting the acquired business (a **Majority Acquisition**) and where:

(i) the business of the acquired entity or the business acquired, as the case may be, is of the same nature as the business of the Borrower Group as at the Effective Date and is carried out principally in Europe (other than Great Britain or Germany) or in Chile;

(ii) in the case of any Majority Acquisition where the Acquisition Cost is €40,000,000 or greater, UPC Broadband delivers to the Facility Agent within 15 days of the date of any such Majority Acquisition:

(A) a Borrower Group Business Plan which must:

I. contain cash flow projections which show that the sum of the undrawn Total Facility A Commitments (as defined under the Existing Facility Agreement), any undrawn Additional Facility Commitments that are available to be drawn for the general corporate and working capital purposes of the Borrower Group, and Unrestricted Cash, taking into account the proposed Majority Acquisition, is projected to be greater than €100,000,000 on the date on which financial covenants relating to the eleventh quarterly Accounting Period after the quarterly Accounting Period in which the Acquisition is made are tested under Clause 17 (Financial Covenants); and

II. contain financial projections which demonstrate that the Borrowers will be in compliance with the undertakings set out in Clause 17 (Financial Covenants) for the period from completion of the Acquisition (taking into account the Acquisition Cost of such Acquisition) to the Final Maturity Date;

(B) an Acquisition Business Plan; and

(C) the most recent six-months management accounts of or relating to the Target, together with a certificate signed by two managing directors or the sole managing director, as the case may be, of UPC Broadband certifying the amount of the Cash Flow of the Target for the most recent six months and setting out the supporting calculations;

(iii) no Default has occurred and is continuing or would be caused by the Majority Acquisition; and

(iv) Other than in the case of a Majority Acquisition where the Acquisition Cost is less than €40,000,000, UPC Broadband delivers to the Facility Agent within 15 days of the date of any Majority Acquisition a certificate signed by two managing directors or the sole managing director of UPC Broadband which certifies that, if the ratio of Senior

Debt to Annualised EBITDA of the Borrower Group was re-calculated for the most recent Ratio Period ending prior to the date of the Acquisition for which financial statements have been delivered pursuant to Clause 16.2(a) or (b) (Financial information) (the **Relevant Ratio Period**) but adding to the:

(A) amount of Senior Debt used in such calculation any net increase in the Senior Debt of the Borrower Group since the end of the Relevant Ratio Period or subtracting from the amount of Senior Debt used in such calculation any net deduction in the Senior Debt of the Borrower Group (in each case taking into account the amount of Senior Debt used to fund the Acquisition Cost); and

(B) Annualised EBITDA of the Borrower Group, the Annualised EBITDA of the Target for the Relevant Ratio Period,

the ratio of Senior Debt to Annualised EBITDA of the Borrower Group would be less than the higher of:

I. 4.0:1; and

II. the ratio of Senior Debt to Annualised EBITDA of the Borrower Group for the Relevant Ratio Period;

(c) any Acquisition of further share capital (or equivalent) of an entity which was a member of the Borrower Group immediately prior to the completion of the Acquisition; or

(d) any Acquisition by a member of the Borrower Group for the purposes of a solvent reorganisation of the Borrower Group where the Acquisition is of share capital or equivalent of a company which:

(i) has not traded and does not own any assets; or

(ii) is a dormant Subsidiary of Liberty Global, Inc. and,

in each case, which has no liabilities.

All references in this definition to euro or € shall, where applicable, mean the equivalent in any other currency, converted to euro, based on the Agent's Spot Rate of Exchange at the relevant time.

Permitted Borrower Group Guarantee Facilities means the guarantee facilities under which UPC Broadband and/or any of its Subsidiaries can draw guarantees up to a maximum aggregate principal amount of €10,000,000.

Permitted Borrower Group Revolving Credit Facility means the revolving credit facility to be entered into after the date of the Amendment Agreement by UPC Broadband as borrower, under which UPC Broadband can borrow revolving advances for general corporate and working capital purposes of the Borrower Group up to a maximum principal amount of €10,000,000.

Permitted Business means the carrying on of the Business in Europe or in Chile.

Permitted Disposal has the meaning given to it in Clause 16.10(b) (Disposals).

Permitted Financial Indebtedness has the meaning given to it in Clause 16.12(b) (Restrictions on Financial Indebtedness).

Permitted Joint Venture means:

(a) any Acquisition referred to in paragraph (a) of the definition of "Permitted Acquisition" and any Acquisition as a result of a reorganisation of a person that is not a Subsidiary of UPC Broadband but in which a member of the Borrower Group has an interest, provided that such reorganisation does not result in an overall increase in the value of the Borrower Group's interest in that person, other than adjustments to the basis of any member of the Borrower Group's interest in accordance with GAAP; or

(b) any Acquisition where, upon completion of the Acquisition, the person acquired will not be a Subsidiary of UPC Broadband or where UPC Broadband or one of its Subsidiaries which is a member of the Borrower Group will own directly or indirectly no more than a 50 per cent.

interest in the asset or assets constituting the acquired business (a **JV Minority Acquisition**) and where:

(i) the business of the acquired entity or the business acquired, as the case may be, is of the same nature as the business of the Borrower Group as at the Effective Date and is carried out principally in Europe or in Chile (other than Great Britain or Germany);

(ii) in the case of any JV Minority Acquisition where the Acquisition Cost is €40,000,000 or greater, UPC Broadband delivers to the Facility Agent within 15 days of the date of any such JV Minority Acquisition:

(A) a Borrower Group Business Plan which in relation to any JV Minority Acquisition must:

I. contain cash flow projection which show that the sum of the undrawn Total Facility A Commitments (as defined in the Existing Facility Agreement), any undrawn Additional Facility Commitments that are available to be drawn for the general corporate and working capital purposes of the Borrower Group, and Unrestricted Cash, taking into account the proposed JV Minority Acquisition, is projected to be greater than €100,000,000 on the date on which financial covenants relating to the eleventh quarterly Accounting Period after the quarterly Accounting Period in which the Acquisition is made are tested under Clause 17 (Financial Covenants); and

II. contain financial projections which demonstrate that the Borrowers will be in compliance with the undertakings set out in Clause 17 (Financial Covenants) for the period from completion of the Acquisition (taking into account the Acquisition Cost of such Acquisition) to the Final Maturity Date;

(B) an Acquisition Business Plan; and

(C) the most recent six months management accounts of or relating to the Target, together with a certificate signed by two managing directors or the sole managing director, as the case may be, of UPC Broadband certifying the amount of the Cash Flow of the Target for the most recent six months and setting out the supporting calculations;

(iii) no Default has occurred and is continuing or would be caused by the JV Minority Acquisition; and

(iv) other than in the acse of a JV Minority Acquisition where the Acquisition Cost is less than €40,000,000 UPC Broadband delivers to the Facility Agent within 15 days of the date of any JV Minority Acqusition a certificate signed by two managing directors or the sole managing director of UPC Broadband which certifies that, if the ratio of Senior Debt to Annualised EBITDA of the Borrower Group was re-calculated for the most recent Ratio Period ending prior to the date of the Acquisition for which financial statements have been delivered pursuant to Clause 16.2(a) or (b) (Financial information) (the **Relevant Ratio Period**) but adding to the:

(A) amount of Senior Debt used in such calculation any net increase in the Senior Debt of the Borrower Group since the end of the Relevant Ratio Period or subtracting from the amount of Senior Debt used in such calculation any net deduction in the Senior Debt of the Borrower Group since the end of the Relevant Ratio Period (in each case taking into account the amount of Senior Debt used to fund the Acquisition Cost); and

(B) Annualised EBITDA of the Borrower Group the Annualised EBITDA of the Target for the Relevant Ratio Period,

the ratio of Senior Debt to Annualised EBITDA of the Borrower Group would be less than the higher of:

(1) 4.0:1; and

(2) the ratio of Senior Debt to Annualised EBITDA of the Borrower Group for the Relevant Ratio Period.

All references in this definition to euro or € shall, where applicable, mean the equivalent in any other currency, converted to euro, based on the Agent's Spot Rate of Exchange at the relevant time.

Permitted Payment has the meaning given to it in Clause 16.13(c) (Restricted Payments).

Permitted Security Interest means:

(a) any Security Interest arising hereunder or under any Security Document;

(b) any Security Interest arising under any Existing Security Document;

(c) any liens arising in the ordinary course of business by way of contract which secure indebtedness under any agreement for the supply of goods or services in respect of which payment is not deferred for more than 180 days (or 360 days if such deferral is in accordance with the terms pursuant to which the relevant goods were acquired or services were provided);

(d) any Security Interest imposed by any taxation or governmental authority in respect of amounts which are being contested in good faith and not yet payable and for which adequate reserves have been set aside in the books of the Borrower Group (or, as the case may be, UPC Broadband Holdco) in respect of the same in accordance with GAAP;

(e) any Security Interests approved in writing by the Agent (acting on the instructions of the Majority Lenders);

(f) any Security Interest in favour of any bank incurred in relation to any cash management arrangements;

(g) rights of set-off arising in the ordinary course of business;

(h) any Security Interest securing any Financial Indebtedness referred to in Clause 16.12(b)(xi) (Restrictions on Financial Indebtedness), provided that (A) such Security Interest was not created in contemplation of the acquisition of such company, (B) the debt secured by such Security Interest is not increased beyond that secured at the date the company in question is acquired and such Security Interest secures only that debt and (C) such Encumbrance is discharged within 12 months of completion of the relevant acquisition;

(i) any Security Interest over non-Distribution Business Assets referred to in Clause 16.12(b)(xii) (Restrictions on Financial Indebtedness), securing Financial Indebtedness described therein or any other obligation in respect of such non-Distribution Business Assets;

(j) Security Interests arising under agreements entered into in the ordinary course of business relating to (i) network leases or (ii) the leasing of (A) building; (B) cars; and (C) other operational equipment;

(k) any Security Interest securing Financial Indebtedness arising under the Permitted Borrower Group Revolving Credit Facility or the Permitted Borrower Group Guarantee Facilities provided that any such Security Interest will constitute a Security Interest over assets that are not secured or required to be secured as at the date of the Amendment Agreement under the Finance Documents or the Existing Finance Documents;

(l) any Security Interest over the deposit arrangement, or any other similar arrangement, to be made by a member of the Borrower Group to the lenders under or in connection with the VTR Facility by no later than the date on which the deposit arrangement, or any other similar arrangement is made;

(m) any Security Interest over the VTR Facility or any Security Interest securing the Financial Indebtedness incurred by VTR GlobalCom SA under the VTR Facility; and

(n) any Security Interests not falling within paragraphs (a) to (m)(k) above and securing indebtedness (other than indebtedness in relation to an Acquisition) not exceeding €15,000,000 (or its equivalent).

Plan means a plan that is subject to section 302 or regulated by Title IV of ERISA maintained by any member of the Borrower Group or any ERISA Affiliate currently or at any time within the last five years, or to which any member of the Borrower Group or any ERISA Affiliate is required to make payments or contributions or has made payments or contributions within the past five years.

Pledge of Subordinated Shareholder Loans means the deed of pledge and subordination of Subordinated Shareholder Loans entered into between certain Restricted Persons and the Security Agent listed in subparagraph 3(b) of Schedule 7 (Security Documents) and any other deed of pledge entered into pursuant to any such deed of pledge or Clause 16.24(a) (Shareholder Loans).

Polska Holdco means:

(a) UPC Poland Holding B.V. (previously called UPC Telecom NV); and

(b) if the entity referred to in (a) above:

  (i) consolidates with or merges with or is acquired by any other person or persons; or

  (ii) directly or indirectly, sells, leases, conveys or transfers all or substantially all of its assets to any other person or persons,

the successor person (including any Holding Company which holds all the shares of Polska Holdco) formed by such consolidation or into which such entity is merged or to which such conveyance, transfer or lease is made.

Priority Pledge means the pledge entered into between UPC Broadband as pledgee and Priority Telecom Netherlands N.V. as pledgor dated 30 August 2002 in relation to telephony switches.

Professional Market Party means a professional market party (*professionele marktpartij*) under the Dutch Exemption Regulation.

Rate Fixing Day means:

(a) the second Business Day before the Utilisation Date of an Advance denominated in US Dollars; or

(b) the second TARGET Day before the Utilisation Date of an Advance denominated in euros,

or such other day on which it is market practice in the London or, as the case may be, European interbank market for leading banks to give quotations in the relevant currency for delivery on the first day of the relevant Utilisation Date.

Ratio Period has the meaning given to it in Clause 17.1 (Financial definitions).

Reference Banks means, subject to Clause 26.5 (Reference Banks), the principal London offices of JPMorgan Chase Bank, The Toronto-Dominion Bank and CIBC World Markets plc.

Related Fund means, with respect to any Lender that is a fund that invests in commercial loans, any other fund that invests in commercial loans and is administered or managed by (a) that Lender, (b) any Affiliate of that Lender or (c) the same investment adviser (or an Affiliate of that investment adviser) that administers or manages that Lender.

Relevant Convertible Preference Shares means, at any time, convertible preference shares issued by a member of the UGCE Borrower Group but excluding:

(a) convertible preference shares that cannot in accordance with their terms be redeemed for cash:

  (i) before the date on which all amounts outstanding under the Finance Documents and the Existing Finance Documents have been repaid or prepaid in full; or

  (ii) (if they can be redeemed for cash before that date) until the ratio of Senior Debt to Annualised EBITDA (i) is 3.5:1 or less for the two immediately preceding consecutive Ratio Periods and (ii) will be less than 3.5:1 immediately after such cash redemption; and

(b) convertible preference shares issued by a member of the UGCE Borrower Group and subscribed for by a member of the Wider Group.

Relevant Eastern European Subsidiary means any Subsidiary of any Obligor which Subsidiary is incorporated and has all its material operations in Eastern Europe, provided that the aggregate of the contributions of the Relevant Eastern European Subsidiaries to the consolidated EBITDA of the Borrower Group attributable to Eastern Europe does not exceed in aggregate 10 per cent.

For the purposes of this definition, consolidated EBITDA of the Borrower Group or any Subsidiary of an Obligor shall be determined by reference to the 12 month period ending on the most recent date in respect of which financial statements have been delivered to the Facility Agent under Clause 16.2(b) (Financial information).

Relevant Event means a Default in relation to (a) Clause 18.2 (Non-payment) or (b) Clause 17.2 (Financial ratios).

Repayment Instalment has the meaning given to that term in Clause 6.1 (Repayment of Advances).

Reportable Event means:

(a) an event specified as such in section 4043 of ERISA or any regulation promulgated thereunder, with respect to a Plan that is subject to Title IV of ERISA, other than an event in relation to which the requirement to give 30 days notice of that event is waived by any regulation; or

(b) a failure to meet the minimum funding standard under section 412 of the Code or section 302 of ERISA with respect to a Plan that is subject to such sections of the Code and ERISA, whether or not there has been any waiver of notice or waiver of the minimum funding standard under section 412 of the Code.

Request means a request made by a Borrower to utilise any of the Facilities and, subject to Clause 5.2 (Form of Request), substantially in the form of Part 1 of Schedule 4 (Form of Request).

Requested Amount means the amount requested in a Request.

Restricted Payment has the meaning given to it in Clause 16.13(b) (Restricted Payments).

Restricted Person means UGCE Inc., UPC, LGEF, UPC Holding, any other company (not being a member of the Borrower Group) which is a Subsidiary of, or an Associated Company of, UGCE Inc. (other than Associated Companies of UGCE Inc. which are its Associated Companies by virtue of controlling UGCE Inc. or owning beneficially and/or legally directly or indirectly 10 per cent. or more of the equity interests in UGCE Inc.).

Restricted Person's Framework Agreement means the Framework Agreement as defined in any Pledge of Subordinated Shareholder Loans.

Restructuring means the transfer of share capital and intercompany receivables that took place prior to the Signing Date so that the Borrower Group was restructured to consist of UPC Broadband and its Subsidiaries as described in the structure chart set out at Schedule 8 (Borrower Group Structure).

Sale and Purchase Agreements means the following sale and purchase agreements relating to the sale and transfer of shares and receivables entered into on 9 April 2003 between:

(a) UPC, LGEF, UPC Holding, UPC Broadband and UPC Broadband Operations B.V. (previously called UPC Operations B.V.);

(b) UPC, LGEF, UPC Holding and UGC Europe Services B.V. (previously called UPC Services B.V.);

(c) UPC, LGEF, UPC Holding, UPC Broadband and UPC Broadband Holding Services B.V. (previously called UPC Holding Services B.V.); and

(d) UPC, LGEF, UPC Holding, UPC Broadband and UPC Services Ltd.

Screen Rate means:

(a) in relation to LIBOR, the British Bankers Association Interest Settlement Rate for the relevant currency and period; and

(b) in relation to EURIBOR, the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period,

displayed on the appropriate page of the Reuters screen. If that page is replaced or the service ceases to be available, the Facility Agent may specify another page or service displaying the appropriate rate after consultation with UPC Broadband and the Lenders.

Security Deed means the Security Deed dated 16 January 2004 between, among others, each Obligor, the Facility Agent, the Security Agent, the Lenders, the High Yield Hedging Banks and each Subordinated Creditor and includes each Deed of Accession (as defined in the Security Deed) entered into in relation to the Security Deed.

Security Documents means:

(a) the documents listed in Schedule 7 (Security Documents); and

(b) such other security documents as may from time to time be entered into in favour of any Beneficiary pursuant to any of the Finance Documents (including without limitation any other Obligor Pledge of Shareholder Loans or Pledge of Subordinated Shareholder Loans, any security document referred to in Clause 16.22 (UPC Broadband Pledged Account), Clause 16.23 (Share security) or Clause 16.25 (Further security over receivables) and any security document provided to the Security Agent in connection with the accession of an Additional Obligor pursuant to Clause 26.4 (Additional Obligors) and Part 2 of Schedule 2 (Conditions Precedent Documents) or otherwise.

Security Interest means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind securing any obligation of any person or any other arrangement having the effect of conferring rights of retention or other disposal rights over an asset (including without limitation title transfer and/or retention arrangements having a similar effect or a deposit of money with the primary intention of affording a right of set-off) and includes any agreement to create any of the foregoing but does not include (a) liens arising in the ordinary course of business by operation of law and not by way of contract and (b) any grant of indefeasible rights of use or equivalent arrangements with respect to network capacity, communications, fibre capacity or conduit.

Security Provider's Deed of Accession has the meaning given to it in the Security Deed.

Senior Beneficiary has the meaning given to the term in the Security Deed.

Senior Debt has the meaning given to it in Clause 17.1 (Financial definitions).

Senior Hedging Agreements means any Cash Flow Hedging Agreement and all interest rate and/or currency swap and/or interest rate and/or currency cap and/or other interest rate and/or currency hedging agreements entered into or to be entered into by any member of the Borrower Group with any of the Senior Hedging Banks from time to time in relation to the Borrower Group's floating rate interest exposure and/or currency exposure.

Senior Hedging Bank means a Lender or its Affiliate as defined in the Existing Facility Agreement or a Lender or its Affiliate as defined in this Agreement which is or becomes a party to the Existing Security Deed as a senior hedging bank.

Serviceable Subordinated Debt means any Financial Indebtedness not prohibited by the Finance Documents or the Existing Finance Documents (including, for the avoidance of doubt, High Yield Notes and Relevant Convertible Preference Shares) which is raised by an entity that is not a member of the Borrower Group, all or part of, the proceeds of which are on-lent directly or indirectly to a member of the Borrower Group by a Subordinated Creditor by means of a Subordinated Shareholder Loan provided that, all or part of, such proceeds are applied in permanent prepayment and cancellation of the Facilities in accordance with this Agreement or of the Existing Facility in accordance with the Existing Facility Agreement.

Shareholder means UGCE Inc. or a UGCE Inc. Subsidiary.

Shareholders' Agreements means the agreements listed in Schedule 9 (Shareholders' Agreements).

Signing Date means the date of this Agreement.

Sterling means the lawful currency for the time being of the United Kingdom.

Subordinated Creditor means any Restricted Person who has, at any relevant time, entered into a Pledge of Subordinated Shareholder Loans and the Security Deed or a Security Provider's Deed of Accession.

Subordinated Shareholder Loans means any Financial Indebtedness of any member of the Borrower Group owed to a Subordinated Creditor.

Subsidiary of a person means any company or entity directly or indirectly controlled by such person, for which purpose **control** means ownership of more than 50 per cent. of the economic and/or voting share capital (or equivalent right of ownership of such company or entity).

Target means any assets or entity which is or are the subject of an Acquisition in accordance with the terms of this Agreement.

TARGET Day means a day on which the Trans-European Automated Real-Time Gross Settlement (TARGET) System is operating.

Taxes or **Tax** means all present and future taxes, imposts, duties, levies, fees or charges of a similar nature, together with interest thereon and penalties in respect thereof.

Telecommunications and Cable Law means all laws, statutes, regulations and judgments relating to telecommunications, cable television and data services applicable to any member of the Borrower Group and/or the business carried on by any member of the Borrower Group in any jurisdiction in which a member of the Borrower Group is incorporated or formed or in which such member has its principal place of business or owns any material assets.

Telekabel Wien means Telekabel Wien GmbH a company incorporated under the laws of Austria with its corporate seat at Erlachgasse 116, 1100 Wien, Austria and with registration number FN 84116a.

Total Additional Facility Commitments means in relation to an Additional Facility, the aggregate for the time being of the Additional Facility Commitments for that Additional Facility.

Total Cash Interest has the meaning given to it in Clause 17.1 (Financial definitions).

Total Commitments means the aggregate for the time being of the aggregate Total Additional Facility Commitments for all Additional Facilities.

Total Debt has the meaning given to it in Clause 17.1 (Financial definitions).

UGC means:

(a) UnitedGlobalCom, Inc. a corporation incorporated in the State of Delaware, United States and, as of the Signing Date, having its business office at 4643 South Ulster Street, Suite 1300, Denver, Colorado 80237 U.S.A.; and

(b) if the entity referred to in (a) above:

  (i) consolidates with or merges with any other person or persons; or

  (ii) directly or indirectly, sells, leases, conveys or transfers all or substantially all of its assets to any other person or persons,

the successor person formed by such consolidation or into which such entity is merged or to which such conveyance, transfer or lease is made.

UGCE Borrower Group means:

(a) UGCE Inc.;

(b) any other company of which UPC Broadband is a Subsidiary and which is a Subsidiary of UGCE Inc.; and

(c) UPC Holding II.

UGCE Inc. means:

(a) UGC Europe Inc. a company organised under the laws of the State of Delaware; and

(b) if the entity referred to in (a) above:

  (i) consolidates with or merges with any other person or persons; or

  (ii) directly or indirectly, sells, leases, conveys or transfers all or substantially all of its assets to any other person or persons,

the successor person formed by such consolidation or into which such entity is merged or to which such conveyance, transfer or lease is made.

UGCE Inc. Subsidiary means:

(a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50 per cent. of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or persons performing similar functions); or

(b) any partnership, joint venture limited liability company or similar entity of which more than 50 per cent. of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), at the time owned or controlled, directly indirectly, by:

(i) UGCE Inc;

(ii) UGCE Inc. and one or more UGCE Inc. Subsidiaries; or

(iii) one or more UGCE Inc. Subsidiaries.

For the purposes of the above definition:

Capital Stock of any UGCE Inc. Subsidiary means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such UGCE Inc. Subsidiary, including any Preferred Stock, but excluding any debt securities convertible into such equity; and

Preferred Stock, as applied to the Capital Stock of any UGCE Inc. Subsidiary, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such UGCE Inc. Subsidiary, over shares of Capital Stock of any other class of such UGCE Inc. Subsidiary.

United States or **US** means the United States of America.

Unpaid Sum means any sum due and payable but unpaid by an Obligor under the Finance Documents.

Unrestricted Cash has the meaning given to that term under GAAP.

Unrestricted Subsidiary means each Subsidiary of UPC Broadband and, prior to the Restructuring, each Subsidiary of each Obligor that is not a Subsidiary of UPC Broadband, the acquisition cost of which and whose on-going funding requirements are not funded directly or indirectly (in whole or in part) by any member of the Borrower Group by way of drawings under the Facilities and which is designated by UPC Broadband in writing as an Unrestricted Subsidiary.

UPC means United Pan-Europe Communications N.V., a public limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

UPC Austria means UPC Austria Holding B.V. a private limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

UPC Broadband Holdco means the immediate Holding Company of UPC Broadband from time to time, being UPC Holding as of the Signing Date.

UPC Broadband Pledged Account has the meaning given in Clause 16.22(b) (UPC Broadband Pledged Account).

UPC Financing means UPC Financing Partnership, a general partnership formed under the laws of Delaware, United States with its principal place of business at 4643 South Ulster Street, Suit 1300, Denver, Colorado 80237, USA.

UPC Holding means UPC Holding B.V., a limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

UPC Holding II means UPC Holding II B.V., a limited liability company incorporated under the laws of The Netherlands and, as of the Signing Date, with its registered office at Amsterdam and its business office at Boeing Avenue 53, 1119 PE Schiphol Rijk, Amsterdam, The Netherlands.

UPC Polska means UPC Polska LLC.

US Borrower means any Additional Borrower under this Agreement which is incorporated or formed under the laws of a State of the United States or that resides or has a domicile, a place of business or property in the United States.

US Dollars and **US$** means the lawful currency for the time being of the United States.

US Obligor has the meaning given to it in Clause 18.6(c) (Insolvency).

Utilisation Date means the date specified as such in the relevant Request or, on and after the making and/or issue thereof pursuant to such Request, the date on which it was made and/or issued.

VAT means value added or similar tax.

VTR Acquisition means the Acquisition of VTR GlobalCom S.A. (directly or indirectly by the acquisition of its Holding Company) and its Subsidiaries by a member of the Borrower Group.

VTR Facility means the senior secured credit facility agreement dated 20 September 2006 and made between VTR GlobalCom S.A. and International Communications LLC as the original borrowers, Citigroup Global Markets Inv, TD Securities (USA) LLC, BNP Paribas Securities Corp. and Santander Investment Securities Inc. as arrangers, Toronto Dominion (Texas) LLC as facility agent and Citibank, N.A., Agencia En Chile as collateral agent.

VTR Group means United Chile LLC (or the relevant Holding Company of VTR GlobalCom S.A.) and its Subsidiaries.

Western Europe means the countries that comprised the European Community as at the Effective Date, Scandinavia and Switzerland.

Wider Group means UGCE Inc. and each of its Affiliates including (for the avoidance of doubt) UGC, Liberty Global, Inc. and Liberty Media International, Inc. or any of their respective Subsidiaries.

1.2 Construction

(a) In this Agreement, unless the contrary intention appears, a reference to:

(i) a document being in the **agreed form** means a document (A) in a form previously agreed in writing by or on behalf of the Facility Agent and UPC Broadband, or (B) in a form substantially as set out in any Schedule to any Finance Document, or (C) (if not falling within (A) or (B) above) in form and substance satisfactory to the Lenders and initialled by or on behalf of the Facility Agent and UPC Broadband for the purposes of identification;

amendment includes a supplement, novation or re-enactment and **amended** is to be construed accordingly;

assets includes all or any part of any business, undertaking, real property, personal property, uncalled capital and any rights (whether actual or contingent, present or future) to receive, or require delivery of, any of the foregoing;

references to the **equivalent** of an amount specified in a particular currency (the **specified currency amount**) shall be construed as a reference to the amount of the other relevant currency which can be purchased with the specified currency amount in the London foreign exchange market at or about 11.00 a.m. on the day on which the calculation falls to be made for spot delivery as determined by the Facility Agent in accordance with its customary practices;

European interbank market means the interbank market for euro operating in Participating Member States;

a **guarantee** includes a reference to an indemnity or other assurance against financial loss including, without limitation, an obligation to purchase assets or services as a consequence of a default by any other person to pay any indebtedness and **guaranteed** shall be construed accordingly;

indebtedness is a reference to any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent;

a **month** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that, if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that month;

permanent prepayment and cancellation means, in relation to any facility, a permanent prepayment of outstanding advances under that facility with a corresponding permanent cancellation of the total commitments in relation to that facility;

a **person** includes any individual, firm, company, corporation, unincorporated body of persons or any state or any of its agencies;

a **regulation** includes any present or future regulation, rule, directive, requirement, request or guideline (whether or not having the force of law but, if not having the force of law, only if compliance therewith is in accordance with the general practice of the relevant persons to whom it is intended to apply or, in the case of Clause 12 (Increased Costs) only, the relevant Finance Party or its Holding Company) of any agency, authority, central bank or government department or any self-regulatory or other national or supra-national authority;

(A) a provision of a law is a reference to that provision as amended, re-enacted or extended;

(B) a Clause or a Schedule is a reference to a clause of or a schedule to this Agreement;

(C) a person includes its successors, transferees and assigns;

(D) (or to any specified provision of) this Agreement or any other document shall be construed, save where expressly provided to the contrary in this Agreement, as a reference to this Agreement, that provision or that document as in force for the time being and as from time to time amended in accordance with its terms, or, as the case may be, with the agreement of the relevant parties and (where such consent is, by the terms of this Agreement or the relevant document, required to be obtained as a condition to such amendment being permitted) the prior written consent of the Facility Agent, all of the Lenders or the Majority Lenders (as the case may be);

(E) other than in the definition of **EURIBOR** in Clause 1.1 (Definitions), a time of day is a reference to London time; and

(F) words importing the plural include the singular and vice versa.

(b) Unless the contrary intention appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(c) The index to and the headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.

(d) Unless expressly provided to the contrary in a Finance Document, a person who is not a party to a Finance Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

(e) Notwithstanding any term of any Finance Document, the consent of any third party is not required for any variation (including any release or compromise of any liability under) or termination of that Finance Document.

1.3 Existing Facility Agreement

(a) Unless expressly stated to the contrary, and subject to paragraph (b), references in any of the Finance Documents to the Existing Finance Documents and to terms defined in, and provisions of, any of the Existing Finance Documents, shall be references to the relevant Existing Finance Document and such terms and provisions as at the Effective Date, as the same may be amended with the prior written approval of the Facility Agent (acting on the instructions of the Majority Lenders) from time to time.

(b) References in any of the Finance Documents to any Finance Party (as defined in the Existing Facility Agreement) shall include such Finance Party's permitted successors, transferees or assigns from time to time.

2. THE FACILITIES

2.1 [Intentionally left blank]

2.2 Additional Facilities

(a) Any person may, subject to the terms of this Agreement, become a Lender by delivering to the Facility Agent an Additional Facility Accession Agreement in each case duly completed and executed by that person, , UPC Broadband and, if the Additional Facility is to be granted to an Additional Borrower, the relevant Additional Borrower. If, on the date the Additional Facility Accession Agreement becomes effective, it is a requirement under Dutch law that a Lender needs to be qualified as a Professional Market Party, such Lender must make the declaration and representation set out in paragraph 4 of the Additional Facility Accession Agreement. That person shall become a Lender on the date specified in the Additional Facility Accession Agreement.

(b) Upon the relevant person becoming a Lender, the Total Commitments shall be increased by the amount set out in the relevant Additional Facility Accession Agreement as that Lender's Additional Facility Commitment.

(c) Each Lender will grant to the relevant Borrower a term loan facility in the amount specified in the relevant Additional Facility Accession Agreement in euros, US Dollars or an Additional Currency (as applicable) during the Additional Facility Availability Period specified in the Additional Facility Accession Agreement, subject to the terms of this Agreement.

(d) The execution by UPC Broadband and the relevant Borrower of an Additional Facility Accession Agreement constitutes confirmation by each Guarantor that its obligations under Clause 14 (Guarantee) shall continue unaffected except that those obligations shall extend to the Total Commitments as increased by the addition of the relevant Lender's Commitment and shall be owed to each Finance Party including the relevant Lender.

2.3 Overall facility limits

(a) The aggregate amount of all outstanding Advances under an Additional Facility shall not at any time exceed the relevant Total Additional Facility Commitments for that Additional Facility.

(b) The aggregate amount of the participations of a Lender in Advances under an Additional Facility shall not at any time exceed that Lender's Additional Facility Commitment for that Additional Facility at that time.

2.4 Number of Requests and Advances

(a) No more than one Request may be made under each Additional Facility unless an Additional Facility Accession Agreement specifies otherwise, in which case the maximum number of requests for Advances under that Additional Facility will be as set out in that Additional Facility Accession Agreement.

(b) Unless the Facility Agent agrees otherwise, no more than five Advances may be outstanding at any one time under each Additional Facility (other than Additional Facilities that can be redrawn) and no more than ten Advances may be outstanding at any one time under each Additional Facility that can be redrawn.

2.5 Nature of a Finance Party's rights and obligations

(a) The obligations of a Finance Party under the Finance Documents are several. Failure of a Finance Party to carry out those obligations does not relieve any other Party of its obligations under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of a Finance Party under the Finance Documents are divided rights. A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce those rights.

(c) Each of the Obligors and each of the Finance Parties agrees that the Security Agent shall be the joint and several creditor (*hoofdelijk crediteur*) of each and every obligation of any Obligor towards each of the Finance Parties under any Finance Document, and that accordingly the Security Agent will have its own independent claim as creditor and not as agent against each Obligor to demand performance by the relevant Obligor of those obligations. However, any discharge of any such obligation to either of the Security Agent or the relevant Finance Party shall, to the same extent, discharge the corresponding obligation owing to the other.

(d) Without limiting or affecting the Security Agent's rights against any Obligor (whether under this paragraph or under any other provision of the Finance Documents), the Security Agent agrees with each other Finance Party (on a several and divided basis) that, subject as set out in the next sentence, it will not exercise its rights as a joint and several creditor with a Finance Party except with the prior written consent of the relevant Finance Party. However, for the avoidance of doubt, nothing in the previous sentence shall in any way limit the Agent's right to act in the protection or preservation of rights under or to enforce any Security Document or the Security Deed as contemplated by the Finance Documents (or to do any act reasonably incidental to any of the foregoing).

2.6 UPC Broadband as Obligors' agent

Each Obligor:

(a) irrevocably authorises and instructs UPC Broadband to give and receive as agent on its behalf all notices (including Requests) and sign all documents in connection with the Finance Documents on its behalf (including but not limited to amendments and variations and execution of any new Finance Documents) and take such other action as may be necessary or desirable under or in connection with the Finance Documents; and

(b) confirms that it will be bound by any action taken by UPC Broadband under or in connection with the Finance Documents.

2.7 Actions of UPC Broadband as Obligors' agent

The respective liabilities of each of the Obligors under the Finance Documents shall not be in any way affected by:

(a) any irregularity (or purported irregularity) in any act done by or any failure (or purported failure) by UPC Broadband;

(b) UPC Broadband acting (or purporting to act) in any respect outside any authority conferred upon it by any Obligor; or

(c) the failure (or purported failure) by or inability (or purported inability) of UPC Broadband to inform any Obligor of receipt by it of any notification under this Agreement or any other Finance Document.

3. PURPOSE

3.1 Purpose

Each Advance will be applied to finance the general corporate and working capital purposes of the Borrower Group, including, without limitation, to finance capital expenditure and the making of Acquisitions by the Borrower Group (to the extent permitted by this Agreement) and the repayment or prepayment of any Facilities or Existing Facilities.

3.2 Lender's declarations and representations as Professional Market Party

(a) Each Lender under an Additional Facility made available to a Dutch Borrower makes the following declarations and representations to those relevant Dutch Borrowers:

(i) it is a Professional Market Party; and

(ii) it acknowledges that as a consequence it has no benefit from the (creditor) protection under the Dutch Banking Act for non-Professional Market Parties.

(b) Each declaration and representation set out in paragraph (a) above is made by each relevant Lender on the 2006 Amendment Effective Date and on each date that this Agreement is amended, restated or supplemented.

(c) If on the date on which a Dutch Borrower accedes to this Agreement, it is a requirement under Dutch law that a Lender needs to be qualified as a Professional Market Party in respect of Advances to be made to that Dutch Borrower, each then current Lender under an Existing Facility or an Additional Facility to which that Dutch Borrower is a Borrower shall make the declaration and representation set out under paragraph (a) above to such Dutch Borrower.

3.3 No monitoring

Without affecting the obligations of the Borrowers in any way, no Finance Party is bound to monitor or verify the application of the proceeds of any Advance.

4. CONDITIONS PRECEDENT

4.1 Documentary conditions precedent

(a) This Agreement will take effect on the day falling no less than five Business Days after the Signing Date (the **Effective Date**) on which the Facility Agent notifies UPC Broadband and the Lenders that it has received written confirmation from the Existing Facility Agents that the conditions precedent in Clause 2(b) of the amendment and restatement agreement dated on or about the date of this Agreement between, *inter alia*, UPC Broadband and the Existing Facility Agents amending and restating the Existing Facility Agreement have been either satisfied or waived and that such agreement is effective.

(b) No Borrower may draw an Advance under this Agreement until the Facility Agent has notified UPC Broadband and the Lenders that it has received all of the documents set out in Part 1 of Schedule 2 (Conditions Precedent Documents) in form and substance satisfactory to the Facility Agent.

(c) The Facility Agent will confirm to UPC Broadband and to the Existing Facility Agents that it has received the documents referred to in paragraph (b) above as soon as practicable upon receiving all of them in form and substance satisfactory to it.

4.2 Further conditions precedent

The obligations of each Lender in respect of each Advance are subject to the further conditions precedent that:

(a) on the date of the Request for that Advance and on the proposed Utilisation Date the representations and warranties in Clause 15 (Representations and Warranties) to be repeated on those dates are and will be immediately after the relevant Advance is drawn down correct in all material respects;

(b) on the date of the Request for that Advance and on the proposed Utilisation Date no Default is outstanding or would result from the proposed Advance;

(c) on the date of the Request for that Advance and on the proposed Utilisation Date no Change of Control has occurred where the event has not been waived by the Majority Lenders; and

(d) the relevant Borrower confirms to the Facility Agent in the Request that the proceeds of such Advance are only to be applied in accordance with Clause 3.1 (Purpose) and specifies the relevant purpose of the proposed Advance in such Request.

4.3 Pro forma covenant compliance

No Borrower may Request or obtain any Advance in an amount which, when aggregated with all other Advances (and all Advances (other than Rollover Advances) (in each case as defined in the Existing Facility Agreement)) (the **Relevant Advances**) made since the last day of the most recent Ratio Period ending prior to the proposed date of that Advance for which financial statements have been delivered pursuant to Clause 4.1 (Documentary conditions precedent) or Clause 16.2(a) or (b) (Financial information) (the **Relevant Ratio Period**) would cause UPC Broadband to fail to be in compliance with the financial ratios set out in Clause 17.2 (Financial ratios) for the Relevant Ratio Period, if such financial ratios were re-tested for the Relevant Ratio Period after adding the aggregate amount of all such Relevant Advances to the amount of Senior Debt and Total Debt used in calculating such ratios.

4.4 Deferred Acquisition Costs

Where a member of the Borrower Group has made an Acquisition permitted by Clause 16.11 (Acquisitions and mergers), no Borrower may Request, or apply the proceeds of, any Advance for the purpose of paying any consideration referred to in paragraph (a) of the definition of **Acquisition Cost** in relation to that Acquisition, unless UPC Broadband delivers to the Facility Agent on or before the date of each relevant Request:

(a) where the Acquisition Cost of the acquisition was greater than €100,000,000 and no more than €150,000,000, a certificate signed by two managing directors or the sole managing director, as the case may be, of UPC Broadband and certifying; or

(b) where the Acquisition Cost of the acquisition was greater than €150,000,000, financial projections based on assumptions which are no more aggressive (when taken as a whole) than those used in the preparation of the Business Plan which demonstrate,

that the Borrowers will be in compliance with Clause 6 (Repayment) and the undertakings set out in Clause 17 (Financial Covenants) for the period from the Utilisation Date of such Advance (taking into account (i) the Acquisition Cost of such acquisition (but deducting from that Acquisition Cost the value of any consideration referred to in paragraph (a) of the definition of **Acquisition Cost** which has yet to be paid or delivered), (ii) the amount of such Advance and (iii) financial projections relating to the acquired business or asset(s)) to the Final Maturity Date.

5. ADVANCES

5.1 Delivery of Request

Subject to the terms of this Agreement, a Borrower may request an Advance by delivering to the Facility Agent by not later than 11.00 a.m. on the third Business Day before the Utilisation Date or (if applicable) by not later than the time specified in the relevant Additional Facility Accession Agreement, a duly completed Request.

5.2 Form of Request

Each Request shall specify (where applicable):

(a) the relevant Facility and the corresponding Utilisation Date which shall be a Business Day falling during the relevant Additional Facility Availability Period;

(b) the currency of the proposed Advance (which must be euros, US Dollars or an Additional Currency (in each case as specified in the relevant Additional Facility Accession Agreement));

(c) the principal amount of the proposed Advance which:

  (i) for an Advance denominated in euros, shall be a minimum amount of €10,000,000;

  (ii) for an Advance denominated in US Dollars, shall be a minimum amount of US$10,000,000; and

  (iii) for an Advance denominated in any Additional Currency, shall be a minimum amount equivalent to €10,000,000 (in each case using the Agent's Spot Rate of Exchange on the date of receipt by the Agent of the Request and rounded up to the nearest million units in the relevant Additional Currency);

(d) the Interest Period of the Advance, which must be a period complying with Clause 8 (Interest); and

(e) unless previously notified to the Facility Agent in writing and not revoked the details of the bank and account to which the proceeds of the proposed Advance are to be made available, which must comply with Clause 9 (Payments).

Subject to the terms of this Agreement, each Request shall be irrevocable and the relevant Borrower shall be bound to borrow an Advance in accordance with such Request.

5.3 Notification to the Lenders

The Facility Agent shall promptly notify each Lender participating in the relevant Advance of each Request for an Advance and the amount of its participation in the Advance.

5.4 Participations in Advances

(a) Subject to the terms of this Agreement, each Lender shall, on the date specified in any Request for an Advance, make available to the Facility Agent for the account of the relevant Borrower the amount of its participation in that Advance. All such amounts shall be made available to the Facility Agent in accordance with Clause 9.2 (Funds) for disbursement to or to the order of the relevant Borrower in accordance with the provisions of this Agreement.

(b) The amount of a Lender's participation in an Advance will be the proportion (applied to the amount set out in the Request) which its relevant Additional Facility Commitment bears to the relevant Total Additional Facility Commitments.

(c) Advances denominated in euro will only be made available in the euro unit.

6. REPAYMENT

6.1 Repayment of Advances

(a) Each Borrower must repay the Advances made to it in accordance with the provisions of the relevant Additional Facility Accession Agreement, which shall provide, subject to paragraph (b) below, for repayment of the relevant Additional Facility to be made:

(i) in full on the relevant Final Maturity Date; or

(ii) by payment of instalments (each a **Repayment Instalment**) on any date or dates up to and including the relevant Final Maturity Date. Each Repayment Instalment shall be in the amount and on the date or dates set out in or calculated in accordance with the relevant Additional Facility Accession Agreement.

(b) (i) The aggregate Original Euro Amount of each:

(A) Repayment Instalment; and

(B) amount of any Facility A Advances (as defined in the Existing Facility Agreement) repaid or prepaid pursuant to clause 6.1(a) (Repayment of Advances) of the Existing Facility Agreement,

on any date falling prior to 1 July 2009 (each a **Relevant Date**) shall not exceed:

(ii) (A) the cumulative amount in euros set out in column (2) below opposite the current repayment date set out in column (1) below which immediately precedes that Relevant Date, minus

(B) the aggregate Original Euro Amount of each amount referred to in paragraphs (b)(i)(A) and (b)(i)(B) above repaid or prepaid on any date during the period from 2 December 2004 to (but excluding) that Relevant Date.

(1) **current repayment dates**	(2) **cumulative amount**
30 June 2005	€4,017,079
31 December 2005	€6,025,618
30 June 2006	€215,174,782
31 December 2006	€596,336,446
30 June 2007	€944,235,611
31 December 2007	€1,208,734,775
30 June 2008	€2,038,469,660
31 December 2008	€2,134,879,545
30 June 2009	€3,156,732,530

6.2 Notification

The Agent shall notify the relevant Lender(s) and UPC Broadband of US Dollar or Additional Currency amounts (and the applicable Agent's Spot Rate of Exchange) promptly after they are ascertained under this Agreement.

7. CANCELLATION AND PREPAYMENT

7.1 Automatic Cancellation of the Commitments

The undrawn Additional Facility Commitment under each Additional Facility shall be automatically cancelled at the close of business in London on the last day of the relevant Additional Facility Availability Period.

7.2 Voluntary cancellation

UPC Broadband may, by delivering to the Facility Agent a duly completed Cancellation Notice not less than five Business Days prior to the due date of cancellation, cancel the unutilised portion of the Total Additional Facility Commitments in whole or in part (but, if in part, in an aggregate minimum Original Euro Amount of €10,000,000) in such proportions as UPC Broadband may specify in the Cancellation Notice on the date specified in the Cancellation Notice. Any cancellation in part shall be applied against the relevant Additional Facility Commitment of each Lender *pro rata*.

7.3 Voluntary prepayment

(a) UPC Broadband may, by delivering to the Facility Agent a duly completed Cancellation Notice not less than five Business Days prior to the due date of prepayment, prepay the whole or any part, (but if in part in an aggregate minimum Original Euro Amount of €10,000,000) of the outstanding Advances made to a Borrower under any Additional Facility.

(b) Any voluntary prepayment made under paragraph (a) above will be applied against the Additional Facilities in such proportion as may be specified by UPC Broadband in the notice of prepayment and:

(i) (in the case of any Additional Facility which may be redrawn following prepayment) against all outstanding Advances under such Additional Facility *pro rata* or against such Advances as UPC Broadband may designate in the Cancellation Notice; and

(ii) (in the case of any other Additional Facility) against all the outstanding Advances made under the relevant Additional Facility *pro rata* (and, if applicable, against the Repayment Instalments for the relevant Additional Facility or Additional Facilities in such order as may be specified by UPC Broadband).

7.4 Change of Control

(a) If:

(i) UGC ceases:

(A) directly or indirectly to own more than 50 per cent. of the issued share capital of UGCE Inc.; and

(B) to Control UGCE Inc.; or

(ii) UGCE Inc. does not or ceases to own, directly or indirectly through one or more of its Subsidiaries or other persons Controlled by it, the legal and beneficial interest in more than 50 per cent. of the voting and economic rights attaching to the issued share capital of, or otherwise ceases to Control, UPC Broadband Holdco, (except as a result of a merger or consolidation of UPC Broadband Holdco with or into a Shareholder, provided that such merger or consolidation is in accordance with paragraph (b) below); or

(iii) in accordance with the terms of any share pledge in favour of the Security Agent over the issued share capital of UPC Broadband Holdco and UPC Holding II, UPC Broadband Holdco does not or ceases to own directly (or indirectly through one or more of its Subsidiaries or other persons Controlled by it, subject to such Subsidiary or person complying with Clause 26.4(a) (Additional Obligors)) the legal and beneficial interest in

100 per cent. of the issued share capital of UPC Broadband and UPC Holding II or otherwise ceases to Control UPC Broadband and UPC Holding II; or

(iv) in accordance with the terms of the share pledges in favour of the Security Agent over the issued share capital of each of the Obligors (other than UPC Broadband Holdco, UPC Holding II, UPC Financing and UPC Broadband), UPC Broadband does not or ceases to own directly or indirectly through one or more of its Subsidiaries or other persons Controlled by it, the legal and beneficial interest in at least 75 per cent. of the voting and economic rights attaching to the issued share capital of any Obligor (other than UPC Broadband Holdco, UPC Holding II, UPC Financing or UPC Broadband) or otherwise ceases to Control such Obligor; or

(v) UPC Broadband Holdco and UPC Holding II do not or cease to own, in accordance with the terms of the pledge referred to in paragraph 2 of Schedule 7 (Security Documents), the legal and beneficial interest in 100 per cent. of the partnership interests and economic rights attaching to the partnership interests of, or otherwise ceases to Control, UPC Financing,

(any of the events described in (i) to (v) above being a **Change of Control**):

(A) UPC Broadband shall promptly notify the Facility Agent upon becoming aware of a Change of Control; and

(B) if the Majority Lenders so require, the Facility Agent shall, by not less than 20 Business Days' notice to UPC Broadband, cancel each Additional Facility and declare all outstanding Advances, together with accrued interest and all other relevant amounts accrued under the Finance Documents immediately due and payable, whereupon each Additional Facility will be cancelled and all such outstanding amounts will become immediately due and payable.

(b) UPC Broadband Holdco shall not enter into a merger or consolidation with or into a Shareholder (the resulting entity being the **UPC Merged Entity**) unless:

(i) reasonable details of the proposed merger concerning the matters set out in paragraphs (ii) and (iii) below are provided to the Facility Agent at least 10 days before the merger is to be entered into;

(ii) the UPC Merged Entity will be liable for the obligations of UPC Broadband Holdco (including the obligations under the Finance Documents), which obligations will continue in full force and effect after the merger, and entitled to the benefit of all rights of UPC Broadband Holdco; and

(iii) the UPC Merged Entity has entered into Security Documents (if applicable) which provide security over the same assets of at least an equivalent nature and ranking to the security provided by UPC Broadband Holdco pursuant to any Security Documents entered into by it and such Security Documents are the legal, valid and binding obligations of the UPC Merged Entity enforceable in accordance with their terms subject (to the extent applicable) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents).

7.5 Mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares

(a) Subject to paragraph (b) below and Clause 7.7 (Date for prepayment), within 10 Business Days of the delivery of the Borrower Group's audited consolidated financial statements which relate to any financial year of the Borrower Group (starting with the annual Accounting Period ending 31 December 2004) under Clause 16.2 (Financial information) the Borrowers (unless otherwise agreed in writing by the Facility Agent acting on the instructions of the Majority Lenders) shall prepay, or procure that there is prepaid, an amount of the Facilities equal to 50 per cent. of the Excess Cash Flow for such financial year.

(b) The Borrowers shall not be required to make any prepayments under (a) above:

(i) after the date on which the Facility Agent receives financial statements delivered under Clause 16.2(b) (Financial information) which show that, for the two most recent Ratio Periods, the ratio of Senior Debt to Annualised EBITDA is less than or equal to 4:1; or

(ii) if the amount of Excess Cash Flow in respect of the relevant financial year is less than €5,000,000.

(c) Subject to paragraph (d) below and Clause 7.7 (Date for prepayment) UPC Broadband shall, within ten Business Days of receipt by or for the account of a member of the UGCE Borrower Group of the proceeds of an issue of Relevant Convertible Preference Shares, prepay or procure that there is prepaid an amount of the Facilities equal to 40 per cent. of the balance of the proceeds of the Relevant Convertible Preference Shares. Such amount shall be applied *pro rata* against all outstanding Advances in accordance with Clause 7.8 (Order of application).

(d) UPC Broadband shall not be required to make any prepayments under paragraph (c) above provided that the most recently delivered financial statements provided to the Facility Agent under Clause 16.2(b) (Financial information) show that, for the two most recent Ratio Periods, the applicable ratio for the purposes of Clause 17.2(a) (Financial ratios) is 3.5:1 or less.

7.6 Mandatory prepayment from disposal proceeds

(a) Other than as provided in paragraphs (b) and (c) below, on a Permitted Disposal (other than a disposal in accordance with paragraphs (b)(i) to (xiv) of Clause 16.10 (Disposals)), the Borrowers shall immediately prepay, or procure that there is prepaid, an amount of the Additional Facilities equal to four times Annualised EBITDA (calculated in accordance with Clause 16.10(c) (Disposals)) of the person or asset that is being disposed of for the Ratio Period which ends on the most recent quarterly Accounting Period end date for which financial information has been delivered to the Facility Agent under Clause 16.2 (Financial information). Such amount shall be applied against the Additional Facilities in accordance with Clause 7.8 (Order of application).

(b) (i) No prepayment in accordance with paragraph (a) above is required where the amount of any such prepayment would be less than €100,000,000; and

(ii) No prepayment is required in accordance with paragraph (a) above in connection with any Permitted Disposal where an amount equal to the amount that would otherwise be required to be prepaid under paragraph (a) above is promptly deposited in a Blocked Account (as defined in Clause 7.7 (Date for prepayment) below) on terms that the principal amount deposited may only be released in order to make prepayments in accordance with this Clause 7.6 or to reinvest in assets in the Permitted Business (for the avoidance of doubt, including Permitted Acquisitions and Capital Expenditure). Any amount so deposited that has not been so reinvested (or contracted to be so reinvested) within 12 months of the relevant Permitted Disposal shall be applied in prepayment of the Additional Facilities.

(c) The Facility Agent may, with the approval of the Majority Lenders, waive the requirement for the Borrowers to make a prepayment in accordance with paragraph (a). Notwithstanding any such waiver, the Borrowers shall in any event be required to prepay an amount of the Additional Facilities to ensure that the financial ratios set out in Clause 17.2 (Financial ratios) for the Latest Ratio Period (as defined in Clause 16.10(b)(xiv) (Disposals)) in respect of the relevant disposal would not be breached if such financial ratios were tested for that Latest Ratio Period taking into account (on a pro forma basis) all disposals made since the last day of that Latest Ratio Period and the amount of such prepayment.

7.7 Date for prepayment

Each amount of the Facilities to be prepaid under Clause 7.5 (Mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares), Clause 7.6 (Mandatory prepayment from disposal proceeds) and Clause 17.4 (Cure provisions) shall be applied in prepayment of the Facility within the period required by the relevant Clause or deposited before the end of such period with the Security Agent or as the Security Agent may reasonably direct in an account (or accounts) (each a **Blocked Account**) in the name of any Obligor bearing interest at rates customarily offered by the Security Agent in such circumstances, secured (if requested by the Security Agent) by a first ranking security interest in favour of the Security Agent on behalf of the Beneficiaries, on terms that the principal amount so deposited may only be released by making the relevant prepayment on Interest Dates falling immediately thereafter, in accordance with Clause 7.8 (Order of application) (where applicable), until the prepayment obligations under Clause 7.5 (Mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares), 7.6 (Mandatory prepayment from disposal proceeds) and Clause 17.4 (Cure provisions) have been satisfied or otherwise as permitted under Clause 7.6(b)(ii) above.

7.8 Order of application

(a) The amount of each prepayment of the Facilities made under Clauses 7.5(a) and (c) (Mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares) shall be applied, subject to any requirements described in this Agreement first to apply amounts in prepayment of the Existing Facilities:

(i) first *pro rata* between outstanding Advances other than Advances that can be prepaid and re-borrowed (and, if applicable, against the Repayment Instalments for the relevant Additional Facility or Additional Facilities in such order as may be specified by UPC Broadband); and

(ii) second against outstanding Advances that can be repaid or voluntarily prepaid and re-borrowed, *pro rata* between such outstanding Advances,

in each case with a corresponding permanent cancellation of the Total Additional Facility Commitments (*pro rata* between the Additional Facility Commitments of the Lenders under each Additional Facility).

(b) The amount of each prepayment of the Additional Facilities made under Clause 7.6 (Mandatory prepayment from disposal proceeds) shall be applied against the Additional Facilities in such proportion as may be specified to the Facility Agent by UPC Broadband not less than two Business Days before the date on which the prepayment is due to be made and against all the outstanding Advances made under the relevant Additional Facility *pro rata* (and, if applicable, against the Repayment Instalments for the relevant Additional Facility or Additional Facilities in such order as may be specified by UPC Broadband).

(c) If UPC Broadband does not give a notice to the Facility Agent specifying how amounts are to be applied in prepayment under Clause 7.6 (Mandatory prepayment from disposal proceeds) within the time period specified in paragraph (b) above, the amount of the relevant prepayment shall be applied in accordance with paragraph (a) above.

7.9 Right of prepayment and cancellation in relation to a single Lender

(a) If:

(i) any sum payable to any Lender by a Borrower is required to be increased under Clause 10.2(c) (Tax gross-up); or

(ii) any Lender claims indemnification from a Borrower under Clause 10.3 (Tax indemnity) or Clause 12.1 (Increased Costs),

a Borrower may, whilst the circumstance giving rise to the requirement or indemnification continues, in respect only of the Facilities made available to it, give the Facility Agent notice of cancellation of the Additional Facility Commitment (as applicable) of that Lender and its intention to procure the repayment of that Lender's participation in all relevant Advances.

(b) On receipt of a notice referred to in paragraph (a) above, the Additional Facility Commitment of that Lender shall each immediately be reduced to zero.

(c) On the last day of each Interest Period which ends after a Borrower has given notice under paragraph (a) above (or, if earlier, the date specified by the relevant Borrower in that notice), the relevant Borrower shall repay that Lender's participation in all relevant Advances.

(d) Prepayments made pursuant to this Clause 7.9 shall be applied against the outstanding Advances and the outstanding Repayment Instalments (if applicable) *pro rata*.

7.10 Miscellaneous provisions

(a) Any Cancellation Notice delivered under this Agreement is irrevocable. The Facility Agent shall notify the Lenders promptly of receipt of any such notice.

(b) All prepayments under this Agreement shall be made together with accrued interest on the amount prepaid and any other amounts due under this Agreement in respect of that prepayment and, subject to Clause 23.4 (Break Costs), without premium or penalty.

(c) No prepayment or cancellation is permitted except in accordance with the express terms of this Agreement.

(d) The amount of an Advance prepaid by UPC Broadband in accordance with Clause 7.3 (Voluntary prepayment) may, if specified in the relevant Additional Facility Accession Agreement, be re-borrowed in accordance with the terms of this Agreement. No other amount prepaid under this Agreement may subsequently be re-borrowed.

(e) No amount of any Additional Facility Commitment cancelled under this Agreement may subsequently be reinstated.

(f) Any prepayment in part of any Advance shall be applied against the participations of the Lenders in that Advance *pro rata*.

8. INTEREST

8.1 Interest rate

The rate of interest on each Advance for its Interest Period is the rate per annum determined by the Facility Agent to be the aggregate of:

(a) the applicable Margin; and

(b) (i) LIBOR (in the case of an Advance denominated in US Dollars or an Additional Currency); or

(ii) EURIBOR (in the case of an Advance denominated in euros); and

(c) the Mandatory Costs.

8.2 Selection of Interest Periods

(a) The Interest Period of each Advance will be the period selected in the Request for that Advance and each subsequent Interest Period will be the period selected by the Borrower by notice (a **Selection Notice**) to the Facility Agent received not later than the third Business Day before the end of the then current Interest Period.

(b) Each Interest Period shall be one month, two, three or six months or in any case such other period not exceeding six months as the relevant Borrower and the Facility Agent (acting on the instructions of all the Lenders) may agree from time to time. Each Interest Period for an Advance will commence on its Utilisation Date or in the case of each subsequent Interest Period the expiry of its preceding Interest Period.

8.3 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

8.4 Further Adjustments to Interest Periods

If an Interest Period for an Advance would otherwise overrun the relevant Final Maturity Date, it shall be shortened so that it ends on that Final Maturity Date.

8.5 Other adjustments

The Facility Agent and the Borrowers may enter into such other arrangements as they may agree for the adjustment of Interest Periods and the consolidation and/or splitting of Advances.

8.6 Notification

The Facility Agent shall notify the relevant Borrower and the Lenders of the duration of each Interest Period promptly after ascertaining its duration.

8.7 Due dates

Except as otherwise provided in this Agreement, accrued interest on each Advance is payable by the relevant Borrower on its Interest Date and also, in the case of any Advance with an Interest Period longer than six months, at six monthly intervals after the first day of that Interest Period for so long as the Interest Period continues.

8.8 Default interest

(a) If an Obligor fails to pay any amount payable by it under the Finance Documents, it shall forthwith on demand by the Facility Agent pay interest on the overdue amount from the due date up to the date of actual payment, both before and after judgment, at a rate (the **default rate**) determined by the Facility Agent to be two per cent. per annum above the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted an Advance at the Margin applicable to a new Advance if it had been drawn down at such time in the currency of the Unpaid Sum for such successive Interest Periods of such duration (not being more than three months) as the Facility Agent may determine, having regard to the likely duration of the default (a **Designated Term**).

(b) The default rate will be determined on each Business Day or the first day of, or two Business Days before the first day of, the relevant Designated Term, as appropriate.

(c) Default interest will be compounded at the end of each Designated Term.

8.9 Notification of rates of interest

The Facility Agent will promptly notify each relevant Party of the determination of a rate of interest under this Agreement.

9. PAYMENTS

9.1 Place of Payment

All payments by an Obligor or a Lender under this Agreement shall be made to the Facility Agent to its account at such office or bank in the principal financial centre of the country of the currency concerned (or, in the case of euros, the financial centre of such of the Participating Member States or London) as the Facility Agent may notify to the Obligor or Lender for this purpose.

9.2 Funds

Payments under this Agreement to the Facility Agent shall be made for value on the due date at such times and in such funds as the Facility Agent may specify to the Party concerned as being customary at the time for the settlement of transactions in the relevant currency in the place for payment.

9.3 Distribution

(a) Each payment received by the Facility Agent under this Agreement for another Party shall, except as set out in paragraph (d) below and subject to paragraphs (b) and (c) below, be made available by the Facility Agent to that Party by payment (on the date of value of receipt and in the currency and funds of receipt) to its account with such bank in the principal financial centre of the country of the relevant currency (or, in the case of euros, in the principal financial centre of such of the Participating Member States or London) as it may notify to the Facility Agent for this purpose by not less than five Business Days' prior notice.

(b) The Facility Agent may apply any amount received by it for an Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from an Obligor under this Agreement in the same currency on such date or in or towards the purchase of any amount of any currency to be so applied.

(c) Where a sum is to be paid under this Agreement to the Facility Agent for the account of another Party, the Facility Agent is not obliged to pay that sum to that Party until it has established that it has actually received that sum. The Facility Agent may, however, assume that the sum has been paid to it in accordance with this Agreement and, in reliance on that assumption, make available to that Party a corresponding amount. If the sum has not been made available but the Facility Agent has paid a corresponding amount to another Party, that Party shall forthwith on demand refund the corresponding amount to the Facility Agent together with interest on that amount from the date of payment to the date of receipt, calculated at a rate reasonably determined by the Facility Agent to reflect its cost of funds.

(d) Subject to paragraph (c) above, in the case of a Mid-Interest Period Transfer, the Facility Agent shall:

(i) make any interest payable in respect of the principal amount that is assigned, transferred or novated under a Mid-Interest Period Transfer, that accrues on and prior to the date on which the Mid-Interest Period Transfer becomes effective, available to the Existing Lender; and

(ii) make any interest payable in respect of the principal amount that is assigned, transferred or novated as a Mid-Interest Period Transfer, that accrues after the date on which the Mid-Interest Period Transfer becomes effective, available to the New Lender,

such payments shall be paid (on the date of value of receipt and in the currency and funds of receipt) to the Existing Lenders' account or the New Lenders' account (as applicable) with such bank and in the principal financial centre of the country of the relevant currency (or in the case of euros, in the principal financial centre of one of the Participating Member States or London) as it may notify to the Facility Agent for this purpose by not less that five Business Days' prior notice.

9.4 Currency

(a) A repayment or prepayment of an Advance is payable in the currency in which the Advance is denominated.

(b) All interest is payable in the currency in which the relevant amount in respect of which it is payable is denominated.

(c) Amounts payable in respect of costs, expenses, Taxes and the like are payable in the currency in which they are incurred.

(d) Any other amount payable under this Agreement is, except as otherwise provided in this Agreement, payable in euros.

9.5 Set-off and counterclaim

All payments made by an Obligor under this Agreement shall be made without set-off or counterclaim.

9.6 Non-Business Days

(a) If a payment under this Agreement is due on a day which is not a Business Day, the due date for that payment shall instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal under this Agreement interest is payable on the principal at the rate payable on the original due date.

9.7 Partial payments

(a) Subject to the Security Deed, if the Facility Agent receives a payment insufficient to discharge all the amounts then due and payable by an Obligor under this Agreement, the Facility Agent shall apply that payment towards the obligations of the Obligors under this Agreement in the following order:

(i) **first**, in or towards payment *pro rata* of any unpaid costs, fees and expenses of the Facility Agent under this Agreement;

(ii) **secondly**, in or towards payment *pro rata* of any accrued fees (other than any commitment fees payable under Clause 20.1 (Commitment fee)) due but unpaid under Clause 20 (Fees);

(iii) **thirdly**, in or towards payment to the Lenders *pro rata* of any accrued interest (including, where a Mid-Interest Period Transfer has taken place towards payment to the Existing Lenders and the New Lenders *pro rata*) and commitment fees due but unpaid under this Agreement;

(iv) **fourthly**, in or towards payment to the Lenders *pro rata* of any principal due but unpaid under this Agreement; and

(v) **fifthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.

(b) Subject to the Security Deed, the Facility Agent shall, if so directed by all of the Lenders, vary the order set out in subparagraphs (a)(ii) to (v) above. The Facility Agent shall notify UPC Broadband of any such variation.

(c) Paragraphs (a) and (b) above shall override any appropriation made by any Obligor.

10. TAX GROSS-UP AND INDEMNITIES

10.1 Definitions

(a) In this Clause 10:

Protected Party means a Finance Party which is or will be, for or on account of Tax, subject to any liability or required to make any payment in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

Tax Credit means a credit against, relief or remission for, or repayment of any Tax.

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

Tax Payment means an increased payment made by an Obligor to a Finance Party under Clause 10.2 (Tax gross-up) or a payment under Clause 10.3 (Tax indemnity).

Treaty Lender means a Lender which is (on the date a payment falls due), entitled to that payment under a double taxation agreement in force on the date (subject to the completion of any necessary procedural formalities) without a Tax Deduction.

(b) In this Clause 10 a reference to **determines** or **determined** means a determination made in the absolute discretion of the person making the determination.

10.2 Tax gross-up

(a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) UPC Broadband or a Lender shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Facility Agent accordingly. If the Facility Agent receives such notification from a Lender it shall notify UPC Broadband and that Obligor.

(c) Subject to Clause 10.5 (U.S. Taxes), if a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Facility Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

(f) A Treaty Lender and each Obligor which makes a payment to which that Treaty Lender is entitled shall co-operate and use its reasonable efforts to complete any procedural formalities and provide any information, in each case on a timely basis, necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction (or with a reduced rate of such Tax Deduction).

10.3 Tax indemnity

(a) The Obligors shall (within three Business Days of demand by the Facility Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party.

(b) Paragraph (a) above shall not apply with respect to any Tax assessed on a Finance Party:

(i) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

(ii) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income or net profits received or receivable (but not any sum deemed to be received or receivable) by that Finance Party.

(c) A Protected Party making or intending to make a claim pursuant to paragraph (a) above shall promptly notify the Facility Agent in writing of the event which will give, or has given, rise to the claim, including details of the nature of the Tax due or paid by that Protected Party, following which the Facility Agent shall promptly provide such information to UPC Broadband.

(d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 10.3, notify the Facility Agent.

10.4 Tax Credit

(a) If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

(i) a Tax Credit is attributable to that Tax Payment; and

(ii) that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been made by the Obligor.

(b) No provision of this Agreement shall:

(i) interfere with the right of any Finance Party to arrange its tax or any other affairs in whatever manner it thinks fit or oblige any Finance Party to claim any credit, relief, remission or repayment in respect of any payment of Tax in priority to any other credit, relief, remission or repayment available to it, except that the Finance Party's sole reason (acting in good faith) for not claiming or for deferring such credit, relief, remission or repayment shall not be its obligation to make a payment under this Clause 10.4; or

(ii) oblige any Finance Party to disclose any information relating to its Tax or other affairs or any computations in respect thereof.

10.5 U.S. Taxes

A US Borrower shall not be required to pay any additional amount pursuant to Clause 10.2 (Tax gross-up) in respect of United States Taxes (including, without limitation, federal, state, local or other income Taxes), branch profits or franchise Taxes with respect to a sum payable by it pursuant to this Agreement to a Lender if on the date such Lender becomes a Party to this Agreement or has designated a new Facility Office either:

(a) in the case of a Lender which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code), such Lender has not provided the Borrower with two accurate and complete original signed copies of (i) U.S. Internal Revenue Service Form W-8BEN (relating to such Lender and claiming a complete exemption from withholding under an income tax treaty (or successor form) or (ii) U.S. Internal Revenue Service Form W-8ECI (or successor form) certifying, in each case, to such Lender's entitlement as of such date to a complete exemption from United States withholding with respect to all amounts payable pursuant to the Finance Documents;

(b) after the date such Lender becomes a Party to this Agreement, when a lapse in time or change in circumstances renders the previous certification of such Lender made pursuant to Clause 10.5(a) above obsolete or inaccurate, such Lender has not delivered to UPC Broadband two new accurate and complete original signed copies of Internal Revenue Service Form W-8ECI or Form W-8BEN (with respect to the benefit of any income tax treaty), as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from or reduction in United States withholding tax with respect to amounts payable pursuant to the Finance Documents; or

(c) such Lender is subject to such Tax by reason of any connection between the jurisdiction imposing such Tax and the Lender or its Facility Office other than a connection arising solely from this Agreement or any transaction contemplated hereby.

10.6 Value added tax

(a) All consideration payable under a Finance Document by an Obligor to a Finance Party shall be deemed to be exclusive of any VAT. If VAT is chargeable, the Obligor shall, following delivery of a VAT invoice, pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT.

(b) Where a Finance Document requires an Obligor to reimburse a Finance Party for any costs or expenses, that Obligor shall also at the same time pay and indemnify that Finance Party against all VAT incurred by that Finance Party in respect of the costs or expenses save to the extent that that Finance Party is entitled to repayment or credit in respect of the VAT.

11. MARKET DISRUPTION

11.1 Absence of quotations

Subject to Clause 11.2 (Market disruption), if LIBOR or, if applicable, EURIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by noon on the Rate Fixing Day, the applicable LIBOR or EURIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

11.2 Market disruption

(a) If a Market Disruption Event occurs in relation to an Advance for any Interest Period, then the rate of interest on each Lender's share of that Advance for the Interest Period shall be the rate per annum which is the sum of:

(i) the Margin;

(ii) the rate notified to the Facility Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Advance from whatever source it may reasonably select; and

(iii) the Mandatory Cost.

(b) In this Agreement **Market Disruption Event** means:

(i) at or about noon on the Rate Fixing Day for the relevant Term or Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Facility Agent to determine LIBOR or, if applicable, EURIBOR for the relevant currency and period; or

(ii) before close of business in London on the Rate Fixing Day for the relevant Interest Period, the Facility Agent receives notifications from a Lender or Lenders (whose participations in an Advance aggregate not less than one-third of that Advance) that the cost to it of obtaining matching deposits in the London Interbank Market or, as the case may be, the European Interbank Market would be in excess of LIBOR or, if applicable, EURIBOR.

11.3 Alternative basis of interest or funding

(a) If a Market Disruption Event occurs and the Facility Agent or UPC Broadband so requires, the Facility Agent and UPC Broadband shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and UPC Broadband, be binding on all Parties.

11.4 Revocation of currency

If before 9.30 a.m. on any Rate Fixing Day, the Facility Agent receives notice from a Lender that:

(a) it is impracticable for the Lender to fund its participation in an Advance in US Dollars or an Additional Currency (as applicable) during that Interest Period in the ordinary course of business in the London or (in the case of euro) European Interbank Market; and/or

(b) the use of US Dollars or an Additional Currency (as applicable) might contravene any law or regulation,

the Facility Agent shall give notice to UPC Broadband and to the Lenders to that effect before 11.00 a.m. on that day. In this event:

(i) UPC Broadband and the Lenders may agree that the drawdown will not be made; or

(ii) in the absence of agreement:

(A) that Lender's participation in the Advance (or, if more than one Lender is similarly affected, those Lender's participations in the Advance) shall be treated as a separate Advance denominated in euros during the relevant Interest Period;

(B) in the definitions of **LIBOR** or, as applicable, **EURIBOR**, (insofar as it applies to that Advance) in Clause 1.1 (Definitions):

I. there shall be substituted for the time "11.00 a.m." the time "1.00 p.m."; and

II. paragraph (c) of the relevant definition shall apply.

12. INCREASED COSTS

12.1 Increased Costs

(a) Subject to Clause 12.3 (Exceptions) the Borrowers shall, within three Business Days of a demand by the Facility Agent, pay to the Facility Agent for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Holding Companies as a result of (i) the introduction of or any change in (or in the interpretation or application of) any law or regulation after the Signing Date or (ii) compliance with any law or regulation made after the Signing Date.

(b) In this Agreement **Increased Costs** means:

(i) a reduction in the rate of return from the Facilities or on a Finance Party's (or any of its Holding Companies') overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Holding Companies to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

12.2 Increased cost claims

(a) A Finance Party intending to make a claim pursuant to Clause 12.1 (Increased Costs) as soon as is reasonably practicable after that Finance Party becomes aware that circumstances have arisen which entitle it to make such claim, shall notify the Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify UPC Broadband.

(b) Each Finance Party shall, as soon as practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Increased Costs.

12.3 Exceptions

(a) Clause 12.1 (Increased Costs) does not apply to the extent any Increased Cost is:

(i) attributable to a Tax Deduction required by law to be made by an Obligor;

(ii) compensated for by Clause 10.3 (Tax indemnity) (or would have been compensated for under Clause 10.3 (Tax indemnity) but was not so compensated solely because one of the exclusions in Clause 10.3(b) (Tax indemnity) applied);

(iii) compensated for by the payment of the Mandatory Cost;

(iv) attributable to the implementation or application of or compliance with the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on 16 April 2004 ("**Basel II**") or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its affiliates); or

(v) attributable to the wilful breach by the relevant Finance Party or any of its Holding Companies of any law or regulation.

(b) In this Clause 12.3, a reference to a Tax Deduction has the same meaning given to the term in Clause 10.1 (Definitions).

13. ILLEGALITY AND MITIGATION

13.1 Illegality

If it is or will become unlawful in any applicable jurisdiction for a Lender to give effect to any of its obligations as contemplated by this Agreement or to fund or allow to remain outstanding all or part of its participation in any Advance:

(a) that Lender shall promptly notify the Facility Agent upon becoming aware of the same;

(b) upon the Facility Agent notifying UPC Broadband, the Commitment of that Lender will be immediately cancelled; and

(c) if the Facility Agent on behalf of such Lender requires, the relevant Borrower or Borrowers shall repay that Lender's participation in any Advance made to that Borrower on the last day of the Interest Period for each Advance occurring after the Facility Agent has notified UPC Broadband or, if earlier, the date specified by the Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law).

13.2 Mitigation

(a) Each Finance Party shall, in consultation with UPC Broadband, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount (including without limitation, VAT) becoming payable under, or cancelled pursuant to, any of Clause 10 (Tax Gross-up and Indemnities), Clause 12 (Increased Costs) or Clause 13.1 (Illegality) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

13.3 Limitation of Liability

(a) The Borrowers shall indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 13.2 (Mitigation).

(b) A Finance Party is not obliged to take any steps under Clause 13.2 (Mitigation) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

14. GUARANTEE

14.1 Guarantee and indemnity

In consideration of the Finance Parties entering into this Agreement and, where applicable, the other Finance Documents and performing their obligations thereunder and the High Yield Hedging Banks from time to time entering into the High Yield Hedging Agreements respectively, each Guarantor irrevocably and unconditionally, jointly and severally:

(a) guarantees to each Finance Party and the Security Agent on behalf of the Beneficiaries punctual performance by each Borrower and each High Yield Hedging Counterparty of all their respective obligations under the Guaranteed Documents;

(b) undertakes with each Finance Party and the Security Agent on behalf of the Beneficiaries that whenever a Borrower or a High Yield Hedging Counterparty does not pay any amount when due under or in connection with any Guaranteed Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

(c) indemnifies each Finance Party and the Security Agent on behalf of the Beneficiaries immediately on demand against any cost, loss or liability suffered by that Finance Party or Beneficiary if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party or Beneficiary would otherwise have been entitled to recover.

Any demand issued to a Guarantor under this Clause 14.1 shall be copied to UPC Broadband at the same time as it is issued to the relevant Guarantor, provided that failure to do so shall not affect the validity or effectiveness of the demand or the obligations of the Guarantor under this Clause 14 (Guarantee).

14.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor or any High Yield Hedging Counterparty under the Guaranteed Documents, regardless of any intermediate payment or discharge in whole or in part.

14.3 Reinstatement

If any payment by an Obligor or a High Yield Hedging Counterparty or any discharge given by a Beneficiary (whether in respect of the obligations of any Obligor or any High Yield Hedging Counterparty or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

(a) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and

(b) each Beneficiary shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

14.4 Waiver of defences

The obligations of each Guarantor under this Clause 14 will not be affected by any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 14 (without limitation and whether or not known to it or any Beneficiary) including:

(a) any time, waiver or consent granted to, or composition with, any Obligor or any High Yield Hedging Counterparty or other person;

(b) the release of any other Obligor or any High Yield Hedging Counterparty or any other person under the terms of any composition or arrangement with any creditor of any member of the Borrower Group or any High Yield Hedging Counterparty;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or any High Yield Hedging Counterparty or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of, or dissolution or change in, the members or status of an Obligor or a High Yield Hedging Counterparty or any other person;

(e) any amendment (however fundamental) or replacement of a Guaranteed Document or any other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Guaranteed Document or any other document or security; or

(g) any insolvency or similar proceedings.

14.5 Immediate recourse

None of the Beneficiaries shall be obliged to make any claim or demand on the Borrowers or any High Yield Hedging Counterparty or to resort to any security document or other means of payment now or hereafter held by or available to them or it before enforcing its rights under this Clause 14 and no action taken or omitted by any of the Beneficiaries in connection with any such security document or other means of payment shall discharge, reduce, prejudice or affect the liability of any Guarantor under this Clause 14 nor shall any of the Beneficiaries be obliged to apply any money or other property received or recovered in consequence of any enforcement or realisation of any such Security Document or other means of payment in reduction of the obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 14.

14.6 Appropriations

Until all amounts which may be or become payable by the Obligors and the High Yield Hedging Counterparties under or in connection with the Guaranteed Documents have been irrevocably paid in full, each Beneficiary (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Beneficiary (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

(b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 14.

14.7 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors and the High Yield Hedging Counterparties under or in connection with the Guaranteed Documents have been irrevocably paid in full (and notwithstanding payment of a dividend in any liquidation or under any compromise or arrangement) each Guarantor agrees that, without the prior written consent of the Facility Agent, it will not:

(a) exercise its rights of subrogation, reimbursement and indemnity against any other Obligor or High Yield Hedging Counterparty or any other person liable; or

(b) demand or accept any security to be executed in respect of any of its obligations under this guarantee or any other indebtedness now or hereafter due to such Guarantor from any other member of the Borrower Group or any High Yield Hedging Counterparty or from any other person liable; or

(c) take any step or enforce any right against any Obligor or any High Yield Hedging Counterparty or any other person liable in respect of any obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 14; or

(d) exercise any right of set off or counterclaim against any other Obligor or any High Yield Hedging Counterparty or any other person liable or claim or prove or vote as a creditor in competition with any of the Beneficiaries in the bankruptcy, liquidation, administration or other insolvency proceeding of any other Obligor or any High Yield Hedging Counterparty or any other person liable or have the benefit of, or share in, any payment from or composition with, any other Obligor or any High Yield Hedging Counterparty or any other person liable or any other security document now or hereafter held by any of the Beneficiaries for the obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 14 or for the obligations or liabilities of any other person liable, but so that, if so directed by the Facility Agent, it will prove for the whole or any part of its claim in the liquidation of any other Obligor or any High Yield Hedging Counterparty, as the case may be, on terms that the benefit of such proof and of all money received by it in respect thereof shall immediately be transferred to an account to be designated by the Security Agent for the Beneficiaries and applied in or towards discharge of the obligations and liabilities expressed to be guaranteed by the Guarantors pursuant to this Clause 14 in accordance with the Security Deed.

14.8 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Beneficiary.

14.9 Limitation

Notwithstanding any other provision of this Clause 14, the obligations of each US Guarantor under this Clause 14, shall be limited to a maximum aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Bankruptcy Code, any applicable provisions of comparable state law or any applicable case law (collectively, the **Fraudulent Transfer Laws**), in each case after giving effect to all other liabilities of such US Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights of such US Guarantor pursuant to (i) applicable law or (ii) any agreement providing for an equitable allocation among such US Guarantors and other Affiliates of the Borrower Group of the obligations arising under guarantees by such parties.

For the purposes of this Clause 14.9, **US Guarantor** means each Guarantor incorporated (or in the case of a non-corporate Guarantor, formed and subsisting) in the United States of America (or any of its states or territories or any political or legal subdivision thereof).

15. REPRESENTATIONS AND WARRANTIES

15.1 Representations and warranties

(a) Subject to paragraph (b), each Obligor makes the representations and warranties set out in this Clause 15, in respect of itself and (where applicable) its Subsidiaries which are members of the Borrower Group, other than:

(i) Clauses 15.9 (Accounts), 15.10 (Financial condition) and 15.14 (Business Plan) Clause 15.15(b) (Tax liabilities) and 15.25 (Dutch Banking Act), which shall only be made by UPC Broadband;

(ii) Clause 15.24 (UPC Financing), which shall only be made by UPC Financing,

to each Finance Party.

(b) UPC Broadband Holdco does not make the representations and warranties set out in Clauses 15.6(b) or (c) (Consents), 15.7 (Material Contracts), 15.9 (Accounts), 15.10 (Financial condition), 15.11 (Environmental), 15.13(a) (Litigation and insolvency proceedings), 15.15(a) (Tax liabilities), 15.16 (Ownership of assets), 15.17 (Intellectual Property Rights), 15.19 (Borrower Group structure) and 15.24 (UPC Financing).

15.2 Status

(a) It is a corporation, duly incorporated and validly existing under the laws of its place of incorporation and, in the case of UPC Financing only, it is a Delaware general partnership duly formed and wholly existing under the laws of its place of formation.

(b) It has the power to own its assets and carry on its business as it is being conducted.

15.3 Powers and authority

It has the power:

(a) to enter into and comply with all obligations expressed on its part under the Finance Documents; and

(b) (in the case of a Borrower) to borrow under this Agreement; and

(c) (in the case of a Guarantor) to give the guarantee in Clause 14 (Guarantee),

and has taken all necessary actions to authorise the execution, delivery and performance of the Finance Documents to which it is a party.

15.4 Legal validity

(a) Each Finance Document to which it is or will be a party constitutes, or when executed in accordance with its terms will constitute, its legal, valid and binding obligations enforceable, subject to any relevant reservations or qualifications as to matters of law contained in any legal opinion referred to in paragraph 3 of Part 1 of Schedule 2 (Conditions Precedent Documents) or (as applicable) paragraph 12 of Part 2 of Schedule 2 (Conditions Precedent Documents), in accordance with its terms.

(b) The choice of English law as the governing law of the Finance Documents and its irrevocable submission to the jurisdiction of the courts of England in respect of any proceedings relating to the Finance Documents (in each case other than any Finance Document which is expressly to be governed by a law other than English law) will be recognised and enforced in its jurisdiction of incorporation, subject to any relevant reservation or qualification as to matters of law contained in any legal opinion referred to in paragraph (a) above.

(c) Any judgment obtained in England in relation to a Finance Document (in each case other than any Security Document which is expressly to be governed by a law other than English law) will be recognised and enforced in its jurisdiction of incorporation, subject to any relevant reservation or qualification as to matters of law contained in any legal opinion referred to in paragraph (a) above.

15.5 Non-violation

The execution and delivery by it of, the Finance Documents to which it is a party, and its performance of the transactions contemplated thereby, will not violate:

(a) in any material respect, any law or regulation or official judgment or decree applicable to it;

(b) in any material respect, its constitutional documents; or

(c) any agreement or instrument to which it is a party or binding on any of its assets or binding upon any other member of the Borrower Group or any other member of the Borrower Group's assets, where such violation would or is reasonably likely to have a Material Adverse Effect.

15.6 Consents

(a) Subject to any relevant reservations or qualifications contained in any legal opinion referred to in Clause 15.4(a) (Legal validity) above, all material and necessary authorisations, registrations, consents, approvals, licences (other than the Licences), and filings required by it in connection with the execution, validity or enforceability of the Finance Documents to which it is a party and performance of the transactions contemplated by the Finance Documents have been obtained (or, if applicable, will be obtained within the required time period) and are validly existing.

(b) The Licences are in full force and effect and each member of the Borrower Group is in compliance in all material respects with all provisions thereof such that the Licences are not the subject of any pending or, to the best of its knowledge, threatened attack, suspension or revocation by a competent authority except, in each case, to the extent that any lack of effect, non-compliance or attack, suspension or revocation of a Licence would not have or be reasonably likely to have a Material Adverse Effect.

(c) All the Necessary Authorisations are in full force and effect, each member of the Borrower Group is in compliance in all material respects with all provisions thereof and the Necessary Authorisations are not the subject of any pending or, to the best of its knowledge, threatened attack or revocation by any competent authority except, in each case, to the extent that any lack of effect, non-compliance or attack or revocation of a Necessary Authorisation would not have or be reasonably likely to have a Material Adverse Effect.

15.7 Material Contracts

(a) Each Material Contract to which any member of the Borrower Group is a party constitutes, or will when executed constitute, the legal, valid and binding obligation of such member, subject to the application of any relevant insolvency, bankruptcy or similar laws or other laws affecting the interests of creditors generally, enforceable against it in accordance with its terms.

(b) No member of the Borrower Group is in breach of any of its material obligations under any Material Contract to which such member is a party, nor (to the best of its knowledge and belief), is any other party thereto, in each case in such a manner or to such an extent as would or is reasonably likely to have a Material Adverse Effect. To the best of its knowledge and belief there is no material dispute between any member of the Borrower Group and any other party to a Material Contract and there have been no amendments to any Material Contract in the form provided to the Facility Agent prior to the date of this Agreement which would or is reasonably likely to have a Material Adverse Effect.

15.8 No default

(a) No Event of Default has occurred and is continuing or will result from the making of any Advance.

(b) None of it or any other member of the Borrower Group is in default under any law, regulation or agreement to which it is subject, except for a default which will not have or be reasonably likely to have a Material Adverse Effect.

15.9 Accounts

The consolidated financial statements of it and the Borrower Group most recently delivered to the Facility Agent (which, at the date of this Agreement are the Original Borrower Group Financial Statements):

(a) present a true and fair view of (in the case of audited financial statements) or fairly present (in the case of unaudited financial statements) its financial position and the consolidated financial position of the Borrower Group respectively as at the date to which they were drawn up; and

(b) have been prepared in all material respects in accordance with GAAP (except that such consolidated financial statements do not include all consolidated Subsidiaries to the extent they are Unrestricted Subsidiaries).

15.10 Financial condition

There has been no material adverse change in the consolidated financial position of the Borrower Group (taken as a whole) since the date of the Original Borrower Group Financial Statements which would or is reasonably likely to have a Material Adverse Effect.

15.11 Environmental

(a) It and each other member of the Borrower Group (i) have obtained all requisite Environmental Licences required for the carrying on of its business as currently conducted and (ii) have at all times complied with the terms and conditions of such Environmental Licences and (iii) have at all times complied with all other applicable Environmental Law, which in each such case, if not obtained or complied with, would or is reasonably likely to have a Material Adverse Effect.

(b) There is no Environmental Claim in existence, pending or, to the best of its knowledge, threatened, against it which is reasonably likely to be decided against it and which, if so decided, would or is reasonably likely to have a Material Adverse Effect.

(c) So far as it is aware, no Dangerous Substance has been used, disposed of, generated, stored, transported, dumped, released, deposited, buried or emitted at, on, from or under any premises (whether or not owned, leased, occupied or controlled by it or any member of the Borrower Group and including any offsite waste management or disposal location utilised by it or any member of the Borrower Group) in circumstances where this would be reasonably likely to result in a liability on it which would or is reasonably likely to have a Material Adverse Effect.

15.12 Security Interests

Its execution and delivery of this Agreement does not necessitate and will not result in the creation or imposition of any Security Interest over any of its material assets or those of any member of the Borrower Group (except for any Security Interest created pursuant to the Security Documents).

15.13 Litigation and insolvency proceedings

(a) No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency have been started against any member of the Borrower Group and, to its knowledge, no such proceedings are threatened, where in any such case, there is a reasonable likelihood of an adverse outcome to any member of the Borrower Group where that outcome is of a nature which would or is reasonably likely to have a Material Adverse Effect.

(b) None of the circumstances referred to in Clause 18.7 (Insolvency proceedings) are pending or, to its knowledge, threatened against it or any member of the Borrower Group which is a Material Subsidiary.

15.14 Business Plan

To the best of its knowledge after due inquiry, as of the date of the Business Plan:

(a) the factual information relating to the Borrower Group contained in the Business Plan is accurate in all material respects;

(b) all UPC Broadband's projections and forecasts contained in the Business Plan were based on and arrived at after due and careful consideration and have been prepared by UPC Broadband on the basis of assumptions that UPC Broadband believed were reasonable as of the date of the projections;

(c) there are no material facts or circumstances which have not been disclosed to the Lenders in writing prior to the date of the Business Plan and which would make any material factual information referred to in (a) above untrue, inaccurate or misleading in any material respect as at the date of the Business Plan, or any such opinions, projections, or assumptions referred to in (b) above misleading in any material respect as at the date of the Business Plan.

15.15 Tax liabilities

(a) No claims are being asserted against it or any member of the Borrower Group with respect to Taxes which are reasonably likely to be determined adversely to it or to such member and which, if so adversely determined, would or is reasonably likely to have a Material Adverse Effect. It is not materially overdue in the filing of any Tax returns required to be filed by it (where such late filing might result in any material fine or penalty on it) and it has paid within any period required by law all Taxes shown to be due on any Tax returns required to be filed by it or on any assessments made against it (other than Tax liabilities being contested by it in good faith and where it has made adequate reserves for such liabilities or where such overdue filing, or non-payment, or a claim for payment, of which in each such case would not have or be reasonably likely to have a Material Adverse Effect).

(b) Each Obligor (other than UPC Financing) is part of the same fiscal unity for Dutch corporate income tax purposes. UPC Financing is transparent for Dutch corporate income tax purposes and all of the partners in UPC Financing are part of the fiscal unity for Dutch corporate income tax purposes as all of the other Obligors.

15.16 Ownership of assets

It and each member of the Borrower Group has good title to or valid leases or licences of or is otherwise entitled to use all assets necessary to conduct its business, except where the failure to do so would not have or be reasonably likely to have a Material Adverse Effect.

15.17 Intellectual Property Rights

(a) It (and each member of the Borrower Group) owns or has the legal right to use all the Intellectual Property Rights which are required for the conduct of the business of the Borrower Group as a whole from time to time or are required by it (or such member) in order for it to carry on such business as it is then being conducted, except where the failure to do so would not have or be reasonably likely to have a Material Adverse Effect. As far as it is aware it does not (nor does any member of the Borrower Group), in carrying on its business, infringe any Intellectual Property Rights of any third party in any way which would or is reasonably likely to have a Material Adverse Effect.

(b) None of the Intellectual Property Rights owned by any member of the Borrower Group is, to its knowledge, being infringed nor, to its knowledge, is there any threatened infringement of those Intellectual Property Rights, by any third party which, in either case, would or is reasonably likely to have a Material Adverse Effect.

(c) All registered Intellectual Property Rights owned by it (or any member of the Borrower Group) are subsisting and all actions (including payment of all fees) required to maintain the same in full force and effect have been taken except where the absence of such rights or the failure to take any such action would not have or be reasonably likely to have a Material Adverse Effect.

15.18 Works councils

All of the requirements of Section 25 of The Netherlands Works Council Act (*Wet op de Ondernemingsraden*) in connection with the transactions contemplated by the Finance Documents which are applicable to an Obligor have been complied with by that Obligor.

15.19 Borrower Group structure

Schedule 8 (Borrower Group Structure) sets out a description which is true and complete in all material respects as at the Effective Date of the corporate ownership structure of the Borrower Group and of the ownership of the Borrower (but does not describe any level of ownership above UGCE Inc.).

15.20 ERISA

Neither it nor any member of the Borrower Group or ERISA Affiliate maintains, contributes to or has any obligation to contribute to or any liability under, any Plan, or in the past five years has maintained or contributed to or had any obligation to, or liability under, any Plan.

15.21 United States Regulations

Neither it nor any member of the Borrower Group is:

(a) a holding company as defined in the United States Public Utility Holding Company Act of 1935 or subject to regulation thereunder;

(b) a public utility as defined in the United States Federal Power Act of 1920; or subject to regulation thereunder;

(c) required to be registered as an investment company as defined in the United States Investment Company Act of 1940 or subject to regulation thereunder; or

(d) subject to regulation under any United States Federal or State law or regulation that limits its ability to incur or guarantee indebtedness.

15.22 Anti-Terrorism Laws

To the best of its knowledge, neither it nor any member of the Borrower Group:

(a) is, or is controlled by, a Designated Party;

(b) has received funds or other property from a Designated Party; or

(c) is in material breach of or is the subject of any action or investigation under any Anti-Terrorism Law

It and each of its Affiliates have taken commercially reasonable measures to ensure compliance with the Anti-Terrorism Laws.

15.23 Margin stock

(a) (In the case of the Borrowers only) the proceeds of the Facilities have been and will be used only for the purposes described in Clause 3 (Purpose).

(b) Neither it nor any member of the Borrower Group is engaged principally in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations U and X of the Board of Governors of the United States Federal Reserve System), and no portion of any Advance has been or will be used, directly or indirectly, to purchase or carry margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock.

15.24 UPC Financing

UPC Financing did not trade or carry on any business from the date it was formed up to and including 26 October 2000 except for investment in or proposed investment in other members of the Borrower Group by way of intercompany loan or subscription of shares.

15.25 Dutch Banking Act

On the Effective Date UPC Broadband is in compliance with the applicable provisions of the Dutch Banking Act and any implementing regulations.

15.26 Investment Company Act

Neither it nor any member of the Borrower Group is an "investment company" or a company "controlled" by an "investment company", within the meaning of the United States Investment Company Act of 1940, as amended.

15.27 Public Utility Holding Company Act and Federal Power Act

Neither it nor any member of the Borrower Group is a "holding company", or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of, or otherwise subject to regulation under, the United States Public Utility Holding Company Act of 1935, as amended. Neither it nor any member of the Borrower Group is a "public utility" within the meaning of, or otherwise subject to regulation under, the United States Federal Power Act.

15.28 Times for making representations and warranties

(a) The representations and warranties set out in this Clause 15 (Representations and Warranties) are made by each Obligor on the Signing Date (except for Clause 15.25 (Dutch Banking Act) which shall be made on the Effective Date) and (except for Clauses 15.6(a) (Consents), 15.10 (Financial condition), 15.12 (Security Interests), 15.13(b) (Litigation and insolvency proceedings), 15.14 (Business Plan), 15.15 (Tax liabilities), 15.16 (Ownership of assets), 15.18 (Works councils), 15.19 (Borrower Group structure), 15.20 (ERISA), 15.24 (UPC Financing) and 15.25 (Dutch Banking Act)) are deemed to be made again by each relevant Obligor on the date of each Request, the first day of each Interest Period and on each Utilisation Date with reference to the facts and circumstances then existing.

(b) The representations and warranties set out in this Clause 15 (Representations and Warranties) (except Clauses 15.9 (Accounts), 15.10 (Financial condition), 15.14 (Business Plan), 15.19 (Borrower Group structure) and 15.24 (UPC Financing)) are repeated by each Additional Obligor with respect to itself on the date of the Obligor Accession Agreement relating to that Additional Obligor, with reference to the facts and circumstances then subsisting.

(c) The representation and warranty made by UPC Broadband in Clause 15.14 (Business Plan) will be deemed to be repeated on the date any updated Business Plan is delivered to the Facility Agent by UPC Broadband, but only in respect of that updated Business Plan, by reference to the facts and circumstances existing on the relevant date.

16. UNDERTAKINGS

16.1 Duration

The undertakings in this Clause 16 (Undertakings) will remain in force from the Signing Date for so long as any amount is or may be outstanding under any Finance Document or any Commitment is in force.

16.2 Financial information

UPC Broadband shall supply to the Facility Agent in sufficient copies for all the Lenders:

(a) as soon as the same are available (and in any event within 150 days of the end of each of its financial years) audited consolidated financial statements of UPC Broadband Holdco for that financial year;

(b) as soon as the same are available (and, in any event, (in the case of its first three financial quarters in any financial year) within 60 days of the end of each of its financial quarters and (in the case of its fourth financial quarter in each financial year) within 150 days of the end of each such financial quarter), unaudited quarterly consolidated management accounts of UPC Broadband Holdco for that financial quarter in the agreed form;

(c) by no later than 60 days after the last day of each of its financial years, an annual budget for the Distribution Business of the Borrower Group in the agreed form for the immediately following financial year;

(d) together with any financial statements specified in paragraphs (a) or (b) above, a certificate signed by a director of UPC Broadband:

  (i) confirming that no Default is outstanding or if a Default is outstanding, specifying the Default and the steps, if any, being taken to remedy it;

  (ii) setting out in reasonable detail computations establishing, as at the date of such financial statements, whether each of the financial ratios set out in Clause 17 (Financial Covenants) were complied with;

  (iii) (in the case of financial statements specified in paragraph (a) above, starting with the annual financial statements for 31 December 2004) setting out in reasonable detail computations establishing the Excess Cash Flow (if any) for the financial year to which such financial statements were delivered for the purposes of Clause 7.5 (Mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares);

  (iv) certifying current compliance with the Borrowers' obligations under Clause 7.6(a) (Mandatory prepayment from disposal proceeds); and

  (v) certifying compliance with Clause 16.11(a) (Acquisitions and mergers);

(e) as soon as the same is available (and in any event within 90 days after each of its financial quarters) the consolidated financial statements of UGC. for that financial quarter on Form 10Q as filed with the United States Securities and Exchange Commission (the **Commission**) or such other comparable form as UGC. is required to file with the Commission under the United States Securities Exchange Act of 1934 (the **1934 Act**) or, if UGC. is no longer subject to the reporting requirements of the 1934 Act, in the form required to be filed with the regulatory body comparable to the Commission then having jurisdiction over UGC.;

(f) as soon as the same is available (and in any event within 180 days after each of its financial years) the audited consolidated financial statements of UGC. for that financial year on Form 10K as filed with the Commission or such other comparable form as UGC. is required to file with the Commission under the 1934 Act or, if UGC. is no longer subject to the reporting requirements of the 1934 Act, in the form required to be filed with the regulatory body comparable to the Commission then having jurisdiction over UGC.;

(g) together with the financial statements and accounts referred to in paragraphs (a) and (b), a reconciliation demonstrating the effect of excluding from such financial statements or accounts the results of any business or activity other than the Distribution Business of the

Borrower Group, provided that non-Distribution Business Assets need not be so excluded (and the reconciliation need not apply to such assets) unless they are subject to any Security Interest referred to in paragraph (i) of the definition of **Permitted Security Interest** or any other form of recourse as contemplated by Clause 16.12(b)(xii) (Restrictions on Financial Indebtedness); and

(h) details of the principal terms (including without limitation, details of the notional amount, the termination date and applicable rates) of any Senior Hedging Agreements or High Yield Hedging Agreements to which any member of the Borrower Group is a party within five Business Days of any Senior Hedging Agreement or High Yield Hedging Agreement being entered into.

16.3 Information—Miscellaneous

UPC Broadband shall supply promptly (and in any event in the case of paragraph (d) below within five Business Days of the date on which UPC Broadband becomes aware of such information) or procure that there shall be supplied (both in hard copy and in electronic form) promptly to the Facility Agent:

(a) all notices, reports or other documents despatched by or on behalf of any Obligor to its creditors generally in relation to it or any of its Subsidiaries;

(b) a copy of any material report or other notice, statement or circular, sent or delivered by any member of the Borrower Group whose shares are pledged to the Security Agent pursuant to any Security Document to any person in its capacity as shareholder of such member of the Borrower Group, which materially adversely affects the interest of the Finance Parties under such Security Document;

(c) such other material information regarding the Borrower Group and which is in the possession or control of any member of the Borrower Group as the Facility Agent may from time to time reasonably request; and

(d) written notification of:

(i) the Priority Pledge becoming enforceable;

(ii) any breach by Priority Telecom N.V. of its obligations set out in the Priority Pledge; and

(iii) any breach of the Sale and Purchase Agreements.

16.3A Enforcement of and undertakings in relation to certain agreements

(a) UPC Broadband agrees promptly after (and in any event within five Business Days of) receiving notice from the Facility Agent to do so, to take all necessary action to:

(i) if the Priority Pledge becomes enforceable, enforce the Priority Pledge;

(ii) if Priority Telecom N.V. has breached its obligations set out in the Priority Pledge in any material respect enforce its rights in respect of any such breaches by Priority Telecom N.V. of its obligations under the Priority Pledge; and

(iii) if any party to the Sale and Purchase Agreements is in default under any one or more of the Sale and Purchase Agreements in any material respect, enforce its rights in respect of such default.

(b) UPC Broadband undertakes to keep the Lenders informed and to take such action in connection with the enforcement of the Priority Pledge or its rights under the Priority Pledge or any of the Sale and Purchase Agreements (as the case may be) as may be requested by the Facility Agent (acting on the instructions of the Majority Lenders).

(c) UPC Broadband undertakes not to agree to any amendment, variation, supplement or waiver of the Priority Pledge or the Sale and Purchase Agreements

without the written consent of the Facility Agent (acting on the instructions of the Majority Lenders) where the same would prejudice in any material respect the interests of the Lenders under such arrangements.

16.4 Notification of Default and inspection rights

(a) Each Obligor shall notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of it (unless that Obligor is aware that such a notification has already been provided by another Obligor).

(b) Each Obligor (other than UPC Broadband Holdco) shall, if required by the Facility Agent (acting on the instructions of the Majority Lenders), at any time whilst an Event of Default is continuing or the Facility Agent has reasonable grounds to believe that an Event of Default may exist and at other times if the Facility Agent has reasonable grounds for such request, permit representatives of the Facility Agent upon reasonable prior written notice to UPC Broadband to:

(i) visit and inspect the properties of any member of the Borrower Group during normal business hours;

(ii) inspect its books and records other than records which the relevant member of the Borrower Group is prohibited by law, regulation or contract from disclosing to the Facility Agent; and

(iii) discuss with its principal officers and Auditors its business, assets, liabilities, financial position, results of operations and business prospects provided that (A) any such discussion with the Auditors shall only be on the basis of the audited financial statements of the Borrower Group and any compliance certificates issued by the Auditors and (B) representatives of UPC Broadband shall be entitled to be present at any such discussion with the Auditors.

(c) Any Obligor must promptly upon becoming aware of it notify the Facility Agent of:

(i) any Reportable Event;

(ii) the termination of or withdrawal from, or any circumstances reasonably likely to result in the termination of or withdrawal from, any Plan subject to Title IV of ERISA; and

(iii) material non-compliance with any law or regulation relating to any Plan which would or is reasonably likely to have a Material Adverse Effect.

16.5 Authorisations

Each Obligor (other than UPC Broadband Holdco, in the case of paragraphs (b) below) will, and will procure that each of its Subsidiaries which is a member of the Borrower Group will:

(a) obtain or cause to be obtained, maintain and comply with the terms of:

(i) every material consent, authorisation, licence or approval of, or filing or registration with or declaration to, governmental or public bodies or authorities or courts; and

(ii) every material notarisation, filing, recording, registration or enrolment in any court or public office,

in each case required under any law or regulation to enable it to perform its obligations under, or for the validity, enforceability or admissibility in evidence of any Finance Document to which it is a party; and

(b) obtain or cause to be obtained every Necessary Authorisation and the Licences and ensure that (i) none of the Necessary Authorisations or Licences is revoked, cancelled, suspended, withdrawn, terminated, expires and is not renewed or otherwise ceases to be in full force and effect and (ii) no Necessary Authorisation or Licence is modified and no member of the Borrower Group commits any breach of the terms or conditions of any Necessary Authorisation or Licence which, in each case, would or is reasonably likely to have a Material Adverse Effect.

16.6 Pari passu ranking

Each Obligor will procure that its payment obligations under the Finance Documents do and will rank at least *pari passu* with all the claims of its other present and future unsecured and unsubordinated creditors (save for those obligations mandatorily preferred by applicable law applying to companies generally).

16.7 Negative pledge

(a) Each Obligor (other than UPC Broadband Holdco) will not permit any Security Interest (other than the Permitted Security Interests) by any member of the Borrower Group to subsist, arise or be created or extended over all or any part of their respective present or future undertakings, assets, rights or revenues to secure or prefer any present or future indebtedness of any member of the Borrower Group or any other person.

(b) UPC Broadband Holdco will not create or permit to subsist any Security Interest over its assets which are subject to the Security Documents to which it is a party (other than any Permitted Security Interest referred to in paragraphs (a), (b), (d), (e) or (g) of the definition of **Permitted Security Interest**).

(c) (i) UPC Broadband will procure that none of LGEF, UPC, UGCE Inc. or any other member of the UGCE Borrower Group (each a **Relevant Company**) will create or permit to subsist any Security Interest (other than an Agreed Security Interest) over all or part of that Relevant Company's present or future undertakings, assets, rights or revenues.

(ii) For the purposes of subparagraph (c)(i) above:

Agreed Security Interest means:

(a) any liens arising in the ordinary course of business by way of contract which secure indebtedness under any agreement for the supply of goods or services in respect of which payment is not deferred for more than 180 days (or 360 days if such deferral is in accordance with the terms pursuant to which the relevant goods were acquired or services were provided);

(b) any Security Interest imposed by any taxation or governmental authority in respect of amounts which are being contested in good faith and not yet payable and for which adequate reserves have been set aside in the accounts of the Relevant Company in respect of the same in accordance with GAAP;

(c) any Security Interest in favour of any bank incurred in relation to any cash management arrangements;

(d) rights of set-off arising in the ordinary course of business;

(e) any Security Interest granted by a Relevant Company over its shareholding in any of its Subsidiaries which is not itself a Relevant Company;

(f) any Security Interest granted by a Relevant Company under any Existing Security Documents provided that, (other than in the case of the Security Interests referred to in paragraph (a) of the definition of **Existing Security Documents**) at the same time that such Security Interest is granted, the Relevant Company grants an identical Security Interest over the same assets to the Beneficiaries and under the terms of the Intercreditor Agreement, such Security Interest ranks *pari passu* with the Security Interest(s) arising under the corresponding Security Document which purports to create a Security Interest over the same property, assets or rights provided that any such Existing Security Document will be in the same form as the corresponding Security Document (save for changes directly attributable to the identity of the parties and the loan amounts);

(g) any Security Interest granted by a Relevant Company to secure any Financial Indebtedness of any member of the UGCE Borrower Group; and

(h) any Security Interest not falling within subparagraphs (a) to (g) **Error! Reference source not found.** securing any indebtedness which, when aggregated with all other indebtedness secured by that Relevant Company and each other Relevant Company, does not exceed €15,000,000 (or its equivalent).

16.8 Permitted Business

(a) Each Obligor will ensure that it and its Subsidiaries which are members of the Borrower Group (other than any Relevant Eastern European Subsidiary) engage:

(i) in no material activity outside the Permitted Business; and/or

(ii) in the business of acting as the holder of shares and/or interests in other members of the Borrower Group (which shall include the raising of Permitted Financial Indebtedness and the on-lending of such Financial Indebtedness to its Subsidiaries in accordance with the provisions of this Agreement and the entry into of hedging arrangements on behalf of its Subsidiaries).

(b) The Borrowers will ensure that UPC Financing will engage primarily in the business of a finance company for and in respect of the Borrower Group in connection with the Existing Facilities and the transactions contemplated by the Existing Facility Agreement.

16.9 Compliance with laws

Each Obligor will, and will procure that each of its Subsidiaries which is a member of the Borrower Group will, comply in all material respects with all applicable laws, rules, regulations and orders of any governmental authority, having jurisdiction over it or any of its assets, except where failure to comply with which would not have or be reasonably likely to have a Material Adverse Effect.

16.10 Disposals

(a) Each Obligor (other than UPC Broadband Holdco) will not and will procure that no other member of the Borrower Group (other than a Relevant Eastern European Subsidiary) will, sell, transfer, lend (subject to Clause 16.14 (Loans and guarantees)) or otherwise dispose of or cease to exercise direct control over (each a **disposal**) any part of its present or future undertaking, assets, rights or revenues whether by one or a series of transactions related or not (other than Permitted Disposals).

(b) As used herein a **Permitted Disposal** means:

(i) disposals (including, for the avoidance of doubt, the outsourcing of activities that support or are incidental to the Permitted Business) on arm's length commercial terms in the ordinary course of business;

(ii) the disposal of property or other assets on bona fide arm's length commercial terms in the ordinary course of business in consideration for, or to the extent that the net proceeds of disposal are applied within 120 days after such disposal in the acquisition of, property or other assets of a similar nature and approximately equal value to be used in the Permitted Business;

(iii) disposals of assets on bona fide arm's length commercial terms where such assets are obsolete or no longer required for the purposes of the Permitted Business;

(iv) the application of cash in payments which are not otherwise restricted by the terms of this Agreement and the Security Documents including, for the avoidance of doubt, Permitted Acquisitions and Permitted Payments;

(v) disposals (or the payment of management, consultancy or similar fees):

(A) by an Obligor to another Obligor; or

(B) from a member of the Borrower Group which is not an Obligor, to any member of the Borrower Group; or

(C) from an Obligor to another member of the Borrower Group which is not an Obligor;

(vi) disposals of any interest in an Unrestricted Subsidiary;

(vii) disposals made in connection with Approved Stock Options;

(viii) disposals of undertakings, assets, rights or revenues comprising interests in the share capital of persons not holding or engaged in the Distribution Business of the Borrower Group or other undertakings, assets, rights or revenues not constituting part of the Distribution Business of the Borrower Group (**non-Distribution Business Assets**);

(ix) payment, transfer or other disposal of consideration for any Acquisition, merger or consolidation permitted by Clause 16.11 (Acquisitions and mergers);

(x) disposals of cash or cash equivalents constituting any distribution, dividend, transfer, loan or other transaction permitted by Clause 16.13 (Restricted Payments);

(xi) the grant of indefeasible rights of use or equivalent arrangements with respect to network capacity, communications, fibre capacity or conduit, in each case on arm's length commercial terms or on terms that are fair and reasonable and in the best interests of the Borrower Group;

(xii) disposal of any interest (whether direct or indirect) held by Polska Holdco in Fox Kids Inc., Telewizja Korporacja Partycypacyjana SA and/or @media S.p.zoo.

For the avoidance of doubt and without limiting the generality of subparagraph (x) above, non-Distribution Business Assets shall include:

(A) undertakings, assets, rights and revenues comprising interests in the share capital of any person engaged solely in the competitive local exchange carrier (CLEC) business, including without limitation, the business of providing traditional voice and data services and services based on Transmission Control Protocol/Internet Protocol (TCP/IP) technology and other undertakings, assets, rights or revenues constituting a part of such businesses; and

(B) undertakings, assets, rights and revenues comprising interests in the share capital of any person engaged solely in the business of television and radio programming, including without limitation, the business or creating and distributing special interest television channels, radio programmes, pay per view programmes and near video on demand services and other undertakings, assets, rights or revenues constituting a part of such businesses;

(xiii) the disposal by UPC Scandinavia Holding B.V. of:

(A) the shares in UPC Norge A.S. and/or NBS Nordic Broadband Services A.B.; or

(B) the business or a substantial part of the business of UPC Norge A.S. and/or NBS Nordic Broadband Services A.B.,

provided that, in each case, an amount equal to four times Annualised EBITDA of the entity (or the business) that is being disposed of under this Subclause for the Ratio Period which ends on the most recent quarterly Accounting Period end date for which financial information has been delivered under Clause 16.2 (Financial information) (the **Scandinavia Repayment Amount**) is deposited immediately with the Facility Agent and/or the Existing Facility Agent and applied in prepayment and cancellation or repayment of the Additional Facilities in accordance with paragraphs (f), (g), (h) and (i) below and/or the Existing Facilities in accordance with clauses 16.10(f), (g), (h) and (i) (Disposals) of the Existing Facility Agreement;

(xiv) payment, transfer or other disposal between members of the Borrower Group, constituting consideration or investment for or towards or in furtherance of any Acqusition, Permitted Acquisition, Permitted Joint Venture, merger or consolidation permitted by Clause 16.11 (Acquisitions and Mergers);

(xv) the disposal of all or part of any member of the VTR Group provided that a prepayment is made in accordance with Clause 7.6(a) (Mandatory prepayment of disposal proceeds) in respect of such disposal; and

(xvi) any disposal made after the 2006 Amendment Effective Date (in addition to those described in sub paragraphs (i) to (xv) above) of any person or asset the Annualised EBITDA of or attributable to which does not exceed the Remaining Percentage of the Annualised EBITDA of the Borrower Group (excluding the Annualised EBITDA attributable to the VTR Group) for the Latest Ratio Period **Provided that**:

(A) no Default has occurred and is continuing or would occur as a result of such disposal;

(B) where required, a prepayment is made in accordance with Clause 7.6(a) (Mandatory prepayment from disposal proceeds) in respect of such disposal; and

(C) UPC Broadband delivers to the Facility Agent a certificate signed by two managing directors or the sole managing director of UPC Broadband which certifies that, if the financial ratios set out in Clause 17.2 (Financial ratios) were re-calculated for the Latest Ratio Period but adjusting the:

I. amount of Senior Debt and Total Debt used in such calculations by adding any net increase in Senior Debt or Total Debt (respectively) of the Borrower Group since the end of the Latest Ratio Period or subtracting any net reduction in the Senior Debt or Total Debt (respectively) of the Borrower Group since the end of the Latest Ratio Period and any such reduction which will occur from a prepayment of a Facility made under Clause 7.3 (Voluntary prepayment) or Clause 7.6(a) (Mandatory prepayment from disposal proceeds) of this Agreement from the proceeds of such disposal; and

II. Annualised EBITDA of the Borrower Group used in such calculations by subtracting the Annualised EBITDA attributable to persons or assets disposed of since the end of the Latest Ratio Period and the Annualised EBITDA attributable to the person or asset the subject of such disposal, in each case for the Latest Ratio Period,

those financial ratios would not be breached.

(c) The **Remaining Percentage** is:

(i) the greater of (A) 17.5% and (B) the percentage of the Annualised EBITDA of the Borrower Group represented by the Annualised EBITDA of the French Group for the Latest Ratio Period;

(ii) less the aggregate percentage value of all previous disposals made after the 2006 Amendment Effective Date; and

(iii) plus the aggregate percentage value of all Reinvestments made after the 2006 Amendment Effective Date,

as calculated in accordance with paragraph (d) below.

Provided that:

(x) the percentage of the Annualised EBITDA of the Borrower Group (excluding the Annualised EBITDA attributable to the VTR Group) represented by the Annualised EBITDA of the person or asset disposed of can never be more than the Remaining Percentage immediately prior to such disposal;

(y) the percentage value of a Reinvestment shall be disregarded if, immediately after and taking account of the Reinvestment under consideration, the Annualised EBITDA of the members of the Borrower Group which is derived from persons or assets located in Western Europe is less than 66⅔ per cent. of the Annualised EBITDA of the Borrower Group (excluding the Annualised EBITDA attributable to the VTR Group) (in each case for the Latest Ratio Period but taking into account each disposal and Reinvestment made after the date on which that Latest Ratio Period ended); and

(z) the Remaining Percentage can never be more than 17.5%, except in respect of a disposal of the French Group.

(d) For the purposes of paragraphs (b)(xiv) and (c) above:

Annualised EBITDA and **EBITDA** have the meaning given to them in Clause 17.1 (Financial definitions) but, when calculating EBITDA in relation to a person or asset that is being (or has been) acquired or disposed of, any amounts will be calculated using the methodology for calculating operating cash flow used in the accounts most recently filed with the Securities and Exchange Commission by or on behalf of UPC Holding prior to the date of that acquisition or disposal, and, for the avoidance of doubt, any corporate costs or allocations paid or payable during the relevant period by a member of the Borrower Group which is being disposed of to one of its Affiliates pursuant to any general services (or similar) arrangement shall be deducted from the EBITDA of the member of the Borrower Group being disposed of.

French Group means the group of companies of which UPC France Holding B.V. is the holding company as at the 2006 Amendment Effective Date;

Latest Ratio Period means the most recent Ratio Period for which financial statements have been delivered pursuant to Clause 16.2 (Financial Information);

percentage value means:

(a) in relation to a disposal, the percentage of the Annualised EBITDA of the Borrower Group for what was the Latest Ratio Period at the time of the disposal which is represented by the Annualised EBITDA of the person or asset disposed of (the **EBITDA Percentage**), after deducting a percentage equal to the EBITDA Percentage multiplied by the Proportion Repaid; and

(b) in relation to a Reinvestment, the percentage of the Annualised EBITDA of the Borrower Group for what was the Latest Ratio Period at the time of the Reinvestment (but taking into account each disposal made by the Borrower Group after the last day of that Latest Ratio Period and prior to the date of the relevant Reinvestment) which is represented by the Annualised EBITDA of the person or asset acquired multiplied by the Proportion Reinvested,

Where:

the **Proportion Reinvested** is that proportion of the purchase price for the person or asset acquired which is represented by the amount of the Net Proceeds of a previous disposal that were reinvested pursuant to the relevant Reinvestment;

the **Proportion Repaid** is that proportion of the Net Proceeds of that disposal prepaid pursuant to Clause 7.6(a) (Mandatory prepayment of disposal proceeds) and/or repaid pursuant to Clause 7.3 (Voluntary prepayment);and

Reinvestment means the reinvestment of all or any part of the Net Proceeds of a previous disposal made under paragraph (b)(xiv) above by the Borrower Group after the 2006 Amendment Effective Date, including in circumstances where all or any part of such Net Proceeds are distributed as a Permitted Payment and an equity subscription is subsequently made in, or a Subordinated Shareholder Loan is subsequently made to, a member of the Borrower Group.

(e) Except as otherwise expressly permitted in this Agreement or the relevant Security Document, UPC Broadband Holdco will not sell, transfer, lease or otherwise dispose of all or any part of its assets which are subject to a Security Document to which it is a party.

(f) Any prepayment and cancellation or repayment made under subparagraph (b)(xiii) above will be applied against the Additional Facilities and/or the Existing Facilities in such proportion as may be specified by UPC Broadband in the notice of prepayment and cancellation or repayment and in the case of a prepayment and cancellation or repayment of Advances, against all outstanding Advances made under the relevant Additional Facilities *pro rata* (and, if applicable, against the Repayment Instalments for the relevant Additional Facility or Additional Facilities in such order as may be specified by UPC Broadband).

(g) Subject to paragraph (h), each Lender may elect not to accept prepayment and cancellation of Advances under subparagraph (b)(xiii) above by notifying the Facility Agent in writing on or before 29 November 2005. In the event of such election, any amounts which would otherwise have been applied in prepayment and cancellation of the relevant Advances (the **balance**), shall be applied in prepayment and cancellation or repayment *pro rata* of any other outstanding Advances or Existing Facility Advances in accordance with paragraph (f) above (and paragraph (f) above and this paragraph (g) shall continue to be applied to any balance until it has been exhausted or until all Advances and Existing Facility Advances in respect of which the relevant Lenders or Existing Lenders have not elected not to accept prepayment and cancellation have been repaid or prepaid and cancelled in full).

(h) Any election under paragraph (g) above not to accept prepayment and cancellation of an Advance will only apply in relation to disposals made under subparagraph (b)(xiii) above on or before 8 May 2006.

(i) The amount of a Facility I Advance prepaid or repaid by UPC Broadband in accordance with subparagraph (b)(xiii) above may be re-borrowed in accordance with the terms of this Agreement.

16.11 Acquisitions and mergers

(a) No Obligor (other than UPC Broadband Holdco) will, and each Obligor (other than UPC Broadband Holdco) will procure that none of its Subsidiaries which is a member of the Borrower Group will, make any Acquisition, other than:

(i) any Acquisition approved in writing by the Majority Lenders;

(ii) any Permitted Acquisition;

(iii) any Permitted Joint Venture; or

(iv) any Acquisition from any person which is a member of the Borrower Group or subscription of an interest in the share capital (or equivalent) in any person which is a member of the Borrower Group.

(b) Each Obligor (other than UPC Broadband Holdco) will not merge or consolidate with any other company or person and will procure that no member of the Borrower Group will merge or consolidate with any other company or person (other than, in each case, in connection with the Romania Restructuring) save for:

(i) Acquisitions permitted by paragraph (a) above and disposals permitted by Clause 16.10 (Disposals); or

(ii) with the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders); or

(iii) mergers between any member of the Borrower Group with (I) any or all of the other members of the Borrower Group or (II) an Unrestricted Subsidiary (**Original Entities**), into one or more entities (each a **Merged Entity**) provided that:

(A) reasonable details of the proposed merger in order to demonstrate satisfaction with subparagraphs (C) to (G) below are provided to the Facility Agent within 30 days after the date on which the merger is entered into;

(B) if the proposed merger is between a member of the Borrower Group and an Unrestricted Subsidiary, UPC Broadband has delivered to the Facility Agent within 30 days after the date on which the merger is entered into financial projections based on assumptions which are no more aggressive than those used in the preparation of the Business Plan which demonstrate that the Borrower Group will be in compliance with the undertakings set out in Clause 17.2 (Financial ratios) for the period commencing on the date of merger and ending on the Final Maturity Date;

(C) such Merged Entity will be a member of the Borrower Group and will be liable for the obligations of the relevant Original Entities (including the obligations under this Agreement and the Security Documents), which obligations remain unaffected by the merger, and entitled to the benefit of all rights of such Original Entities;

(D) (if all or any part of the share capital of any of the relevant Original Entities was charged pursuant to a Security Document) the equivalent part of the issued share capital of such Merged Entity is charged pursuant to a Security Document on terms of at least an equivalent nature and equivalent ranking as any Security Document relating to the shares in each relevant Original Entity within 60 days of the merger;

(E) such Merged Entity has entered into Security Documents (if applicable) within 60 days of the merger which provide security over the same assets of at least an equivalent nature and ranking to the security provided by the relevant Original Entities pursuant to any Security Documents entered into by them;

(F) any possibility of the Security Documents referred to in subparagraphs (D) or (E) above being challenged or set aside is not materially greater than any such possibility in relation to the Security Documents entered into by, or in respect of the share capital of, any relevant Original Entity; and

(G) all the property and other assets of the relevant Original Entities are vested in the Merged Entity and the Merged Entity has assumed all the rights and obligations of the relevant Original Entities under any relevant Material Contracts, material

Necessary Authorisations and Licences and other licences or registrations (to the extent reasonably necessary for the business of the relevant Original Entities) granted in favour of the Original Entities under Telecommunications and Cable Laws and/or all such rights and obligations have been transferred to the Merged Entity and/or the relevant Material Contracts, Necessary Authorisations and Licences and other licences or registrations (to the extent reasonably necessary for the business of the relevant Original Entities) granted in favour of the Original Entities under Telecommunications and Cable Laws have been reissued to the Merged Entity,

except that the requirements of paragraphs (C) to (G) above will not apply in respect of any merger between Original Entities:

I. both of which are not Obligors; and

II. neither one of which is party to a Security Document, neither one of whose share capital is charged pursuant to a Security Document and neither one of whom owes any receivables to another member of the Borrower Group which are pledged pursuant to a Security Document.

16.12 Restrictions on Financial Indebtedness

(a) Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no other member of the Borrower Group (other than a Relevant Eastern European Subsidiary) will, create, incur or otherwise permit to be outstanding any Financial Indebtedness (other than Permitted Financial Indebtedness).

(b) As used herein, **Permitted Financial Indebtedness** means, without duplication:

(i) any Financial Indebtedness arising hereunder or under the Security Documents;

(ii) any Financial Indebtedness arising under the Existing Facility;

(iii) any Financial Indebtedness or guarantees permitted pursuant to Clause 16.14 (Loans and guarantees);

(iv) any Financial Indebtedness incurred through a Subordinated Shareholder Loan made to any member of the Borrower Group;

(v) any Financial Indebtedness of any member of the Borrower Group arising as a result of the issue by it or a financial institution of a surety or performance bond in relation to the performance by such member of the Borrower Group or its obligations under contracts entered into in the ordinary course of its business (other than for the purpose of raising finance);

(vi) any Financial Indebtedness approved in writing by the Facility Agent (acting on the instructions of the Majority Lenders);

(vii) any Financial Indebtedness incurred in connection with the Senior Hedging Agreements and any other hedging arrangements permitted by Clause 16.17 (Hedging);

(viii) any deposits or prepayments constituting Financial Indebtedness received by any member of the Borrower Group from a customer or subscriber for its services;

(ix) any Financial Indebtedness owing by any member of the Borrower Group being Management Fees or management, consultancy or similar fees payable to another member of the Borrower Group in respect of which payment has been deferred;

(x) any Financial Indebtedness being Permitted Payments in respect of which payment has been deferred;

(xi) any Financial Indebtedness of a company which is acquired by a member of the Borrower Group after the date hereof as an acquisition permitted by Clause 16.11 (Acquisitions and mergers) where such Financial Indebtedness existed at the date of completion of such Permitted Acquisition provided that (A) such Financial Indebtedness was not incurred in contemplation of the acquisition, (B) the amount of such Financial Indebtedness is not increased beyond the amount in existence at the date of completion of the acquisition and

(C) such Financial Indebtedness is discharged within six months of the date of completion of the acquisition;

(xii) any Financial Indebtedness of any member of the Borrower Group, in respect of which the person or persons to whom such Financial Indebtedness is or may be owed has or have no recourse whatever to any member of the Borrower Group for any payment or repayment in respect thereof other than recourse to such member of the Borrower Group for the purpose only of enabling amounts to be claimed in respect of such Financial Indebtedness in an enforcement of any Security Interest given by any member of the Borrower Group over non-Distribution Business Assets, provided that:

(A) the extent of such recourse to such member is limited solely to the amount of any recoveries made on any such enforcement;

(B) such person or persons are not entitled, pursuant to the terms of any agreement evidencing any right or claim arising out of or in connection with such Financial Indebtedness, to commence proceedings for the winding up, dissolution or administration of any member of the Borrower Group (or proceedings having an equivalent effect) or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of any member of the Borrower Group or any of its assets (save only for the non-Distribution Business Assets the subject of that Security Interest) until after the Commitments have been reduced to zero and all amounts outstanding under the Finance Documents have been repaid or paid in full; and

(C) the aggregate outstanding amount of all such Financial Indebtedness of all members of the Borrower Group does not exceed €100,000,000 (or its equivalent in other currencies);

(xiii) any Financial Indebtedness of any member of the Borrower Group (other than any Obligor) constituting Financial Indebtedness to all the holders (or their Associated Companies) of the share capital of any such member of the Borrower Group on a basis that is substantially proportionate to their interests in such share capital (with any disproportionately large interest received by any member of the Borrower Group or any disproportionately small interest received by any person other than a member of the Borrower Group, in each case relative to its interests in such share capital, being ignored for this purpose), provided such Financial Indebtedness does not bear interest (other than by way of addition to its principal amount on a proportionate basis as described above) and is made on terms that repayment or pre-payment of such Financial Indebtedness shall only be made to each such holder (A) in proportion to their respective interests in such share capital (ignoring any disproportionately large interest held by any member of the Borrower Group or any disproportionately small interest received by any person other than a member of the Borrower Group, in each case relative to its interests in such share capital, for this purpose) and (B) only on and in connection with the liquidation or winding up (or equivalent) of such member of the Borrower Group;

(xiv) any Financial Indebtedness arising under the Permitted Borrower Group Revolving Credit Facility or the Permitted Borrower Group Guarantee Facilities;

(xv) any Financial Indebtedness arising as a result of any cash pooling arrangements in the ordinary course of the Borrower Group's banking business to which any member of the Borrower Group is a party;

(xvi) any Financial Indebtedness incurred by VTR GlobalCom SA under the VTR Facility provided that the loan, deposit or similar arrangement to be made by a member of the Borrower Group with the lenders under or in connection with the VTR Facility is made by no later than the date falling 60 days after the date of the VTR Acquisition; and

(xvii) any other Financial Indebtedness in addition to the Financial Indebtedness falling within paragraphs (i) to (xvi) above not exceeding at any time more than €25,000,000 in aggregate (or its equivalent) provided that such Financial Indebtedness is not indebtedness incurred in respect of Acquisitions.

(c) No Obligor will, and each Obligor will procure that none of its Subsidiaries which is a member of the Borrower Group will, incur or have outstanding any Financial Indebtedness due to or for the benefit of UPC or any Subsidiary of UPC (not being a member of the Borrower Group), other than Subordinated Shareholder Loans and any Permitted Financial Indebtedness referred to in Clause 16.12(b)(iv), (viii), (ix), (x) or (xii).

16.13 Restricted Payments

(a) Except for any payment or transfer of consideration for the transfer of shares or receivables to a member of the Borrower Group pursuant to the Restructuring, each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will, make any Restricted Payments other than Permitted Payments or enter into any transaction with a Restricted Person other than on bona fide arm's length commercial terms or on terms which are fair and reasonable and in the best interests of the Borrower Group.

(b) As used herein, a **Restricted Payment** means, in each case whether in cash, securities, property or otherwise:

(i) any direct or indirect distribution, dividend or other payment on account of any class of its share capital or capital stock or other securities;

(ii) any payment of principal of, or interest on, any loan; or

(iii) any transfer of assets, loan or other payment,

in the case of each of (i), (ii) and (iii), to a Restricted Person.

(c) As used herein, a **Permitted Payment** means any distribution, dividend, transfer of assets, loan or other payment:

(i) to any Restricted Person in relation to transactions carried out on bona fide arm's length commercial terms in the ordinary course of business or on terms which are fair and reasonable and in the best interest of the Borrower Group (including but not limited to, such transactions under Clause 16.21 (Priority));

(ii) by way of payment of Management Fees (A) which are paid on bona fide arm's length terms in the ordinary course of business to a Restricted Person or (B) of up to €15,000,000 in any financial year provided that, at the time of payment, no Default is outstanding or would occur as a result of such payment;

(iii) by way of payment of principal or interest on Subordinated Shareholder Loans or by way of distributions, dividends or other payments paid by UPC Broadband in respect of its share capital provided that:

(A) the applicable ratio for the purposes of Clause 17.2(a) (Financial ratios) is 4:1 or less prior to making the relevant payment and will be 4:1 or less after such payment has been made; and

(B) no Default has occurred and is continuing or would occur as a result of such payment;

(iv) by way of payment to any Restricted Person of consideration for an acquisition, merger or consolidation permitted by Clause 16.11 (Acquisitions and mergers);

(v) by way of transfer to any Restricted Person of any non-Distribution Business Assets (as defined in Clause 16.10(b)(viii) (Disposals)) permitted in accordance with Clause 16.10(b)(viii) (Disposals); and

(vi) by way of distributions, dividends or other payments paid by UPC Broadband in respect of its share capital or by way of repayment or payment by UPC Broadband or UPC Scandinavia Holding B.V. (as the case may be) in respect of a Subordinated Shareholder Loan (each an **Applicable Payment**) but only to the extent that (A) UPC Broadband or UPC Scandinavia Holding B.V. (as the case may be) makes the Applicable Payment from the proceeds of sale or a disposal by UPC Scandinavia Holding B.V. permitted by Clause 16.10(b)(xiii) (Disposals); and (B) the aggregate of all Applicable Payments is less than or equal to the Net Proceeds of the sale or disposal by UPC Scandinavia Holding B.V. permitted by Clause 16.10(b)(xiii) (Disposals) less the Scandinavia Repayment Amount (as defined in

Clause 16.10(b)(xiii) (Disposals)) and provided that no Default has occurred and is continuing or would occur as a result of such payment.

(d) The restriction contained in paragraph (a) on the payment by any member of the Borrower Group of Management Fees shall cease to apply during such period as the applicable ratio for the purposes of Clause 17.2(a) (Financial ratios) is 3.50:1 (or less), provided that no Management Fees may be paid by any member of the Borrower Group at any time after a Relevant Event has occurred or if a Relevant Event would result from such payment.

16.14 Loans and guarantees

Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will make any loans, grant any credit or give any guarantee, to or for the benefit of, or enter into any transaction having the effect of lending money to, any person, other than:

(a) loans from a member of the Borrower Group to another member of the Borrower Group, provided that no Obligor shall make a loan to any other member of the Borrower Group unless, within 60 days of making that loan:

(i) such Obligor has entered into an Obligor Pledge of Shareholder Loans which creates an effective pledge in favour of the Security Agent in relation to such loan and provided the Security Agent with such evidence as it may reasonably request as the power and authority of such Obligor to enter into such Obligor Pledge of Shareholder Loans and that such Obligor Pledge of Shareholder Loans constitutes valid and legally binding obligations of such Obligor enforceable in accordance with its terms subject (to the extent possible) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents); and

(ii) the relevant member of the Borrower Group to whom the shareholder loan has been made has given a notification of pledge to the Security Agent in respect of such shareholder loans;

(b) as permitted by Clause 16.12 (Restrictions on Financial Indebtedness);

(c) normal trade credit in the ordinary course of business;

(d) guarantees given:

(i) by any Obligor in respect of the liabilities of another Obligor;

(ii) by a member of the Borrower Group in respect of the liabilities of an Obligor; or

(iii) by a member of the Borrower Group (which is not an Obligor) in respect of the liabilities of another member of the Borrower Group (which is not an Obligor);

(iv) by an Obligor in respect of the liabilities of any other member of the Borrower Group to the extent that such liabilities could have been incurred by such Obligor directly without breaching this Agreement; or

(v) by an Obligor in respect of the liabilities of any other member of the Borrower Group which is not an Obligor provided that that other member of the Group must become an Additional Guarantor in accordance with Clause 26.4(a) (Additional Obligors) within 30 days of the granting of the guarantee made pursuant to this paragraph (v); or

(e) to the extent that the same constitute Permitted Payments or a Permitted Disposal (not being a Permitted Disposal of cash or cash equivalents);

(f) loans, the granting of credit, guarantees and other transactions having the effect of lending money (each a **Lending Transaction**) from a member of the Borrower Group, in connection with an acquisition by that member which is permitted by Clause 16.11 (Acquisitions and mergers), to the relevant person being acquired or one or more of its Subsidiaries, provided that:

(i) no Lending Transaction may have a term longer than 12 months (including any extensions or refinancings of the original Lending Transaction); and

(ii) the aggregate outstanding principal amount of all Lending Transactions (which principal amount shall be deemed to be no longer outstanding for this purpose at the time the beneficiary of the relevant Lending Transaction becomes a member of the Borrower Group upon completion of the relevant acquisition, provided such Lending Transaction was made to or in favour of the person acquired or its Subsidiaries) shall not exceed €100,000,000 at any time;

(g) Lending Transactions from a member of the Borrower Group to any person of the proceeds of equity subscribed by any Restricted Person in, or Subordinated Shareholder Loans provided to, such member (other than any such proceeds which are otherwise applied in mandatory prepayment of any or all Facilities under this Agreement or the Existing Facilities under the Existing Facility Agreement or pursuant to Clause 17.4 (Cure provisions) or otherwise); and

(h) the loan, deposit, or similar arrangement to be made by a member of the Borrower Group with the lenders under the VTR Facility by no later than the date falling 60 days after the date of the VTR Acquisition.

16.15 Environmental matters

Each Obligor (other than UPC Broadband Holdco) will and will procure that each of its Subsidiaries which is a member of the Borrower Group will:

(a) (i) obtain all requisite Environmental Licences, (ii) comply with the terms and conditions of all Environmental Licences applicable to it and (iii) comply with all other applicable Environmental Law, in each case where failure to do so would or is reasonably likely to have a Material Adverse Effect;

(b) promptly upon receipt of the same, notify the Facility Agent and the Security Agent of any claim, notice or other communication served on it in respect of any alleged breach of, or corrective or remedial obligation or liability under, any Environmental Law which, if substantiated, would or is reasonably likely to have a Material Adverse Effect.

16.16 Insurance

Each Obligor (other than UPC Broadband Holdco) will, and will procure that each of its Material Subsidiaries which is a member of the Borrower Group will maintain insurance cover of a type and level which a prudent company in the same business would effect.

16.17 Hedging

(a) Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will, enter into any interest rate or currency swaps, other interest rate or currency derivative transactions or other hedging arrangements other than:

(i) transactions and arrangements entered into with a High Yield Hedging Bank or a Senior Hedging Bank directly relating to the management of interest rate and/or currency exchange rate risk arising out of any Financial Indebtedness of any member of the Borrower Group permitted to subsist by the terms of this Agreement (or transactions and arrangements relating to interest rate or currency swaps, other interest rate or currency derivative transactions or other hedging arrangements that themselves relate to the management of interest rate and/or currency exchange rate risk arising out of any Financial Indebtedness of any member of the Borrower Group permitted to subsist by the terms of this Agreement), in each case excluding any such transactions or arrangements that directly or indirectly relate to Subordinated Shareholder Loans; and

(ii) transactions and arrangements entered into by any Obligor with a Senior Hedging Bank directly relating to the management of currency exchange risk arising out of income denominated in a currency other than euro (each such transaction or arrangement, a **Cash Flow Hedging Agreement**);

(iii) to the extent they constitute interest rate or currency swaps or other hedging arrangements, the guarantees granted by each of the Guarantors pursuant to Clause 14 (Guarantee) or clause 14 (Guarantee) of the Existing Facility Agreement (as applicable) in respect of any High Yield Hedging Agreements; and

(iv) any interest rate, currency and any other hedging arrangements permitted under the VTR Facility.

(b) UPC Broadband will procure that any member of the Borrower Group that enters into a Senior Hedging Agreement (as defined in the Existing Facility Agreement) and any member of the UGCE Borrower Group that enters into a High Yield Hedging Agreement accedes to the Security Deed and the Intercreditor Agreement as a Charging Entity by delivering to the Security Agent a Security Provider's Deed of Accession duly executed by that company.

16.18 Intellectual Property Rights

Except as otherwise permitted by this Agreement, each Obligor (other than UPC Broadband Holdco) will, and will procure that each of its Subsidiaries which is a member of the Borrower Group will:

(a) make such registrations and pay such fees and similar amounts as are necessary to keep those registered Intellectual Property Rights owned by any member of the Borrower Group and which are material to the conduct of the business of the Borrower Group as a whole from time to time;

(b) take such steps as are necessary and commercially reasonable (including, without limitation, the institution of legal proceedings) to prevent third parties infringing those Intellectual Property Rights referred to in paragraph (a) above and (without prejudice to paragraph (a) above) take such other steps as are reasonably practicable to maintain and preserve its interests in those rights, except where failure to do so will not have or be reasonably likely to have a Material Adverse Effect;

(c) ensure that any licence arrangements in respect of the Intellectual Property Rights referred to in paragraph (a) above entered into with any third party are entered into on arm's length terms and in the ordinary course of business (which shall include, for the avoidance of doubt, any such licensing arrangements entered into in connection with outsourcing on normal commercial terms) and will not have or be reasonably likely to have a Material Adverse Effect;

(d) not permit any registration of any of the Intellectual Property Rights referred to in paragraph (a) above to be abandoned, cancelled or lapsed or to be liable to any claim of abandonment for non-use or otherwise to the extent the same would or is reasonably likely to have a Material Adverse Effect; and

(e) pay all fees, and comply with each of its material obligations under, any licence of Intellectual Property Rights which are material to the conduct of the business of the Borrower Group as a whole from time to time.

16.19 Share capital

Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group (other than in respect of such other members of the Borrower Group in order to permit a solvent reorganisation permitted under Clause 16.11(b)(iii) (Acquisitions and mergers)) will, reduce its capital or purchase or redeem any class of its shares or any other ownership interest in it, except to the extent the same constitutes a Permitted Payment or in the case of members of the Borrower Group other than the Obligors, is otherwise permitted by Clause 16.13 (Restricted Payments) or is in connection with the Romania Restructuring.

16.20 Inter-connection and chello

Each Obligor (other than UPC Broadband Holdco) will ensure that each member of the Borrower Group which is not a Relevant Eastern European Subsidiary:

(a) which offers residential telephony services in any country, maintains inter-connection arrangements with one or more major fixed line telephony operators in that country; and

(b) which offers internet and/or data services is provided with such services by UPC Broadband N.V. or by another provider on arm's length commercial terms.

16.21 Priority

For as long as Priority Telecom N.V. is a Restricted Person, each Obligor (other than UPC Broadband Holdco) will not and will not permit any contractual arrangements between Priority Telecom N.V. and the Borrower Group to be entered into other than on bona fide arm's length commercial terms or on terms that are fair and reasonable and in the best interests of the Borrower Group.

16.22 UPC Broadband Pledged Account

(a) Subject to receipt of all necessary legal, regulatory, shareholder and partner approvals (all of which each Obligor will, and will ensure that each of its Subsidiaries will, use all reasonable efforts to obtain as soon as practicable), each Obligor (other than UPC Broadband Holdco) shall on receipt of a request from the Facility Agent (acting on the instructions of the Majority Lenders) ensure that it and each of its Subsidiaries which is a member of the Borrower Group, promptly following the last day of either each calendar month or each calendar quarter (as may be directed by the Facility Agent in its request) of UPC Broadband ending after 31 March 2006 transfers an amount equal to its Excess Cash on that date to the UPC Broadband Pledged Account.

(b) For the purposes of this Clause 16.22:

(i) **Excess Cash** means, in relation to any member of the Borrower Group at any time, the aggregate cash in hand and at bank (less withdrawals and other transfers of cash that have not cleared at bank) of that member at that time in excess of €5,000,000 (or its equivalent in other currencies); and

(ii) the **UPC Broadband Pledged Account** means one or more accounts in the name of UPC Broadband or any other member of the Borrower Group, held with a branch of a bank or financial institution, which has been pledged to the Beneficiaries pursuant to a Security Document in the agreed form and in respect of which account(s) all notices required by that Security Document have been served upon the relevant bank or financial institution in the manner required by that Security Document and the relevant account bank(s) have waived any lien, right of set-off or other Security Interest, other than in respect of routine account keeping charges and set offs between UPC Broadband Pledged Accounts.

(c) UPC Broadband may withdraw amounts standing to the credit of the UPC Broadband Pledged Account at any time provided that:

(i) any such withdrawn amount is to be applied to meet expenditure arising in the course of the Business of the Borrower Group as carried on in accordance with this Agreement or for any other purpose permitted under this Agreement; and

(ii) no Event of Default has occurred which is continuing.

16.23 Share security

Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will, issue any shares of any class provided that:

(a) notwithstanding paragraph (b), an Obligor (other than UPC Broadband, UPC Holding II or UPC Broadband Holdco) may issue shares to any person other than a member of the Borrower Group and shall not be required to procure that such shares are charged or pledged in favour of the Beneficiaries, provided that such share issue does not result in a Change of Control;

(b) any member of the Borrower Group may issue shares to or otherwise acquire additional rights from any other member of the Borrower Group so long as (if any of the existing shares in the relevant member of the Borrower Group are charged or pledged in favour of any Beneficiary) such shares are charged or pledged in favour of the Beneficiaries pursuant to the terms of a Security Document and there are delivered at the same time to the Security Agent the relevant share certificates and blank stock transfer forms (or equivalent documents) in respect thereof together with such other documents and evidence and legal opinions as the Security Agent may reasonably require;

(c) UPC Broadband and UPC Holding II may issue shares to UPC Broadband Holdco provided that such shares are charged or pledged in favour of the Beneficiaries pursuant to the terms of a Security Document and there are delivered at the same time to the Security Agent the relevant share certificates and blank stock transfer forms (or equivalent documents) in respect thereof together with such other documents and evidence and legal opinions as the Security Agent may reasonably require;

(d) any member of the Borrower Group may issue shares pursuant to the exercise of Approved Stock Options;

(e) a member of the Borrower Group may issue shares as part of an Acquisition or merger or consolidation permitted by Clause 16.11 (Acquisitions and mergers), provided that the issue of such shares does not cause a Change of Control;

(f) a member of the Borrower Group (other than an Obligor) may issue shares to all the holders of the share capital of such member *pro rata* to their interests in such share capital provided that, if any existing shares in that member of the Borrower Group are charged or pledged in favour of any Beneficiary under any Security Document, upon issue the shares that are issued to any other member of the Borrower Group or any Shareholder are charged or pledged in favour of the Beneficiaries as provided in paragraph (b) above; and

(g) any member of the Borrower Group (other than UPC Broadband or UPC Holding II) may issue shares to any person pursuant to any agreement or other legally binding arrangement existing, and disclosed to the Facility Agent in writing, on or before the Signing Date, provided that such share issue does not result in a Change of Control.

16.24 Shareholder Loans

(a) Each Obligor will procure that prior to any Restricted Person making any Financial Indebtedness (other than Permitted Payments) available to any member of the Borrower Group, such Restricted Person shall enter into a Pledge of Subordinated Shareholder Loans on terms and conditions satisfactory to the Facility Agent and a Security Provider's Deed of Accession and provides (i) the Facility Agent with such documents and evidence as it may reasonably require as to the power and authority of the Restricted Person to enter into such Pledge of Subordinated Shareholder Loans and Security Provider's Deed of Accession and that the same constitute valid and legally binding obligations of such Restricted Person enforceable in accordance with their terms subject (to the extent applicable) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents); and (ii) notification of such pledge to the relevant member of the Borrower Group.

(b) Each Obligor shall ensure that each Subordinated Shareholder Loan and each shareholder loan entered into between an Obligor which is a party to an Obligor Pledge of Shareholder Loans as a creditor and a member of the Borrower Group is governed by the law of The Netherlands.

16.25 Further security over receivables

UPC Broadband shall:

(a) on each date on which it is required to deliver the financial statements referred to in Clause 16.2(b) (Financial information) in respect of its second and fourth financial quarters in each financial year, notify the Facility Agent of the details of any contracts, agreements or other arrangements entered into by any member of the Borrower Group with Priority Telecom N.V. at any time under which receivables owing to such member of the Borrower Group aggregating €10,000,000 (or its equivalent in other currencies) or more are outstanding on such date, together with details of such receivables; and

(b) if the Facility Agent (acting on the instructions of the Majority Lenders) requires, promptly grant, or procure the grant by the relevant member of the Borrower Group of (in each case subject to receipt of all necessary legal, regulatory, shareholder and partner approvals, other than approvals from Priority Telecom N.V, all of which UPC Broadband will and will ensure that each member of the Borrower Group will use all reasonable efforts to obtain as soon as possible) (i) a pledge in favour of the Beneficiaries over the receivables referred to in (a) above in substantially the same form as a receivables pledge already granted to the Security Agent by a member of the Borrower Group in respect of receivables located in, or governed by the laws of, or (as the case may be) owed by or to a person incorporated in, the same jurisdiction as the relevant receivables or (as the case may be) relevant person by or to whom such receivables are owed or in such other form as the Security Agent may reasonably request and (ii) a Security Provider's Deed of Accession and shall provide the Security Agent with such evidence as it may reasonably request as to the power and authority of such member of the Borrower Group to enter into such pledge of receivables and Security Provider's Deed of Accession and that the same constitute valid and legally binding obligations of such member enforceable in accordance with their terms subject (to the extent possible) to substantially similar qualifications to those made in the legal opinions referred to in Schedule 2 (Conditions Precedent Documents), together with all such notices and other documents as the Security Agent may reasonably require to perfect the receivables pledge.

16.26 Financial year end

Each Obligor (other than UPC Broadband Holdco) will, and will procure that its Subsidiaries which are members of the Borrower Group will, maintain a financial year end of 31 December save with the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders in each case not to be unreasonably withheld).

16.27 Capital expenditure

Each Obligor (other than UPC Broadband Holdco) will not, and will procure that no member of the Borrower Group will, incur any material Capital Expenditure other than in relation to the Permitted Business.

16.28 Constitutive documents

Each Obligor will not, and will procure that no member of the Borrower Group will, amend its constitutive documents in any way which would or is reasonably likely to materially adversely affect (in terms of value, enforceability or otherwise) any charge or pledge over the shares or partnership interest of any member of the Borrower Group granted to the Beneficiaries pursuant to the Security Documents.

16.29 ERISA

Each Obligor (other than UPC Broadband Holdco) will, and will procure that its Subsidiaries which are members of the Borrower Group will, give the Facility Agent prompt notice of the adoption of, participation in or contribution to any Plan by it or any ERISA Affiliate, or any action by any of these to adopt, participate in or contribute to any Plan, or the incurrence by any of them of any liability or obligation to any Plan.

16.30 UPC Financing

(a) Each Borrower will ensure that the proceeds of any loan made to the UPC Financing by UPC Broadband or UPC Holding II and the proceeds of any drawing made by UPC Financing shall be invested by way of intercompany loan or equity subscription in one or more other members of the Borrower Group within five Business Days of receipt of such proceeds or, as the case may be, the relevant Utilisation Date.

(b) Each Obligor (other than UPC Broadband Holdco) will ensure that, in accordance with the terms of any pledge of intercompany loans made by UPC Financing, any intercompany loan made by UPC Financing to any Obligor or any Subsidiary of an Obligor which is a member of the Borrower Group is made on bona fide arm's length commercial terms or on terms which are fair and reasonable and in the best interests of UPC Financing and entered into in good faith.

17. FINANCIAL COVENANTS

17.1 Financial definitions

In this Clause 17:

Annualised EBITDA means:

(a) for the purposes of the definition of Permitted Acquisition, Clause 16.10 (Disposals) and Clause 7.6(a) (Mandatory prepayment from disposal proceeds) in respect of any person, in respect of any six month period, two times EBITDA of that person (calculated on a consolidated basis) for that period; and

(b) for all other purposes, in respect of any Ratio Period, two times EBITDA of the Borrower Group for that Ratio Period.

EBITDA means, in relation to any Ratio Period, operating income (expense) plus depreciation, amortisation, non cash stock compensation expenses, other non cash impairment charges, one off reorganisation or restructuring charges, direct acquisition costs, losses (gains) on the sale of operating assets and accrued Management Fees (whether or not paid) for such Ratio Period as reflected in the consolidated statement of operations identified as such in the consolidated financial statements of the Borrower Group, to the extent attributed to the Distribution Business of the Borrower Group and all as determined in accordance with GAAP and (in the case of the Borrower Group or any part of the Borrower Group) as shown in the relevant financial statements prepared and delivered to the Facility Agent pursuant to Clause 16.2(a) or (b) (Financial information) (as the case may be).

For the avoidance of doubt, as a result of US GAAP purchase accounting adjustments, certain deferred revenues on the balance sheet of Cablecom GmbH were required to be written off. The Borrower shall, when calculating EBITDA, have the option to include revenues that would have been recognised had this US GAAP purchase accounting not taken place.

Interest means:

(a) interest and amounts in the nature of interest (including, without limitation, the interest element of finance leases) accrued;

(b) discount fees and acceptance fees payable or deducted in respect of any Financial Indebtedness (including all commissions payable in connection with any letter of credit); and

(c) any net payment (or, if appropriate in the context, receipt) under any interest rate hedging agreement or instrument (including without limitation under the Senior Hedging Agreements and (as applicable) High Yield Hedging Agreements), taking into account any premiums payable.

Ratio Period means each period of approximately 6 months covering two quarterly Accounting Periods of the Borrower Group ending on each date to which each set of financial statements required to be delivered under Clause 16.2(a) or (b) (Financial information) are prepared.

Senior Debt means at any time, the consolidated Financial Indebtedness of the Borrower Group after deducting any amount standing to the credit of the Blocked Account referred to in Clause 7.6(b)(ii) (Mandatory prepayment from disposal proceeds) to the extent such amount has been deposited in that Blocked Account pursuant to Clause 7.6(b)(ii) (Mandatory prepayment from disposal proceeds) and has not at the relevant time been applied in prepayment or reinvestment as described in Clause 7.6(b)(ii) (Mandatory prepayment from disposal proceeds) and, excluding:

(a) any Financial Indebtedness which is a contingent obligation of a member of the Borrower Group; and

(b) any Subordinated Shareholder Loans and any Financial Indebtedness referred to in Clause 16.12(b)(viii), (xi), (xii) and (xiii) (Restrictions on Financial Indebtedness).

Senior Debt Service means, for any Ratio Period, the sum of:

(a) all scheduled repayments (including scheduled reductions of revolving credits to the extent they are drawn) of Senior Debt which fell due during such Ratio Period excluding any scheduled repayments of facilities under this Agreement or the Existing Facility Agreement that are funded by drawings of an Additional Facility in accordance with the terms of this Agreement; and

(b) Total Cash Interest for that Ratio Period.

Senior Interest means, in respect of any period, the amount of Total Cash Interest accrued in respect of Senior Debt during that period.

Total Cash Interest means, in respect of any period, the total amount of all Interest accrued in respect of Senior Debt and Subordinated Shareholder Loans during such period and payable in cash (either during such period or after such period) (having taken into account the effect of any Senior

Hedging Agreements), except in each case, to the extent that such payments (other than payments in respect of Senior Debt) are funded by distributions made by Unrestricted Subsidiaries to UPC Broadband or any other member of the Borrower Group and excluding, for the avoidance of doubt, capitalisation of Interest accrued in respect of Subordinated Shareholder Loans.

Total Debt means, at any time, the aggregate amount of:

(a) Senior Debt; and

(b) Financial Indebtedness of each other member of the UGCE Borrower Group, but excluding any Financial Indebtedness (i) owing between members of the UGCE Borrower Group and (ii) owing between a member of the UGCE Borrower Group and a member of the Wider Group (other than a member of the UGCE Borrower Group).

17.2 Financial ratios

UPC Broadband will procure that:

(a) the ratio of Senior Debt to Annualised EBITDA for each Ratio Period which ends on a date or in a period specified in column 1 below shall not exceed the ratio specified in column 2 below opposite such date or period:

Test Dates	Ratio
30 September 2003	7.75:1
31 December 2003	6.75:1
31 March 2004	6.75:1
30 June 2004	5.90:1
30 September 2004	5.40:1
31 December 2004	4.90:1
31 March 2005	4.80:1
30 June 2005	4.60:1
30 September 2005	4.40:1
31 December 2005	4.10:1
thereafter	4.00:1

(b) the ratio of EBITDA to Total Cash Interest for each Ratio Period which ends on a date or in a period specified in column 1 below shall not be less than the ratio specified in column 2 below opposite such date and period:

Test Dates	Ratio
30 September 2003	2.25:1
31 December 2003	2.25:1
31 March 2004	2.00:1
30 June 2004	2.25:1
30 September 2004	2.50:1
31 December 2004	2.50:1
31 March 2005	2.50:1
30 June 2005	2.50:1
30 September 2005	2.75:1
31 December 2005	2.75:1
31 March 2006	2.75:1
30 June 2006	2.75:1
Thereafter	3.00:1

(c) the ratio of EBITDA to Senior Debt Service for each Ratio Period which ends on a date or in a period specified in column 1 below shall not be less than the ratio specified in column 2 below opposite such date or period:

Test Dates	Ratio
31 December 2003	1.00:1
31 March 2004	1.00:1
30 June 2004	1.50:1
30 September 2004	1.50:1
31 December 2004	1.50:1
31 March 2005	2.25:1
30 June 2005	2.25:1
30 September 2005	2.25:1
31 December 2005	2.25:1
31 March 2006	2.25:1
30 June 2006	1.00:1
30 September 2006	1.00:1
31 December 2006	1.00:1
31 March 2007	1.00:1
Thereafter	1.00:1

(d) the ratio of EBITDA to Senior Interest for each Ratio Period which ends on a date or in a period specified in column 1 below shall not be less than the ratio specified in column 2 below opposite such date or period:

Test Dates	Ratio
30 September 2003	2.25:1
31 December 2003	2.25:1
31 March 2004	2.10:1
30 June 2004	2.10:1
30 September 2004	2.50:1
31 December 2004	2.65:1
31 March 2005	2.80:1
30 June 2005	2.85:1
30 September 2005	3.05:1
31 December 2005	3.15:1
thereafter	3.40:1

; and

(e) the ratio of Total Debt to Annualised EBITDA for each Ratio Period shall not exceed 5.75:1.

17.3 Calculations

For the purposes of Clause 17.2 (Financial ratios), Senior Debt for any Ratio Period will be calculated on the basis of Senior Debt outstanding on the last day of that Ratio Period.

17.4 Cure provisions

(a) UPC Broadband may cure a breach of the financial ratios set out in Clause 17.2(a), (b), (c), (d) and (e) (Financial ratios) by procuring that additional equity is injected into the Borrower Group by one or more Restricted Persons and/or additional Subordinated Shareholder Loans are provided to the Borrower Group in an aggregate amount equal to:

(i) in the case of a breach of Clause 17.2(a) or (e) (Financial ratios), the amount which, if it had been deducted from Senior Debt or Total Debt (as applicable) for the Ratio Period in respect of which the breach arose, would have avoided the breach; or

(ii) in the case of a breach of Clause 17.2(b), (c) or (d) (Financial ratios), the amount which, if it had been added to EBITDA for the Ratio Period in respect of which the breach arose, would have avoided the breach; or

(iii) in the case of a breach of more than one paragraph of Clause 17.2 (Financial ratios), the higher of the relevant amount referred to in (i) or (ii) above.

(b) A cure under paragraph (a) above will not be effective unless:

(i) the required amount of additional equity or the proceeds of Subordinated Shareholder Loans is received by the Borrower Group before delivery of the financial statements delivered under Clause 16.2(a) or (b) (Financial information) which show that Clause 17.2 (Financial ratios) has been breached; and

(ii) in the case of a cure of Clause 17.2(a) or (e) (Financial ratios), the proceeds of the relevant additional equity or Subordinated Shareholder Loans are applied in full in or towards repayment or prepayment of Facility A Advances (as defined in the Existing Facility Agreement) in accordance with Clause 7 (Cancellation and Prepayment) and, to the extent of any surplus after such repayment or prepayment, for the purposes of the Permitted Business.

(c) No cure may be made under this Clause 17.4:

(i) in respect of more than five Ratio Periods during the life of the Additional Facilities; or

(ii) in respect of consecutive Ratio Periods.

(d) Where a cure is exercised under this Clause 17.4 in respect of a breach of Clause 17.2(b), (c) or (d) (Financial ratios) and the next Ratio Period ends approximately three months after the Ratio Period in respect of which the cure was made, EBITDA in respect of that next Ratio Period will be deemed, for the purposes of Clause 17.2(b), (c) and (d) (Financial ratios), to be increased by the amount determined under subparagraph 17.4(a)(ii) above in respect of the relevant cure. This deemed increase will not be treated as a separate cure.

17.5 Determinations

(a) Financial Indebtedness of the Borrower Group originally denominated in any currency other than euro that has been swapped, directly or indirectly through one or more foreign exchange hedging transactions, into euro, will be taken into account at its euro equivalent using the effective exchange rate in the relevant foreign exchange hedging transactions.

(b) All the terms used above are to be calculated in accordance with the GAAP on which the preparation of the Original Borrower Group Financial Statements was based.

(c) Notwithstanding paragraphs (a) and (b) above, Hedged Debt (as defined below) will be taken into account at its euro equivalent calculated using the same weighted average exchange rates for the relevant ratio period used in the profit and loss statements of the relevant accounts of the Borrower Group for calculating the euro equivalent of EBITDA denominated in the same currency as the currency in which that Hedged Debt is denominated or into which it has been swapped, as described below.

Hedged Debt means:

(i) Financial Indebtedness of the Borrower Group originally denominated in any currency other than euro in which any member of the Borrower Group earns EBITDA (a **functional currency**) and that has not been swapped, directly or indirectly through one or more foreign exchange hedging transactions, into euro; and

(ii) Financial Indebtedness of the Borrower Group that has been swapped, directly or indirectly through one or more foreign exchange hedging transactions, into a functional currency.

(d) If there is a dispute as to any interpretation of or computation for Clause 17.1 (Financial definitions), the interpretation or computation of the auditors of UPC Broadband shall prevail.

(e) If UPC Broadband is obliged or chooses to prepare its financial statements on a different basis from the basis used in the preparation of the Original Borrower Group Financial Statements, such financial statements shall be accompanied by a statement (providing reasonable detail) from UPC Broadband either:

(i) confirming that the change(s) would have no effect on the operation of the ratios set out in Clause 17.2 (Financial ratios); or

(ii) unless otherwise agreed in writing by the Facility Agent (acting upon the instructions of the Majority Lenders), if the change(s) would have such an effect, containing a reconciliation demonstrating the effect of the change(s) (and, for the purpose of calculating the ratios set out in Clause 17.2 (Financial ratios), such financial statements will be treated as though adjusted by that reconciliation so as to exclude the effect of the changes).

18. DEFAULT

18.1 Events of Default

Each of the events set out in Clauses 18.2 (Non-payment) to 18.20 (ERISA) is an Event of Default (whether or not caused by any reason whatsoever outside the control of any Obligor or any other person).

18.2 Non-payment

An Obligor does not pay on the due date any amount payable by it under the Finance Documents (other than any amount payable by UPC Broadband under Clause 7.6(a) (Mandatory prepayment from disposal proceeds) of this Agreement) at the place at, and in the currency in, which it is expressed to be payable, unless the relevant amount is paid in full within one Business Day (in the case of principal amounts) or three Business Days (in the case of other amounts) of the due date.

18.3 Breach of other obligations

(a) An Obligor does not comply with any of Clauses 16.6 (Pari passu ranking), 16.7 (Negative pledge), 16.10 (Disposals), 16.11 (Acquisitions and mergers), 16.13 (Restricted Payments), 16.14 (Loans and guarantees), 16.19 (Share capital) or 17 (Financial Covenants).

(b) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in paragraph (a) above or in Clause 18.2 (Non-payment) and other than non-payment by UPC Broadband of any amount under Clause 7.6(a) (Mandatory prepayment from disposal proceeds) of this Agreement) and such failure (if capable of remedy before the expiry of such period) continues unremedied for a period of 28 days from the earlier of the date on which (i) such Obligor has become aware of the failure to comply or (ii) the Facility Agent gives notice to UPC Broadband requiring the same to be remedied.

(c) During the Clean Up Period (as defined below), references to the Group, Material Subsidiaries or member of the Borrower Group in Clauses 15 (Representations and Warranties), 16 (Undertakings) and 18 (Default) (other than Clause 18.3(a) (Breach of other obligations) to the extent it refers to Clause 17 (Financial Covenants)) will not include any company which has been acquired pursuant to an Acquisition permitted under Clause 16.11(a)(i) or (ii) (Acquisitions and mergers) if the relevant event or circumstance, which would, but for the operation of this paragraph (c), have resulted in a Default:

(i) existed prior to the date of such Acquisition;

(ii) is capable of remedy during the Clean Up Period and reasonable steps are being taken, having become aware of such event or circumstance, to ensure that such event or circumstance is being remedied;

(iii) was not procured or approved by any member of the Borrower Group; and

(iv) has not resulted in or could not be reasonably be expected to have, a Material Adverse Effect.

"Clean Up Period" means the period commencing on the date of completion of any Acquisition referred to in paragraph (c) above and ending on the date falling 120 days thereafter."

18.4 Misrepresentation

A representation or warranty made or repeated by any Obligor in or in connection with any Finance Document or in any certificate or statement delivered by or on behalf of any Obligor under or in connection with any Finance Document (other than the representation in Clause 15.25 (Dutch Banking Act) but only to the extent that an Obligor has relied on the declaration of a Lender that it qualified as a Professional Market Party) is incorrect in any material respect when made or deemed to have been made or repeated and, in the event that any representation or warranty is capable of remedy, the misrepresentation is not remedied within 28 days of the earlier of the date on which (i) such Obligor has become aware of the misrepresentation or (ii) the Facility Agent gives notice to UPC Broadband requiring the same to be remedied.

18.5 Cross default

(a) Subject to paragraph (d) below, any Financial Indebtedness of a member of the Borrower Group or a member of the UGCE Borrower Group is not paid when due or within any originally applicable grace period.

(b) Subject to paragraph (d) below, any Financial Indebtedness of a member of the Borrower Group or a member of the UGCE Borrower Group becomes prematurely due and payable or is placed on demand, in each case as a result of an event of default (howsoever described) under the document relating to that Financial Indebtedness.

(c) Subject to paragraph (d) below, any Financial Indebtedness of a member of the Borrower Group or a member of the UGCE Borrower Group (other than any Financial Indebtedness of a member of the Borrower Group under the VTR Facility) becomes capable of being declared prematurely due and payable or placed on demand, in each case as a result of an event of default (howsoever described) under the document relating to that Financial Indebtedness.

(d) It shall not be an Event of Default under:

(i) this Clause 18.5 where the aggregate principal amount of all Financial Indebtedness to which any event specified in paragraphs (a), (b) or (c) relates is less than €15,000,000 (in the case of the Borrower Group) or €50,000,000 (in the case of any member of the UGCE Borrower Group) or, as the case may be, the equivalent in other currencies;

(ii) this Clause 18.5 in respect of Financial Indebtedness owing by a member of the Borrower Group to another member of the Borrower Group which is permitted under this Agreement; and

(iii) paragraph (c) above, in the case of the Acquisition of an entity which results in that entity becoming a member of the Borrower Group, for a period of 180 days following completion of that Acquisition, by reason only of an event of default (however described) arising in relation to the Financial Indebtedness of that acquired entity as a result only of the Acquisition of that acquired entity, provided that such Financial Indebtedness is not placed on demand, becomes prematurely due and payable or is otherwise accelerated during that period).

(e) Any Financial Indebtedness of a member of the Borrower Group under an Existing Finance Document becomes capable of being due and payable or placed on demand, in each case as a result of an Event of Default as defined under the relevant Existing Finance Document.

18.6 Insolvency

(a) **The Netherlands**: any Obligor, any Material Subsidiary or member of the UGCE Borrower Group organised in The Netherlands is declared bankrupt (*in staat van faillissement verklaard*) or enters into a preliminary or definitive moratorium (*in voorlopige of definitieve surseance van betaling gaan*) pursuant to the Dutch Bankruptcy Act (*Faillissementswet*); or

(b) **General**: any of the following occurs in respect of an Obligor, any Material Subsidiary or any member of the UGCE Borrower Group:

(i) it is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or insolvent;

(ii) it admits its inability to pay its debts as they fall due;

(iii) it suspends making payments on any of its debts or announces an intention to do so; or

(iv) a moratorium is declared in respect of any of its indebtedness.

If a moratorium occurs in respect of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group, the ending of the moratorium will not remedy any Event of Default caused by the moratorium.

(c) **United States of America**: any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group which is a partnership, or a partner of any partnership, formed under the laws of the states of Colorado or Delaware, United States or which is incorporated under the laws of a State of the United States or that resides or has a domicile, a place of business or property in the United States (each a U.S. Obligor):

(i) admit in writing its inability to, or be generally unable to, pay its debts as such debts become due;

(ii) makes a general assignment for the benefit of creditors;

(iii) shall have had appointed a receiver, a custodian, trustee or similar official for, or a receiver, custodian, trustee or similar official shall have taken possession of, all or substantially all of its assets, in proceedings brought by or against such Obligor or Material Subsidiary, and such appointment shall not have been discharged or such possession shall not have been terminated within 60 days after the effective date thereof or such Obligor or Material Subsidiary shall have consented to or acquiesced in such appointment or possession;

(iv) shall have filed a petition for relief under the insolvency, bankruptcy or similar laws of the United States of America or any state thereof, or an involuntary petition for such relief shall have been filed against any such Obligor or Material Subsidiary under such laws and shall not have been dismissed or terminated within 60 days after such involuntary petition is filed; or

(v) shall have failed to have discharged or obtained a stay of any proceeding to enforce, within a period of 45 days after the commencement thereof, any attachment, sequestration or similar proceeding asserted against all or substantially all of the assets of such Obligor or Material Subsidiary,

(vi) in each case other than in connection with the solvent liquidation of UPC Polska following the transfer of its assets to Polska Holdco.

18.7 Insolvency proceedings

(a) Any formal voluntary step commencing legal proceedings (including petition or convening a meeting) is taken by any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group with a view to a moratorium or a composition, assignment or arrangement with any class of creditors of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group; or

(b) a meeting of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group is convened by its shareholders, directors, managing partner (in the case of UPC Financing), secretary or other officers for the purpose of considering any resolution for, to petition for or to file documents with a court for its winding-up, dissolution or for its administration, suspension of payments, composition or bankruptcy or any such resolution is passed; or

(c) any person presents a petition or files documents, with the appropriate legal authorities, for the winding-up or for the administration or for the bankruptcy of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group and the petition is not discharged or stayed within 45 days (or, in the case of a US Obligor, 60 days); or

(d) an order for the winding-up or administration of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group is made,

in each case other than in connection with a reconstruction or amalgamation on terms approved by the Facility Agent (acting on the instructions of the Majority Lenders) or in connection with the solvent liquidation of UPC Polska following the transfer of its assets to Polska Holdco.

18.8 Appointment of receivers and managers

(a) Any liquidator, trustee-in-bankruptcy, preliminary trustee, composition trustee, judicial custodian, compulsory manager, receiver, administrative receiver or administrator is appointed in respect of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group or any part of its assets which is material in the context of the Borrower Group (taken as a whole) and, only in the case of the appointment of a judicial custodian, compulsory manager or receiver, is not discharged within 45 days (or, in the case of a US Obligor, 60 days); or

(b) the directors, shareholders or other officers of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group request the appointment of, or give notice of their intention to appoint, a liquidator, trustee in bankruptcy, preliminary trustee, composition trustee, judicial custodian, compulsory manager, receiver, administrative receiver or administrator,

in each case other than in connection with a reconstruction or amalgamation on terms approved by the Facility Agent (acting on the instructions of the Majority Lenders).

18.9 Creditors' process

A distress, execution, attachment or other legal process is levied, enforced or sued out upon or against all or any part of the assets of any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group which is material in the context of the Borrower Group (taken as a whole), except where the same is being contested in good faith or is removed, discharged or paid within 45 days (or, in the case of a US Obligor, 60 days).

18.10 Similar proceedings

Anything which has an equivalent effect to any of the events specified in Clauses 18.6 (Insolvency) to 18.9 (Creditors' process) (inclusive) shall occur under the laws of any applicable jurisdiction in relation to any Obligor, any Material Subsidiary or any member of the UGCE Borrower Group.

18.11 Unlawfulness

It is or becomes unlawful for any Obligor or Subordinated Creditor to perform any of its payments or other material obligations under the Finance Documents to which it is a party.

18.12 Repudiation

Any Obligor or Subordinated Creditor repudiates, or evidences an intention to repudiate, any Finance Document to which it is a party.

18.13 Cessation of Distribution Business

The Borrower Group (taken as a whole) ceases to carry on all or substantially all of its Distribution Business.

18.14 Seizure

All or a material part of the undertakings, assets, rights or revenues of, or shares or other ownership interests in, UGCE Inc., UPC Broadband Holdco or the Borrower Group (taken as a whole but excluding any undertaking, assets, rights or revenues which do not form part of the Distribution Business) are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

18.15 Environmental Matters

As a result of any Environmental Law any of the Finance Parties becomes subject to a material obligation (actual or contingent and, in the case of any contingent obligation, being one which, at the relevant time, would be likely to arise) directly as a result of it entering into any of the Finance Documents which was not caused by its negligence or wilful default.

18.16 Breach of Security Deed and Intercreditor Agreement

(a) A Subordinated Creditor fails to comply with any of its obligations under the Security Deed or the Pledge of Subordinated Shareholder Loans to which it is party and such failure (if capable of remedy before the expiry of such period) continues unremedied for a period of 28 days from the earlier of the date on which (i) UPC or UPC Broadband has become aware of the failure to comply or (ii) the Facility Agent gives notice to the relevant Subordinated Creditor and UPC Broadband requiring the same to be remedied.

(b) Any representation or warranty made by a Subordinated Creditor under the Security Deed or the Pledge of Subordinated Shareholder Loans is incorrect in any material aspect when made or repeated and, in the event that any representation or warranty is capable of remedy, the misrepresentation is not remedied within 28 days of the earlier of the date on which (i) such Obligor has become aware of the misrepresentation or (ii) the Facility Agent gives notice to that Subordinated Creditor requiring the same to be remedied.

(c) Any representation or warranty made by a Finance Party (as defined in the Existing Facility Agreement) is incorrect in any material respect when made or repeated.

18.17 Loss of Licences

Any Licence is in whole or part:

(a) terminated, suspended or revoked or does not remain in full force and effect or otherwise expires and is not renewed prior to its expiry (in each case, without replacement by Licence(s) having substantially equivalent effect) in any case in a manner which would or is reasonably likely to have a Material Adverse Effect; or

(b) is modified or is breached in a manner which would or is reasonably likely to have a Material Adverse Effect.

18.18 Material Contracts

(a) Except as is required by any term of this Agreement, any Material Contract to which a member of the Borrower Group is a party is terminated, suspended, revoked or cancelled or otherwise ceases to be in full force and effect, unless:

(i) in the case of an Interconnect Agreement only, services of a similar nature to those provided pursuant to such Material Contract are at all times provided to the Borrower Group on terms which are not materially more onerous on the relevant member of the Borrower Group or on the terms imposed by the mandatory requirements of any regulatory body; or

(ii) such termination, suspension, revocation, cancellation or cessation (in the reasonable opinion of the Facility Agent) would not or is not reasonably likely to have a Material Adverse Effect.

(b) Any alteration or variation is made to any term of any Material Contract to which a member of the Borrower Group is a party which individually or cumulatively (in the reasonable opinion of the Facility Agent) would or is reasonably likely to have a Material Adverse Effect.

(c) Any party breaches any term of or repudiates any of its obligations under any Material Contract to which a member of the Borrower Group is a party where such breach or repudiation (in the opinion of the Facility Agent exercised reasonably) would or is reasonably likely to have a Material Adverse Effect unless, in the case of a breach of a Material Contract by any person other than any member of the Borrower Group, the relevant services are at all relevant times provided to the appropriate members of the Borrower Group on the basis set out in (a) above.

18.19 Material Adverse Change

Any event or series of events occurs which would or is reasonably likely to have a Material Adverse Effect.

18.20 ERISA

The occurrence of:

(a) any event or condition that presents a material risk that any member of the Borrower Group or any ERISA Affiliate may incur a material liability to a Plan or to the United States Internal Revenue Service or to the United States Pension Benefit Guaranty Corporation; or

(b) an "accumulated funding deficiency" (as that term is defined in section 412 of the United States Internal Revenue Code of 1986, as amended, or section 302 of ERISA), whether or not waived, by reason of the failure of any member of the Borrower Group or any ERISA Affiliate to make a contribution to a Plan.

18.21 Acceleration

On and at any time after the occurrence of an Event of Default while such event is continuing the Facility Agent may, and if so directed by the Majority Lenders will, by notice to UPC Broadband declare that an Event of Default has occurred and:

(a) cancel the Total Commitments; and/or

(b) declare that all the Advances be payable on demand, whereupon they shall immediately become payable on demand by the Facility Agent on the instructions of the Majority Lenders; and/or

(c) demand that all the Advances be immediately due and payable, whereupon they shall become immediately due and payable together with all interest accrued on those Advances and all other amounts payable by the Obligors under the Finance Documents.

18.22 Automatic Acceleration

If an Event of Default described in Clause 18.6(c)(ii), (iii) or (iv) (United States of America) occurs, or upon the entry of an order for relief in a voluntary or involuntary bankruptcy of a US Borrower, all outstanding Advances drawn by a US Borrower under this Agreement will be immediately and automatically due and payable and the Total Commitments (to the extent they relate to such Advances) will, if not already cancelled under this Agreement, be immediately and automatically cancelled.

19. FACILITY AGENT, SECURITY AGENT AND LENDERS

19.1 Appointment and duties of the Agents

(a) Each Lender irrevocably appoints each Agent to act as its agent under and in connection with the Finance Documents.

(b) Each Finance Party appointing each Agent irrevocably authorises each Agent on its behalf to:

(i) perform the duties and to exercise the rights, powers and discretions that are specifically delegated to it under or in connection with the Finance Documents, together with any other incidental rights, powers and discretions; and

(ii) execute each Finance Document expressed to be executed by the Facility Agent on that Finance Party's behalf.

(c) Each Agent shall have only those duties which are expressly specified in this Agreement. Those duties are solely of a mechanical and administrative nature.

19.2 Relationship

The relationship between each Agent and the other Finance Parties is that of agent and principal only. Nothing in this Agreement constitutes either Agent as trustee or fiduciary for any other Party or any other person and neither Agent need hold in trust any moneys paid to it for a Party save as provided in the Finance Documents or be liable to account for interest on those moneys.

19.3 Majority Lenders' directions

(a) Each Agent will be fully protected if it acts in accordance with the instructions of the Majority Lenders in connection with the exercise of any right, power or discretion or any matter not expressly provided for in the Finance Documents. Any such instructions given by the Majority Lenders will be binding on all the Lenders. In the absence of such instructions each Agent may act as it considers to be in the best interests of all the Lenders.

(b) No Agent is authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

19.4 Delegation

Each Agent may act under the Finance Documents through its personnel and agents.

19.5 Responsibility for documentation

Neither Agent is responsible to any other Party for:

(a) the execution, genuineness, validity, enforceability or sufficiency of any Finance Document or any other document by any other Party;

(b) the collectability of amounts payable under any Finance Document;

(c) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document by any other Party; or

(d) the integrity or security of any Finance Document or other document or information posted or distributed electronically on any intranet based system (or similar) in connection with the preparation, negotiation and execution of the Finance Documents or the administration of the Facilities.

19.6 Default

(a) Neither Agent is obliged to monitor or enquire as to whether or not a Default has occurred. Neither Agent will be deemed to have knowledge of the occurrence of a Default. However, if an Agent receives notice from a Party referring to this Agreement, describing the Default and stating that the event is a Default, it shall promptly notify the Lenders of such notice.

(b) Each Agent may require the receipt of security satisfactory to it whether by way of payment in advance or otherwise, against any liability or loss which it will or may incur in taking any proceedings or action arising out of or in connection with any Finance Document before it commences these proceedings or takes that action.

19.7 Exoneration

(a) Without limiting paragraph (b) below, neither Agent will be liable for any action taken or not taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.

(b) No Party may take any proceedings against any officer, employee or agent of either Agent in respect of any claim it might have against that Agent or in respect of any act or omission of any kind (including negligence or wilful misconduct) by that officer, employee or agent in relation to any Finance Document.

(c) Any officer, employee or agent of either Agent may rely on this Clause 19.7 and enforce its terms under the Contracts (Rights of Third Parties) Act 1999.

19.8 Reliance

Each Agent may:

(a) rely on any notice or document believed by it to be genuine and correct and to have been signed by, or with the authority of, the proper person;

(b) rely on any statement made by a director or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify; and

(c) engage, pay for and rely on legal or other professional advisers selected by it (including those in the Facility Agent's employment and those representing a Party other than the Facility Agent).

19.9 Credit approval and appraisal

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms that it:

(a) has made its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by either Agent in connection with any Finance Document; and

(b) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

19.10 Information

(a) Each Agent shall promptly forward to the person concerned the original or a copy of any document which is delivered to that Agent by a Party for that person.

(b) Except where this Agreement specifically provides otherwise, neither Agent is obliged to review or check the accuracy or completeness of any document it forwards to another Party.

(c) Except as provided above, neither Agent has a duty:

(i) either initially or on a continuing basis to provide any Lender with any credit or other information concerning the financial condition or affairs of any Obligor or any related entity of any Obligor whether coming into its possession or that of any of its related entities before, on or after the Signing Date; or

(ii) unless specifically requested to do so by a Lender in accordance with this Agreement, to request any certificates or other documents from any Obligor.

19.11 Each Agent individually

(a) If it is also a Lender, each of the Facility Agent and the Security Agent has the same rights and powers under this Agreement as any other Lender and may exercise those rights and powers as though it were not the Facility Agent or Security Agent (as applicable).

(b) Each of the Agents may:

(i) carry on any business with an Obligor or its related entities;

(ii) act as agent or trustee for, or in relation to any financing involving, an Obligor or its related entities; and

(iii) retain any profits or remuneration in connection with its activities under the Finance Documents, or in relation to any of the foregoing.

19.12 Indemnities

Each Lender shall indemnify each Agent, within three Business Days of demand, against any cost, loss or liability incurred by the relevant Agent (otherwise than by reason of the relevant Agent's gross negligence or wilful misconduct) in acting as Agent under the Finance Documents (unless the relevant Agent has been reimbursed by an Obligor pursuant to a Finance Document). Such indemnification shall be *pro rata* to its Commitments (and for the purposes of calculating this proportion, the amount of the Total Additional Facility Commitments and each Lender's Additional Facility Commitments shall be converted to euros at the Agent's Spot Rate of Exchange on the date of the relevant calculation).

19.13 Compliance

(a) Each Agent may refrain from doing anything which might, in its reasonable opinion, constitute a breach of any law or regulation or be otherwise actionable at the suit of any person, and may do anything which, in its reasonable opinion, is necessary or desirable to comply with any law or regulation of any jurisdiction.

(b) Without limiting paragraph (a) above, neither Agent need disclose any information relating to any Obligor or any of its related entities if the disclosure might, in the opinion of the relevant Agent, constitute a breach of any law or regulation or any duty of secrecy or confidentiality or be otherwise actionable at the suit of any person.

19.14 Resignation of Agents

(a) Notwithstanding its irrevocable appointment (but subject to paragraphs (f) and (g) below), each Agent may resign by giving notice to the Lenders and UPC Broadband, in which case the relevant Agent may, following consultation with and with the consent of UPC Broadband (not to be unreasonably withheld or delayed) forthwith appoint one of its Affiliates as successor Agent or, failing that, the Majority Lenders may with the consent of UPC Broadband (not to be unreasonably withheld or delayed) appoint a reputable and experienced bank as successor Agent. The resignation of the Security Agent is subject to compliance with clause 9.1 (Retirement of Security Agent) of the Security Deed.

(b) If the appointment of a successor Agent is to be made by the Majority Lenders but they have not, within 30 days after notice of resignation, appointed a successor Agent which accepts the appointment, the retiring Agent may, following consultation with and with the consent of UPC Broadband (not to be unreasonably withheld or delayed), appoint a successor Agent.

(c) The resignation of the retiring Agent and the appointment of any successor Agent will both become effective only upon the successor Agent notifying all the Parties that it accepts the appointment. On giving the notification and receiving such approval, the successor Agent will succeed to the position of the retiring Facility Agent and the term **Facility Agent** or **Security Agent** (as the case may be) will mean the successor Facility Agent or Security Agent, respectively.

(d) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as the Agent under this Agreement.

(e) Upon its resignation becoming effective, this Clause 19 shall continue to benefit the retiring Agent in respect of any action taken or not taken by it under or in connection with the Finance Documents while it was the relevant Agent and, subject to paragraph (d) above, it shall have no further obligation under any Finance Document.

(f) The Majority Lenders may by notice to an Agent require it to resign in accordance with paragraph (a) above. In this event, the relevant Agent shall resign in accordance with paragraph (a) above but it shall not be entitled to appoint one of its Affiliates as successor Agent.

(g) UPC Broadband may, if it is unsatisfied (acting reasonably) with the performance by an Agent of its role as Agent, following a period of consultation with the relevant Agent of not less than 14 days, by notice to that Agent require it to resign in accordance with paragraph (a) above. Such notice must specify the reasons for which UPC Broadband is seeking the Agent's resignation, which must be based on reasonable grounds. In this event, the relevant Agent shall resign in accordance with paragraph (a) above but it shall not be entitled to appoint one of its Affiliates as successor Agent.

19.15 Lenders

(a) Each Agent may treat each Lender as a Lender, entitled to payments under this Agreement and as acting through its Facility Office(s) until it has received notice from the Lender to the contrary by not less than five Business Days prior to the relevant payment.

(b) Each Lender, on the date on which it becomes a party to this Agreement (if it is a requirement of Dutch law that such Lender is a Professional Market Party) represents to the Finance Parties and UPC Broadband that it is a Professional Market Party. Such Lender acknowledges that the Finance Parties and UPC Broadband have relied upon such representation.

19.16 Separate divisions

In acting as an Agent, the agency division of each of the Agents shall be treated as a separate entity from its other divisions and departments. Any information acquired at any time by either Agent otherwise than in the capacity of Agent through its agency division (whether as financial adviser to any member of the Borrower Group or otherwise) may be treated as confidential by the relevant

Agent and shall not be deemed to be information possessed by the relevant Agent in its capacity as such. Each Finance Party acknowledges that each Agent may, now or in the future, be in possession of, or provided with, information relating to the Obligors which has not or will not be provided to the other Finance Parties. Each Finance Party agrees that, except as expressly provided in this Agreement, neither Agent will be under any obligation to provide, or be under any liability for failure to provide, any such information to the other Finance Parties.

20. FEES

20.1 Commitment fee

(a) Subject to paragraph (b) below, if specified in the relevant Additional Facility Accession Agreement, UPC Broadband shall pay to the Facility Agent for distribution to each Lender *pro rata* to the proportion that the relevant Lender's Additional Facility Commitment bears to the Total Additional Facility Commitments from time to time a commitment fee (subject to paragraph (c) below computed at the rate specified in the Additional Facility Accession Agreement on any undrawn uncancelled amount of Total Additional Facility Commitments.

(b) Commitment fee is calculated and accrues on a daily basis on and from the date of the relevant Additional Facility Accession Agreement and payable quarterly in arrear from the date of the relevant Additional Facility Accession Agreement and on the relevant Utilisation Date. Accrued commitment fee is also payable to the Facility Agent for the relevant Lender(s) on the cancelled amount of its (their) Additional Facility Commitments at the time the cancellation takes effect (but only in respect of the period up to the date of cancellation).

(c) Commitment fee is payable in the currency in which the Additional Facility is denominated.

20.2 Agent's fees

UPC Broadband shall pay to the Facility Agent and the Security Agent for their own account an agency fee in the amounts and on the dates agreed in the relevant Fee Letter.

20.3 VAT

Any fee referred to in this Clause 20 (Fees) is exclusive of any applicable value added tax. If any value added tax is so chargeable and is invoiced, it shall be paid by UPC Broadband at the same time as it pays the relevant fee. Where appropriate, the relevant Finance Party will supply a VAT invoice in respect of such fees.

21. EXPENSES

21.1 Transaction Expenses

UPC Broadband shall within ten Business Days of demand pay the Agents the amount of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution and perfection of:

(a) this Agreement and any other documents referred to in this Agreement; and

(b) any other Finance Document executed after the date of this Agreement.

21.2 Amendment Costs

If:

(a) an Obligor requests an amendment, waiver or consent under or in connection with any Finance Document;

(b) an amendment is required under Clause 25.3 (Change of Currency),

UPC Broadband shall, within ten Business Days of demand, reimburse the Facility Agent or, as the case may be, the Security Agent, for the amount of all costs and expenses (including legal fees) reasonably incurred by the Facility Agent or, as the case may be, the Security Agent in responding to, evaluating, negotiating or complying with that request or requirement.

21.3 Enforcement Costs

UPC Broadband shall, within ten Business Days of demand, pay to the Facility Agent on behalf of each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

22. STAMP DUTIES

UPC Broadband shall pay and, within ten Business Days of demand, indemnify each Finance Party against any cost, loss or liability which that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document (other than those imposed by reason of any assignment or novation by any Finance Party).

23. INDEMNITIES

23.1 Currency indemnity

(a) If any sum due from an Obligor under the Finance Documents (a **Sum**), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the **First Currency**) in which that Sum is payable into another currency (the **Second Currency**) for the purpose of:

(i) making or filing a claim or proof against that Obligor;

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within ten Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

23.2 Other indemnities

UPC Broadband shall (or shall procure that an Obligor will), within ten Business Days of demand, indemnify each Lender against any cost, loss or liability incurred by that Lender as a result of:

(a) the occurrence of any Event of Default;

(b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 29 (Pro Rata Sharing);

(c) funding, or making arrangements to fund, its participation in an Advance requested by a Borrower in a Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Lender alone); or

(d) an Advance (or part of an Advance) not being prepaid in accordance with a notice of prepayment given by a Borrower.

23.3 Indemnity to the Facility Agent

UPC Broadband shall, within ten Business Days of demand, indemnify the Facility Agent against any cost, loss or liability incurred by the Facility Agent (acting reasonably) as a result of:

(a) investigating any event which it reasonably believes is a Default; or

(b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

23.4 Break Costs

(a) UPC Broadband shall, within ten Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of an Advance or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Advance or Unpaid Sum.

(b) Each Lender shall, as soon as reasonably practicable after a demand by the Facility Agent, provide a certificate (which shall be provided to UPC Broadband) confirming the amount of its Break Costs for any Interest Period in which they accrue.

24. EVIDENCE AND CALCULATIONS

24.1 Accounts

Accounts maintained by a Finance Party in connection with this Agreement are *prima facie* evidence of the matters to which they relate.

24.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount payable under this Agreement or otherwise expressed to be determined by a Finance Party is, in the absence of manifest error, *prima facie* evidence of the matters to which it relates.

24.3 Calculations

The interest and the fees payable under Clause 20.1 (Commitment fee) accrue from day to day and are calculated on the basis of the actual number of days elapsed and a year of 360 days or, where practice in the London inter-bank market, in the case of non-euro amounts, or the European interbank market, in the case of euro amounts, otherwise dictates, 365 days.

25. AMENDMENTS AND WAIVERS

25.1 Required consents

(a) Subject to Clause 25.2 (Exceptions) any term of the Finance Documents may be amended or waived only with the written consent of the Majority Lenders and UPC Broadband and any such amendment or waiver will be binding on all Parties.

(b) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 25.

25.2 Exceptions

(a) An amendment or waiver that has the effect of changing or which relates to:

   (i) the definitions of "Majority Lenders" in Clause 1.1 (Definitions);

   (ii) an extension to the date of payment of any amount of principal, interest or commitment fees under this Agreement or the Security Documents or the extension of an Additional Facility Availability Period;

   (iii) a reduction in the Margin or the amount of any payment of principal, interest, fees or commission payable under this Agreement or the Security Documents;

   (iv) an increase in a Lender's Additional Facility Commitment;

   (v) an assignment, transfer, novation or other disposal of any of, or any interest in, an Obligor's rights and/or obligations under this Agreement other than in accordance with Clause 26 (Changes to the Parties);

   (vi) any provision which expressly requires the consent of all the Lenders;

   (vii) Clause 2.5 (Nature of a Finance Party's rights and obligations), Clause 26.2 (Transfers by Lenders) or this Clause 25;

   (viii) a release of the guarantee under Clause 14 (Guarantee) other than in accordance with Clause 26 (Changes to the Parties);

(ix) the selection of an Interest Period exceeding six months; or

(x) the release of an asset from a Security Document (except as otherwise expressly permitted herein or in any such Security Document and except in furtherance of a disposal or any other transaction which is permitted by any Finance Document),

shall not be made without the prior consent of all the Lenders.

(b) An amendment or waiver which relates to the rights or obligations of the Facility Agent may not be effected without the consent of the Facility Agent.

(c) The Facility Agent may agree with UPC Broadband any amendment to or the modification of the provisions of any of the Finance Documents or any Schedule thereto, which is necessary to correct a manifest error.

(d) If authorised by the Majority Lenders, the Security Agent may, subject to paragraph (a) above, grant any waiver or consent in relation to, or variation of the material provisions of, any Security Document.

25.3 Change of Currency

(a) If more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent; and

(ii) any translation from one currency or currency unit to another shall be at the official conversion rate recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent acting reasonably.

(b) If a change in any currency of a country occurs, this Agreement will be amended to the extent the Agent specifies to be necessary to reflect the change in currency and to put the Banks in the same position, so far as possible, that they would have been in if no change in currency had occurred.

25.4 Waivers and remedies cumulative

The rights of each Party under the Finance Documents:

(a) may be exercised as often as necessary, subject to the terms of the relevant Finance Documents;

(b) are cumulative and not exclusive of its rights under the general law; and

(c) may be waived only in writing and specifically.

Delay in the exercise or non-exercise of any such right is not a waiver of that right.

26. CHANGES TO THE PARTIES

26.1 Transfers by Obligors

(a) No Obligor may assign, transfer, novate or dispose of any of, or any interest in, its rights and/or obligations under this Agreement, except:

(i) pursuant to a merger in accordance with Clause 16.11(b) (Acquisitions and mergers); and

(ii) that UPC Broadband Holdco (**Existing UPC Broadband Holdco**) may at any time assign, transfer, novate or dispose of all of its rights and obligations under this Agreement and the other Finance Documents to which it is a party to another person which is the immediate Holding Company of UPC Broadband (**New UPC Broadband Holdco**) in accordance with the terms of this Agreement and the terms of such other Finance Document, provided that any transfer or novation of obligations by Existing UPC Broadband Holdco will not be effective until New UPC Broadband Holdco has become an Additional Guarantor in accordance with Clause 26.4 (Additional Obligors) and has delivered or delivers the documents specified in Clause 26.4(a)(v) (Additional Obligors).

(b) At the time the foregoing conditions for the transfer or novation of Existing UPC Broadband Holdco's obligations shall have been satisfied (or waived, as the case may be) and such transfer or novation has taken effect:

(i) Existing UPC Broadband Holdco will be released from its obligations under this Agreement and the other Finance Documents, without prejudice to any such obligations which may have accrued and shall not have been discharged prior to such time; and

(ii) Existing UPC Broadband Holdco will cease to be an Original Guarantor.

26.2 Transfers by Lenders

(a) A Lender (the **Existing Lender**) may at any time after the day falling five Business Days after the Signing Date assign, transfer or novate any of its rights and/or obligations under this Agreement and the other Finance Documents to another person (the **New Lender**), provided that in the case of a partial assignment, transfer or novation of rights and/or obligations, such assignment, transfer or novation shall be in a minimum amount (in relation to an Additional Facility Commitment denominated in euros) of €1,000,000 or (in relation to an Additional Facility Commitment denominated in US Dollars) of US$1,000,000 or, in each case, such lower amount as the Existing Lender may agree with UPC Broadband (save that in the case of a partial assignment, transfer or novation by a Lender of its rights and/or obligations under an Additional Facility to an Affiliate or Related Fund of that Lender, such assignment, transfer or novation shall be in a minimum amount (in relation to an Additional Facility Commitment denominated in euros) of €500,000 or (in relation to an Additional Facility Commitment denominated in US Dollars) of US$500,000 or, in each case, such lower amount as that Lender may agree with UPC Broadband).

(b) The prior consent of UPC Broadband is required for any such assignment, transfer or novation (unless to an Affiliate or to a Lender, but without prejudice to Clause 26.2(a)), provided that:

(i) UPC Broadband's consent must not be unreasonably withheld or delayed;

(ii) the consent of UPC Broadband to an assignment, transfer or novation must not be withheld solely because the assignment, novation or transfer may result in an increase to the Mandatory Cost;

(iii) the prior consent of UPC Broadband is not required when (A) the assignment, novation or transfer of a Lender's rights and/or obligations is to an Affiliate or Related Fund of that Lender or (B) an Event of Default is outstanding;

(iv) nothing in this Clause 26.2 restricts the ability of any Lender to enter into any sub-participation or other arrangement with any third party relating to the Finance Documents which does not transfer to that third party any obligation and/or legal or equitable interest in any of the rights arising under this Agreement.

(c) A transfer of obligations will be effective only if the obligations are novated in accordance with Clause 26.3 (Procedure for novations).

(d) If, on the date of an assignment, transfer or novation of rights and/or obligations, it is a requirement of Dutch law that each Lender must be a Professional Market Party, then on the date that such assignment, transfer or novation becomes effective, the New Lender must make the declaration and representation on the terms set out in paragraph 2 of the Novation Certificate.

(e) On each occasion an Existing Lender assigns, transfers or novates any of its rights and/or obligations under this Agreement (other than to an Affiliate or Related Fund of that Existing Lender), the New Lender shall, on the date the assignment, transfer and/or novation takes effect, pay to the Facility Agent for its own account a fee of €1,500.

(f) An Existing Lender is not responsible to a New Lender for:

(i) the execution, genuineness, validity, enforceability or sufficiency of any Finance Document or any other document;

(ii) the collectability of amounts payable under any Finance Document; or

(iii) the accuracy of any statements (whether written or oral) made in connection with any Finance Document.

(g) Each New Lender confirms to the Existing Lender and the other Finance Parties that:

(i) it has made its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

(ii) it will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under this Agreement or any Additional Facility Commitment is in force; and

(iii) where such New Lender is a Lender under an Additional Facility to which a Dutch Borrower is a Borrower it is a Professional Market Party and that it is aware that it therefore does not benefit from the (creditor) protection under the Dutch Banking Act for non-Professional Market Parties.

(h) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer from a New Lender of any of the rights and/or obligations assigned, transferred or novated under this Clause 26; or

(ii) support any losses incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under this Agreement or otherwise.

(i) Any reference in this Agreement to a Lender includes a New Lender (to the extent rights have been assigned, transferred or novated to that New Lender and to the extent that obligations have been assumed by the New Lender) but excludes a Lender if no amount is or may be owed to or by it under this Agreement and its Additional Facility Commitment has been cancelled or reduced to nil.

(j) If any assignment, transfer or novation results, or will result by reason of circumstances existing at the time of the assignment, transfer or novation, in additional amounts becoming due under Clause 10 (Tax Gross-up and Indemnities) or amounts becoming due under Clause 12 (Increased Costs), the New Lender shall be entitled to receive such additional amounts only to the extent that the Existing Lender would have been so entitled had there been no such assignment, transfer or novation.

26.3 Procedure for novations

(a) A novation is effected if:

(i) the Existing Lender and the New Lender deliver to the Facility Agent a duly completed certificate (a **Novation Certificate**), substantially in the form of Part 1 of Schedule 5 (Novation Certificate); and

(ii) the Facility Agent executes it (which the Facility Agent shall promptly do).

(b) Each Finance Party (other than the Existing Lender and the New Lender) irrevocably authorises the Facility Agent to execute any duly completed Novation Certificate on its behalf if that Novation Certificate effects a novation permitted by Clause 26.2 (Transfers by Lenders).

(c) To the extent that they are expressed to be the subject of the novation in the Novation Certificate and subject to paragraph (e) below:

(i) the Existing Lender and the other Parties (the **existing Parties**) will be released from their obligations to each other (the **discharged obligations**);

(ii) the New Lender and the existing Parties will assume obligations towards each other which differ from the discharged obligations only insofar as they are owed to or assumed by the New Lender instead of the Existing Lender;

(iii) the rights of the Existing Lender against the existing Parties and vice versa (the **discharged rights**) will be cancelled;

(iv) the New Lender and the existing Parties will acquire rights against each other which differ from the discharged rights only insofar as they are exercisable by or against the New Lender instead of the Existing Lender; and

(v) the New Lender shall become, by the execution by the Facility Agent of such Novation Certificate, bound by the terms of the Security Deed as if it were an original party thereto as a Senior Beneficiary and shall acquire the same rights and assume the same obligations towards the other parties to the Security Deed as would have been acquired and assumed had the New Lender been an original party to the Security Deed as a Senior Beneficiary,

all on the later of (i) five Business Days after receipt of a Novation Certificate executed by the Existing Lender and the New Lender; (ii) the date of execution of such Novation Certificate by the Facility Agent or; (iii) the date specified in the Novation Certificate.

(d) If the effective date of a novation is after the date a Request is received by the Facility Agent but before the date the requested Advance is disbursed to the relevant Borrower, the Existing Lender shall be obliged to participate in that Advance in respect of its discharged obligations notwithstanding that novation, and the New Lender shall reimburse the Existing Lender for its participation in that Advance and all interest and fees thereon up to the date of reimbursement (in each case to the extent attributable to the discharged obligations) within three Business Days of the Utilisation Date of that Advance.

(e) If an Existing Lender effects a Mid-Interest Period Transfer:

(i) the Facility Agent has an obligation to make interest accruing on and prior to the date on which the Mid-Interest Period Transfer took effect (the **Pre-Transfer Accrued Interest**) available to the Existing Lender in accordance with Clause 9.3 (Distribution). Once such Accrued Interest has been made available to the Existing Lender in accordance with Clause 9.3 (Distribution), the Facility Agent will be released from all obligations towards the Existing Lender;

(ii) the Facility Agent will have no obligation to pay Pre-Transfer Accrued Interest to the New Lender;

(iii) such Existing Lender will continue to have the right to receive Pre-Transfer Accrued Interest. Once such Pre-Transfer Accrued Interest has been made available to such Existing Lender in accordance with Clause 9.3 (Distribution), all rights of such Existing Lender against the Facility Agent will be cancelled; and

(iv) the New Lender will have no right to receive Pre-Transfer Accrued Interest from the Facility Agent.

26.4 Additional Obligors

(a) (i) Subject to paragraphs (b) and (c) below, a Subsidiary of UPC Broadband may become an Additional Guarantor and any member of the Borrower Group may become an Additional Borrower by delivering to the Facility Agent an Obligor Accession Agreement, duly executed by that company as an Additional Guarantor or Additional Borrower (as applicable).

(ii) A person which (A) becomes the immediate Holding Company of UPC Broadband or (B) becomes a Guarantor under the Existing Facility Agreement shall, prior to or contemporaneously with becoming such Holding Company, become an Additional Guarantor by delivering to the Facility Agent an Obligor Accession Agreement, duly executed by that company as an Additional Guarantor.

(iii) A member of the Borrower Group that becomes an Additional Borrower shall, prior to or contemporaneously with becoming an Additional Borrower, become an Additional Guarantor by delivering to the Facility Agent an Obligor Accession Agreement (which may be the same Obligor Accession Agreement entered into by that Additional Borrower referred to in subparagraph (i) above) duly executed by that company as an Additional Guarantor.

(iv) Upon execution and delivery of an Obligor Accession Agreement and delivery of the documents specified in subparagraph (v) below, the relevant Subsidiary, member of the Borrower Group or person referred to in subparagraph (i), (ii) or (iii) above will become an Additional Guarantor or Additional Borrower and an Additional Guarantor (as applicable).

(v) UPC Broadband shall procure that, at the same time as an Obligor Accession Agreement is delivered to the Facility Agent, there is also delivered to the Facility Agent all those documents listed in Part 2 of Schedule 2 (Conditions Precedent Documents), in each case in form and substance satisfactory to the Facility Agent (acting reasonably).

(vi) The Obligor Accession Agreement referred to in subparagraph (i) above may, in the case of an Additional Guarantor, with the prior written approval of the Facility Agent, include a limitation of the obligations or liabilities of the relevant Additional Guarantor under Clause 14 (Guarantee) where such limitation is required by any applicable law.

(b) UPC Broadband shall:

(i) procure that at all times the value of the aggregate EBITDA of:

(A) the Guarantors as of the Effective Date (other than UPC Broadband, any UPC Broadband Holdco, UPC Holding and UPC Holding II) and their respective Subsidiaries (as calculated by reference to the relevant financial statements most recently provided under Clause 16.2(a) or (b) (Financial information)); and

(B) any Additional Guarantors which have become Guarantors since the Effective Date and their respective Subsidiaries (as calculated by reference to the relevant financial statements most recently provided under Clause 16.2(a) or (b) (Financial information) or, if no such financial statements have been provided in respect of such Additional Guarantors, as calculated by reference to the financial statements referred to in paragraph 11 of Part 2 of Schedule 2 (Conditions Precedent Documents) provided under Clause 26.4(a)(iii) (Additional Obligors) in respect of each Additional Guarantor),

is equal to or greater than 95 per cent. of the Borrower Group's consolidated EBITDA (as calculated by reference to the relevant financial statements most recently provided under Clause 16.2(a) or (b) (Financial information) but, for the avoidance of doubt, deducting any corporate costs or allocations paid or payable by a member of the Borrower Group to one of its Affiliates pursuant to any general services arrangement), if necessary by procuring that additional Subsidiaries of UPC Broadband become Additional Guarantors; and

(ii) consult with the Facility Agent prior to any entity becoming an Additional Guarantor in order to ensure that no material adverse change would or be reasonably likely to occur, as a result of such entity becoming an Additional Guarantor, in the consolidated financial position of the Borrower Group (taken as a whole) which would or be reasonably likely to have a Material Adverse Effect.

(c) A member of the Borrower Group may only become an Additional Borrower:

(i) if such member of the Borrower Group executes an Obligor Accession Agreement prior to or contemporaneously with the execution by the relevant Initial Additional Facility Lenders of the relevant Additional Facility Accession Agreement and (other than in the case of UPC Financing) such Obligor Accession Agreement specifies the relevant Additional Facility under which that member of the Borrower Group is to be a Borrower; and

(ii) with the prior consent of the Majority Lenders (except in the case of UPC Financing).

(d) UPC Broadband represents and warrants to the Finance Parties that it is in compliance with paragraph (b) above as of the Effective Date (all relevant calculations being made by reference to the financial statements most recently provided under Clause 16.2(a) or (b) (Financial information)).

(e) After the Effective Date, UPC Broadband shall be in compliance with its obligations under paragraph (b) above if it procures that any of its Subsidiaries which are required to become Additional Guarantors do so within 60 days after the delivery to the Facility Agent of any financial statements delivered under Clause 16.2(a) or (b) (Financial information) which demonstrate that additional Subsidiaries of UPC Broadband are required to be become Additional Guarantors under paragraph (b).

(f) The execution of an Obligor Accession Agreement constitutes confirmation by the relevant Additional Guarantor or Additional Borrower (if applicable) that the relevant representations and warranties set out in Clause 15 (Representations and Warranties) to be made by it on the date of the Obligor Accession Agreement are correct, as if made with reference to the facts and circumstances then existing.

26.5 Reference Banks

(a) If a Reference Bank ceases to be a Lender, the Facility Agent shall (after consulting with UPC Broadband) appoint another Lender which is not a Reference Bank to replace that Reference Bank.

(b) UPC Broadband and the Facility Agent may agree to add one or more additional Reference Bank(s) from among the Lenders.

26.6 Register

The Facility Agent shall maintain at its address referred to in Clause 32.2(b) (Addresses for notices) a copy of each Novation Certificate delivered to and accepted by it and a register of the names and addresses all the Parties including, in the case of Lenders, their Commitments under each Facility, the principal amount of the Advances owing under each Facility to each Lender from time to time and the details of their Facility Office notified to the Facility Agent from time to time, and shall supply any other Party (at that Party's expense) with a copy of the register on request. The entries in such register shall be conclusive and binding for all purposes, absent manifest error, and the Obligors, the Facility Agent and the Lenders shall treat each person whose name is recorded in the register as a Lender hereunder for all purposes of this Agreement.

27. DISCLOSURE OF INFORMATION

(a) Any Lender may disclose to any of its Affiliates and any other person:

(i) to (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement;

(ii) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or any Obligor; or

(iii) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,

any information about any Obligor, the Borrower Group and the Finance Documents as that Lender shall consider appropriate (acting reasonably) if, in relation to subparagraphs (i) and (ii) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking.

(b) Notwithstanding any other provision of this Agreement, any Party to this Agreement (and any of its affiliates, officers, directors, employees, representatives, professional advisers, or other agents) may (and has since the commencement of discussions with respect to the Additional Facilities been permitted to) disclose to any and all persons, without limitation of any kind:

(i) the **U.S. tax treatment** and **U.S. tax structure** (each as defined below) of the Additional Facilities; and

(ii) all material of any kind (including opinions and other tax analyses) that are provided to such party relating to such U.S. tax treatment or U.S. tax structure,

except to the extent reasonably necessary to comply with applicable federal or state securities laws.

For the purposes of this subsection, the **U.S. tax treatment** of the Additional Facilities is the purported or claimed U.S. federal, state and local income tax treatment of the Additional Facilities, and the **U.S. tax structure** of the Additional Facilities is any fact that may be relevant to understanding the purported or claimed U.S. federal, state and local income tax treatment of the Additional Facilities. This authorisation is not intended to permit disclosure of any information (other than information relating to the U.S. tax treatment or U.S. tax structure of the Additional Facilities) including (without limitation) (i) any portion of any materials to the extent not related to the U.S. tax treatment or U.S. tax structure of the Additional Facilities, (ii) the identities of participants or potential participants in the Additional Facilities (except to the extent such identities are related to the U.S. tax treatment or the U.S. tax structure of the Facility), (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is related to the U.S. tax treatment or the U.S. tax structure of the Additional Facilities), or (v) any other term or detail not relevant to the U.S. tax treatment or the U.S. tax structure of the Additional Facilities.

28. SET-OFF

28.1 Contractual set-off

A Finance Party may set off any matured obligation owed by an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

28.2 Set-off not mandatory

No Finance Party shall be obliged to exercise any right given to it by Clause 28.1 (Contractual set-off).

28.3 Notice of set-off

Any Finance Party exercising its rights under Clause 28.1 (Contractual set-off) shall notify the relevant Obligor promptly after set-off is applied.

29. PRO RATA SHARING

29.1 Redistribution

If any amount owing by an Obligor under any Finance Document to a Finance Party (the **recovering Finance Party**) is discharged by payment, set-off or any other manner other than through the Facility Agent in accordance with Clause 9 (Payments) (a **recovery**), then:

(a) the recovering Finance Party shall, within three Business Days, notify details of the recovery to the Facility Agent;

(b) the Facility Agent shall determine whether the recovery is in excess of the amount which the recovering Finance Party would have received had the recovery been received by the Facility Agent and distributed in accordance with Clause 9 (Payments);

(c) subject to Clause 29.3 (Exceptions), the recovering Finance Party shall, within three Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the **redistribution**) equal to the excess;

(d) the Facility Agent shall treat the redistribution as if it were a payment by the Obligor concerned under Clause 9 (Payments) and shall pay the redistribution to the Finance Parties (other than the recovering Finance Party) in accordance with Clause 9.7 (Partial payments); and

(e) after payment of the full redistribution, the recovering Finance Party will be subrogated to the portion of the claims paid under paragraph (d) above, and that Obligor will owe the recovering Finance Party a debt which is equal to the redistribution, immediately payable and of the type originally discharged.

29.2 Reversal of redistribution

If under Clause 29.1 (Redistribution):

(a) a recovering Finance Party must subsequently return a recovery, or an amount measured by reference to a recovery, to an Obligor; and

(b) the recovering Finance Party has paid a redistribution in relation to that recovery, each Finance Party shall, within three Business Days of demand by the recovering Finance Party through the Facility Agent, reimburse the recovering Finance Party all or the appropriate portion of the redistribution paid to that Finance Party. Thereupon the subrogation in Clause 29.1(e) (Redistribution) will operate in reverse to the extent of the reimbursement.

Each Finance Party agrees with the Facility Agent that it will comply with any notice given to it by the Facility Agent under this Clause 29.2.

29.3 Exceptions

(a) A recovering Finance Party need not pay a redistribution to the extent that it would not, after the payment, have a valid claim against the Obligor concerned in the amount of the redistribution pursuant to Clause 29.1(e) (Redistribution).

(b) A recovering Finance Party is not obliged to share with any other Finance Party any amount which the recovering Finance Party has received or recovered as a result of taking legal proceedings, if the other Finance Party had an opportunity to participate in those legal proceedings but did not do so and did not take separate legal proceedings.

30. SEVERABILITY

If a provision of any Finance Document is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other provision of the Finance Documents; or

(b) the legality, validity or enforceability in other jurisdictions of that or any other provision of the Finance Documents.

31. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

32. NOTICES

32.1 Giving of notices

All notices or other communications under or in connection with this Agreement shall be given in writing and, unless stated, may be made by letter, telex or facsimile or (to the extent that (i) the relevant Party has specified such an address pursuant to Clause 32.2 (Addresses for notices) and (ii) such notice or communication is not required to be signed by an Authorised Signatory, other officer or board of the relevant entity and the form of such notice or communication does not provide for signature by an Authorised Signatory, other officer or board of the relevant entity) by e-mail. Any such notice will be deemed to be given as follows:

(a) if by letter, when delivered personally or on actual receipt; and

(b) if by facsimile or e-mail, when received in legible form.

However, a notice given in accordance with the above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

32.2 Addresses for notices

(a) The address and facsimile number and (if so specified) e-mail address of each Party (other than the Facility Agent and the Borrowers) for all notices under or in connection with this Agreement are:

(i) that notified by that Party for this purpose to the Facility Agent on or before it becomes a Party; or

(ii) any other notified by that Party for this purpose to the Facility Agent by not less than five Business Days' notice.

(b) The address, facsimile numbers and e-mail address of the Facility Agent and the Security Agent are:

Toronto Dominion (Texas) LLC / TD Bank Europe Limited
Triton Court
14/18 Finsbury Square
London EC2A 1DB

Contact: Rory McCarthy

Facsimile: +44 20 7638 0006

E-mail: rory.mccarthy@tdsecurities.com

and in each case with a copy to:

TD Bank Europe Limited
Royal Trust Tower
77 King Street West
18th Floor
Toronto
Ontario, Canada
M5K 1A2

Contact: Jim Bridwell / Elhamy Khalil

Facsimile: +1 416 307 3826

or such other as the Facility Agent may notify to the other Parties by not less than five Business Days' notice.

(c) The address, facsimile numbers and e-mail address of UPC Broadband is:

UPC Broadband Holding B.V.
Boeing Avenue 53
1119 PE Schiphol Rijk
Amsterdam

Contact: Dennis Okhuijsen

Facsimile: + 3120 778 9453; and

E-mail: dokhuijsen@lgi.com

or such other as the Borrower may notify to the other Parties by not less than five Business Days' notice.

(d) The Facility Agent shall, promptly upon request from any Party, give to that Party the address, facsimile number or e-mail address (if applicable) of any other Party applicable at the time for the purposes of this Clause 32.

33. LANGUAGE

(a) Any notice given under or in connection with any Finance Document shall be in English.

(b) All other documents provided under or in connection with any Finance Document shall be:

(i) in English; or

(ii) if not in English and the Facility Agent so requests, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document.

34. JURISDICTION

34.1 Submission

For the benefit of each Finance Party, each Obligor agrees that the courts of England have jurisdiction to settle any disputes in connection with any Finance Document (other than any Security Document expressed to be governed by laws other than the laws of England) and accordingly submits to the jurisdiction of the English courts.

34.2 Service of process

Without prejudice to any other mode of service, each Obligor which is not incorporated in England and Wales:

(a) irrevocably appoints UPC Services Ltd, 4th Floor, Michelen House, 81 Fulham Road, London, SW3 6RD as its agent for service of process relating to any proceedings before the English courts in connection with any Finance Document;

(b) agrees to maintain an agent for service of process in England until all Additional Facility Commitments have terminated and the Advances and all other amounts payable under the Finance Documents have been finally, irrevocably and indefeasibly repaid in full;

(c) agrees that failure by a process agent to notify the Obligor of the process will not invalidate the proceedings concerned;

(d) consents to the service of process relating to any such proceedings by prepaid posting of a copy of the process to its address for the time being applying under Clause 32.2 (Addresses for notices); and

(e) agrees that if the appointment of any person mentioned in paragraph (a) above ceases to be effective, the relevant Obligor shall immediately appoint a further person in England to accept service of process on its behalf in England and, failing such appointment within 15 days, the Facility Agent is entitled and authorised to appoint a process agent for the Obligor by notice to the Obligor.

34.3 Forum convenience and enforcement abroad

Each Obligor:

(a) waives objection to the English courts on grounds of inconvenient forum or otherwise as regards proceedings in connection with a Finance Document; and

(b) agrees that a judgment or order of an English court in connection with a Finance Document is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

34.4 Non-exclusivity

Nothing in this Clause 34 limits the right of a Finance Party to bring proceedings against an Obligor in connection with any Finance Document:

(a) in any other court of competent jurisdiction; or

(b) concurrently in more than one jurisdiction.

35. WAIVER OF IMMUNITY

Each Obligor irrevocably and unconditionally:

(a) agrees that if a Finance Party brings proceedings against it or its assets in relation to a Finance Document, no immunity from those proceedings (including, without limitation, suit, attachment prior to judgment, other attachment, the obtaining of judgment, execution or other enforcement) will be claimed by or on behalf of itself or with respect to its assets;

(b) waives any such right of immunity which it or its assets now has or may subsequently acquire; and

(c) consents generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with those proceedings, including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in those proceedings.

36. WAIVER OF TRIAL BY JURY

EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH ANY FINANCE DOCUMENT OR ANY

TRANSACTION CONTEMPLATED BY ANY FINANCE DOCUMENT. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO TRIAL BY THE COURT.

37. GOVERNING LAW

This Agreement is governed by and construed in accordance with English law.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1
ORIGINAL PARTIES

ORIGINAL GUARANTORS

Name	Address
UPC Financing Partnership	4643 South Ulster Street Suite 1300 Denver, Co 80237 United States
UPC Broadband Holding B.V. (previously called UPC Distribution Holding B.V.)	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Holding II B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC France Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Scandinavia Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Austria Holding B.V. (previously called Cable Network Austria Holding B.V.)	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.)	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Nederland B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Poland Holding B.V. (previously called UPC Telecom B.V.)	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Broadband N.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Broadband Ireland B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands

SCHEDULE 2

CONDITIONS PRECEDENT DOCUMENTS

PART 1

TO BE DELIVERED BEFORE THE FIRST ADVANCE

1. Constitutional Documents

(a) A copy of the articles of association and certificate of incorporation of each Obligor (other than UPC Financing) and the partnership agreement in relation to UPC Financing or, if the Facility Agent already has a copy, a certificate of an authorised signatory of the relevant Obligor confirming that the copy in the Facility Agent's possession is still correct, complete and in full force and effect as at the date of this Agreement.

(b) An extract of the registration in the trade register of the Dutch Chamber of Commerce of each Obligor established in The Netherlands.

2. Authorisations

(a) A copy of an extract of a resolution of the managing or supervisory board of directors (or equivalent) and, to the extent that a shareholders' resolution is required under the constitutional documents of any Obligor established in The Netherlands, a copy of an extract of the shareholders' resolution of each Obligor:

  (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party (including, in the case of each Guarantor, the giving of the guarantee under Clause 14 (Guarantee)) and resolving that it execute and, where applicable, deliver the Finance Documents;

  (ii) authorising a specified person or persons to execute and, where applicable, deliver the Finance Documents to which it is a party on its behalf; and

  (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including Requests) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party;

(b) a specimen of the signature of each person authorised by the resolutions referred to in paragraph (a) above;

(c) certificate of an authorised signatory of UPC Broadband certifying that each copy of the documents specified in Part 1 of this Schedule 2 and supplied by UPC Broadband is a true copy and in full force and effect as at a date no earlier than the Signing Date; and

(d) evidence that all of the requirements of Section 25 of the Netherlands Works Council Act (*Wet op de Ondernemingsraden*) in connection with the transactions contemplated by the Finance Documents have been complied with by each Obligor established in The Netherlands.

3. Legal opinions

Legal opinions of:

  (a) Allen & Overy, London, Amsterdam, Antwerp and New York, legal advisers to the Facility Agent;

  (b) Vinge KB, Stockholm, legal advisers to the Facility Agent;

  (c) Wiersholm, Mellbye & Bech, Oslo, legal advisers to the Facility Agent.

4. Finance Documents

(a) The Security Documents in Schedule 7 (Security Documents) duly executed by all parties thereto.

(b) The Security Deed duly executed by all parties thereto.

(c) All relevant notices of security required to be delivered under any Security Document together with acknowledgements of such notices, in each case in the form required by the relevant Security Document.

(d) Delivery to the Security Agent of share certificates and duly completed blank stock transfer forms (or equivalent) in respect of all shares or partnership interests (as applicable) subject to the Security Documents listed in Schedule 7 (Security Documents).

(e) UCC-1 Financing Statements duly executed by each of UPC Holding and UPC Holding II.

(f) Completion of all other steps specified by the Security Agent as being necessary to perfect the Security Interests intended to be created by the Security Documents listed in Schedule 7 (Security Documents).

5. Financial information

(a) Audited consolidated financial statements for UPC for the financial year ending 31 December 2002.

(b) The Original Borrower Group Financial Statements, together with the financial statements of the Borrower Group for the Accounting Period ended 30 September 2003.

6. Other documents

(a) A copy of (and of all applications for) any and all approvals, consents, licences, exemptions and other requirements of governmental and other authorities required for the entering into or performance of the Finance Documents to be entered into on or about the Signing Date by each party.

(b) A copy of any other authorisation or other document, opinion or assurance which the Facility Agent has notified UPC Broadband is necessary in connection with the entry into and performance of transactions contemplated by this Agreement or the validity and enforceability of this Agreement.

(c) Evidence that all fees, costs and expenses required to be paid by UPC Broadband on or before the Effective Date pursuant to Clause 21.1 (Transaction Expenses) have been paid.

(d) A duly executed copy of Intercreditor Agreement.

(e) A copy of the Business Plan.

(f) A copy of a duly executed Verification Letter from each Facility D Lender.

(g) A copy of an amendment to the partnership agreement of UPC Financing to permit a further assignment of the partnership interest in UPC Financing to be granted.

(h) A copy of a deed of amendment to the articles of association of UPC Nederland B.V. permitting the entry into of further security agreements and the related *notulen* and evidence of the execution and delivery to the Ministry of Justice in the Netherlands of the deed of amendment and *notulen*.

(i) A statement signed on behalf of United Pan-Europe Communications Norge AS confirming that it has not received any notifications of pledges other than the share pledge dated 31 October 2000 granted to TD Bank Europe Limited as security agent under the Existing Facility Agreement.

(j) A copy of a letter from UPC Services Limited acknowledging its appointment as agent for service of process relating to any proceedings before the English courts, in connection with any Finance Document by each Obligor which is not incorporated in England and Wales.

(k) A copy of the Fee Letter.

PART 2

TO BE DELIVERED BY AN ADDITIONAL OBLIGOR

1. An Obligor Accession Agreement, duly executed as a deed (or using any equivalent necessary formality, in the case of an Additional Obligor incorporated outside the United Kingdom) by the Additional Obligor.

2. In the case of an Additional Obligor (other than any UPC Broadband Holdco), a pledge over all the issued shares of the Additional Obligor owned by any member of the Borrower Group in substantially the same form as a share pledge already granted to the Security Agent over shares of another Obligor incorporated in the same jurisdiction as the Additional Obligor or in such other form as the Security Agent may reasonably require, together with a Security Provider's Deed of Accession executed by such member of the Borrower Group, such notices and other documents as the Security Agent may require to perfect such share pledge.

3. Details of:

   (a) (in the case of an Additional Obligor, other than any UPC Broadband Holdco) all material receivables (aggregating €10,000,000 (or its equivalent in other currencies) or more) which are owed to the Additional Obligor by Priority Telecom N.V.;

   (b) (in the case of, an Additional Obligor, other than UPC Broadband Holdco) all intercompany loans owed to the Additional Obligor by any member of the Borrower Group, together with an Obligor Pledge of Shareholder Loans executed by the Additional Obligor in respect of such intercompany loans and the other documents referred to in Clause 16.14 (Loans and guarantees);

   (c) where the Additional Guarantor will become a UPC Broadband Holdco at the same time as, or after, it becomes an Additional Guarantor, details of all Financial Indebtedness owing to the Additional Guarantor by any member of the Borrower Group, together with a Pledge of Subordinated Shareholder Loans executed by the Additional Guarantor in respect of such Financial Indebtedness and the other documents referred to in Clause 16.24(a) (Shareholder Loans); and

   (d) (in the case of an Additional Obligor, other than any UPC Broadband Holdco) all Financial Indebtedness owing by the Additional Obligor to any Restricted Person, together with a Pledge of Subordinated Shareholder Loans executed by the relevant Restricted Person(s) (if any) in respect of such Financial Indebtedness and the other documents referred to in Clause 16.24(a) (Shareholder Loans).

4. A pledge over such of the receivables referred to in subparagraph 3(a) above (in the case of an Additional Obligor, other than any UPC Broadband Holdco) as in the opinion of the Security Agent is necessary to maintain the coverage of the Security Documents over such receivables owed to the Borrower Group on a basis consistent with Clause 16.25 (Further security over receivables) in substantially the same form as a receivables pledge already granted to the Security Agent (i) by a member of the Borrower Group incorporated in the same jurisdiction as the Additional Obligor or (ii) in respect of receivables located in the same jurisdiction as the relevant receivables or (iii) in such other form as the Security Agent may reasonably request, together with all such notices and other documents as the Security Agent may require to perfect the receivables pledge.

5. A copy of the memorandum and articles of association and certificate of incorporation (or other equivalent constitutional documents) of the Additional Obligor (and any Subsidiary of the Additional Obligor, the issued shares of which are to be subject to a share pledge referred to in paragraph 6 below).

6. (a) Where the Additional Guarantor will become a UPC Broadband Holdco at the same time as, or after, it becomes an Additional Guarantor, a pledge over all the issued shares of UPC Broadband substantially in the same form as a share pledge already granted to the Security Agent over shares of UPC Broadband or in such other form as the Security Agent may reasonable require, together with such notices and other documents as the Security Agent may require to perfect such share pledge.

   (b) In the case of an Additional Obligor (other than any UPC Broadband Holdco), a pledge over all the issued shares of any Subsidiary (a **Relevant Subsidiary**) of the Additional

Obligor (other than shares not owned by the Additional Obligor or any Subsidiary of the Additional Obligor) if in the opinion of the Security Agent such pledge is necessary to maintain the coverage of the Security Documents over shares in Obligors (other than UPC Holding and any other UPC Broadband Holdco) or other key members of the Borrower Group (being holding companies in respect of one or more members of the Borrower Group which carry on business in a particular jurisdiction). Such share pledge shall be in substantially the same form as a Share Pledge already granted to the Security Agent over shares in a person incorporated in the same jurisdiction as the Relevant Subsidiary or in such other form as the Security Agent may reasonably require, together with such notices and other documents as the Security Agent may require to perfect such pledge.

7. A copy of a resolution of the board of directors of the Additional Obligor:

   (a) approving the terms of, and the transactions contemplated by, the Obligor Accession Agreement (and any relevant Security Document referred to in paragraphs 2, 3, 4 or 6 above (each an **Additional Security Document**) resolving that it execute the Obligor Accession Agreement (and each Additional Security Document);

   (b) authorising a specified person or persons to execute the Obligor Accession Agreement and each Additional Security Document; and

   (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents to be signed and/or despatched by it under or in connection with the Finance Documents.

8. A copy of any other authorisation or other document, opinion or assurance which the Facility Agent reasonably considers to be necessary in connection with the entry into and performance of, and the transactions contemplated by, the Obligor Accession Agreement or any Additional Security Document.

9. A specimen of the signature of each person authorised by the resolution referred to in paragraph 7 above.

10. A certificate of an authorised signatory of the Additional Obligor certifying that each copy of the documents specified in Part 2 of this Schedule 2 and provided by it is a true copy and in full force and effect as at a date no earlier than the date of the Obligor Accession Agreement (and, in the case of an Additional Obligor other than any UPC Broadband Holdco, if required by the Facility Agent, a certificate of each Relevant Subsidiary in respect of each copy of the documents provided by it in accordance with the provisions of Part 2 of this Schedule 2).

11. A copy of the latest financial statements (audited, if available) of the Additional Obligor.

12. A legal opinion of legal advisers to the Facility Agent, and, if applicable, other lawyers approved by the Facility Agent in the place of incorporation of the Additional Obligor (and/or each Relevant Subsidiary) addressed to the Finance Parties.

13. All other notices, documents and other steps required to perfect the security constituted by each Additional Security Document (including, without limitation, accession to, or entry into (as the case may be), by:

   (a) the relevant Additional Obligor (and any member of the Borrower Group which is an intercompany debtor in respect of the Additional Obligor) of an Obligors' Framework Agreement; or

   (b) as the case may be, the relevant Restricted Person referred to subparagraph 3(d) above (and the Additional Obligor) of a Restricted Person's Framework Agreement.

SCHEDULE 3

MANDATORY COST FORMULAE

1. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.

2. On the first day of each Interest Period (or as soon as possible thereafter) the Facility Agent shall calculate, as a percentage rate, the arithmetic mean (rounded up, if necessary, to four decimal places) of the respective rates notified by each Reference Bank to the Facility Agent at its request as the rate resulting from the application of the formulae set out in paragraphs 3 and 4 below (the **Additional Cost Rate**).

3. The Additional Cost Rate for any Lender lending from a Facility Office in a Participating Member State will be the percentage notified by that Lender to the Facility Agent. This percentage will be certified by that Lender in its notice to the Facility Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender's participation in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Facility Office.

4. The Additional Cost Rate for any Lender lending from a Facility Office in the United Kingdom will be calculated by the Facility Agent as follows:

   in relation to an Advance in any currency other than sterling:

   $$\frac{E \times 0.01}{300} \text{ per cent. per annum.}$$

   Where:

   E is designed to compensate the Reference Banks for amounts payable under the Fees Rules (but, for this purpose, ignoring any minimum fee required pursuant to the Fees Rules) and is calculated by the Facility Agent as being the average for the most recent rates of charge supplied by the Reference Banks to the Facility Agent pursuant to paragraph 6 below and expressed in pounds per £1,000,000.

5. For the purposes of this Schedule:

   (a) **Fees Rules** means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

   (b) **Fee Tariffs** means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate; and

   (c) **Tariff Base** has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

6. If requested by the Facility Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Facility Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.

7. Each Lender shall supply any information required by the Facility Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which its becomes a Lender:

   (a) the jurisdiction of its Facility Office; and

   (b) any other information that the Facility Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Facility Agent of any change to the information provided by it pursuant to this paragraph.

8. The rates of charge of each Reference Bank for the purpose of E above shall be determined by the Facility Agent based upon the information supplied to it pursuant to paragraphs 6 and 7 above.

9. The Facility Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Reference Bank pursuant to paragraph 3 above is true and correct in all respects.

10. The Facility Agent shall distribute the additional amounts received as a result of the Mandatory Costs to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Reference Bank pursuant to paragraphs 3, 6 and 7 above.

11. Any determination by the Facility Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all Parties.

12. The Facility Agent may from time to time, after consultation with UPC Broadband and the Lenders, determine and notify to all Parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all Parties.

SCHEDULE 4

FORM OF REQUEST AND CANCELLATION NOTICE

PART 1

FORM OF REQUEST

To: [ ]

Attention: [ ]

From: UPC Broadband Holding B.V.

Date: [ ]

REQUEST (ADVANCE)

UPC Broadband Holding B.V.—€1,072,000,000 Term Credit Agreement dated 16th January, 2004 (as amended, the Credit Agreement)

Dear Sirs,

We hereby give you notice pursuant to Clause 5.1 (Delivery of Request) of the above Credit Agreement that we require an Advance to be made to that Borrower under the Credit Agreement, as follows:

(a) Facility: [relevant Additional Facility]

(b) Utilisation Date: [a date falling within the relevant Additional Facility Availability Period]

(c) Requested Amount: [ ]

(d) [Currency: [ ]]

(e) Interest Period: [ ]

Payment instructions with respect to the proceeds of the Advance to be made in relation to this Request are as follows: [ ].

We confirm that each condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Request. [In particular, we confirm that the proceeds of the Advance will be applied [*specify purpose*] in accordance with Clause 3.1 (Purpose).]

Terms used in this Request and defined in the Credit Agreement have the same meaning in this Request as in the Credit Agreement.

Yours faithfully

[Authorised Signatory]

[Borrower]

PART 2

FORM OF CANCELLATION AND/OR PREPAYMENT NOTICE

To: [ ] as Facility Agent

From: [BORROWER]

Date: [ ]

UPC Broadband Holding B.V.—€1,072,000,000 Term Credit Agreement dated 16th January, 2004 (as amended)

1. [We wish to cancel a portion of Total Additional Facility Commitments in the following amounts:

   Cancellation:

   Total Additional Facility Commitments: [ ]

OR

[We wish to prepay the whole or part of the following Advances which are to be applied against the Additional Facilities in the following order:

(a) Additional Facilities:

    Advance: [ ]

(b) Application of Advance[s]:

    Additional Facility: [ ]

2. Terms defined in the above Credit Agreement have the same meaning in this notice.

By:

[BORROWER]

Authorised Signatory

SCHEDULE 5

FORMS OF ACCESSION DOCUMENTS

PART 1

NOVATION CERTIFICATE

To: [ ] as Facility Agent and [BORROWER]

From: [THE EXISTING LENDER] and [THE NEW LENDER] Date: [ ]

UPC Broadband Holding B.V.—€1,072,000,000 Term Credit Agreement dated 16th January, 2004 (as amended, the Credit Agreement)

We refer to Clause 26.3 (Procedure for novations) of the Credit Agreement and clause 9.3 (Transfers by the Lenders) of the Security Deed. Terms defined in the Credit Agreement have the same meaning in this Novation Certificate.

1. We [ ] (the **Existing Lender**) and [ ] (the **New Lender**) agree to the Existing Lender and the New Lender novating all the Existing Lender's rights and obligations referred to in the Schedule in accordance with Clause 26.3 (Procedure for novations) of the Credit Agreement and clause 9.3 (Transfers by the Lenders) of the Security Deed.

2. In the case of an Additional Facility under which a Dutch Borrower is a Borrower, on the [*date of execution of the Novation Certificate*] and on the [*effective transfer date*], the New Lender declares and represents to the Existing Lender, the other Finance Parties and each Dutch Borrower that [it is exempted from the requirement to be a Professional Market Party because it forms part of a closed circle (*besloten kring*) with [*name of Dutch Borrower*].][:

   (a) it is a Professional Market Party;

   (b) it acknowledges that as a consequence it has no benefit from the (creditor) protection under the Dutch Banking Act for non-Professional Market Parties; and

   (c) it has made its own credit appraisal of each Dutch Borrower.][(1)]

3. The Facility Office and address for notices of the New Lender for the purposes of Clause 32.2 (Addresses for notices) are set out in the Schedule.

4. This Novation Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Novation Certificate.

5. This Novation Certificate is governed by English law.

(1) Include and delete as appropriate.

THE SCHEDULE

Rights and obligations to be novated

[*Details of the rights and obligations of the Existing Lender to be novated.*]

[New Lender]

[Facility Office	Address for notices for administrative purposes Address for notices for credit purposes]

[Existing Lender]	[New Lender]	[ ]
By:	By:	By:
Date:	Date:	Date:

PART 2

OBLIGOR ACCESSION AGREEMENT

To: [ ] as Facility Agent and [ ] as Security Agent

From: [PROPOSED OBLIGOR]

Date: [ ]

UPC Broadband Holding B.V.—€1,072,000,000 Term Credit Agreement dated 16th January, 2004 (as amended, the Credit Agreement)

We refer to Clause 26.4 (Additional Obligors). Terms defined in the Credit Agreement have the same meaning in this Deed.

We, [name of company] of [Registered Office] (Registered no. [ ]) agree:

(a) to become an [Additional Borrower and an Additional Guarantor/Additional Guarantor and to be bound by the terms of the Credit Agreement as an [Additional Borrower and an Additional Guarantor/Additional Guarantor] in accordance with Clause 26.4 (Additional Obligors);

(b) to become a party to the Security Deed as a Charging Entity and to observe, perform and be bound by the terms and provisions of the Security Deed in the capacity of a Charging Entity in accordance with clause 9.6 (Charging Entities) of the Security Deed; and

(c) to become a party to the Intercreditor Agreement as a Charging Entity and to observe, perform and be bound by the terms and provisions of the Intercreditor Agreement in the capacity of a Charging Entity in accordance with clause 8.1 of the Intercreditor Agreement.

(d) [The relevant Additional Facility will be a [*insert currency*][ ] term facility with [ ] as Lenders].*

Our address for notices for the purposes of Clause 32.2 (Addresses for notices) is:

[

]

This Deed is governed by English law.

Executed as a deed by [PROPOSED OBLIGOR] acting by and	}	Director Director/Secretary

* In the case of an Additional Borrower.

PART 3

ADDITIONAL FACILITY ACCESSION AGREEMENT

To: [ ] as Facility Agent
[ ] as Security Agent

From: [PROPOSED LENDER(S)]

Date: [ ]

UPC Broadband Holding B.V.—€1,072,000,000 Term Credit Agreement dated 16th January 2004 (as amended, the Credit Agreement)

1. Terms defined in the Credit Agreement shall have the same meaning in this Deed.
2. We refer to Clause 2.2 (Additional Facilities) of the Credit Agreement.
3. We, [Name of Lender(s)] agree:
   (a) to become party to and to be bound by the terms of the Credit Agreement as [a] Lender(s) in accordance with Clause 2.2 (Additional Facilities); and
   (b) to become a party to the Security Deed as a Lender and to observe, perform and be bound by the terms and provisions of the Security Deed in the capacity of Lender in accordance with clause 9.3 (Transfers by Lenders) of the Security Deed.
4. On the date on which this agreement becomes effective and where such Lender is a Lender under an Additional Facility to which a Borrower is a Dutch Borrower, the Lender declares and represents to the Finance Parties and UPC Broadband that [it is [exempted from the requirement to be a Professional Market Party because it forms part of a closed circle *(besloten kring)* with UPC Broadband.][:
   (a) it is a Professional Market Party;
   (b) it acknowledges that, as a consequence, it has no benefit from the (creditor) protection under the Dutch Banking Act for non-professional Market Parties; and
   (c) it has made its own credit appraisal of UPC Broadband.]
5. Our Additional Facility Commitment is EUR/US$/Additional Currency [ ].

   [If the Additional Facility Commitment is denominated in US Dollars or an Additional Currency and any determination under the Credit Agreement needs to be made by reference to a euro amount, the Facility Agent will translate the relevant US Dollar or Additional Currency amount into euros using the Agent's Spot Rate of Exchange on the relevant date.]
6. [The Final Maturity Date in respect of our Additional Facility Commitment is [ ]/[Our Additional Facility Commitment will be repaid at a rate of [up to one] per cent. per annum starting on the day falling 12 months from the date of this accession agreement until [ ] on which date each Advance under this Additional Facility will be repaid in full].
7. The Availability Period in relation to this Additional Facility is [ ].
8. The Margin in relation to this Additional Facility is [ ] per annum. [*If applicable set out how the Margin will be adjusted*].
9. The commitment fee in relation to this Additional Facility under Clause 20.1 (Commitment fee) is [ ] per cent. per annum.
10. [The Borrower in relation to this Additional Facility is [ ].]
11. Advances under this Additional Facility will be applied [ ].
12. [This Additional Facility can be re-borrowed in accordance with the terms of the Credit Agreement (as set out in Clause 7.10(d) (Miscellaneous provisions).)]

13. [For the purposes of partial assignments, transfers or novations of rights and/or obligations by a Lender in respect of this Additional Facility under Clause 26.2 (Transfers by Lenders) of the Credit Agreement, the Lenders and UPC Broadband agree that, for the purposes of Clause 26.2(a) (Transfers by Lenders), such assignment, transfer or novation shall be in a minimum amount of [*insert Additional Currency amount that is lower than the equivalent of €1,000,000 and U.S.$1,000,000*] (save that in the case of a partial assignment, transfer or novation by a Lender of its rights and/or obligations under this Additional Facility to an Affiliate or Related Fund of that Lender, such assignment, transfer or novation shall be in a minimum amount of [*insert Additional Currency amount that is lower than the equivalent of €500,000 and US$500,000*]).]

14. We confirm to each Finance Party that:

    (a) we have made our own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Credit Agreement and have not relied on any information provided to us by a Finance Party in connection with any Finance Document; and

    (b) we will continue to make our own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Credit Agreement or any Additional Facility Commitment is in force.

15. The Facility Office and address for notices of the Lender for the purposes of Clause 32.2 (Addresses for notices) is:

    [ ]

16. This Agreement is governed by English law.

[LENDER(S)]

By:

[ ] as Facility Agent

By:

UPC BROADBAND HOLDING B.V.

By:

[RELEVANT BORROWER]

By:

SCHEDULE 6

FORM OF CONFIDENTIALITY UNDERTAKING

PART 1

FORM OF LMA CONFIDENTIALITY UNDERTAKING

LMA CONFIDENTIALITY LETTER (PURCHASER) [Letterhead of Existing Lender]

To:

[insert name of New Lender]

Re: **The Facility**

Borrower: ***Amount:*** ***Agent:***

Dear Sirs

We understand that you are considering participating in the Facility. In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. Confidentiality Undertaking

You undertake:

(a) to keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures and a degree of care that would apply to your own confidential information;

(b) to keep confidential and not disclose to anyone the fact that the Confidential Information has been made available or that discussions or negotiations are taking place or have taken place between us in connection with the Facility;

(c) to use the Confidential Information only for the Permitted Purpose;

(d) to use all reasonable endeavours to ensure that any person to whom we pass any Confidential Information (unless disclosed under subparagraph 21.1(b) below) acknowledges and complies with the provisions of this letter as if that person were also a party to it; and

(e) not to make enquiries of any member of the Borrower Group or any of their officers, directors, employees or professional advisers relating directly or indirectly to the Facility.

2. Permitted Disclosure

(a) We agree that you may disclose Confidential Information:

(i) to members of the Participant Group and their officers, directors, employees and professional advisers to the extent necessary for the Permitted Purpose and to any auditors of members of the Participant Group;

(ii) (A) where requested or required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body, (B) where required by the rules of any stock exchange on which the shares or other securities of any member of the Participant

Group are listed or (C) where required by the laws or regulations of any country with jurisdiction over the affairs of any member of the Participant Group;

(iii) with the prior written consent of us and the Borrower.

(b) Notwithstanding any other provision of this letter, any party to this letter (and any of its affiliates, officers, directors, employees, representatives, professional advisers, or other agents) may and has since the commencement of discussions with respect to the Facility been permitted to disclose to any and all persons, without limitation of any kind:

(i) the U.S. tax treatment and U.S. tax structure (each as defined below) of the Facility: and

(ii) all material of any kind (including opinions and other tax analyses) that are provided to such party relating to such U.S. tax treatment or U.S. tax structure,

except to the extent reasonably necessary to comply with applicable federal or state securities laws.

For the purposes of this subsection, the U.S. tax treatment of the Facility is the purported or claimed U.S. federal, state and local income tax treatment of the Facility, and the U.S. tax structure of the Facility is any fact that may be relevant to understanding the purported or claimed U.S. federal, state and local income tax treatment of the Facility. This authorisation is not intended to permit disclosure of any information (other than information relating to U.S. tax treatment or U.S. tax structure of the Facility) including (without limitation (i) any portion of any materials to the extent not related to the U.S. tax treatment or U.S. tax structure of the Facility, (ii) the identities of participants or potential participants in the Facility (except to the extent such identities are related to the tax treatment or the U.S. tax structure of the Facility), (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is related to the U.S. tax treatment or the U.S. tax structure of the Facility), or (v) any other term or detail not relevant to the U.S. tax treatment or the U.S. tax structure of the Facility.

3. Notification of Required or Unauthorised Disclosure

You agree (to the extent permitted by law) to inform us of the full circumstances of any disclosure under subparagraph 2(b) or upon becoming aware that Confidential Information has been disclosed in breach of this letter.

4. Return of Copies

If we so request in writing, you shall return all Confidential Information supplied to you by us and destroy or permanently erase all copies of Confidential Information made by you and use all reasonable endeavours to ensure that anyone to whom you have supplied any Confidential Information destroys or permanently erases such Confidential Information and any copies made by them, in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body or in accordance with internal policy, or where the Confidential Information has been disclosed under subparagraph 2(b) above.

5. Continuing Obligations

The obligations in this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us. Notwithstanding the previous sentence, the obligations in this letter shall cease (a) if you become a party to or otherwise acquire (by assignment or sub-participation) an interest, direct or indirect, in the Facility or (b) 12 months after we have returned all Confidential Information supplied to you by us and destroyed or permanently erased all copies of Confidential Information made by you (other than any such Confidential Information or copies which have been disclosed under paragraph 2 above (other than subparagraph 2(a) or which, pursuant to paragraph 4 above, are not required to be returned or destroyed).

6. No Representation; Consequences of Breach, etc

You acknowledge and agree that:

(a) neither we nor any of our officers, employees or advisers (each a **Relevant Person**) (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or any member of the Borrower Group or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or any member of the Borrower Group or be otherwise liable to you or any other person in respect to the Confidential Information or any such information; and

(b) we or members of the Borrower Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person or member of the Borrower Group may be granted an injunction or specific performance for any threatened or actual breach of the provisions of this letter by you.

7. No Waiver; Amendments, etc.

This letter sets out the full extent of our obligations of confidentiality owed to us in relation to the information the subject of this letter. No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privileges under this letter. The terms of this letter and your obligations under this letter may only be amended or modified by written agreement between us.

8. Inside Information

We acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation relating to insider dealing and you undertake not to use any Confidential Information for any unlawful purpose.

9. Nature of Undertakings

The undertakings given by you under this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of the Borrower and each other member of the Borrower Group.

10. Third party rights

(a) Subject to paragraph 6 and paragraph 9 the terms of this letter may be enforced and relied upon only by you and us and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded.

(b) Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any Relevant Person or any member of the Borrower Group to rescind or vary this letter at any time.

11. Governing Law and Jurisdiction

This letter (including the agreement constituted by your acknowledgement of its terms) shall be governed by and construed in accordance with the laws of England and the parties submit to the non-exclusive jurisdiction of the English courts.

12. Definitions

In this letter (including the acknowledgement set out below):

Borrower Group means UPC Broadband and each of its holding companies and subsidiaries and each subsidiary of each of its holding companies (as each such term is defined in the Companies Act 1985);

Confidential Information means any information relating to a Borrower, the Borrower Group, the Facility including information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that (a) is or becomes public knowledge other than as a direct or indirect result of any breach of this letter or (b) is known by you before the date the information is disclosed to you by us or any of our affiliates or advisers or is lawfully obtained by you thereafter, other than from a source which is connected with the Borrower Group and which, in either case, as far as you are aware, has not been obtained in violation of, and is not otherwise subject to, any obligation of confidentiality;

Participant Group means us, each of your holding companies and subsidiaries and each subsidiary of each of your holding companies (as each such term is defined in the Companies Act 1985); and

Permitted Purpose means considering and evaluating whether to enter into the Facility.

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

....

For and on behalf of

[Arranger]

To: [Existing Lender]

The Borrower and each other member of the Borrower Group

We acknowledge and agree to the above:

....

For and on behalf of

[New Lender]

PART 2

FORM OF LSTA CONFIDENTIALITY UNDERTAKING

Master Confidentiality Agreement dated as of [ ] (this **Agreement**) between [Existing Lender] (the **Existing Lender**) and [New Lender] (the **New Lender**).

This Agreement sets forth the terms and conditions that will apply, in each instance, to the treatment of certain non-public information that the Existing Lender may supply to the New Lender in connection with the consideration by the New Lender of its participating in any financing or proposed financing (a **Financing**) for any borrower or group of borrowers (each a **Borrower**) specified in a Schedule described below.

As used herein: (a) **Evaluation Material** refers to (i) the non-public information furnished to the Existing Lender, including any Information Memorandum, in respect of a particular Financing of a Borrower that the Existing Lender supplies to the New Lender on or after the date of the Schedule in respect of such Financing, (ii) all memoranda, notes, and other documents and analyses (collectively, **analyses***)* internally developed by the Existing Lender that it supplies to the New Lender and (iii) all analyses developed by the New Lender using any information specified under clauses (i) and (ii) above; (b) **Internal Evaluation Material** refers to analyses specified under clause (iii) of the definition of Evaluation Material; and (c) **participation** refers to a transfer of a lender's interest in a Financing (or a grant of derivative rights in respect thereof), whether by assignment, participation or otherwise (and **participate** and **participating** shall have correlative meanings thereto).

As a condition to the Existing Lender's furnishing the New Lender with any Evaluation Material in the Existing Lender's possession in respect of a particular Financing, the New Lender shall execute and return to the Existing Lender a schedule, in substantially the form of Exhibit A attached hereto, that the Existing Lender may have completed, executed and delivered to it (a **Schedule**). Each Schedule shall identify the Existing Lender and the New Lender in respect of such Financing and the related Evaluation Material, the name of each Borrower that the New Lender has under consideration and a description of the documentation (the **Operative Documentation**) in respect thereof.

The New Lender in respect of a particular Financing agrees that it will use all Evaluation Material in respect of such Financing solely for the purpose of evaluating its possible participation, or obtaining the participation of another eligible person (an **Additional Assignee**), in such Financing and that the New Lender will use reasonable precautions in accordance with its established procedures to keep such information confidential; provided, however, that any such information may be disclosed to the partners, directors, officers, employees, agents, counsel, auditors, affiliates, advisors and representatives (collectively, **Representatives**) of the New Lender's institution who need to know such information for the purpose of evaluating its participation in such Financing (it being understood that such Representatives shall be informed by the New Lender of the confidential nature of such information and shall be directed by it to treat such information in accordance with the terms of this Agreement) and to any Additional Assignee and its Representatives (provided that such Additional Assignee shall have previously executed and delivered to the New Lender an agreement in substantially the same substance as this Agreement in respect of the Evaluation Material). The New Lender agrees to be responsible for any breach of this Agreement that results from the actions or omissions of its Representatives. Notwithstanding the foregoing, the New Lender will not use such information to obtain an Additional Assignee if otherwise prohibited by agreements binding on the New Lender.

In addition, the New Lender in respect of a particular Financing agrees that prior to the settlement of its participation in such Financing, it will not disclose to any person, other than its Representatives, the identity of the Existing Lender with which discussions or negotiations are taking place concerning the New Lender's possible participation in the related Financing or any of the terms or conditions of such proposed participation. The term **person** as used in this Agreement shall be broadly interpreted to include the media and any corporation, partnership, group, individual or other entity and, if the New Lender's participation in the Financing would constitute a secondary market transaction, the Borrower.

The New Lender in respect of a particular Financing shall be permitted to disclose any related Evaluation Material (and the fact that such Evaluation Material has been made available to it and that discussions or negotiations are taking place concerning the transaction or any of the terms, conditions or other facts with respect thereto) in the event that the New Lender is required by law or regulation or requested by any governmental agency or other regulatory authority (including any self-regulatory organization having or claiming to have jurisdiction) or in connection with any legal proceedings. The New Lender agrees that it will notify the Existing Lender as soon as practical in the event of any such disclosure (other than as a result of an examination by any regulatory agency), unless such notification shall be prohibited by applicable law or legal process.

The New Lender in respect of a particular Financing and its Representatives shall have no obligation hereunder with respect to any information in any related Evaluation Material to the extent that such information (i) is or becomes generally available to the public other than as a result of a disclosure by the New Lender in violation of this Agreement, (ii) was within the New Lender's possession prior to its being furnished to it pursuant hereto, provided that the source of such information was not known by the New Lender to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Borrower or any other party with respect to such information or (iii) is or becomes available to the New Lender on a non-confidential basis from a source other than the Borrower or the Existing Lender, or their respective Representatives, provided that such source is not known by the New Lender to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Existing Lender, the Borrower or any other party with respect to such information.

Notwithstanding any other provision of this letter, any party to this letter (and any of its affiliates, officers, directors, employees, representatives, professional advisers, or other agents) may and has since the commencement of discussions with respect to the Facility been permitted to disclose to any and all persons, without limitation of any kind:

(a) the U.S. tax treatment and U.S. tax structure (each as defined below) of the Facility; and

(b) all material of any kind (including opinions and other tax analyses) that are provided to such party relating to such U.S. tax treatment or U.S. tax structure,

except to the extent reasonably necessary to comply with applicable federal or state securities laws.

For the purposes of this subsection, the **U.S. tax treatment** of the Facility is the purported or claimed U.S. federal, state and local income tax treatment of the Facility, and the **U.S. tax structure** of the Facility is any fact that may be relevant to understanding the purported or claimed U.S. federal, state and local income tax treatment of the Facility. This authorisation is not intended to permit disclosure of any information (other than information relating to U.S. tax treatment or U.S. tax structure of the Facility) including (without limitation) (i) any portion of any materials to the extent not related to the U.S. tax treatment or U.S. tax structure of the Facility, (ii) the identities of participants or potential participants in the Facility (except to the extent such identities are related to the tax treatment or the U.S. tax structure of the Facility), (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is related to the U.S. tax treatment or the U.S. tax structure of the Facility), or (v) any other term or detail not relevant to the U.S. tax treatment or the U.S. tax structure of the Facility.

To the extent the Operative Documentation for a particular Financing contains provisions regarding the use of non-public information which conflict with, are more restrictive than or are in addition to the provisions of this Agreement, then (so long as such Operative Documentation shall be effective as to the Existing Lender) solely with application to any Evaluation Material concerning the Borrower that is the subject of such Financing (and without application hereunder to any other Evaluation Material or otherwise), such provisions of the Operative Documentation shall be incorporated herein by this reference and shall supersede and control the terms of this Agreement to the extent that such provisions are in conflict with or more restrictive than the terms hereof or are in addition to those contained herein. Upon the New Lender's request, the Existing Lender will furnish to the New Lender the provisions of the Operative Documentation for such Financing regarding the use of non-public information. In addition, in the event that the New Lender actually becomes a lender (bound as a party to the Operative Documentation) with respect to a particular Financing, the application of this Agreement in respect of all Evaluation Material in respect of such Financing shall terminate and the applicable confidentiality provisions, if any, contained in the Operative Documentation shall govern and control.

If the New Lender in respect of a particular Financing chooses not to participate in such Financing, the New Lender agrees on request of the Existing Lender to return to the Existing Lender as soon as practical all related Evaluation Material (other than Internal Evaluation Material) or destroy such Evaluation Material (other than Internal Evaluation Material) without retaining any copies thereof unless prohibited from doing so by its internal policies and procedures.

The New Lender in respect of a particular Financing understands and agrees that the Existing Lender will have received the related Evaluation Material from third party sources (including the Borrower) and that the Existing Lender bears no responsibility (and shall not be liable) for the accuracy or completeness (or lack thereof) of such Evaluation Material or any information contained therein.

The New Lender hereby acknowledges that United States securities laws prohibit any person with material, non-public information about an issuer from purchasing or selling securities of such issuer or, subject to certain limited exceptions, from communicating such information to any other person. The New Lender agrees to comply with its internal compliance policies and procedures with respect to material confidential information.

The New Lender agrees that money damages would not be a sufficient remedy for breach of this Agreement, and that in addition to all other remedies available at law or in equity, the Existing Lender shall be entitled to seek equitable relief, including injunction and specific performance, without proof of actual damages.

This Agreement (including each Schedule delivered pursuant hereto and the provisions of any Operative Documentation incorporated herein by reference) embodies the entire understanding and agreement between the parties with respect to all Evaluation Material for each Financing and supersedes all prior understandings and agreements relating thereto. Unless otherwise agreed in writing between the parties hereto, the application of this Agreement shall terminate with respect to all Evaluation Material concerning each Financing on the date falling one year after the Schedule in respect of such Financing.

This Agreement shall be governed by and construed in accordance with the law of the State of New York, without regard to principles of conflicts of law (except Section 5-1401 of the New York General Obligation Law to the extent that it mandates that the law of the State of New York govern).

This Agreement may be signed in counterparts, each of which shall be an original and both of which taken together shall constitute the same instrument.

It is understood by the parties that the custom in the loan syndications and loan trading markets is to execute and deliver any confidentiality agreement, schedule, confirmation or other transaction documents by telecopy or telefax. The parties agree that all telecopied or telefaxed copies of this Agreement, the Schedules, confirmations and other transaction documents, and signatures hereto and thereto, shall be duplicate originals.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers as of the date first written above.

[Existing Lender]

By: ______________________________

Name:

Title:

[New Lender]

By: ______________________________

Name:

Title:

EXHIBIT A

This Schedule, dated as of [ ], is one of the Schedules referred to in the Master Confidentiality Agreement dated today between [Existing Lender] and [New Lender], Terms used herein, unless defined herein, shall have the respective meanings given them in said Master Confidentiality Agreement.

Name(s) of the Borrower(s): [ ]

Description of the Operative Documentation: [ ]

Existing Lender

[ ].

By: [ ]

Name:
Title:

Received and accepted as of
the date first written above:

New Lender

[ ].

By: [ ]

Name:

Title:

SCHEDULE 7

SECURITY DOCUMENTS

1. Each share pledge given in favour of the Security Agent by:

   (a) UPC Holding in respect of its interest in the share capital of UPC Broadband;

   (b) UPC Holding in respect of its interest in the share capital of UPC Holding II;

   (c) UPC Broadband in respect of its interest in the share capital of UPC Scandinavia Holding B.V.;

   (d) UPC Broadband in respect of its interest in the share capital of UPC Austria Holding B.V. (previously called Cable Networks Austria Holding B.V.);

   (e) UPC Broadband in respect of its interest in the share capital of UPC France Holding B.V.;

   (f) UPC Broadband in respect of its interest in the share capital of UPC Nederland B.V.;

   (g) UPC Broadband in respect of its interest in the share capital of UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.).;

   (h) UPC Scandinavia Holding B.V. in respect of its interest in the share capital of United Pan-Europe Communications Norge AS;

   (i) UPC Scandinavia Holding B.V. and UPC Austria Holding B.V. (previously called Cable Networks Austria Holding B.V.) in respect of their respective interests in the share capital of UPC Belgium SA;

   (j) UPC Scandinavia Holding B.V. in respect of its interest in the share capital of NBS Nordic Broadband Services AB;

   (k) UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) in respect of its interest in the share capital of UPC Czech Holding B.V.;

   (l) UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) in respect of its interest in the share capital of UPC Slovakia Holding B.V.;

   (m) UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) in respect of its interest in the share capital of UPC Romania Holding B.V.;

   (n) UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) in respect of its interests in the share capital of Telekabel Hungary N.V.; and

   (o) UPC Broadband in respect of the its interest in the share capital of UPC Poland Holding B.V. (previously called UPC Telecom B.V.).

2. Pledge by each of UPC Holding and UPC Holding II of its partnership interest in UPC Financing.

3. (a) Obligor Pledge of Shareholder Loans between UPC Broadband, UPC Scandinavia Holding B.V., UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.), UPC Nederland B.V. and UPC Financing Partnership and the Security Agent;

   (b) Pledge of Subordinated Shareholder Loans between UPC Holding and the Security Agent;

   (c) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent;

   (d) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent;

   (e) Obligor Pledge of Shareholder Loans between UPC Central Europe Holding B.V. (previously called Stipdon Investments B.V.) and the Security Agent;

   (f) Obligor Pledge of Shareholder Loans between Scandinavia Holding B.V. and the Security Agent;

   (g) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent;

   (h) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent in respect of UPC Poland Holding B.V. receivables;

(i) Obligor Pledge of Shareholder Loans between UPC Poland Holding B.V. and the Security Agent in respect of UPC Polska LLC receivables;

(j) Obligor Pledge of Shareholder Loans between UPC France Holding B.V. and the Security Agent in respect of MediaReseaux receivables; and

(k) Obligor Pledge of Shareholder Loans between UPC Broadband and the Security Agent in respect of UPC France Holding SNC receivables.

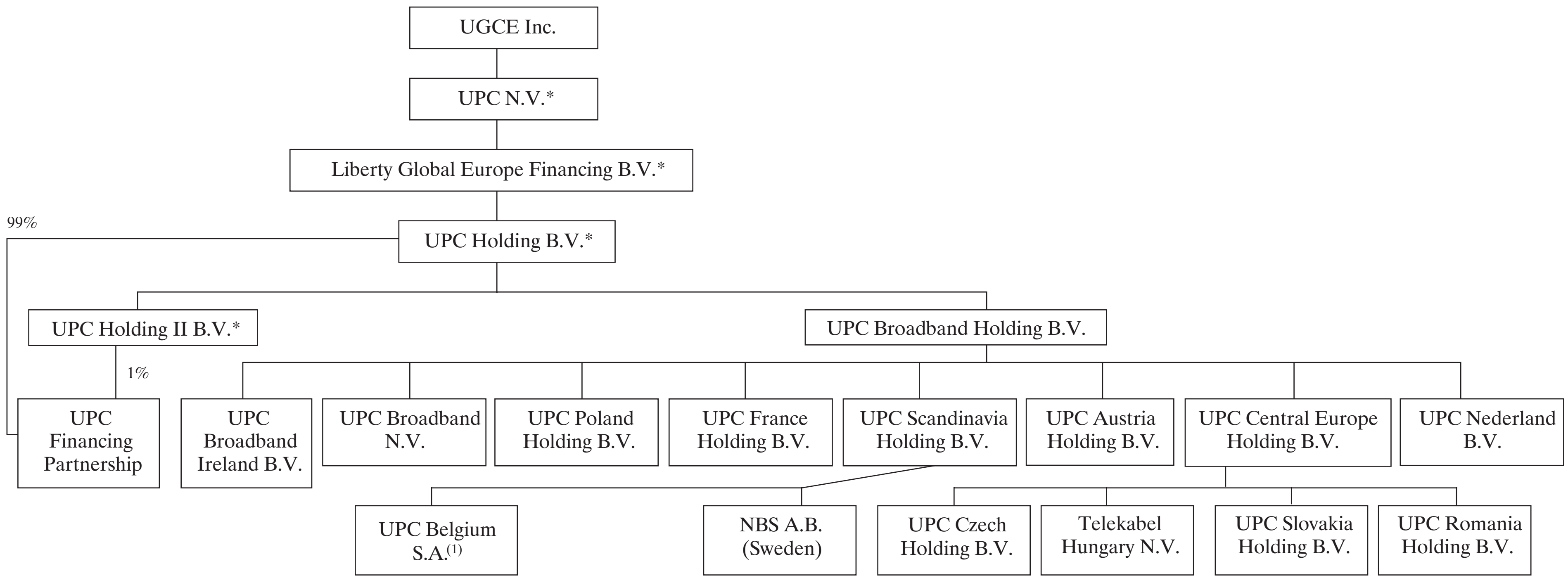
4. Deed of pledge of registered shares in favour of the Security Agent by UPC Broadband over its interest in UGC Europe Holding Services B.V.

5. Bank account pledge between UPC Broadband, Fortis Bank (Nederland) B.V. and the Security Agent.

6. Securities account pledge between UPC Scandinavia Holding B.V., Fortis Bank (Nederland) N.V. and the Security Agent in relation to the shares in the capital of NBS Nordic Broadband AB.

SCHEDULE 8

BORROWER GROUP STRUCTURE



* All the asterisked entities are not part of the Borrower Group at the Signing Date. These entities figure on the chart for the sake of clarification.

(1) One share in UPC Belgium S.A. is held by UPC Austria Holding. B.V.

SCHEDULE 9

SHAREHOLDERS' AGREEMENTS

1. **Austria**

   Syndikatsvereinbarung (shareholders agreement) dated 28 June 1995 among Osterreichische Philips Industrie GmbH, Cable Networks Austria Holding B.V. and Kabel-TV-Wien GmbH. (In English and German).

2. **France**

   Stockholders Agreement dated 29 February 2000 between Belmarken Holding B.V., InterComm France CVOHA, InterComm France II CVOHA and Reflex Participants.

3. **The Netherlands**

   Shareholders' Agreement, dated 6 July 1995, among The Municipality of Amsterdam, A2000 Holding N.V. and Kabeltelevisie Amsterdam B.V. (in English).

4. **Romania**

   Partnership Agreement between Comtec 2000, Multicanal Holdings S.R.L. and Control SA.

SIGNATORIES

[This section is not restated]

ANNEX B

FINCO ACCESSION AGREEMENT

US$1,000,000,000 Additional Facility Z Accession Agreement

To: The Bank of Nova Scotia as Facility Agent (the ***Facility Agent***) and the Bank of Nova Scotia as Security Agent (the ***Security Agent***)

From: UPCB Finance III Limited (the ***Additional Facility Z Lender***)

Date: [ ] February 2011

UPC Broadband Holding B.V. (formerly known as UPC Distribution Holding B.V.)—€1,072,000,000 Term Credit Agreement dated 16 January 2004 as amended from time to time (the *Credit Agreement*)

1. In this Agreement:

   Indenture means the indenture, dated on or about the date of this Agreement, among, inter alios, the Additional Facility Z Lender, as issuer, The Bank of New York Mellon, as trustee, transfer agent and principal paying agent.

   Facility Z means the US$1,000,000,000 term loan facility made available under this Agreement.

   Facility Z Advance means the US Dollars denominated advance made to UPC Financing by the Additional Facility Z Lender under Facility Z.

   Facility Z Commitment means, in relation to the Additional Facility Z Lender, the amount in U.S. dollars set opposite its name under the heading "Facility Z Commitment" in Schedule 1 to this Agreement, to the extent not cancelled, transferred, or reduced under the Credit Agreement.

   Notes has the meaning given to that term in the Indenture.

   Trustee has the meaning given to that term in the Indenture.

2. Unless otherwise defined in this Agreement, terms defined in the Credit Agreement shall have the same meaning in this Agreement and a reference to a Clause is a reference to a Clause of the Credit Agreement. The principles of construction set out in Clause 1.2 (Construction) of the Credit Agreement apply to this Agreement as though they were set out in full in this Agreement.

3. We refer to Clause 2.2 (Additional Facilities) of the Credit Agreement.

4. This Agreement will take effect on the date on which the Facility Agent notifies UPC Broadband and the Additional Facility Z Lender that it has received the documents and evidence set out in Schedule 2 to this Agreement, in each case in form and substance satisfactory to it or, as the case may be, the requirement to provide any of such documents or evidence has been waived by the Facility Agent on behalf of the Additional Facility Z Lender (the ***Effective Date***).

5. The Additional Facility Z Lender agrees:

   (a) to become a party to and to be bound by the terms of the Credit Agreement as Lender in accordance with Clause 2.2 (Additional Facilities) of the Credit Agreement; and

   (b) to become a party to the Security Deed as Lender and to observe, perform and be bound by the terms and provisions of the Security Deed in the capacity of Lender in accordance with Clause 9.3 (Transfers by Lenders) of the Security Deed.

6. The Additional Facility Commitment in relation to the Additional Facility Z Lender (for the purpose of the definition of Additional Facility Commitment in Clause 1.1 (Definitions) of the Credit Agreement) is its Facility Z Commitment.

7. The Borrower in relation to Facility Z is UPC Financing.

8. (a) Provided that any upsizing of Facility Z permitted under this Clause 8 will not breach any term of the Credit Agreement, Facility Z may be upsized by any amount, by the signing of one or more further Additional Facility Z Accession Agreements, that specify (along with the other terms specified therein) UPC Financing as the sole Borrower and which specify Additional

Facility Z Commitments denominated in US Dollars, to be drawn in US Dollars, with the same Final Maturity Date and Margin as specified in this Additional Facility Z Accession Agreement.

(b) For the purposes of this Clause 8 (unless otherwise specified), references to Facility Z Advances shall include Advances made under any such further Additional Facility Z Accession Agreement.

(c) Where any Facility Z Advance has not already been consolidated with any other Facility Z Advance, on the last day of any Interest Period for such Facility Z Advance, that Facility Z Advance will be consolidated with any other Facility Z Advance which has an Interest Period ending on the same day as that Facility Z Advance, and all such Facility Z Advances will then be treated as one Advance.

9. Facility Z may be drawn by one Advance on the date of this Agreement and such date will constitute the Availability Period for Facility Z. No more than one Request may be made in respect of Facility Z under the Credit Agreement and such Request may only be in a principal amount of the Additional Facility Commitment in to relation to Facility Z as set out in Clause 6 above.

10. The Facility Z Advance will be used for general corporate purposes and working capital purposes, including the repayment or prepayment of existing indebtedness.

11. The Final Maturity Date in respect of Facility Z is July 1, 2020. Any outstanding Advance under Facility Z shall be repaid in full on the Final Maturity Date.

12. The interest rate for the Facility Z will be a fixed rate of per cent per annum. This will be calculated in accordance with Clause 8.1 (Interest rate) of the Credit Agreement as being the sum of LIBOR, the applicable Margin and the Mandatory Costs, where, in order to achieve the fixed rate referred to above, the applicable Margin will be:

(a) per cent. per annum, calculated on the basis of a 360-day year comprised of twelve 30-day months;

minus

(b) the sum of LIBOR plus the Mandatory Costs.

For the avoidance of doubt, for the purpose of this calculation, the applicable Margin may be a negative number. Further, the interest rate for this Facility Z will never exceed per cent. per annum (save to the extent that Clause 8.8 (Default interest) may apply).

13. Pursuant to Clause 8.2 (Selection of Interest Periods) of the Credit Agreement, the Borrower hereby notifies the Facility Agent that while the Facility Z Advance is outstanding it selects six months for all Interest Periods in relation to that Advance.

14. Upon the delivery by the Facility Agent of a notice of cancellation of Facility Z pursuant to Clause 7.4(v)(B) (Change of Control) of the Credit Agreement following the occurrence of a Change of Control (as defined under Clause 7.4 (Change of Control) of the Credit Agreement, UPC Broadband shall make a payment to the Facility Agent (for the account of the Additional Facility Z Lender) in an amount equal to 1 per cent. of the principal amount of the outstanding Facility Z Advance. Such payment shall be due and payable by UPC Broadband to the Facility Agent (for the account of the Additional Facility Z Lender) on the actual date of such mandatory prepayment.

15. Subject to Clause 17 of this Agreement, at any time prior to July 1, 2015, upon the occurrence of any voluntary prepayment of any of the Facility Z Advance by UPC Broadband pursuant to Clause 7.3 (Voluntary prepayment) of the Credit Agreement in an amount not to exceed 10% of the original principal amount of the Facility Z Advance during each twelve-month period commencing on the date of this Agreement, UPC Broadband shall make a payment to the Facility Agent (for the account of the Additional Facility Z Lender) in an amount (the "**Prepayment Premium**") equal to 3% of the principal amount of the Facility Z Advance being prepaid, plus accrued and unpaid interest then due on the amount of the Facility Z Advance prepaid to the due date of prepayment. Such payment shall be due and payable by UPC Broadband to the Facility Agent (for the account of the Additional Facility Z Lender) on the actual date of such prepayment. Prior to July 1, 2015, to the extent that during any twelve-month period commencing on the date of this Agreement, the principal amount of the Facility Z Advance prepaid in any one or more voluntary prepayments is greater than an amount equal to 10% of the original principal amount of the Facility Z Advance (any such amount, the

"Excess Early Redemption Proceeds"), UPC Broadband will apply the Excess Early Redemption Proceeds to a voluntary prepayment of the Facility Z Advance as described in Clause 16 below.

16. Subject to Clause 17 of this Agreement, at any time prior to July 1, 2015, upon the occurrence of a voluntary prepayment of all or any part of the outstanding Facility Z Advance by UPC Broadband pursuant to Clause 7.3 (Voluntary prepayment) of the Credit Agreement with any Excess Early Redemption Proceeds, UPC Broadband shall make a payment to the Facility Agent (for the account of the Additional Facility Z Lender) in an amount equal to the Make-Whole Amount (as defined below) (calculated as of a date no more than three Business Days prior to the date of the relevant Cancellation Notice) as of the due date of such prepayment. Such payment shall be due and payable by UPC Broadband to the Facility Agent (for the account of the Additional Facility Z Lender) on the actual date of such prepayment.

For the purposes of this Clause 16:

Make-Whole Amount means, with respect to Facility Z on any date on which all or any part of the outstanding Facility Z Advance is to be prepaid pursuant to Clause 7.3 (Voluntary prepayment) of the Credit Agreement (to the extent of any Excess Early Redemption Proceeds), the excess of:

(a) the present value at such prepayment date of (i) the total amount that would be payable to the Facility Agent (for the account of the Additional Facility Z Lender) if all or such portion of the outstanding Facility Z Advance were prepaid pursuant to Clause 7.3 (Voluntary prepayment) of the Credit Agreement on July 1, 2015 (including the outstanding principal amount of such Advance and the Additional Amount (as defined below) required under this Clause 16, but excluding accrued interest and any other amounts payable under the Credit Agreement in connection with such prepayment) plus (ii) all required remaining scheduled interest payments due in respect of all or such portion of the outstanding Facility Z Advance through July 1, 2015 (excluding accrued but unpaid interest to the prepayment date), computed using a discount rate equal to the Treasury Rate (as defined below) as of such prepayment date plus 50 basis points; over

(b) the principal amount of the outstanding Facility Z Advance being prepaid.

"**Treasury Rate**" means, as of any redemption date, the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the Redemption Date (or, if such statistical release is not so published or available, any publicly available source of similar market date selected by the Issuer in good faith)) most nearly equal to the period from the Redemption Date to July 1, 2015; *provided, however*, that if the period from the Redemption Date to July 1, 2015 is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from the Redemption Date to July 1, 2015 is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

Subject to Clause 17 of this Agreement, on or after July 1, 2015, upon the occurrence of a voluntary prepayment of all or any part of the outstanding Facility Z Advance by UPC Broadband pursuant to Clause 7.3 (Voluntary prepayment) of the Credit Agreement, UPC Broadband shall pay to the Facility Agent (for the account of the Additional Facility Z Lender) an amount (the **Additional Amount**) equal to the relevant percentage set out in the table below of the principal amount of the Facility Z Advance being prepaid on the due date of such prepayment, if prepaid during the twelve-month period beginning on July 1 of the years indicated below:

Year	Relevant Percentage
2015	%
2016	%
2017	%
2018 and thereafter	0.000%

Such payment shall be due and payable by UPC Broadband to the Facility Agent (for the account of the Additional Facility Z Lender) on the actual date of such prepayment.

17. Notwithstanding Clauses 15 and 16 above, no Prepayment Premium, Make-Whole Amount or Additional Amount shall be payable in connection with a voluntary prepayment of the whole of the outstanding Facility Z Advance by UPC Broadband pursuant to Clause 7.3 (Voluntary prepayment) of the Credit Agreement that is made following the completion of the UPC Exchange Transaction (as defined in the Indenture), provided that the Borrower has given notice of such prepayment not later than three Business Days prior to the completion of the UPC Exchange Transaction and such prepayment is made on the completion of the UPC Exchange Transaction.

18. The Additional Facility Z Lender acknowledges that the Borrower may discharge all or part of the Facility Z Advance pursuant to Clause 7.3 (Voluntary prepayment) of the Credit Agreement in connection with the UPC Exchange Transaction by way of one or a combination of (1) a cash prepayment, (2) an issue of new notes or (3) the purchase of the existing Notes (in the case of (2) and (3), in accordance with the mechanisms, and on the terms, agreed between the Borrower and the Additional Facility Z Lender at the relevant time and provided that the amount and date of such discharge is notified to the Facility Agent in writing by the Borrower and the Additional Facility Z Lender on or before the date of such discharge). The parties to this Agreement acknowledge that this Agreement may require amendment (in accordance with the relevant provisions of the Credit Agreement) to facilitate the discharge of all or part of the Facility Z Advance in connection with the UPC Exchange Transaction and agree to discuss and negotiate any such amendments in good faith at the relevant time.

19. For the purposes of any amendment or waiver (including with respect to any existing Default or Event of Default) that may be sought by UPC Broadband and UPC Financing under the Credit Agreement on or after the date of this Agreement, the Additional Facility Z Lender hereby consents to any and all of the following (and this Agreement shall constitute the Additional Facility Z Lender's irrevocable and unconditional written consent for the purposes of Clause 25 of the Credit Agreement without any further action required on the part of any Party):

    (a) any amendment, waiver or other modification to the Credit Agreement or any other Finance Document to provide that an "Additional Facility Commitment" and an "Advance" (and any participation therein) as set forth in Clause 1.1 of the Credit Agreement shall be deemed to be cancelled (with respect to any Additional Facility Commitment) and not outstanding (with respect to any Advance) for purposes of voting or consents (other than any vote or consent related to non-payment of such Advance) under the Credit Agreement if UPC Broadband Holding has delivered to the Facility Agent a duly completed Cancellation Notice with respect to such Additional Facility Commitment or advance; provided that any such Advance shall remain due and payable on the applicable prepayment date and, if not repaid in full on the applicable prepayment date, then all voting or consent rights with respect thereto shall be reinstated with retroactive effect from the date of delivery of such Cancellation Notice;

    (b) any amendment, waiver or other modification to the Credit Agreement or any other Finance Document to reduce the percentage specified in the definition of "Majority Lenders" in Clause 1.1 of the Credit Agreement from 66⅔ per cent. to a percentage that is not less than 50.1 per cent. (for any or all purposes under the Credit Agreement or any other Finance Document);

    (c) any amendment, waiver or other modification to the Credit Agreement or any other Finance Document to change the definition of "Western Europe" in Clause 1.1 of the Credit Agreement to include the countries that comprise the European Union as of a specified date more recent than the Effective Date, or from time to time (in addition to Scandinavia and Switzerland);

    (d) any amendment, waiver or other modification to the Credit Agreement or any other Finance Document to change the definition of "Acquisition Business Plan" and the definition of "Borrower Group Business Plan" in Clause 1.1 of the Credit Agreement to limit the time period covered by any business plan of the Target or, as applicable, the Borrower Group (including the Target) to a period of not less than the earlier of five years following the date of the relevant Acquisition and the Final Maturity Date;

(e) any amendment, waiver or other modification to the Credit Agreement or any other Finance Document to eliminate the limitations set forth in subclause (b)(i) of the definition of "Permitted Acquisition" in Clause 1.1 of the Credit Agreement and in subclause (b)(i) of the definition of "Permitted Joint Venture" in Clause 1.1 of the Credit Agreement with respect to businesses conducted in Great Britain and/or Germany;

(f) any amendment, waiver or other modification to the Credit Agreement or any other Finance Document to eliminate the requirements set forth in subclause (b)(ii)(A)(II) of the definition of "Permitted Acquisition" in Clause 1.1 of the Credit Agreement and in subclause (b)(ii)(A)(II) of the definition of "Permitted Joint Venture" in Clause 1.1 of the Credit Agreement to deliver the financial projections specified therein, or to reduce the time period for compliance stated in either subclause;

(g) any amendment, waiver or other modification to the Credit Agreement or any other Finance Document to increase the amount of secured indebtedness specified in subclause (n) of the definition of "Permitted Security Interest" in Clause 1.1 of the Credit Agreement from €15,000,000 to an amount not to exceed €100,000,000 (or its equivalent);

(h) any amendment, waiver or other modification to the Credit Agreement or any other Finance Document to eliminate the reporting requirements set forth in subclause (c) of Clause 16.2 of the Credit Agreement, or to change the time period for compliance specified therein;

(i) any amendment, waiver or other modification to the Credit Agreement or any other Finance Document to include as a "Permitted Disposal" under Clause 16.10(b)(xvi) of the Credit Agreement the disposal of any person or asset if: (i) at the time of such disposal, UPC Broadband has contractually committed or agreed to a future Acquisition and such an Acquisition occurs within twelve months (or less) of the disposal; (ii) the Remaining Percentage would not be exceeded if the aggregate percentage value of the contemplated Acquisition is added to the calculation and tested at the time of the disposal on a pro forma basis (giving effect to the Annualised EBITDA of the Target based on then available historical financial information) and on an actual basis at the completion of the Acquisition (and for these purposes (A) subclause 16.10(c)(z) of the Credit Agreement would be disapplied so that the Remaining Percentage could exceed 17.5 per cent. in respect of the relevant disposal and (B) subclause 16.10(c)(x) of the Credit Agreement would be disapplied so that the percentage of the Annualised EBITDA of the Borrower Group represented by the Annualised EBITDA of the relevant disposal could be more than the Remaining Percentage immediately prior to such disposal, in each case provided the Remaining Percentage would not be exceeded once any contemplated Acquisition is taken into account as described in this subparagraph (ii)); and (iii) for the purpose of the certificate required in Clause 16.10(b)(xvi)(C), the financial ratios are calculated giving pro forma effect to such Acquisition (based on the then available historical financial information of the Target and including the Annualised EBITDA of the Target and any Financial Indebtedness expected to be incurred by the Borrower Group to finance such Acquisition) (and any such amendment, waiver or other modification contemplated by this subclause (h) may apply to all such disposals and future Acquisitions or only to specified disposals and Acquisitions);

(j) any amendment, waiver or other modification to the Credit Agreement or any other Finance Document to eliminate the provision set forth in subclause (c)(y) of Clause 16.10 of the Credit Agreement that the percentage value of a Reinvestment shall be disregarded if the Annualised EBITDA of the members of the Borrower Group derived from persons or assets located in Western Europe is less than 66⅔ per cent. of the Annualised EBITDA of the Borrower Group, or to change the percentage or the geographical limitation specified therein;

(k) any amendment, waiver or other modification to the Credit Agreement or any other Finance Document to increase the amount of Financial Indebtedness specified in Clause 16.12(b)(xvii) of the Credit Agreement from €25,000,000 to an amount not to exceed €100,000,000 (or its equivalent);

(l) any amendment, waiver or other modification to the Credit Agreement or any other Finance Document to change the calculation of any financial ratio that requires the calculation of Senior Debt and/or Total Debt to provide for the netting of cash and cash equivalents (to be defined substantially in line with and/or with reference to standard language used in the European banking market) against Senior Debt and/or Total Debt; and

(m) any consequential amendment, waiver or other modification to the Credit Agreement or any other Finance Document arising as a direct result of the changes envisaged in subclauses (a) to (l) of this Clause 19.

The Additional Facility Z Lender hereby waives receipt of any fee in connection with the foregoing consent, notwithstanding that other consenting Lenders under the Credit Facility may be paid a fee in consideration of such Lenders' consent to any or all of the foregoing amendments, waivers or other modifications.

20. In the event that the Additional Facility Z Lender is eligible or required to vote (or otherwise consent) with respect to any matter (other than the matters specified in paragraphs (a) through (m) of Clause 19 above) arising from time to time under the Credit Agreement or this Agreement the Facility Agent will apply the votes of the Additional Facility Z Lender in accordance with a written direction to be provided by the Additional Facility Z Lender or the Trustee (on behalf of the Additional Facility Z Lender). The Additional Facility Z Lender agrees that it will give any such direction in accordance with the provisions of Section 9.01 of the Indenture. For the avoidance of doubt, the Facility Agent may rely on any such directions received and shall have no duty to enquire or monitor as to whether such direction complies with Section 9.01 of the Indenture.

21. Each of UPC Broadband and UPC Financing confirms, on behalf of themselves and each other Obligor that the representations and warranties set out in Clause 15 (Representations and Warranties) of the Credit Agreement (with the exception of Clauses 15.6(a) (Consents), 15.10 (Financial condition), 15.12 (Security Interests), 15.13(b) (Litigation and insolvency proceedings), 15.14 (Business Plan), 15.15 (Tax liabilities), 15.16 (Ownership of assets), 15.18 (Works Council), 15.19 (Borrower Group Structure), 15.20 (ERISA), 15.24 (UPC Financing) and 15.25 (Dutch Banking Act)) are true and correct as if made at the Effective Date with reference to the facts and circumstances then existing, and as if each reference to the Finance Documents includes a reference to this Agreement.

22. UPC Broadband further represents and warrants on the Effective Date that the execution and delivery by it of this Agreement and the performance of the transactions contemplated by this Agreement will not violate any agreement or instrument to which UPC Holding is a party or binding upon UPC Holding or any member of the Borrower Group or any assets of UPC Holding or any member of the Borrower Group's assets, where such violation would or is reasonably likely to have a Material Adverse Effect.

23. The Additional Facility Z Lender confirms to each Finance Party that:

(a) it has made its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Credit Agreement and has not relied on any information provided to it by a Finance Party in connection with any Finance Document; and

(b) it will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Credit Agreement or any Additional Facility Commitment is in force.

24. The Additional Facility Z Lender agrees to waive the notice period in respect of delivery of drawdown requests under Clause 5.1 (Delivery of Request) of the Credit Agreement in respect of the Facility Z. The Additional Facility Z Lender, the Borrower and the Facility Agent acknowledge and agree that (a) the Facility Z Advance shall be made by the Additional Facility Z Lender directly to the Borrower to an account notified by the Borrower to the Additional Facility Z Lender, rather than through the Facility Agent, and (b) in respect of any other payments of principal, interest or other amounts due under Facility Z, (i) the Borrower shall make payments payable by it to the Additional Facility Z Lender directly to the Additional Facility Z Lender (or to such account as the Additional Facility Z Lender may specify), and (ii) the Additional Facility Z Lender shall make payments payable by it to the Borrower directly to the Borrower (or to such account as the Borrower may specify). The Additional Facility Z Lender agrees that it shall promptly notify the Facility Agent if the Borrower fails to make any payment under subclause (b)(i) of this Clause 24 when due, and the

Borrower agrees that it shall promptly notify the Facility Agent if the Additional Facility Z Lender fails to make any payment under subclause (b)(ii) of this Clause 24 when due.

25. The Facility Office and address for notices of the Additional Facility Z Lender for the purposes of Clause 32.2 (Addresses for notices) of the Credit Agreement will be that notified by the Additional Facility Z Lender to the Facility Agent.

26. The Facility Agent may provide copies of the Indenture, or disclose its contents, to any Finance Party upon request by that Finance Party.

27. This Agreement and any non contractual obligations arising out of or in connection with it are governed by English law.

28. This Agreement may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of an executed counterpart signature page of this Agreement by e-mail (PDF) or telecopy shall be as effective as delivery of a manually executed counterpart of this Agreement. In relation to each counterpart, upon confirmation by or on behalf of the signatory that the signatory authorises the attachment of such counterpart signature page to the final text of this Agreement, such counterpart signature page shall take effect together with such final text as a complete authoritative counterpart.

29. For purposes of any assignment, transfer or novation of rights and/or obligations (in whole or in part) by a Lender in respect of Facility Z under Clause 26.2 (Transfers by Lenders) of the Credit Agreement, UPC Broadband hereby consents to any assignment, transfer or novation made by the Additional Facility Z Lender (including any subsequent Lender under Facility Z) following an Event of Default (as defined in the Indenture), provided that any such assignment, transfer or novation in part shall be in a minimum amount of $150,000. The Additional Facility Z Lender may only deliver to the Facility Agent a completed assignment or transfer document or Novation Certificate (as applicable) if at that time it confirms to the Facility Agent in writing that such assignment, transfer or novation is not prohibited under the terms of any agreement that is binding on it or any of its assets.

SCHEDULE 1

ADDITIONAL FACILITY Z LENDER AND COMMITMENT

Additional Facility Z Lender	Facility Z Commitment
UPCB Finance III Limited	$ 1,000,000,000
Total	**$ 1,000,000,000**

SCHEDULE 2

CONDITIONS PRECEDENT DOCUMENTS

1. Constitutional Documents

(a) A copy of the constitutional documents of each Obligor (other than UPC Financing) and the partnership agreement of UPC Financing or, if the Facility Agent already has a copy, a certificate of an authorised signatory of the relevant Obligor confirming that the copy in the Facility Agent's possession is still correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

(b) An extract of the registration of each Obligor established in the Netherlands in the trade register of the Dutch Chamber of Commerce.

2. Authorisations

(a) A copy of a resolution of the board of managing and, to the extent applicable, board of supervisory directors (or equivalent) and, to the extent that a shareholders' resolution is required, a copy of the shareholders' resolution of each Obligor:

(i) approving the terms of and the transactions contemplated by this Agreement and (in the case of UPC Broadband and UPC Financing) resolving that it execute the same (and, in the case of the Guarantors and the Charging Entities (as defined in the Security Deed) resolving that it execute the confirmation described at paragraph 4(a) below; and

(ii) (in the case of UPC Broadband and UPC Financing) authorising the issuance of a power of attorney to a specified person or persons to execute this Agreement on its behalf and (in the case of the Guarantors and the Charging Entities (as defined in the Security Deed)) authorising the issuance of a power of attorney to a specified person or persons to execute the confirmation described in paragraph 4(a) below.

(b) A specimen of the signature of each person authorised pursuant to its constitutional documents or to the power of attorney referred to in paragraph (a) above to sign this Agreement or the confirmation described in paragraph 4(a) below (as appropriate).

(c) A certificate of an authorised signatory of UPC Broadband, each Guarantor and each Charging Entity certifying that each copy document specified in this Schedule and supplied by UPC Broadband, each Guarantor and each Charging Entity is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

(d) A copy of any other authorisation or other document, opinion or assurance which the Facility Agent has notified UPC Broadband is necessary in connection with the entry into and performance of, and the transactions contemplated by, this Agreement or for the validity and enforceability of this Agreement.

3. Legal opinions

(a) A legal opinion of Allen & Overy LLP, English legal advisers to the Facility Agent, addressed to the Finance Parties.

(b) A legal opinion of Allen & Overy LLP, Dutch legal advisers to the Facility Agent, addressed to the Finance Parties.

(c) A legal opinion of Allen & Overy LLP, New York legal advisers to the Facility Agent, addressed to the Finance Parties.

4. Other documents

(a) Confirmation (in writing) from (i) each of the Guarantors that its obligations under Clause 14 (Guarantee) of the Credit Agreement and (ii) each of the Charging Entities (as defined in the Security Deed) that the Security Interests granted to the Beneficiaries pursuant to the Security Documents and its obligations under the Finance Documents, shall continue unaffected and that such obligations extend to the Total Commitments as increased by the addition of Facility Z and that such obligations shall be owed to each Finance Party including the Additional Facility Z Lender.

SIGNATORIES

Facility Agent and Security Agent

THE BANK OF NOVA SCOTIA as Facility Agent

By:

THE BANK OF NOVA SCOTIA as Security Agent

By:

SIGNATORIES

Additional Facility Z Lender

UPCB FINANCE III LIMITED

By:

SIGNATORIES

UPC BROADBAND HOLDING B.V.

By:

UPC FINANCING PARTNERSHIP

By:

Dated [•] February 2011

DEED OF COVENANT

relating to $1,000,000,000
Senior Secured Notes due 2020

among

UPC BROADBAND HOLDING B.V.

as the Company,

UPCB FINANCE III LIMITED

as Issuer

and

UPC FINANCING PARTNERSHIP

Ropes & Gray LLP
5 New Street Square
London EC4A 3BF

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This **DEED OF COVENANT** (this "**Agreement**") is dated as of [●] February 2011 and is made between:

(1) **UPCB FINANCE III LIMITED**, a limited liability company incorporated under the laws of the Cayman Islands whose registered office is at PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands (the "**Issuer**");

(2) **UPC BROADBAND HOLDING B.V.**, a limited liability company organised and existing under the laws of The Netherlands whose registered office is at Boeing Avenue, 1119 PE Schiphol Rijk, Amsterdam (the "**Company**"); and

(3) **UPC FINANCING PARTNERSHIP**, a UPC Financing Partnership, a general partnership formed under the laws of Delaware, United States with its principal place of business at 4643 South Ulster Street, Suit 1300, Denver, Colorado 80237, USA. ("**UPC Financing**")

RECITALS:

(A) By an indenture dated on or about the date of this Agreement and made between, inter alios, the Issuer and The Bank of New York Mellon as trustee (the "**Trustee**") (together with any supplemental indenture or amendment entered into or in connection therewith, the "**Indenture**"), the Issuer agreed with the Trustee, for itself and for the benefit of the Holders, to issue $1,000,000,000 in aggregate principal amount of senior secured notes due 2020 under and in accordance with the terms and conditions of the Indenture.

(B) This Agreement is the Deed of Covenant referred to in the Indenture.

(C) The Company is entering into this Agreement pursuant to which it shall undertake to ensure compliance with certain covenants as detailed in this Agreement.

(D) It is a condition precedent to the issuance of the Notes by the Issuer that the Company enters into this Agreement.

THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions and Interpretation

"**Additional Facilities**" has the meaning given to such term in the UPC Broadband Holding Bank Facility.

"**Available Disposal Proceeds**" means, with respect to any Disposal Proceeds that are required to be applied to prepay any Additional Facilities pursuant to Clause 7.6 (Mandatory prepayment from disposal proceeds) of the UPC Broadband Holding Bank Facility, an amount of such Disposal Proceeds that bears the same proportion to the total Disposal Proceeds as the aggregate principal amount of the Finco Loan bears to the aggregate principal amount of all Advances outstanding under the UPC Broadband Holding Bank Facility.

"**Majority Lenders**" has the meaning given to that term in the UPC Broadband Holding Facility Agreement.

"**UPCB Group**" means the Company and its subsidiaries.

"**UPCB Lender**" and "**UPCB Lenders**" means a lender or lenders under the UPC Broadband Holding Bank Facility from time to time.

"**UPCB Loan**" means any Advance (as defined in the UPC Broadband Holding Bank Facility).

"**UPC Broadband Holding Bank Facility**" means the Senior Secured Credit Facility Agreement dated 16th January 2004 (as amended on 10 May 2006, 11 December 2006, 16 April 2007, 30 April 2009 and 9 June 2009 and from time to time) between, amongst others, UPC Broadband Holding B.V., the obligors listed therein and The Bank of Nova Scotia as facility agent and security agent.

1.2 Effect of Headings

The Clause headings herein are for convenience only and shall not affect the construction hereof.

1.3 Construction

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) terms used in this Agreement but not defined in this Agreement shall have the meanings given to them in the Indenture;

(b) the terms defined in this Clause 1.1 have the meanings assigned to them in this Clause 1.1 and include the plural as well as the singular;

(c) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Clause or other subdivision; and

(d) all references herein to particular Clauses refer to this Agreement unless otherwise so indicated.

2. COVENANTS

So long as any Notes remain outstanding under the Indenture, each of the Company and UPC Financing covenants with, and undertakes to, the Issuer the following:

2.1 Mandatory Prepayment from Disposal Proceeds

(a) In the event the Company, any other member of the UPCB Group or UPC Financing is required to prepay, or to procure that there is prepaid any amount of the Additional Facilities with Disposal Proceeds pursuant to Clause 7.6 (Mandatory prepayment from disposal proceeds) of the UPC Broadband Holding Bank Facility, the Company and UPC Financing will elect, in their sole discretion, to either:

(i) (A) by notice to the Issuer and the Trustee, offer to prepay a principal amount of the Finco Loan equal to the lesser of (I) the Available Disposal Proceeds and (II) the aggregate principal amount of the Notes tendered in the Asset Sale Offer to be made by the Issuer pursuant to the Indenture in respect of such Available Disposal Proceeds, which notice will further state that the Company and UPC Financing are required to make a prepayment of the Finco Loan pursuant to Clause 7.6 of the UPC Broadband Holding Bank Facility, will include the amount of Available Disposal Proceeds to be applied to prepay the Finco Loan and will be given not less than 25 Business Days prior to the date of such prepayment; and

(B) on or prior to the settlement date for the Asset Sale Offer made by the Issuer in respect of such Available Disposal Proceeds, the Company and UPC Financing will prepay (or procure the prepayment of) a principal amount of the Finco Loan equal to the lesser of (I) the Available Disposal Proceeds and (II) the aggregate principal amount of Notes tendered in such Asset Sale Offer; or

(ii) on not less than 10 Business Days' notice to the Issuer, prepay (or procure the prepayment of) the Finco Loan in an amount equal to the Available Disposal Proceeds plus a payment in an amount equal to the payment (set forth in Clause 14 of the Finco Accession Agreement) that would be payable by the Company to the facility agent under the UPC Broadband Holding Bank Facility (for the account of the Issuer), if any, if such prepayment were made on such date pursuant to Clause 7.3 (Voluntary prepayment) of the UPC Broadband Holding Bank Facility;

(b) Neither the Company nor UPC Financing will prepay, or procure that there is prepaid, any amount of the Finco Loan pursuant to Clause 7.6 of the UPC Broadband Holding Bank Facility except as set forth in clause (a) above.

2.2 Open Market Purchases of UPCB Loans

Neither the Company nor UPC Financing will, and the Company will procure that none of UPC Holding or any of its other subsidiaries will, make any offer to purchase or otherwise acquire any UPCB Loans (whether through a tender offer process or other process) if such offer is at a price below the relevant prevailing market price for such UPCB Loans and includes all or a portion of the Finco Loan held by the Issuer, unless (i) the Issuer makes a contemporaneous offer to purchase the Notes on substantially similar terms as the offer to purchase such UPCB Loans and (ii) the consideration offered to holders of the Notes is not less than the consideration they would have received as UPCB Lenders in connection with such offer to purchase UPCB Loans.

2.3 Maintenance of Rating

The Company will use its reasonable best efforts to maintain a rating of the UPC Broadband Holding Bank Facility by Moody's and S&P, provided that, in the event that either Moody's or S&P is no longer available to rate the UPC Broadband Holding Bank Facility, the Company will use its reasonable best efforts to maintain a rating of the UPC Broadband Holding Bank Facility with another "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g(2) under the U.S. Securities Act, such that in each case at least two "nationally recognized statistical rating organization" rate the UPC Broadband Holding Bank Facility. For as long as the UPC Broadband Holding Bank Facility is so rated, the Company will furnish Moody's and S&P or such other nationally recognized statistical rating organization from time to time with any and all documents, instruments, information and undertakings that may be necessary in accordance with Moody's and S&P or such other nationally recognized statistical rating organization's normal requirements in respect of the UPC Broadband Holding Bank Facility.

2.4 Minimum Period for Consents under the Loan Documents

In the event that the Issuer, as a UPCB Lender, is eligible or required to vote (or otherwise consent) with respect to any request by any member of the UPCB Group for any waiver, amendment or supplement to any UPCB Loan Document or any other determination to be made by the UPCB Lenders, other than with respect to the Required Consent Provisions, each of the Company and UPC Financing agrees, and the Company agrees to procure that each other member of the UPCB Group agrees, that the period during which the Issuer, as a UPCB Lender, will be eligible or required to validly vote (or otherwise consent) with respect to any such waiver, amendment, supplement or determination will not be less than 15 Business Days from the date such request is first made to the UPCB Lenders. The Company will distribute, or cause to be distributed, to Holders and all holders of Book-Entry Interests in a Global Note, or otherwise make available (including through the facilities of Euroclear and Clearstream or via an Internet web site or an electronic information provider) all documents related to any such waiver, amendment, supplement or other determination, including all documentation necessary to enable the Holders to vote in the manner set forth in Article 9 (Amendment, Supplement and Waiver) of the Indenture, within three Business Days after the date the request is first made to the UPCB Lenders.

2.5 Payment for Consents

Neither the Company nor UPC Financing will, and the Company will procure that no other member of the UPCB Group will, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any UPCB Lender for or as an inducement to any consent, waiver or amendment under any UPCB Loan Document that is subject to the consent of Majority Lenders or all UPCB Lenders, other than the Required Consent Provisions (as defined in the Indenture), unless (i) such consideration is offered to be paid to the Issuer (as a UPCB Lender) and (ii) if the Issuer consents, waives or agrees to such consent, waiver or amendment in accordance with Article 9 (Amendment, Supplement and Waiver) of the Indenture in the time frame set forth in the solicitation documents relating thereto (including any amendment or supplement thereto), the Issuer is paid such consideration.

2.6 Amendments to Loan Documents to be applied equally to all UPCB Lenders

Neither the Company nor UPC Financing will, and the Company will procure that no member of the UPCB Group will, amend, waive or supplement any UPCB Loan Document requiring the consent of Majority Lenders or all UPCB Lenders to amend, waive or supplement, unless such amendment, waiver or supplement applies on equal terms to all UPCB Lenders; provided, this Clause 2.6 will not apply to (a) any such amendment, waiver or supplement that does not adversely affect the rights of the Issuer or the Holders in any material respect, (b) any such amendment, waiver of supplement consented to by Holders of a majority in aggregate principal amount of the then outstanding Notes in compliance with Article 9 (Amendment, Supplement and Waiver) of the Indenture as if such amendment, waiver or supplement were subject to the majority consent provisions described therein or (c) such amendment, waiver or supplement has been consented to by the requisite UPCB Lenders (as determined in accordance with the UPC Broadband Holding Bank Facility), including the Issuer, but irrespective of whether the Issuer, acting on instructions of the Holders in accordance with the terms of the Indenture, has voted in favor of the amendment, waiver, consent or supplement.

2.7 Information

In the event the Company supplies any report or other information pursuant to the provisions of the UPC Broadband Holding Bank Facility to "public" UPCB Lenders, it shall provide any such report or other information to Holders and all holders of Book-Entry Interests in a Global Note via an Internet web site or an electronic information provider (and the Company shall ensure that the Holders and holders of Book-Entry Interests have access to such website or electronic information provider) at the same time as other "public" UPCB Lenders.

The Company will promptly notify the Issuer, the Trustee, the Holders and the holders of Book-Entry Interest in the Notes of any default (or other event that would constitute or would be reasonably likely to result in a default) under this Agreement, the UPC Broadband Holding Bank Facility, the Finco Accession Agreement, Fee Letter or the UPC Expenses Agreement.

3. COMPANY'S LIABILITY

Notwithstanding any other provision of this Agreement or the Indenture, the liability of the Company and UPC Financing under this Agreement at any time and from time to time shall be limited to the aggregate amount owing to the Issuer under and in connection with the UPC Broadband Holding Bank Facility and any other UPCB Loan Document plus any costs of enforcement.

4. ISSUER'S LIABILITY

(a) Each of the Company and UPC Financing acknowledges and agrees that its rights against the Issuer under this Agreement are limited to the extent that it will not take any action or commence any proceedings against the Issuer to recover any amounts due and payable by the Issuer to it under this Agreement except as expressly permitted by the provisions of this Agreement. Each of the Company and UPC Financing further agrees that it will not take any action or commence any proceedings or petition a court for the liquidation or winding up of the Issuer, nor enter into any arrangement, reorganisation or insolvency proceedings in relation to the Issuer whether under the laws of the Cayman Islands or other applicable bankruptcy laws.

(b) Notwithstanding any provision in this Agreement to the contrary, the obligations of the Issuer to each of the Company and UPC Financing under this Agreement shall be limited to the lesser of (a) the nominal amount of the claim of the Company or (as the case may be) UPC Financing (the "**Claim Amount**") determined in accordance with the terms of this Agreement (other than this clause) (the "**Claim**"); and (b) the product of (i) the Net Proceeds (as defined below) divided by the aggregate of the Claim Amount and all of the obligations of the Issuer ranking *pari passu* with the Claim and (ii) the Claim Amount. In this clause, "**Net Proceeds**" means the net proceeds of realisation of all of the assets of the Issuer other than any assets subject to a mortgage, charge, assignment or pledge in favour of the Security Agent, the proceeds of the issued ordinary share capital of the Issuer and any transaction fees charged by the Issuer in respect of the issuance of the Notes and Additional Notes and any interest earned thereon after payment of, or provision for, all of the Issuer's debts, costs, expenses and other obligations of the Issuer determined by its directors in their absolute discretion other than the Claim and any obligations ranking *pari passu* with or behind the Claim. If there are no Net Proceeds, any outstanding debt shall be extinguished and the Issuer shall have no obligations to the Company or (as the case may be) UPC Financing under this Agreement.

(c) Each of the Company and UPC Financing acknowledges and agrees that the Issuer's obligations under this Agreement are solely its corporate obligations, and that each of the Company and UPC Financing shall not have any recourse against any of the Issuer's directors, officers or employees for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with any transactions contemplated by this Agreement.

(d) This Section 4 shall survive termination for any reason whatsoever of this Agreement.

5. COSTS AND EXPENSES

The Company shall within 10 Business Days of demand pay the Issuer the amount of all costs and expenses (including legal fees) reasonably incurred by it in connection with:

(a) the negotiation, preparation, printing, execution and syndication of this Agreement;

(b) the administration of this Agreement; and

(c) the failure by the Company or UPC Financing to perform or comply with its obligations under this Agreement.

6. ASSIGNMENT AND TRANSFER

(a) Neither the Company nor UPC Financing may sell, transfer or assign any of its rights or obligations under or pursuant to this Agreement.

(b) The Issuer may not sell, transfer or assign any of its rights or obligations in, to and under this Agreement, without the consent of the Company, other than pursuant to the Notes Security Documents (including any enforcement thereunder) or, where an Event of Default has occurred and is continuing, in accordance with the terms of the Indenture.

7. NOTICES

(a) Unless otherwise agreed between the parties, all notices or other communications under or in connection with this Agreement shall be given in writing and, unless stated, may be made by letter, telex or facsimile or email (where such notice or communication is not required to be signed by an authorised signatory, other officer or board of the relevant entity and the form of such notice or communication does not provide for signature by an authorised signatory, other officer or board of the relevant entity) delivered to the relevant address, telex, facsimile or email details notified by each party to the other prior to the date of this Agreement unless otherwise agreed.

(b) Any such notice will be deemed to be given as follows:

(i) if by letter, when delivered personally or on actual receipt; and

(ii) if by facsimile or e-mail, when received in legible form.

(c) A notice given in accordance with the above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

(d) The parties agree that copies of all notices or other communications given under or in connection with this Agreement shall be delivered to the Trustee at the same time and in the same manner as such notice or other communication.

8. GOVERNING LAW

This Agreement, and any non-contractual obligations arising under or in connection with it, shall be governed and construed in accordance with English law.

9. JURISDICTION

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement) (a "**Dispute**").

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) Without prejudice to any other mode of service allowed under any relevant law, the Company:

(i) irrevocably appoints UPC Services Ltd, 4th Floor, Michelen House, 81 Fulham Road, London, SW3 6RD as its agent for service of process in relation to any proceedings before the English courts in connection with this Agreement; and

(ii) agrees that failure by a process agent to notify it of the process will not invalidate the proceedings concerned.

10. THIRD PARTY RIGHTS

(a) A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding clause 10(a) to the contrary, the Trustee and each Holder shall have the right under the Contracts (Rights of Third Parties) Act 1999 to enforce its rights under this Agreement.

11. PARTIAL INVALIDITY

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

12. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be an original, and all counterparts together shall constitute one and the same instrument. Delivery of an executed counterpart signature page of this Agreement by e-mail (PDF) or telecopy shall be as effective as delivery of a manually executed counterpart of this Agreement. In relation to each counterpart, upon confirmation by or on behalf of the signatory that the signatory authorises the attachment of such counterpart signature page to the final text of this Agreement, such counterpart signature page shall take effect together with such final text as a complete authoritative counterpart.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as a deed on the day and year first before written.

Executed as a deed by
UPCB FINANCE III LIMITED
acting by [NAME OF
AUTHORISED SIGNATORY]

. . . .
Authorised signatory

Executed as a deed by
UPC BROADBAND HOLDING B.V.
acting by [NAME OF
AUTHORISED SIGNATORY]
and [NAME OF
AUTHORISED SIGNATORY

. . . .
Authorised signatory

. . . .
[Authorised signatory]

Executed as a deed by
UPC FINANCING PARTNERSHIP
acting by [NAME OF
AUTHORISED SIGNATORY]
and [NAME OF
AUTHORISED SIGNATORY

. . . .
Authorised signatory

. . . .
[Authorised signatory]

INTERCREDITOR TERM SHEET

Definitions	"**Notes**" means all senior secured notes issued from time to time or at any time by UPC Broadband Holding or UPC Financing and designated by UPC Broadband Holding as notes to which the intercreditor should apply. "**Total Senior Debt**" means the total amount outstanding (from time to time) in respect of Advances and all drawn and undrawn Additional Facility Commitments extended to a Borrower under the UPC Broadband Holding Bank Facility and the aggregate principal amount (from time to time) of all outstanding Notes. "**UPC Broadband Holding**" means UPC Broadband Holding B.V. and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets. "**UPC Broadband Holding Bank Facility**" means the Senior Secured Credit Facility Agreement dated 16th January 2004 (as amended on 10 May 2006, 11 December 2006, 16 April 2007, 30 April 2009 and 9 June 2009) between UPC Broadband Holding B.V., the obligors listed therein, Toronto Dominion (Texas) LLC, as facility agent, and TD Bank Europe Limited as security agent and, upon repayment of all liabilities under the Senior Secured Credit Facility Agreement and cancellation of all undrawn commitments thereunder, any facility agreement designated a "Refinancing Facilities Agreement" by written notice from UPC Broadband Holding. "**UPC Financing**" means UPC Financing Partnership and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets. "**UPC Broadband Holding Lenders**" means a lender or lenders under the UPC Broadband Holding Bank Facility from time to time. "**UPC Broadband Holding Loans**" means loans extended to UPC Broadband Holding or UPC Financing Partnership or any Additional Borrower under the UPC Broadband Holding Bank Facility. Terms not otherwise defined in this term sheet have the meanings set out in the UPC Broadband Holding Bank Facility.
Ranking	The Notes and any related hedging liabilities will constitute first-ranking senior secured indebtedness *pari passu* with the UPC Broadband Holding Loans and all related hedging liabilities without any priority amongst themselves. Proceeds will be applied *pro rata* after payment of agency and trustee fees and related costs and expenses.
Security/Guarantees	The Notes and any related hedging liabilities will be fully secured by the same guarantee and security package as the UPC Broadband Holding Loans and all related hedging liabilities will also be fully secured.
Voting	• Where the aggregate principal amount of outstanding Notes represents less than 50% of the aggregate outstanding principal amount of Total Senior Debt, enforcement to be by the security trustee on instruction from instructing group of UPC Broadband Holding Lenders representing 66⅔% of amount outstanding under the UPC Broadband Holding Loans.

	• Where the aggregate principal amount of outstanding Notes represents 50% or more of the aggregate outstanding principal amount of Total Senior Debt for a 60 day period, enforcement to be by the security trustee on instruction from instructing group of UPC Broadband Holding Lenders and holders of Notes representing 66⅔% of the aggregate outstanding principal amount of Total Senior Debt.
Enforcement	Subject to general intercreditor terms, the Notes will at all times retain rights to demand payment, declare prematurely due or accelerate any interest or principal; perfect and preserve rights in security; institute legal proceedings to seek injunctive relief or assert rights of an unsecured creditor; file opposing pleadings; file statements of interest upon insolvency event.
Purchase by holders of Notes	Prior to commencement of enforcement action and where the aggregate principal amount of outstanding Notes represents less than 50% of the aggregate outstanding principal amount of Total Senior Debt, holders of Notes can buy out UPC Broadband Holding Lenders at par or otherwise with their consent, at less than par.
Turnover	Any payments received by a UPC Broadband Holding Lender, holder of Notes or hedging counterparty in excess of their *pro rata* entitlement must be paid to the security trustee to be shared *pro rata* among all creditors based on aggregate outstanding principal amount and undrawn commitments.
Amendments/Waivers	• Any Finance Document relating to the UPC Broadband Holding Loans may be amended, restated, supplemented or otherwise modified from time to time in accordance with their terms, provided that such amendment, restatement, supplement or other modification is not inconsistent with the terms of the intercreditor agreement. • Any document relating to the Notes may be amended, restated, supplemented or otherwise modified from time to time in accordance with their terms, provided that such amendment, restatement, supplement or other modification is not inconsistent with the terms of the intercreditor agreement.
Other provisions	The intercreditor agreement will be based on the LMA standard form intercreditor agreement but amended as required to incorporate the terms of this term sheet and otherwise as to reflect the then current market practice.
Governing law and Jurisdiction	England and Wales

THE ISSUER

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