

## IMPORTANT NOTICE

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

**IMPORTANT: You must read the following before continuing.** The following applies to the preliminary supplement (the “**Supplement**”) and to the offering memorandum dated March 31, 2015 attached thereto (the “**Original Offering Memorandum**”) and, together with the Supplement, the “**Offering Memorandum**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of this Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

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

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

**Confirmation of your Representation:** In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities, investors must be either (1) Qualified Institutional Buyers (“**QIBs**”) (within the meaning of Rule 144A under the U.S. Securities Act) or (2) non-U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) outside the U.S.; provided that investors resident in a Member State of the European Economic Area must be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC as amended (including by Directive 2010/73/EU) and any relevant implementing measure in each Member State of the European Economic Area). This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) not a U.S. person and that the electronic mail address that you gave us and to which this Offering Memorandum has been delivered is not located in the U.S. (and if you are resident in a Member State of the European Economic Area, you are a qualified investor) and (2) that you consent to delivery of such Offering Memorandum by electronic transmission.

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

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

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the initial purchasers, UPCB Finance IV Limited, UPC Financing Partnership, UPC Broadband Holding B.V., UPC Holding B.V., Liberty Global Europe Holding B.V., Liberty Global plc or any person who controls them or any director, officer, employee or agent of any of theirs or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.

Subject to completion, dated May 13, 2015

CONFIDENTIAL PRELIMINARY OFFERING  
MEMORANDUM SUPPLEMENT

NOT FOR GENERAL CIRCULATION  
IN THE UNITED STATES



**\$340,000,000 5<sup>3</sup>/<sub>8</sub>% Senior Secured Notes due 2025**  
issued by  
**UPCB Finance IV Limited**

UPCB Finance IV 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 \$340 million aggregate principal amount of its 5<sup>3</sup>/<sub>8</sub>% senior secured notes due 2025 (the “**Additional Notes**”). The Additional Notes are being offered as additional notes under an indenture (the “**Indenture**”) dated as of April 15, 2015 (the “**Original Issue Date**”) by and among, *inter alios*, the Issuer, as Issuer, and The Bank of New York Mellon, London Branch, as Trustee, pursuant to which the Issuer issued \$800 million aggregate principal amount of its 5<sup>3</sup>/<sub>8</sub>% senior secured notes due 2025 (the “**Original Dollar Notes**” and, together with the Additional Notes, the “**Dollar Notes**”) and €600 million aggregate principal amount of its 4% senior secured notes due 2027 (the “**Euro Notes**” and, together with the Original Dollar Notes, the “**Original Notes**”). The Additional Notes and the Original Dollar Notes will be treated as a single class under the Indenture for purposes of redemptions and offers to purchase and, except as otherwise stated herein, the Additional Notes and the Original Notes will be treated as a single class for all other purposes under the Indenture, including with respect to waivers and amendments. The Dollar Notes will mature on January 15, 2025. The Issuer will pay interest on the Dollar Notes semi-annually in cash on each January 15 and July 15, commencing on January 15, 2016. Interest on the Additional Notes will accrue from the Original Issue Date.

The Original Dollar Notes were offered pursuant to an offering memorandum dated March 31, 2015 (the “**Original Offering Memorandum**”). The Original Offering Memorandum is attached as Annex B to this offering memorandum supplement (the “**Supplement**”, and together with the Original Offering Memorandum, the “**Offering Memorandum**”). This Supplement supplements the Original Offering Memorandum and supersedes information in the Original Offering Memorandum to the extent inconsistent with information included in the Supplement. Unless so supplemented or modified, information in the Original Offering Memorandum is current as of the date of this Supplement. Investors should read the Original Offering Memorandum together with this Supplement in connection with any decision to invest in the Additional Notes. The Additional Notes and the Original Notes are referred to in this Supplement as the “**Notes**”. Capitalized terms used in this Supplement and not otherwise defined in this Supplement shall have the meanings assigned to them in the Original Offering Memorandum.

The proceeds from the offering of the Additional 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 “**Additional Dollar Finco Loan**”), denominated in U.S. dollars and borrowed by UPC Financing Partnership (“**UPC Financing**”). Each of the Additional Dollar Finco Loan and the additional facility under the UPC Broadband Holding Bank Facility funded with the proceeds of the Original Dollar Notes (the “**Original Dollar Finco Loan**”) will have substantially the same terms and will constitute a “**Finco Loan**” for purposes of the Indenture and related documents and, together, will be deemed to constitute a single additional facility for purposes of the UPC Broadband Holding Bank Facility. The Additional Dollar Finco Loan and the Original Dollar Finco Loan are collectively referred to in this Supplement as the “**Dollar Finco Loan**”. UPC Financing is an entity indirectly wholly-owned by UPC Holding B.V. (“**UPC Holding**”). The Issuer is dependent upon payments under the Additional Dollar Finco Loan and related agreements to make payments under the Additional Notes. The Issuer will apply payments it receives under the Additional Dollar Finco Loan and such related agreements, including in respect of principal, premiums and interest, to make corresponding payments under the Additional Notes.

The accession agreements related to the Dollar Finco Loan will provide for the payment of certain premiums in connection with certain voluntary and mandatory prepayments of the Dollar Finco Loan that will enable the Issuer to pay the premiums payable in respect of corresponding redemptions of the Dollar Notes, as described in “*Description of the Notes—Redemption and Repurchase*”. Some or all of the Dollar Notes may be redeemed at any time prior to January 15, 2020, at a price equal to 100% of the principal amount of the Dollar Notes redeemed plus accrued and unpaid interest to (but excluding) the redemption date and the “make whole” premium, as described in this Offering Memorandum. The Dollar Notes may be redeemed at any time on or after January 15, 2020 at the redemption prices set forth in this Offering Memorandum. In addition, at any time prior to January 15, 2018, the Issuer may redeem up to 40% of the Dollar Notes with the net proceeds of one or more specified equity offerings at the redemption prices set forth in this Offering Memorandum. Prior to January 15, 2020, during each 12-month period commencing on the Original Issue Date, the Issuer may redeem up to 10% of the principal amount of the Dollar Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to (but excluding) the redemption date.

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 Dollar Finco Loan plus a payment equal to 1% of the principal amount of the Dollar Finco Loan. Following such repayment, the Issuer will redeem all of the Dollar 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. 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 Dollar Finco Loan in an aggregate amount equal to the principal amount of the Dollar 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 Dollar Finco Loan pro rata with the other Finco Loans (as defined in the Offering Memorandum) 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 the Dollar Notes. See “*Description of the Notes—Redemption and Repurchase—Disposal Proceeds*”. Further, the Dollar 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 Dollar Notes. Other than under the limited circumstances described herein, holders of the Dollar 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 Dollar 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 Dollar Finco Loan and agreements related thereto.

The Original Notes are, and the Additional Notes will be, senior obligations of the Issuer. The Original Notes are, and the Additional Notes will be, secured by, among other things, a first ranking security interest over the Issuer’s rights to and benefit in the Finco Loans (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 Original Notes and the Additional 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 15 of this Supplement and “*Risk Factors*” beginning on page 30 of the Original Offering Memorandum for a discussion of certain risks that you should consider in connection with an investment in any of the Additional Notes.

The Dollar 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 Additional 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 Dollar Notes see “*Plan of Distribution*” and “*Transfer Restrictions*”.

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

The Additional Notes will be in registered form in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. The Additional Notes will be represented on issue by one or more global notes, which will be delivered through The Depository Trust Company (“**DTC**”), on or about (the “**Issue Date**”). The Additional Notes sold pursuant to Regulation S under the U.S. Securities Act will have different international securities identification numbers and CUSIP numbers from, and will not trade fungibly with, the Original Dollar Notes during the period prior to and including the 40<sup>th</sup> day following the Issue Date. After the 40<sup>th</sup> day following the Issue Date, certain selling restrictions with respect to the Additional Notes sold pursuant to Regulation S under the U.S. Securities Act, will terminate and the Additional Notes will become fully fungible with, and have the same international securities identification numbers and CUSIP numbers as, the Original Dollar Notes sold pursuant to Regulation S under the U.S. Securities Act. Interests in the global Additional Notes will be exchangeable for the relevant definitive Additional Notes only in certain limited circumstances. See “*Book-Entry, Delivery and Form*”.

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<b>Price for the Additional Notes:</b>	<b>% plus accrued interest from the Original Issue Date.</b>
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*Joint Bookrunners*

**Credit Suisse**

**Crédit Agricole CIB**

**Nomura**

The date of this Supplement is , 2015.

**You should rely only on the information contained in this Offering Memorandum. Neither the Issuer or UPC Holding nor any of Credit Suisse Securities (Europe) Limited, Crédit Agricole Corporate and Investment Bank and Nomura International plc (the “Additional Notes Initial Purchasers”) has authorized anyone to provide you with different information. Neither the Issuer or UPC Holding nor any of the Additional Notes Initial Purchasers is making an offer of the Additional 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 Additional Notes.

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

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The Issuer is offering the Additional 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 Dollar 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 Additional 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 Additional 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 Additional 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 Additional Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC as amended (including by Directive 2010/73/EU) (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 Additional Notes. Accordingly, any person making or intending to make any offer within the EEA of the Additional Notes should only do so in circumstances in which no obligation arises for the Issuer or any of the Additional Notes Initial Purchasers to produce a prospectus for such offer. None of the Issuer, UPC Holding or the Additional Notes Initial Purchasers has authorized, nor does any of them authorize, the making of any offer of the Additional Notes through any financial intermediary, other than offers made by the Additional Notes Initial Purchasers which constitute the final placement of the Additional Notes contemplated in this Offering Memorandum.

The Additional 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 “*Plan of Distribution*” and “*Transfer Restrictions*”. By purchasing any Additional 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 Additional Notes 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 Additional Notes to be listed on its Official List and for 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 Additional 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 Additional Notes. None of the Issuer, UPC Holding or the Additional Notes Initial Purchasers is making any representation to you regarding the legality of an investment in the Additional 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 Additional Notes 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 Additional Notes 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 Additional 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 Additional 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 facts the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

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

The distribution of this Offering Memorandum and the offer and sale of the Additional Notes may be restricted by law in some jurisdictions. Persons into whose possession this Offering Memorandum or any of the Additional Notes come must inform themselves about, and observe any restrictions on the transfer and exchange of the Additional 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 Additional 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 Additional Notes or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any Additional Notes. None of the Issuer, UPC Holding or the Additional Notes Initial Purchasers is responsible for your compliance with these legal requirements.

## STABILIZATION

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

## 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 Additional Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under “*Transfer Restrictions*”. The Dollar 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 restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act or any other applicable securities laws, pursuant to registration or an exemption therefrom. Please refer to the section of this Offering Memorandum entitled “*Transfer Restrictions*”. The Additional 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 Additional Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

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

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any of the Additional 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 Additional Notes to be offered so as to enable an investor to decide to purchase or subscribe the Additional Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Each subscriber for or purchaser of the Additional Notes in the offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the Additional Notes Initial Purchasers and their affiliates, and others will rely upon the truth 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 Additional Notes Initial Purchasers of such fact in writing may, with the consent of the Additional Notes Initial Purchasers, be permitted to subscribe for or purchase the Additional 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 Additional Notes in Austria and the offering of the Additional Notes may not be advertised in Austria. Any offer of the Additional 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 Additional Notes in Austria.

**Germany** The Additional Notes may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as amended, the Commission Regulation (EC) No 809/2004 of April 29, 2004 as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. This Offering Memorandum has not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the Prospectus Directive and accordingly the Additional 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 Additional Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Additional 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 de Monétaire et Financier*. Neither this Offering Memorandum nor any other offering material may be distributed to the public in France.

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

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



prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended (the “**Prospectus Act**”) and implementing the Prospectus Directive. Consequently, this Offering Memorandum and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Prospectus Act and (ii) no more than 149 prospective investors, which are not qualified investors.

**The Netherlands** The Additional Notes (including rights representing an interest in each global note that represents the Additional Notes) may only be offered or sold to qualified investors (*gekwalficeerde beleggers*) as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

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

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

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

#### NOTICE TO CAYMAN INVESTORS

NO INVITATION MAY BE MADE TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR THE OFFERED ADDITIONAL 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 ADDITIONAL NOTES.

## 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. Unless otherwise indicated, convenience translations into euro or any other currency have been calculated at December 31, 2014 market rate at 6 p.m. London time. The market rate at 6 p.m. London time of the euro on May 12, 2015 was \$1.1237 = €1.00.

	U.S. \$ per €1.00			
	Period Average (1)	High	Low	Period End
<b>Year</b>				
2010 .....	1.33	1.45	1.20	1.34
2011 .....	1.39	1.49	1.29	1.30
2012 .....	1.29	1.35	1.21	1.32
2013 .....	1.33	1.38	1.28	1.38
2014 .....	1.33	1.39	1.21	1.21
<b>Month</b>				
November 2014 .....	1.27	1.26	1.24	1.24
December 2014 .....	1.25	1.26	1.24	1.24
January 2015 .....	1.23	1.25	1.21	1.21
February 2015 .....	1.16	1.21	1.13	1.13
March 2015 .....	1.08	1.10	1.06	1.09
April 2015 .....	1.08	1.12	1.06	1.12
May 2015 (through May 12).....	1.12	1.13	1.12	1.12

(1) Period Average means the average of the market rates at 6 p.m. London time during the relevant period.

## FORWARD-LOOKING STATEMENTS

This Offering Memorandum (including, for the avoidance of doubt, Annex C to this Supplement) 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, foreign currency and finance strategies, UPC Holding’s capital expenditures, subscriber growth and retention rates, competitive, regulatory and economic factors, the maturity of UPC Holding’s markets, anticipated cost increases, liquidity, credit risks, foreign currency risks and target leverage levels. In some cases, you can identify these statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “should”, and “will” and similar words used in this Offering Memorandum.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond 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 include some but not all of the factors that could cause actual results or events to differ materially from those anticipated results or events:

- economic and business conditions and industry trends in the countries in which UPC Holding operates;
- the competitive environment in the industries in which UPC Holding operates, including competitor responses to its products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of UPC Holding’s existing service offerings, including its digital video, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that UPC Holdings may offer in the future;
- 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, broadband internet, fixed-line telephony and mobile service offerings and its average revenue per household;
- UPC Holding’s ability to provide satisfactory customer service, including support for new and evolving products and services;
- UPC Holding’s ability to maintain or increase rates to its subscribers or to pass through increased costs to its subscribers;
- UPC Holding’s ability to maintain its revenue from channel carriage arrangements;
- the impact of UPC Holding’s future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the countries in which UPC Holding operates and adverse outcomes from regulatory proceedings;
- government intervention that opens UPC Holding’s broadband distribution networks to competitors;
- UPC Holding’s ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- UPC Holding’s ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from, and implement our business plan with respect to, the businesses it acquires;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in countries in which UPC Holding operates;
- changes in laws and government regulations that may impact the availability and cost of credit and the derivative instruments that hedge certain of UPC Holding’s financial risks;
- the ability of suppliers and vendors (including our third-party wireless network providers under UPC Holding’s MVNO arrangements) to timely deliver quality products, equipment, software, services and access;

- the availability of attractive programming for UPC Holding's digital video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- UPC Holding's ability to adequately forecast and plan future network requirements;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint venturers; and
- events that are outside of UPC Holding's control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

The broadband distribution and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this Offering Memorandum are subject to a significant degree of risk. These forward-looking statements and the above described risks, uncertainties and other factors speak only as of the date of this Offering Memorandum, and 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. Readers are cautioned not to place undue reliance on any forward-looking statement.

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 Loans, which in turn would have an adverse effect on the Issuer's ability to make payments under the Additional Notes.

## BRIEF DESCRIPTION OF THE STRUCTURE OF THE OFFERING OF THE ADDITIONAL NOTES

*This description of the offering of the Additional Notes highlights selected information contained in this Offering Memorandum regarding the Additional Notes. It does not contain all the information you should consider prior to investing in the Additional Notes. You should read the entire Offering Memorandum carefully including the “Risk Factors”, the financial statements and notes thereto, and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this Offering Memorandum.*

The Issuer is offering \$340 million aggregate principal amount of Additional Notes. The Additional Notes will constitute “*Additional Notes*” under the Indenture pursuant to which the Issuer issued the Original Dollar Notes and the Euro Notes on the Original Issue Date. The Additional Notes and the Original Dollar Notes will be treated as a single class under the Indenture for purposes of redemptions and offers to purchase and, except as otherwise stated herein, the Additional Notes and the Original Notes will be treated as a single class for all other purposes under the Indenture, including with respect to waivers and amendments. Any reference to the “*Notes*” or “*Dollar Notes*” under “*Description of the Notes*” in the Original Offering Memorandum shall be deemed to include the Additional Notes and such Additional Notes will be, if issued, subject to the same covenants as the Original Dollar Notes and the Original Notes, as applicable, issued under the Indenture on the Original Issue Date.

In connection with the issuance of the Original Dollar Notes, the Issuer entered into an additional facility accession agreement (the “**Finco Accession Agreement AL**”) with UPC Financing and the facility agent under the UPC Broadband Holding Bank Facility pursuant to which the Issuer made available to UPC Financing the Original Dollar Finco Loan, in a principal amount equal to the aggregate principal amount of the Original Dollar Notes. In connection with the issuance of the Additional Notes offered hereby, the Issuer will enter into an additional accession agreement (the “**Finco Accession Agreement AL2**”) 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 the Additional Dollar Finco Loan in a principal amount equal to the aggregate principal amount of the Additional Notes issued in the offering. The terms of the Finco Accession Agreement AL and the Finco Accession Agreement AL2 will be substantially the same, and the Original Dollar Finco Loan advanced under the Finco Accession Agreement AL and the Additional Dollar Finco Loan advanced under the Finco Accession Agreement AL2 will be deemed to constitute a single additional facility for purposes of the UPC Broadband Holding Bank Facility. The Facility AL2 Accession Agreement will constitute a “*Finco Accession Agreement*” and the Additional Dollar Finco Loan will constitute a “*Finco Loan*” for purposes of the Indenture and related documents. Accordingly, any references to “*Finco Accession Agreement AL*”, “*Facility AL Finco Accession Agreement*”, “*Finco Loan AL*”, “*Finco Loans*”, “*Facility AL*” and “*Finco Facilities*”, as applicable, under “*Description of the Notes*” and elsewhere in the Original Offering Memorandum shall be deemed to include the Finco Accession Agreement AL2 and the Additional Dollar Finco Loan, as applicable. The form of the Finco Accession Agreement AL2 is set forth in Annex A to this Supplement and the form of the Finco Accession Agreement AL is set forth in Annex B to the Original Offering Memorandum. For a further description of the terms of the Notes and the UPC Broadband Holding Bank Facility, including the rights and protections granted to the Issuer as a UPCH Lender, see “*Description of the Notes*” and “*Description of the UPC Broadband Holding Bank Facility*” in the Original Offering Memorandum.

UPC Financing intends to use the proceeds from the Additional Dollar Finco Loan, together with the proceeds of an additional advance in an aggregate principal amount of €100.0 million it intends to draw under the UPC Holding Subordinated Shareholder Loans (the “**May UPC Holding Subordinated Shareholder Loan Advance**”) and existing cash and cash equivalents of UPC Holding and its subsidiaries, to (i) repay the May Facility AI Additional Net Borrowings (as defined below) in full (the “**May Facility AI Prepayment**”), (ii) pay certain fees and expenses payable to the Issuer under the Additional Notes Fee Letter and (iii) for general corporate purposes, which may include loans, distributions or other payments to UPC Holding and its direct or indirect parent companies. See “*Use of Proceeds*” and “*Capitalization of UPC Holding and the Issuer*”.

## RECENT DEVELOPMENTS OF UPC HOLDING

### *Preliminary Operating and Statistical Data of UPC Holding for the First Quarter of 2015*

For UPC Holding's selected preliminary unaudited financial and operating information for the three months ended March 31, 2015, see "Annex C" beginning on Page C-1 of this Supplement. The information contained in Annex C is preliminary and has not been reviewed by UPC Holding's independent auditors and is subject to change prior to UPC Holding issuing its unaudited condensed consolidated financial information for the three months ended March 31, 2015. Accordingly, UPC Holding's actual results for the three months ended March 31, 2015 may vary from the preliminary results and estimates contained in Annex C, and such variations could be material. As such, you should not place undue reliance on them. See "Forward-Looking Statements" and "Risk Factors" for a more complete discussion of certain of the factors that could affect our future performance and results of operations.

### *The Refinancing*

On the Original Issue Date, the Issuer issued the Original Dollar Notes and the Euro Notes under the Indenture. On the Original Issue Date, the Issuer used (i) the net proceeds from the Original Dollar Notes, together with fees payable to it by UPC Financing under a fee letter between the Issuer and UPC Financing dated on the Original Issue Date (the "**Original Notes Fee Letter**"), to fund the Original Dollar Finco Loan and (ii) the net proceeds from the Euro Notes, together with fees payable to it by UPC Financing under the Original Notes Fee Letter, to fund a loan in the aggregate principal amount of the Euro Notes to UPC Financing under an additional facility (Facility AK) under the UPC Broadband Holding Bank Facility (the "**Euro Finco Loan**" and, together with the Original Dollar Finco Loan, the "**Original Finco Loans**"). The Euro Finco Loan and the Dollar Finco Loans are collectively referred to in this Supplement as the "**Finco Loans**" and each a "**Finco Loan**".

UPC Financing applied the proceeds from the Original Finco Loans to:

- (i) repay 10% of the principal amount outstanding under each of Facility Z, Facility AC and Facility AD under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and related premium, to UPCB Finance III Limited, UPCB Finance V Limited and UPCB Finance VI Limited, respectively, and UPCB Finance III Limited, UPCB Finance V Limited and UPCB Finance VI Limited applied the proceeds of such repayment to redeem 10% of the principal amount of each series of the outstanding UPCB III Senior Secured Notes, UPCB V Senior Secured Notes and the UPCB VI Senior Secured Notes, respectively, at a redemption price equal to 103% of such principal amount in accordance with the applicable indenture governing the notes (the "**10% Redemptions**");
- (ii) repay the remaining €190.0 million principal amount outstanding under Facility Y under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and related premium, to UPCB Finance II Limited and UPCB Finance II Limited applied the proceeds of such repayment to redeem the remaining €190.0 million aggregate principal amount of the UPCB II Senior Secured Notes (the "**UPCB II Senior Secured Notes Redemption**");
- (iii) repay the remaining \$900.0 million principal amount outstanding under Facility Z under the UPC Broadband Holding Bank Facility, following the 10% Redemptions, together with accrued and unpaid interest and related premium, to UPCB Finance III Limited and UPCB Finance III Limited applied the proceeds of such repayment to redeem the remaining \$900.0 million aggregate principal amount of the UPCB III Senior Secured Notes (the "**UPCB III Senior Secured Notes Redemption**"); and
- (iv) repay the Facility AI Net Borrowings (the "**Facility AI Repayment**" and, together with the 10% Redemptions, the UPCB II Senior Secured Notes Redemption and the UPCB III Senior Secured Notes Redemption, the "**Refinancing**").

### ***May Facility AI Additional Net Borrowings***

During May 2015, a net aggregate principal amount of €400 million was borrowed under Facility AI of the UPC Broadband Holding Bank Facility (the “**May Facility AI Additional Net Borrowings**”). We used substantially all of the proceeds of the May Facility AI Additional Net Borrowings to repay a portion of the UPC Holding Subordinated Shareholder Loans (the “**May UPC Holding Subordinated Shareholder Loan Partial Repayment**”).

### ***Potential Additional Financing Transactions***

UPC Holding continually evaluates different financing alternatives and may decide to enter into new credit facilities, access the debt capital markets or incur other indebtedness from time to time, including following the consummation of this offering and prior to, or within a short time period following, the Issue Date of the Additional Notes (the “**Potential Financing Transactions**”). The proceeds of any Potential Financing Transactions may be used to refinance indebtedness or for general corporate purposes, which may include acquisitions or loans, distributions or other payments to UPC Holding and its direct or indirect parent companies. Any such Potential Financing Transactions would be incurred in compliance with the applicable covenants under the UPC Broadband Holding Bank Facility, the indentures governing the UPCB Notes and the indentures governing the UPCH Notes, up to a maximum ratio of as adjusted total covenant senior net debt to as adjusted annualized EBITDA of 4.00 to 1.00 and a maximum ratio of as adjusted total covenant net debt to as adjusted annualized EBITDA of 5.00 to 1.00, calculated as set forth under the heading “*Certain As Adjusted Covenant Information*” in this Supplement. Any Potential Financing Transaction will be made at UPC Holding’s election or the election of its relevant subsidiaries, and if such debt is in the form of securities, would be offered and sold pursuant to, and on the terms described in, a separate offering memorandum. See “*Risk Factors—UPC Holding may incur additional indebtedness prior to, or within a short time period following, the Issue Date of the Additional Notes, which indebtedness could increase its leverage and may have terms that are more or less favorable than the terms of the Notes and UPC Holding’s other existing indebtedness*” in this Supplement.

## CERTAIN AS ADJUSTED COVENANT INFORMATION

	As of and for the six-month period ended March 31, 2015(1)
	in millions, except ratios
Annualized EBITDA (2).....	€1,255.5
As adjusted annualized EBITDA (3).....	€1,143.8
As adjusted total covenant senior net debt (4)(5).....	€3,772.3
As adjusted total covenant net debt (5).....	€5,131.0
Ratio of as adjusted total covenant senior net debt to as adjusted annualized EBITDA (3)(4)(5).....	3.30x
Ratio of as adjusted total covenant net debt to as adjusted annualized EBITDA (3)(4)(5).....	4.49x

- (1) The as adjusted covenant information presented in this table is as of March 31, 2015, based on the selected preliminary unaudited financial information contained in “Annex C” beginning on page C-1 of this Supplement. The information contained in Annex C is preliminary and has not been reviewed by UPC Holding’s independent auditors and is subject to change prior to UPC Holding issuing its March 31, 2014 unaudited consolidated financial statements. See “*Annex C: UPC Holding’s selected operating and financial results for the three months ended March 31, 2015*” and “*Risk factors—Risks Relating to the Notes and Structure—The selected operating and financial information reported under the caption “Recent Developments — Preliminary Operating and Statistical Data of UPC Holding for the First Quarter of 2015” in Annex C for the three months ended March 31, 2015 is preliminary and may change*” in this Supplement.
- (2) Annualized EBITDA is calculated by multiplying EBITDA (as defined in the UPC Broadband Holding Bank Facility), including the impact of (i) the UPC Ireland Transfer, (ii) the UPC NL Transfer and (iii) the Corporate Entities Transfer for the six months ended March 31, 2015 (€627.8 million) by two. Annualized EBITDA and EBITDA may differ from the segment operating cash flow amounts reported for the corresponding periods.
- (3) As adjusted annualized EBITDA includes allocated costs of €111.7 million related to the “Operating and SG&A related (exclusive of depreciation and amortization and share-based compensation)” category of related-party fees and allocations, net, as described above under “*Unaudited Condensed Pro Forma Financial Statement and Operating Data of UPC Holding*”. These allocated costs include the impact of Liberty Global’s acquisition of Ziggo Holding B.V. (formerly Ziggo N.V.) and the resulting decrease in costs allocated to UPC Holding.
- (4) As adjusted total covenant senior net debt is calculated for the subsidiaries of UPC Holding and does not include debt of UPC Holding.
- (5) As adjusted total covenant senior net debt and as adjusted total covenant net debt are calculated in accordance with the UPC Broadband Holding Bank Facility and are adjusted to give effect to the Early 2015 Refinancings, the issuance of the Original Notes and the funding of the Original Finco Loans and the application of the proceeds therefrom to complete the Refinancing, the May Facility AI Additional Net Borrowings and the application of the proceeds therefrom to complete the May UPC Holding Subordinated Shareholder Loan Partial Repayment, the May UPC Holding Subordinated Shareholder Loan Advance, and the issuance of the Additional Notes offered hereby and the funding of the Additional Dollar Finco Loan and the application of the proceeds therefrom, together with the proceeds from the May UPC Holding Subordinated Shareholder Loan Advance and existing cash and cash equivalents of UPC Holding and its subsidiaries, to complete the May Facility AI Prepayment, as applicable. As adjusted total covenant senior net debt and as adjusted total covenant net debt presented here differ from the calculation of “Indebtedness” under the “Consolidated Leverage Ratio” under certain of the indentures governing the UPC Holding Senior Notes. The amounts shown take into account currency swaps and do not include deferred financing fees, accrued interest, premiums or discounts, and accordingly, may differ from the debt figures that are reported under “*Capitalization of UPC Holding and the Issuer*”. In the event that any Potential Financing Transaction is entered into, (i) the amount of as adjusted total covenant senior net debt may increase, and, accordingly, the ratio of as adjusted total covenant senior net debt to as adjusted annualized EBITDA may increase, up to a maximum ratio of 4.00x, and (ii) the amount of as adjusted total covenant net debt may increase, and, accordingly, the ratio of as adjusted total covenant net debt to as adjusted annualized EBITDA may increase, up to a maximum ratio of 5.00x. See “*Risk Factors—UPC Holding may incur additional indebtedness prior to, or within a short time period following, the Issue Date of the Additional Notes, which indebtedness could increase its leverage and may have terms that are more or less favorable than the terms of the Notes and UPC Holding’s other existing indebtedness*” in this Supplement.



## THE OFFERING OF THE ADDITIONAL NOTES

*The summary below describes the principal terms of the Additional Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The “Description of the Notes” section of the Original Offering Memorandum contain a more detailed description of the terms and conditions of the Additional Notes, including the definitions of certain terms used in this summary.*

<b>Issuer</b>	UPCB Finance IV Limited (the “ <b>Issuer</b> ”).
<b>Notes offered</b>	<p>\$340 million aggregate principal amount of 5¾% senior secured notes due 2025 (the “<b>Additional Notes</b>” and, together with the Original Dollar Notes, the “<b>Dollar Notes</b>”).</p> <p>The Additional Notes will be issued as additional notes under the Indenture pursuant to which the Issuer issued the Original Notes on the Original Issue Date. The Additional Notes and the Original Dollar Notes will be treated as a single class under the Indenture for purposes of redemptions and offers to purchase and, except as otherwise stated herein, the Additional Notes and the Original Notes will be treated as a single class for all other purposes under the Indenture including with respect to waivers and amendments.</p>
<b>Maturity date</b>	January 15, 2025.
<b>Interest rate</b>	5.375%.
<b>Interest payment dates</b>	Semi-annually in arrears on each January 15 and July 15, commencing January 15, 2016. Interest will accrue from the Original Issue Date.
<b>Denomination</b>	Each Additional Note will have a minimum denomination of \$200,000 and be in integral multiples of \$1,000 in excess of \$200,000. Additional Notes in denominations of less than \$200,000 will not be available.
<b>Issue price</b>	% plus accrued interest, if any, from the Original Issue Date.
<b>Ranking</b>	The Dollar Notes will be senior obligations of the Issuer and will rank equally with all other future senior debt of the Issuer.
<b>UPC Broadband Holding Bank Facility</b>	<p>The net proceeds from the issuance of the Additional Notes, together with fees paid to the Issuer by UPC Financing under a fee letter between the Issuer and UPC Financing to be dated on or about the Issue Date (the “<b>Additional Notes Fee Letter</b>” and together with the Original Notes Fee Letter, the “<b>Fee Letters</b>” and each a <b>Fee Letter</b>”), will be used by the Issuer to fund a loan, denominated in U.S. dollars, under an additional facility borrowed by UPC Financing under the UPC Broadband Holding Bank Facility (the “<b>Additional Dollar Finco Loan</b>”), including any premium, if applicable, payable to UPC Financing under the accession agreement related to the Additional Dollar Finco Loan. Each of the Additional Dollar Finco Loan and the additional facility under the UPC Broadband Holding Bank Facility funded with the proceeds of the Original Dollar Notes (the “<b>Original Dollar Finco Loan</b>” and, together with the Additional Dollar Finco Loan, the “<b>Dollar Finco Loan</b>”) will have substantially the same terms and will constitute a “<i>Finco Loan</i>” for purposes of the Indenture and related documents and, together, will be deemed to constitute a single additional facility for purposes of 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.</p>
<b>Limited recourse</b>	<p>Except under the limited circumstances specified under “<i>Description of the Notes—Events of Default and Remedies</i>”, the obligations of the Issuer under the Indenture, the Dollar Notes and the Notes Security Documents (as defined under “<i>Description of the Notes</i>”) 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.</p>

In addition, other than under the limited circumstances described under “*Description of the Notes—Events of Default and Remedies*”, holders of the Dollar 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 Dollar 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 Dollar Notes.

## **Security**

The holders of the Dollar Notes will benefit directly from first-ranking security interests granted to the Security Agent on behalf of the Trustee and the holders of the Dollar 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 Dollar Finco Loan (including all rights of the Issuer as a UPCB Lender under the UPC Broadband Holding Bank Facility, the Finco Accession Agreement AL and the Finco Accession Agreement AL2);
  - (b) the Issuer's rights under the Deed of Covenant;
  - (c) the Issuer's rights under the Fee Letters;
  - (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 Dollar Finco Loan granted to secure the Issuer's obligations under the Dollar Notes, the holders of the Dollar 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 Dollar Finco Loan plus a payment equal to 1% of the principal amount of the Dollar Finco Loan. Following such repayment, the Issuer will redeem all of the Dollar 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**

In the event that all or any portion of the Dollar 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, the Finco Accession Agreement AL provides and the Finco Accession Agreement AL2 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 Dollar Notes upon early redemption, as described below.

At any time prior to January 15, 2020, upon the occurrence of any Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Dollar Notes equal to the principal amount of the Dollar Finco Loan prepaid in such Early Redemption Event (not to exceed 10% of the Dollar Notes during each twelve month period commencing on the Issue Date), at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to (but excluding) the date of redemption. See “*Description of the Notes—Redemption and Repurchase—Optional Redemption*”.

At any time prior to January 15, 2020, upon the occurrence of any Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Dollar Notes equal to the principal amount of the Dollar Finco Loan prepaid in such Early Redemption Event by paying a “make whole” premium as described under “*Description of the Notes—Redemption and Repurchase—Optional Redemption*”.

On or after January 15, 2020, upon the occurrence of an Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Dollar Notes equal to the principal amount of the Dollar Finco Loan prepaid in such Early Redemption Event at the redemption prices as described under “*Description of the Notes—Redemption and Repurchase—Optional Redemption*”.

At any time prior to January 15, 2018, upon the occurrence of any Early Redemption Event with the net proceeds of one of more specified equity offerings (the “**Equity Offering Early Redemption Proceeds**”), the Issuer will redeem up to 40% of the aggregate principal amount of the Dollar Notes equal to the principal amount of the Finco Loan AL prepaid with any Equity Offering Early Redemption Proceeds in such Early Redemption Event, at the redemption price as set forth under “*Description of the Notes—Redemption and Repurchase—Optional 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 Dollar Finco Loan in an amount equal to the principal amount of the Dollar 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 Dollar 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 the Dollar 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 Dollar Notes to exchange their Dollar 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 Dollar 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 Dollar 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 corresponding Dollar 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 Dollar Notes issued under the Indenture not exchanged in the UPC Exchange Transaction on the date of the prepayment of the Dollar 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 (as defined in “*Description of the Notes*”) are

offered in exchange for all outstanding Dollar 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 Dollar Notes have elected to participate in such offer;
- (iii) for each \$1,000 in principal amount of Dollar Notes tendered and accepted, each holder tendering such Dollar 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 Dollar 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 Dollar Notes on substantially similar terms, subject to certain exceptions described under “*Description of the Notes*”; and
- (vii) the exchange offer is not conditioned upon holders of the Dollar Notes consenting to any amendments to the terms of the Dollar Notes or the Indenture.

**Additional amounts; tax redemption**

All payments in respect of the Dollar 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 Dollar Notes in whole, but not in part, at any time, upon giving prior notice, in the event of an optional prepayment of the Dollar 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 or if certain changes in tax law impose certain withholding taxes on amounts payable on the Notes 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 Dollar 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 Additional Notes as “*Additional Notes*” under the Indenture. The Indenture will contain restrictive covenants with respect to business activities of the Issuer; maintenance of the existence of the Issuer; maintenance of listing; minimum period for consents under the Loan Documents; payments for consent; amendments to the 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 pursuant to the Dollar Finco Loan. 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 Agreements*”.

The Finco Accession Agreement AL contains, and the Finco Accession Agreement AL2 will contain, 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 has given its consent to any and all of such amendments when it entered into the Finco Accession Agreement AL and will give its consent to any and all of such amendments at the time it enters into the Finco Accession

Agreement AL2 and, therefore, will not be entitled to vote on any future request for consent to such amendments. As a result, the holders of Dollar Notes will not, directly or indirectly, be entitled to direct the vote of the Issuer on such matters. Pursuant to the Finco Accession Agreement AL the Issuer has consented, and pursuant to the Finco Accession Agreement AL2 will consent, to certain amendments which include, among other provisions, the following (capitalized terms used in the following description have the meanings currently provided in the UPC Broadband Holding Bank Facility, without giving effect to the UPC Broadband Holding Bank Facility Amendments):

- amendments to the definition of Business to include the provision, creation and distribution of content and any business or provision of services which are substantially similar to that of any member of the Wider Group on the amendment and restatement date;
- amendments to the definition of Financial Indebtedness to exclude certain forms of indebtedness, including cash-collateralized indebtedness, indebtedness in the nature of equity, deposits or prepayments received by any member of the Borrower Group from a customer or subscriber, finance or capital lease obligations, indebtedness resulting from the transfer of receivables in connection with a securitization, parallel debt obligations, pension obligations, payment obligations in relation to earn outs and deferred payments for assets acquired or services supplied;
- amendments to the definition of Majority Lenders to reduce the relevant thresholds specified from 66 2/3 per cent. or more to more than 50% and to exclude the available commitments of defaulting lenders for the purposes of amendments or waivers;
- amendments to include a definition of Super Majority Lenders so that amendments and waivers in respect of the release of any guarantee or security only require the consent of Lenders representing 90% of Commitments in place of requiring the consent of all the Lenders;
- amendments to the Additional Facilities provisions to make clear that Additional Facilities can be drawn as revolving credit facilities that facilitate revolving loans, the issuance of documentary credits, bilateral ancillary facilities and the rollover of a revolving credit facility on a cashless basis;
- amendments to the Change of Control provisions, including to (i) permit a distribution or other transfer of UPC Broadband Holdco and its subsidiaries to Liberty Global plc or another direct Subsidiary of Liberty Global plc in certain circumstances, (ii) permit a spin-off of the group to shareholders of Liberty Global plc, (iii) extend the time period for making any required mandatory prepayment arising from a Change of Control to 30 Business Days after the date of notice from the Facility Agent, (iv) remove the transfer by UGC of 50% or more of the issued share capital of UGCE Inc. and the ceasing of control of UGCE Inc. by UGC from being a Change of Control event and (v) provide that a Change of Control event will occur if Liberty Global Europe Financing B.V., in place of UGCE Inc., ceases to own 50% or more of the voting rights attached to the capital of, or otherwise Control, UPC Broadband Holdco;
- amendments to the mandatory prepayment provisions to delete references to mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares;
- amendments to (i) exclude disposal proceeds other than in respect of the general basket for disposals from being subject to the requirement to mandatorily prepay disposal proceeds, to only require a prepayment from the relevant disposal proceeds to ensure compliance with the Senior Debt to EBITDA financial covenant and to remove the requirement to deposit disposal proceeds in a blocked account, (ii) include a de minimis threshold for disposal proceeds prepayments in an amount equal to the greater of €250,000,000 and 5% of total assets and (iii) increase the reinvestment period for disposal proceeds from 12 to 18 months (provided that there is a contract to reinvest within 12 months);
- amendments to include an ability to designate an Affiliate of the Parent and such Affiliate's Subsidiaries as members of the Borrower Group provided financial reporting is moved to a

common holding company of the Parent and such Affiliate;

- amendments to the financial maintenance covenants and related definitions, including (i) additional add backs to the definition of EBITDA, (ii) additional provisions related to pro forma covenant calculations, including giving effect to anticipated expense and cost reductions, (iii) additional exclusions from the definition of Senior Debt, including an exclusion for drawings under any revolving credit facility in an amount not to exceed 0.25x Annualised EBITDA, borrowings from holders of equity to the extent advanced pro rata and repayable on liquidation, shareholder loans, and borrowings of acquired companies which will be discharged in 6 months, (iv) to amend the Senior Debt to Annualised EBITDA ratio so that it may not be greater than 4.50:1.00, (v) to remove the EBITDA to Total Cash Interest covenant, (vi) to remove the EBITDA to Senior Debt Service covenant, (vii) to remove the EBITDA to Senior Interest covenant and (viii) to amend the Total Debt to Annualised EBITDA covenant so that it may not be greater than 5.50:1.00;
- amendments to the cure provisions to (i) permit the financial ratios set out in the financial covenants provisions to be remedied by deeming that cure proceeds can be added to Annualised EBITDA or applied to reduce Total Debt at the discretion of UPC Broadband, (ii) remove any requirement to repay or prepay the cure proceeds and (iii) include a cure period of 15 Business Days;
- amendments to reflect that UPC Broadband is required to ensure that the Obligors constitute 80% of the Borrower Group's Annualised EBITDA tested on a consolidated basis at a level below UPC Broadband Holding;
- amendments to other negative covenants, including (i) allowing certain transactions in respect of project companies and asset securitization subsidiaries (including permitting members of the Borrowing Group to provide credit support of up to 25% of indebtedness of an asset securitization subsidiary without such credit support counting as debt), certain content transactions and certain asset pass-through transactions, (ii) adding flexibility to engage in acquisitions and joint ventures, (iii) adding flexibility to make certain disposals (including allowing disposals of non-core assets and assets the fair market value of which does not exceed the greater of €50,000,000 and 1% of total assets), grant security, make loans and enter to into certain guarantees and (iv) allowing certain additional ordinary course transactions, intra-group transactions, changes to corporate form and reorganizations;
- amendments to the event of default provisions, including (i) to include a 3 Business Day grace period for non-payments of principal and a 5 Business Day grace period for non-payment of other amounts, (ii) to add certain carve outs to the cross default event of default, (iii) to delete the events of default relating to seizure, environmental matters, material contracts and ERISA, (iv) increasing the cross-default threshold from €15.0 million to €50.0 million, and (v) provide that the commencement of negotiations with Finance Parties and contested proceedings that are frivolous or vexatious will not trigger an event of default;
- amendments to allow members of the Borrower Group to become Borrowers in respect of a Facility if (i) it would not be materially adverse to the interests of any Lender under that Facility as determined by that Lender (acting reasonably), (ii) if the Majority Lenders consent, (iii) such member of the Group is incorporated in the same jurisdiction as an existing Borrower under that Facility or (iv) each Lender in respect of any proposed Facility agrees.
- amendments to widen the circumstances in which UPC Broadband can replace an Agent or Security Agent;
- amendments to the amendment provisions, including (i) to introduce a class exception where amendments which only relate to the rights or obligations of a particular utilisation or facility and do not materially and adversely affect the rights or interests of Lenders in respect of other utilisations or facilities only require the consent of the relevant proportion of Lenders participating in such utilisation or facility, (ii) to permit the Facility Agent to make technical, minor, operational and OID amendments without consent from any Lenders, (iii) to include a new provision requiring that Lenders respond to requests for amendments and waivers within

10 Business Days after which their Commitments shall be excluded from the calculation to determine whether the requisite level of Lender consent has been obtained in order to effect an amendment or waiver, (iv) to permit the release of guarantees and security under the Finance Documents with the consent of affected Lenders whose undrawn Commitments and participations are greater than 90% of all undrawn Commitments and participations and (v) to require the consent of affected Lenders and not all Lenders in respect of entrenched matters;

- amendments to the provisions relating to the incurrence of Financial Indebtedness, including (i) removing certain conditions to the incurrence of acquired indebtedness (including indebtedness incurred in contemplation of the acquisition), (ii) allowing certain vendor financing and sale and leaseback transactions provided the Senior Net Debt to Annualized EBITDA ratio is less than or equal to 4.50:1.0, (iii) allowing certain other types of indebtedness and/or increasing the existing amount of certain types of permitted indebtedness, (iv) providing for the reclassification of indebtedness; (v) permitting subordinated unsecured guarantees in respect of any debt of Holding Companies of UPC Broadband, (vi) permitting Financial Indebtedness in connection with Senior Secured Notes, and (vii) permit a general basket of permitted Financial Indebtedness of €250,000,000 and 5% of total assets;
- amendments to the restricted payment covenant to expand the definition of Permitted Payments, including (i) allowing payments from time to time in an amount of up to 0.25x Annualised EBITDA, (ii) allowing certain additional payments and/or increasing the existing amount of certain types of Permitted Payments and (iii) providing for the reclassification of Permitted Payments;
- amendments to the financial reporting covenant, including allowing UPC Broadband to prepare its financial statements in accordance with either IFRS or U.S. GAAP, at its election, and the filing on a public register or publishing on the Borrower's website or Liberty Global's of financial statements to be deemed as being supplied to the Facility Agent;
- amendments related to the entities that constitute the "Borrower Group" and that are subject to the restrictive covenants, including the exclusion of certain types of subsidiaries from the definition of "Borrower Group";
- amendments to reduce the time period for delivery of notices in connection with voluntary prepayments and cancellations of Facilities from 5 Business Days to 3 Business Days;
- amendments to clarify that additional facility accession agreements may take the form set out in the schedule to the UPC Broadband Holding Bank Facility with such amendments as may be agreed between UPC Broadband Holding and the relevant Lenders;
- amendments to certain other provisions, including provisions relating to LIBOR/EURIBOR and market disruption, mandatory costs, increase of commitments, prepayment notices, interest periods, cash and cash equivalent investment definitions, representations, qualifying lender representations, increased costs, taxes, FATCA, impaired agents, certain funds acquisitions, defaulting lenders, replacement of lenders, assignments and indemnities;
- amendments to certain other provisions to conform the UPC Broadband Holding Bank Facility to specified precedent credit facility agreements of Liberty Global plc and its subsidiaries;
- amendments to provide that, subject to certain thresholds being met, no Obligor nor any other member of the Borrower Group is required to provide any Security or guarantee other than Security over the shares that it holds in any Obligor, Security over loans from obligors to other members of the Borrower Group, Security over certain Subordinated Shareholder Loans and a guarantee from the Obligors and to include a provision to authorise the Security Agent to release any other Security or guarantees other than the aforementioned;
- amendments to permit the issuance of notes and incurrence of additional term or revolving debt or operational expenditure facilities which rank pari passu with the rights of the Lenders and shall be capable of being secured by the transaction security, provided that as such debt

is Permitted Financial Indebtedness;

- amendments to permit certain loans, including (i) loans to employees in the ordinary course of employment or to fund the exercise of share options or purchase of capital stock of up to €10,000,000 in aggregate, (ii) loans to a member of the Wider Group to be used for payments or for guarantees in relation to any senior unsecured notes or to make Permitted Payments, and (iii) loans and guarantees under a general basket of up to an aggregate of the greater of €100,000,000 and 2% of total assets;
- amendments to the permitted security interest provision to (i) permit the Borrower to secure Financial Indebtedness on a pari passu or junior-ranking basis provided that the Senior Debt to Annualised EBITDA ratio on a pro forma basis would not be greater than 4.50:1.00 and (ii) provide that the Borrower may secure Financial Indebtedness under a general basket of up to the greater of €250,000,000 and 5% of total assets;
- amendments to provide that (i) the maintenance covenants shall only be for the benefit of those Lenders under Additional Facilities that are (x) stated to have the benefit of such maintenance covenants or (y) do not contain a statement that they do not have the benefit of such maintenance covenants, in each case, in the relevant Additional Facility Accession Agreement (which would exclude the Issuer, as the Additional Facility AL Lender, from the benefit of the maintenance covenants as the Finco Accession Agreement AL and Finco Accession Agreement AL2 includes a statement that the maintenance covenants shall not be for the benefit of the Additional Facility AL Lender on and from the Amendment Effective Date), (ii) a new definition of “Composite Maintenance Covenant Instructing Group” is included which shall consist of a Lender or Lenders whose Additional Facility Commitments in respect of Additional Facilities that benefit from the maintenance covenants amount in aggregate to more than 50% of the total Additional Facility Commitments in respect of Additional Facilities that benefit from the maintenance covenants, (iii) following a breach of a maintenance covenant, subject to the expiry of the cure period, (a) the Composite Maintenance Covenant Instructing Group may instruct the Facility Agent to take acceleration action, (b) there shall be a drawstop in relation to future Advances and (c) there shall be an Event of Default continuing for the purposes of the operative covenants, (iv) an Event of Default will be triggered if the Composite Maintenance Covenant Instructing Group give such an instruction and (iv) amendments and waivers of the maintenance covenant and cure clauses and the related acceleration clause can only be made with the consent of UPC Broadband and the Composite Maintenance Covenant Instructing Group and shall not require the consent of any other Finance Party; and
- amendment to provide that any revolving credit facility commitments may also be utilized in currencies other than euro provided that such currencies are available to the relevant lenders.

The above description is intended to summarize certain material amendments included in the Finco Accession Agreement AL and Finco Accession Agreement AL2 but is not complete and exhaustive and does not restate the proposed amendments listed in schedule 3 of each of the Finco Accession Agreement AL and Finco Accession Agreement AL2 in its entirety. These amendments provide significant additional flexibility to UPC Holding and its subsidiaries in operating their business, including additional flexibility to incur indebtedness, make restricted payments, and acquire and dispose of assets. Given the significant nature of these amendments, you should read the full list of amendments set out in schedule 3 of the Finco Accession Agreement AL2 listed in Annex A of this Supplement in its entirety before investing in the Additional Notes. See *“Risk Factors—By investing in the Dollar Notes you will have provided advanced consent to the UPC Broadband Holding Bank Facility Amendments which will automatically become effective without any further consent from holders of the Dollar Notes upon UPC Broadband Holding obtaining the consent of either the Majority Lenders (as defined in the UPC Broadband Holding Bank Facility) or, with respect to certain amendments, all UPCB Lenders”*.

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 Agreements and the UPC Broadband Holding Bank Facility*” and “*Description of the Notes—Certain Covenants—Payments for Consent*”.

**Transfer restrictions**

The Dollar Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Additional 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*”.

The Additional Notes sold pursuant to Regulation S under the U.S. Securities Act will have different CUSIP numbers and international securities identification numbers (as applicable) from, and will not be fungible with, the Original Dollar Notes during the period prior to and including the 40<sup>th</sup> day following the Issue Date. After the 40<sup>th</sup> day following the Issue Date, certain selling restrictions with respect to the Additional Notes sold pursuant to Regulation S under the U.S. Securities Act will terminate and the Additional Notes will become fully fungible with, and have the same CUSIP number and international securities identification number as, the Original Dollar Notes sold pursuant to Regulation S under the U.S. Securities Act. Please see “*Book-Entry, Delivery and Form*” and “*Transfer Restrictions*”.

**Absence of a public market for the Notes**

Although the Additional Notes Initial Purchasers have informed the Issuer and UPC Holding that they intend to make a market in the Additional 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 Additional Notes will develop or be maintained.

**Listing**

Application will be made to the Irish Stock Exchange for the Additional 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, London Branch.

**Principal paying agent and transfer agent**

The Bank of New York Mellon, London Branch.

**New York paying agent, transfer agent and Dollar Notes Registrar**

The Bank of New York Mellon.

**Security Agent**

The Bank of New York Mellon, London Branch.

**Irish listing agent**

Maples and Calder.

**Use of proceeds**

The Issuer expects to use the net proceeds of the issuance of the Additional Notes, together with the fees payable to it by UPC Financing under the Additional Notes Fee Letter, to fund the Additional Dollar Finco Loan, including any premium, if applicable, payable to UPC Financing under the accession agreement related to the Additional Dollar Finco Loan. The proceeds of the Additional Dollar Finco Loan are intended to be used, together with the proceeds of the May UPC Holding Subordinated Shareholder Loan Advance and existing cash and cash equivalents of UPC Holding and its subsidiaries, to (i) fund the May Facility AI Prepayment, (ii) pay certain fees and expenses payable to the Issuer under the Additional Notes Fee Letter, and (iii) for general corporate purposes, which may include loans, distributions or other payments to UPC Holding and its direct or indirect parent companies. See “*Use of Proceeds*”.

**Governing law**

The Indenture and the Dollar Notes will be governed by the laws of the State of New York. The UPC Broadband Holding Bank Facility, the Finco Accession Agreement AL, the Finco Accession Agreement AL2, the Deed of Covenant and the Fee Letters 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 Additional Notes.

**Certain ERISA considerations**

The Additional 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 Additional Notes involves risks. Before purchasing the Additional Notes, you should consider carefully the specific risk factors set forth beginning on page 30 of the Original Offering Memorandum, the amended 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 Dollar Notes and UPC Holding's ability to pay all or part of the interest or principal on the Dollar Finco Loan, and in turn, would have an adverse effect on the Issuer's ability to make payments on the Dollar Notes. Although described below and elsewhere in this Offering Memorandum 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 and financial condition in the future. 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, prospects, results of operations and financial condition and prevent it from fulfilling its obligations under the Finco Loans, and in turn, prevent the Issuer from fulfilling its obligations under the Notes.***

UPC Holding is highly leveraged. As of December 31, 2014, on an as adjusted basis after giving effect to the Early 2015 Refinancings, the issuance of the Original Notes and the funding of the Original Finco Loans and the application of the proceeds therefrom to complete the Refinancing, the May Facility AI Additional Net Borrowings and the application of the proceeds therefrom to complete the May UPC Holding Subordinated Shareholder Loan Partial Repayment, the May UPC Holding Subordinated Shareholder Loan Advance, and the issuance of the Additional Notes offered hereby and the funding of the Additional Dollar Finco Loan and the application of the proceeds therefrom, together with the proceeds from the May UPC Holding Subordinated Shareholder Loan Advance and existing cash and cash equivalents of UPC Holding and its subsidiaries, to complete the May Facility AI Prepayment, the carrying amount of UPC Holding's total consolidated third-party debt and capital lease obligations would have been approximately €5.6 billion (excluding approximately €5.1 billion of UPC Holding Shareholder Subordinated Loans). Of this as adjusted indebtedness, €1.3 billion (equivalent) represents the aggregate principal amount outstanding under the UPOCH Notes, €1.1 billion (equivalent) represents indebtedness outstanding under the UPC Broadband Holding Bank Facility (excluding Facility AC, Facility AD and the Finco Loans), €1.1 billion (equivalent) represents the aggregate principal amount outstanding under the UPCB Notes, €1.4 billion (equivalent calculated at the Original Issue Date exchange rate between U.S. dollars and the euro of 1.0619) represents the aggregate principal amount outstanding under the Original Notes and €302.6 million (equivalent calculated at the May 12, 2015 exchange rate between U.S. dollars and the euro of 1.1237) represents the aggregate principal amount of the Additional Notes offered hereby.

From time to time, UPC Holding may raise additional indebtedness, including additional capital markets indebtedness, to, inter alia, refinance tranches of the UPC Broadband Holding Bank Facility and extend maturities. UPC Holding will be permitted to incur additional indebtedness in the future (including by way of one or more Potential Financing Transactions) to the extent such indebtedness is incurred in compliance with certain covenants included in the indentures governing the UPOCH Notes and the UPC Broadband Holding Bank Facility. Based on UPC Holding's covenant compliance calculations as of December 31, 2014, and as adjusted for the Early 2015 Refinancings, the Transfers, the issuance of the Original Notes and the funding of the Original Finco Loans and the application of the proceeds therefrom to complete the Refinancing, the May Facility AI Additional Net Borrowings and the application of the proceeds therefrom to complete the May UPC Holding Subordinated Shareholder Loan Partial Repayment, the May UPC Holding Subordinated Shareholder Loan Advance, and the issuance of the Additional Notes offered hereby and the funding of the Additional Dollar Finco Loan and the application of the proceeds therefrom, together with the proceeds from the May UPC Holding Subordinated Shareholder Loan Advance and existing cash and cash equivalents of UPC Holding and its subsidiaries, to complete the May Facility AI Prepayment, approximately €453.5 million was available for borrowing under the UPC Broadband Holding Bank Facility. 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. Furthermore, UPC Holding's ability to incur additional indebtedness may increase to the extent the UPC Broadband Holding Bank Facility Amendments are approved and the UPC Broadband Holding Bank Facility is so amended. See "Description of the Notes—Finco Accession Agreements and the UPC Broadband Holding Bank Facility".

Because the Issuer has no material operations and no material assets other than the Finco Loans, 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 Loans, 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 borrowing.

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 Loans, 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.

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 15 to the December 31, 2014 Consolidated Financial Statements included in this Offering Memorandum). At December 31, 2014, on an as adjusted basis after giving effect to the Early 2015 Refinancings, the issuance of the Original Notes and the funding of the Original Finco Loans and the application of the proceeds therefrom to complete the Refinancing, the May Facility AI Additional Net Borrowings and the application of the proceeds therefrom to complete the May UPC Holding Subordinated Shareholder Loan Partial Repayment, the May UPC Holding Subordinated Shareholder Loan Advance, and the issuance of the Additional Notes offered hereby and the funding of the Additional Dollar Finco Loan and the application of the proceeds therefrom, together with the proceeds from the May UPC Holding Subordinated Shareholder Loan Advance, to complete the May Facility AI Prepayment, the carrying amount of UPC Holding's total third-party consolidated outstanding debt and capital lease obligations would have been approximately €5.6 billion, of which €362.3 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 economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets UPC Holding accesses and, accordingly, UPC Holding's future liquidity and financial position.

UPC Holding's ability to service or refinance its debt and to maintain compliance with its leverage covenants in the credit agreements and indentures of UPC Holding and UPC Broadband Holding is dependent primarily on its ability to maintain or increase the operating cash flow of its operating subsidiaries and to achieve adequate returns on its property and

equipment additions 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 ability to obtain additional debt financing to fund working capital needs, acquisitions, capital expenditures, or other general corporate requirements is limited by the leverage covenants contained in its and UPC Broadband Holding's debt instruments. For example, if the operating cash flow of UPC Broadband Holding were to decline, UPC Holding could be required to partially repay or limit its borrowings under the UPC Broadband Holding Bank Facility in order to maintain compliance with applicable covenants. 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. 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 governing the UPC Holding Senior Notes.

***UPC Holding may incur additional indebtedness prior to, or within a short time period following, the Issue Date of the Additional Notes, which indebtedness could increase its leverage and interest expense and may have terms that are more or less favorable than the terms of the Notes and UPC Holding's other existing indebtedness.***

UPC Holding or its subsidiaries may incur substantial additional debt, including to refinance UPC Holding's existing indebtedness, to fund any future acquisition or for general corporate purposes, which may include loans, distributions or other payments to UPC Holding and its direct or indirect parent companies. In connection with UPC Holding's financial strategy, UPC Holding continually evaluates different financing alternatives, and UPC Holding may decide to enter into new credit facilities, access the debt capital markets or incur other indebtedness from time to time, including following the consummation of this offering and prior to, or within a short time period following, the Issue Date of the Additional Notes. Any such offering or incurrence of debt will be made at UPC Holding's election or the election of its relevant subsidiaries, and if such debt is in the form of securities, would be offered and sold pursuant to, and on the terms described in, a separate offering memorandum. The interest rate with respect to any such additional indebtedness will be set at the time of the pricing or incurrence of such indebtedness and, to the extent the interest rate is greater than the interest rate applicable to any indebtedness that is refinanced, or to the extent of any incremental indebtedness, such offering or incurrence would be expected to increase our cash interest expense on a pro forma basis. In addition, the maturity date of any such additional indebtedness will be set at the time of pricing of such incurrence or offering and may be earlier or later than the maturity date of the Notes. The other terms of such additional debt would be as agreed with the relevant lenders or holders thereof and could be more or less favorable than the terms of the Notes or UPC Holding's other existing indebtedness. There can be no assurance that UPC Holding or its subsidiaries will elect to raise any such additional debt or that any effort to raise such debt will be successful, and there can be no assurance as to the timing of such offering or incurrence, the amount or terms of any such additional debt. If UPC Holding incurs new debt in addition to its current debt, the related risks that UPC Holding now faces, even in a refinancing transaction, as described above and elsewhere in these "Risk Factors", could intensify.

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

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

The Issuer cannot assure you as to:

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

Future trading prices of the Dollar 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 Dollar Notes. The liquidity of a trading market for the Dollar 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 Dollar Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of Dollar Notes, regardless of UPC Holding's prospects and financial performance. The Initial Purchasers of the Dollar Notes have advised the Issuer that they currently intend to make a market in the Dollar Notes. However, the Dollar Initial Purchasers and the Additional Notes Initial Purchasers are not obliged to do so, and they may discontinue any market making activities at any time without notice. As a result, there may not be an active trading market for the Dollar Notes. If no active trading market develops, you may not be able to resell your Dollar Notes at a fair value, if at all.

Although the Issuer will, in the Indenture, agree to use its reasonable best efforts to have the Dollar Notes listed and admitted to the Official List and 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 Dollar Notes are outstanding, the Issuer cannot assure you that the Dollar 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 the 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 Dollar 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 Dollar 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 Dollar 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 Dollar Notes in the secondary market.

***The selected operating and financial information reported under the caption "Recent Developments — Preliminary Operating and Statistical Data of UPC Holding for the First Quarter of 2015" in Annex C for the three months ended March 31, 2015 is preliminary and may change.***

Because the first quarter of 2015 has only recently ended, the related operating and financial information included under the caption "*Recent Developments — Preliminary Operating and Statistical Data of UPC Holding for the First Quarter of 2015*" in Annex C to this Offering Memorandum is preliminary and estimated based upon information available to us as of the date of this Offering Memorandum. We have neither finalized our financial statement closing process for the first quarter of 2015 nor completed our normal procedures for the compilation and verification of operational data in respect of this first quarter. During the course of our closing process or compilation and verification procedures, we may identify items that would require us to make adjustments, which may be material, to the financial or operating information presented in Annex C. As a result, the estimated information included therein consists of forward-looking statements and is subject to significant risks and uncertainties, including possible adjustments to our preliminary results that could be material. These estimates should not be viewed as a substitute for interim financial statements that have been prepared in accordance with GAAP or for fully verified operating data.

KPMG Accountants N.V. has not audited, reviewed, compiled or performed any procedures with respect to the preliminary financial data set forth in Annex C to this Offering Memorandum. Accordingly, KPMG Accountants N.V. does not express an opinion or any other form of assurance with respect thereto.

## USE OF PROCEEDS

The net proceeds from the sale of the Additional Notes, together with the fees payable to the Issuer by UPC Financing under the Additional Notes Fee Letter, as described below, are expected to be \$340 million (€302.6 million equivalent) before considering any applicable premiums (plus accrued interest from the Original Issue Date). The Issuer expects to use the net proceeds of the issuance of the Additional Notes, together with the fees payable to it by UPC Financing under the Additional Notes Fee Letter, as described below, to fund the Additional Dollar Finco Loan, including any premium, if applicable, payable to UPC Financing under the accession agreement related to the Additional Dollar Finco Loan. The proceeds of the Additional Dollar Finco Loan are intended to be used, together with the proceeds of the May UPC Holding Subordinated Shareholder Loan Advance and existing cash and cash equivalents of UPC Holding and its subsidiaries, to (i) fund the May Facility AI Prepayment, (ii) pay certain fees and expenses payable to the Issuer under the Additional Notes Fee Letter and (iii) for general corporate purposes, which may include loans, distributions or other payments to UPC Holding and its direct or indirect parent companies. The Additional Notes Initial Purchasers' commissions and certain estimated expenses incurred in connection with this offering are expected to be approximately \$3.8 million (€3.4 million equivalent), including legal, accounting and other professional fees incurred in connection therewith. An amount equal to such commissions and expenses on the Additional Notes will be paid by UPC Financing as part of the fees payable by UPC Financing to the Issuer under the Additional Notes Fee Letter. Euro equivalent amounts presented above are calculated at the May 12, 2015 exchange rate between U.S. dollars and the euro of 1.1237.

UPC Holding has consolidated the Issuer following the issuance of the Original Notes. Accordingly, the Additional Dollar Finco Loan and UPC Financing's payment of the upfront fee to the Issuer under the Additional Notes Fee Letter will be eliminated in consolidation. For a description of the Additional Notes Fee Letter, which is substantially similar to the Original Notes Fee Letter, see "*Recent Developments of UPC Holding—The Refinancing and Other Transactions*" and "*Description of the Notes—Certain Transaction Documents*".

## CAPITALIZATION OF UPC HOLDING AND THE ISSUER

The following table sets forth, in each case as of December 31, 2014, (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 Early 2015 Refinancings, the Transfers and the UPC Holding Subordinated Loans Partial Repayment, (b) the May Facility AI Additional Net Borrowings and the application of the proceeds therefrom to complete the May UPC Holding Subordinated Shareholder Loan Partial Repayment and (c) the issuance of the Original Notes and the funding of the Original Finco Loans and the application of the proceeds therefrom to complete the Refinancing (d) the May UPC Holding Subordinated Shareholder Loan Advance and (d) the issuance of the Additional Notes offered hereby and the funding of the Additional Dollar Finco Loan and the application of the proceeds therefrom, together with the proceeds from the May UPC Holding Subordinated Shareholder Loan Advance, to complete the May Facility AI Prepayment.

This table should be read in conjunction with “General Description of UPC Holding’s Business, the Issuer and the Offering — Recent Developments of UPC Holding”, “Use of Proceeds”, “Unaudited Condensed Pro Forma Financial Statement and Operating Data of UPC Holding”, “Summary Condensed Consolidated Historical Financial Information and Operating Data 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 December 31, 2014 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Except as set forth in the footnotes to this table, any changes to the derivative instruments that UPC Holding uses to manage foreign currency or interest rate risk that may occur as a result of the Early 2015 Refinancings or the issuance of the Original Notes and the Additional Notes have not been reflected in the as adjusted data presented in this table. Except as set forth in the footnotes to this table and in Annex C and except as may arise from any Potential Financing Transaction that may be entered into, (i) there have been no material changes to UPC Holding’s cash and cash equivalents and third-party capitalization since December 31, 2014 and (ii) all translations into euros have been calculated at the December 31, 2014 exchange rate.

CASH AND CASH EQUIVALENTS AND CAPITALIZATION OF UPC HOLDING	December 31, 2014			
	Actual	As Adjusted (1)	As Adjusted – PF (2)	As Adjusted – TAP (3)
	in millions			
<b>Cash and cash equivalents:</b>				
UPC Holding .....	€ 0.3	€ 0.3	€ 0.3	€ 0.3
UPC Holding subsidiaries (4) .....	59.3	54.5	79.1	78.2
<b>Total cash and cash equivalents .....</b>	<b>59.6</b>	<b>54.8</b>	<b>79.4</b>	<b>78.5</b>
<b>Third-party debt (5):</b>				
UPC Holding:				
8 3/8% Notes (6) .....	€ 640.0	€ —	€ —	€ —
Other Senior Notes (7) .....	1,336.6	1,336.6	1,336.6	1,336.6
Subsidiaries:				
UPCB Finance Limited Senior Secured Notes (8) .....	497.4	—	—	—
UPCB Finance II Limited Senior Secured Notes (9) .....	750.0	190.0	—	—
UPCB Finance III Limited Senior Secured Notes (10) .....	826.5	826.5	—	—
UPCB Finance V Limited Senior Secured Notes (11) .....	619.8	619.8	557.8	557.8
UPCB Finance VI Limited Senior Secured Notes (11) .....	619.8	619.8	557.8	557.8
Euro Notes .....	—	—	600.0	600.0
Original Dollar Notes (12) .....	—	—	753.4	753.4
Additional Notes (13) .....	—	—	—	302.6
UPC Broadband Holding Bank Facility (14) .....	2,627.4	1,273.0	1,473.0	1,073.0
Vendor financing and other .....	360.3	360.3	360.3	360.3
Capital lease obligations .....	22.8	22.8	22.8	22.8
<b>Total third-party debt and capital lease obligations .....</b>	<b>8,300.6</b>	<b>5,248.8</b>	<b>5,661.7</b>	<b>5,564.3</b>
<b>UPC Holding Subordinated Loans and Other (15) .....</b>	<b>9,858.6</b>	<b>5,387.1</b>	<b>4,987.1</b>	<b>5,087.1</b>
<b>Owners' deficit (16) .....</b>	<b>(10,988.6)</b>	<b>(6,311.8)</b>	<b>(6,362.0)</b>	<b>(6,362.0)</b>
<b>Total capitalization (17) .....</b>	<b>€ 7,170.6</b>	<b>€ 4,324.1</b>	<b>€ 4,286.8</b>	<b>€ 4,289.4</b>



- (1) The “As Adjusted” amounts reflect (i) the impact of the Transfers, (ii) the Early 2015 Refinancings and (iii) the UPC Holding Subordinated Loans Partial Repayment.
- (2) The “As Adjusted - PF” amounts reflect the “As Adjusted” amounts and are further adjusted to reflect the issuance of the Original Notes, the funding of the Original Dollar Finco Loan and the Euro Finco Loan, the Refinancing, the May Facility AI Additional Net Borrowings and the May UPC Holding Subordinated Shareholder Loan Partial Repayment.
- (3) The “As Adjusted - TAP” amounts reflect the “As Adjusted - PF” amounts and are further adjusted to reflect the May UPC Holding Shareholder Loan Advance and the issuance of the Additional Notes and the funding of the Additional Dollar Finco Loan and the application of proceeds therefrom, together with the proceeds of the May UPC Holding Subordinated Shareholder Loan Advance, to fund the May Facility AI Prepayment.
- (4) The “As Adjusted” amount reflects the impact of the Transfers. The “As Adjusted - PF” amount reflects the “As Adjusted” amount and is further adjusted to reflect (i) the issuance of the Original Notes and the use of proceeds from the Original Dollar Finco Loan and the Euro Finco Loan to (a) fund the Refinancing, including the impact of the settlement of certain derivative instruments that are expected to be unwound in connection with the Refinancing, and (b) pay estimated expenses of €19.9 million associated with the offering of the Original Notes; and (ii) the May Facility AI Additional Net Borrowings and the use of the proceeds thereof to fund the May UPC Holding Subordinated Shareholder Loan Partial Repayment. The “As Adjusted - TAP” amount reflects the “As Adjusted - PF” amount and is further adjusted to reflect the issuance of the Additional Notes and use of proceeds from the Additional Dollar Finco Loan, together with existing cash and cash equivalents of €0.9 million and the proceeds of the May UPC Holding Subordinated Shareholder Loan Advance, to (a) fund the May Facility AI Prepayment and (b) pay €3.4 million (equivalent) of expenses associated with the issuance of the Additional Notes. See “*Use of Proceeds*”.
- (5) The UPC Broadband Bank Facility (€2,632.9 million equivalent actual principal amount outstanding as at December 31, 2014) and the Other Senior Notes (€1,341.1 million equivalent actual principal amount outstanding as at December 31, 2014) are presented with applicable discount.
- (6) The “As Adjusted”, “As Adjusted - PF” and “As Adjusted - TAP” amounts reflect the 8<sup>3</sup>/<sub>8</sub>% Notes Redemption.
- (7) The Other Senior Notes comprise the 6 3/8% Notes and the 6 3/4% Notes.
- (8) The “Actual” amount of the UPCB Finance Limited Senior Secured Notes (€500.0 million principal amount outstanding at December 31, 2014) is presented net of discount. The “As Adjusted”, “As Adjusted - PF” and “As Adjusted - TAP” amounts reflect the UPCB Senior Secured Notes Redemption.
- (9) The “As Adjusted” amount reflects the UPCB II Senior Secured Notes Partial Redemption. The “As Adjusted - PF” and “As Adjusted - TAP” amounts reflect the “As Adjusted” amount and are further adjusted for the UPCB II Senior Secured Notes Redemption.
- (10) The “As Adjusted - PF” and “As Adjusted - TAP” amounts reflect the 10% Redemptions and the UPCB III Senior Secured Notes Redemption.
- (11) The “As Adjusted - PF” and “As Adjusted - TAP” amounts reflect the 10% Redemptions.
- (12) The amount of proceeds from the issuance of the Original Dollar Notes has been calculated at the Original Issue Date exchange rate of 1.0619.
- (13) The amount of proceeds from the issuance of the Additional Notes has been calculated at the May 12, 2015 exchange rate of 1.1237 before giving effect to any applicable premium.
- (14) The “As Adjusted” amount reflects (i) the Facility Rollover, (ii) the Facility AG Repayment and (iii) the Facility AI Net Borrowings. The “As Adjusted-PF” amount reflects the “As Adjusted” amount and is further adjusted to reflect (i) the Facility AI Repayment and (ii) the May Facility AI Additional Net Borrowings. The “As Adjusted - TAP” amount reflects the “As Adjusted-PF” amount and is further adjusted to reflect the May Facility AI Prepayment.
- (15) The “As Adjusted” amount reflects (i) a decrease of €546.3 million related to the non-cash settlement of a portion of the consideration received for the UPC Ireland Transfer, (ii) a decrease of €5,371.8 million related to the non-cash settlement of the consideration received for the UPC NL Transfer and (iii) a net increase of €1,446.6 million related to (a) advances made under the UPC Holding Subordinated Shareholder Loans to fund a portion of the Early 2015 Refinancings and (b) the UPC Holding Subordinated Loans Partial Repayment. The “As Adjusted - PF” amount reflects the “As Adjusted” amount and is further adjusted to reflect a decrease of €400.0 million related to the May UPC Holding Subordinated Shareholder Loan Partial Repayment. The “As Adjusted-TAP” amount reflects the “As Adjusted-PF” amount and is further adjusted to reflect the May UPC Holding Subordinated Shareholder Advance.
- (16) The “As Adjusted” amount reflects (i) a decrease of €1,722.0 million reflecting the total consideration received for the UPC Ireland Transfer, (ii) a decrease of €5,371.8 million reflecting the total consideration received for the UPC NL Transfer, (iii) an aggregate increase of €2,290.2 million reflecting the common control restatement of owners’ deficit related to the Transfers, (iv) an increase related to a loss on extinguishment of debt of €100.6 million associated with the aggregate redemption premiums associated with the UPCB Senior Secured Notes Redemption, the 8<sup>3</sup>/<sub>8</sub>% Notes Redemption and the UPCB II Senior Secured Notes Partial Redemption, (v) an increase related to a loss on extinguishment of debt of €23.6 million associated with the write-off of aggregate deferred financing fees related to the 8<sup>3</sup>/<sub>8</sub>% Notes Redemption, the UPCB Senior Secured Notes Redemption, the UPCB II Senior Secured Notes Partial Redemption and the Facility AG Repayment and (vi) an increase related to a loss on extinguishment of debt of €2.6 million associated with the write-off of unamortized discount on the 8<sup>3</sup>/<sub>8</sub>% Notes. The “As Adjusted - PF” and “As Adjusted - TAP” amounts further adjust the “As Adjusted” amount to reflect an increase related to a loss on extinguishment of debt

associated with the Refinancing, including (a) a loss related to the aggregate payment of redemption premiums of €46.3 million and (b) a loss related to the write-off of deferred financing fees of €3.9 million.

- (17) In the event that additional indebtedness is incurred in connection with any Potential Financing Transaction, there would be an expected impact on total cash and cash equivalents, total third-party debt, UPC Holding Subordinated Loans, owners' deficit and total capitalization presented above. Any actual impact would depend on the amount of additional indebtedness incurred and the use of proceeds thereof, and could be material. *“Risk Factors—UPC Holding may incur additional indebtedness prior to, or within a short time period following, the Issue Date of the Additional Notes, which indebtedness could increase its leverage and may have terms that are more or less favorable than the terms of the Notes and UPC Holding's other existing indebtedness”* in this Supplement.

The following table sets forth, as of December 31, 2014, (i) the actual consolidated cash and cash equivalents and capitalization of the Issuer and (ii) the consolidated cash and cash equivalents and capitalization of the Issuer on an as adjusted basis after giving effect to the issuance of the Original Notes and the Additional Notes offered hereby. The amount of proceeds from the issuance of the Original Notes has been calculated at the Original Issue Date exchange rate of 1.0619 and the amount of proceeds from the issuance of the Additional Notes has been calculated at the May 12, 2015 exchange rate of 1.1237.

CASH AND CAPITALIZATION OF THE ISSUER	December 31, 2014	
	Actual	As Adjusted
	(in millions)	
<b>Total cash .....</b>	€ —	€ —
<b>Total debt .....</b>	€ —	€ 1,656.0
<b>Total stockholders' equity .....</b>	—	—
<b>Total capitalization.....</b>	<u>€ —</u>	<u>€ 1,656.0</u>

## TAX CONSIDERATIONS

### Cayman Islands Taxation

The following is a discussion of certain Cayman Islands tax consequences of an investment in the Additional 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 Additional 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 Additional Notes, nor will gains derived from the disposal of the Additional 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 Additional Notes. *Ad valorem* stamp duty will be payable, however, within 45 days of an executed, completed and delivered original of the Additional Notes being brought into the Cayman Islands, for example, for enforcement. An instrument of transfer in respect of a Additional 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 obtained an undertaking as to tax concessions from the Governor in Cabinet of the Cayman Islands substantially in the following form:

In accordance with Section 6 of The Tax Concessions Law (1999 Revision) the Governor in Cabinet undertakes with the Issuer:

- (a) 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
- (b) 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
  - (i) on or in respect of the shares debentures or other obligations of the Issuer; or
  - (ii) 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 8<sup>th</sup> day of February 2011.

### EU Directive on the Taxation of Savings Income

Under the Council Directive 2003/48/EC (the "EU Savings Tax Directive") each Member State of the EU (a "Member State") is required to provide to the tax authorities of another Member State details of interest payments 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, Austria may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at a current rate of 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.

On March 24, 2014, the Council of the EU adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from January 1, 2017. The changes will expand the range of payments covered by the EU Savings Tax Directive, in particular to include additional types of income payable on securities. The directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the EU.

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.

### **Certain U.S. Federal Income Tax Considerations**

The following is a description of certain U.S. federal income tax considerations relevant to the acquisition, ownership, and disposition of the Additional Notes by a U.S. Holder (as defined below). This description only applies to Additional Notes held as capital assets (generally, property held for investment) and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as:

- banks or other financial institutions;
- insurance companies;
- real estate investment trusts, individual retirement accounts or other tax deferred accounts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- persons that will own the Additional 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 an Additional 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 Additional Notes and does not address the 3.8% Medicare tax on net investment income that can also apply to certain U.S. holders' capital gains and interest in respect of the Additional Notes. This description also does not address the U.S. federal income tax treatment of holders that do not acquire the Additional Notes as part of the initial distribution under the terms of this offering and at the price on the cover hereto. These Additional Notes will form part of the same issue of debt instruments as the Original Notes for U.S. federal income tax purposes. Each prospective purchaser should consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, holding and disposing of the Additional Notes.

This description is based on the U.S. Internal Revenue Code of 1986 (as amended) ("**Code**"), U.S. Treasury Regulations promulgated thereunder ("**Treasury Regulations**"), administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change or differing interpretations (possibly with retroactive effect), which could affect the tax considerations described herein. No opinion of counsel or ruling from the Internal Revenue Service ("**IRS**") has been or will be given with respect to any of the considerations discussed herein. No assurances can be given that the IRS would not assert, or that a court would not sustain, a position different from any of the tax considerations discussed below.

For purposes of this description, a U.S. Holder is a beneficial owner of the Additional Notes who for U.S. federal income tax purposes is:

- a citizen or individual resident of the United States;

- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any State thereof, including the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Additional Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences.

The discussion below assumes that the Additional Notes are treated as indebtedness for U.S. federal income tax purposes, except as otherwise described.

Persons considering the purchase, ownership or disposition of Additional Notes should consult their own tax advisors concerning the U.S. federal income tax considerations related to their particular situations as well as any considerations arising under the laws of any other taxing jurisdiction.

### ***Characterization of the Issuer***

The Issuer will file IRS Form 8832, electing to be treated as an entity disregarded from its sole owner for U.S. federal income tax purposes, to be effective on or prior to the issuance of the Additional Notes.

### ***Redemptions and Additional Amounts***

In certain circumstances (see “*Description of the Notes—Redemption and Repurchase*”, “*Description of the Notes—Withholding Taxes*”, and “*Description of the Notes—Certain Covenants—Payments for Consent*”), the Issuer may be obligated to make payments in excess of stated interest and the adjusted issue price of the Additional Notes (“**Additional Amounts**”) or redeem the Additional Notes in advance of their expected maturity. The Issuer believes that the Additional Notes should not be treated as contingent payment debt instruments because of the possibility of such payments or redemptions. This position is based in part on assumptions regarding the likelihood, as of the date of issuance of the Additional Notes, of such payments or redemptions. Assuming such position is respected, any amounts paid to a U.S. Holder pursuant to such redemption would be taxable as described below in “*—Sale, Exchange, Retirement or Taxable Disposition*” and any payments of Additional Amounts should be taxable as additional ordinary income when received or accrued, in accordance with such holder’s method of accounting for U.S. federal income tax purposes. The IRS, however, may take a position contrary to the position described above, which could affect the amount, timing and character of a U.S. Holder’s income with respect to the Additional Notes. A U.S. Holder that desires to take the position that the Additional Notes are subject to the contingent payment debt instrument rules should consult with its tax advisor, including regarding the manner in which to disclose such position as required by applicable U.S. Treasury Regulations; the IRS may disagree with such holder’s contrary position. U.S. Holders should consult their tax advisors regarding the potential application to the Additional Notes of the contingent payment debt instrument rules and the consequences thereof. This discussion assumes that the Additional Notes are not treated as contingent payment debt instruments.

### ***Pre-Issuance Accrued Interest***

A portion of the purchase price of the Additional Notes will be attributable to the amount of unpaid stated interest accrued prior to the date the Additional Notes are purchased (“**pre-issuance accrued interest**”). The portion of the first stated interest payment that represents pre-issuance accrued interest should be treated as a non-taxable return of the pre-issuance accrued interest and should reduce a U.S. Holder’s tax basis in an Additional Note. Prospective purchasers of the Additional Notes are urged to consult their own tax advisors regarding pre-issuance accrued interest.

### ***Payments and Accruals of Stated Interest***

Except as discussed above with respect to pre-issuance accrued interest, stated interest paid on the Additional Notes generally will be treated as “qualified stated interest.” Payments of qualified stated interest on the Additional Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder’s method of accounting for U.S. federal income tax purposes, as detailed below. The term “**qualified stated interest**” generally

means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer), or that is treated as constructively received, at least annually at a single fixed rate.

Interest included in a U.S. Holder's gross income with respect to the Additional 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 generally should constitute "passive category income", or in the case of certain U.S. Holders, "general category income". Any non-U.S. withholding tax paid by a U.S. Holder at the rate applicable to the U.S. Holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits.

### ***Bond Premium***

If a U.S. Holder purchases Additional Notes for an amount (excluding any portion thereof allocable to pre-issuance accrued interest) greater than the sum of all amounts (other than qualified stated interest) payable with respect to the Additional Notes after the date of acquisition, the U.S. Holder is treated as having purchased the related Additional Notes with amortizable "bond premium." A U.S. Holder may elect to amortize the premium from the purchase date to the maturity date of the Additional Notes (or, if it results in a smaller premium, attributable to the period before an earlier call date, an amount determined with reference to the amount payable on the earlier call date with respect to such period) under a constant yield method.

Amortizable premium generally may be deducted against interest income on such Additional Notes and generally may not be deducted against other income. A U.S. Holder's basis in an Additional Note will be reduced by any premium amortization deductions. An election to amortize premium on a constant yield method, once made, generally applies to all debt obligations held or subsequently acquired by such U.S. Holder during the taxable year of the election and thereafter, and may not be revoked without IRS consent.

With respect to a U.S. Holder that does not elect to amortize bond premium, the amount of bond premium will reduce a gain or increase a loss upon sale, exchange or other disposition or result in a loss when the bond matures.

The bond premium rules are complicated, and U.S. Holders are urged to consult their own tax advisors regarding the tax consequences of owning and disposing of Additional Notes with bond premium, including the availability of certain elections.

### ***Possible Effects of the UPC Exchange Transaction***

In connection with the UPC Exchange Transaction, holders that elect to participate in the exchange will receive UPC Qualified Notes with a new issuer. This change may be viewed as giving rise to a significant modification of the Additional Notes, though there may be arguments to the contrary. If the change in issuer is treated as a significant modification, U.S. Holders will recognize gain or loss as described under "*Sale, Exchange, Retirement or Other Taxable Disposition*." The amount deemed to be realized in such a taxable exchange would be the issue price of the UPC Qualified Notes, which would be the fair market value of the UPC Qualified Notes as of the date of the deemed exchange if, as seems likely, the UPC Qualified Notes are treated as publicly traded for U.S. federal income tax purposes. In addition, a U.S. Holder could be treated as acquiring the UPC Qualified Notes with original issue discount ("**OID**"). This would occur if the issue price of the UPC Qualified Notes as of the date of the deemed exchange (based on the fair market value of the UPC Qualified Notes if the UPC Qualified Notes are treated as publicly traded for U.S. federal income tax purposes) was less than the stated principal amount of the UPC Qualified Notes by at least the OID de minimis amount (as described above). If the UPC Qualified Notes are issued with OID, a U.S. Holder may be required to include such excess in income as OID, as it accrues, in accordance with a constant yield method based on a compounding of interest before the receipt of cash payments attributable to this income for U.S. federal income tax purposes. Except as noted above in this paragraph, the U.S. federal income tax considerations related to owning a UPC Qualified Note should generally be the same as the U.S. federal income tax considerations related to owning an Additional Note.

### ***Sale, Exchange, Retirement or Other Taxable Disposition***

A U.S. Holder generally will recognize gain or loss on the sale, exchange, retirement or other taxable disposition of an Additional Note equal to the difference, if any, between the amount realized on such sale, exchange, retirement or other taxable disposition (other than any amount received in respect of accrued and unpaid interest (other than pre-issuance accrued interest) which will be subject to tax in the manner described above in "*Payments and Accruals of Stated Interest*" to the extent not previously included in income), and the U.S. Holder's adjusted tax basis in such Additional Note.

A U.S. Holder's adjusted tax basis in an Additional Note generally will be its U.S. dollar cost decreased by payments other than stated interest (excluding any amount attributable to pre-issuance accrued interest) made with respect to the Note and the amount of amortized premium, if any.

Any gain or loss recognized on the sale, exchange, retirement, or other taxable disposition of an Additional Note will be capital gain or loss, and will be long-term capital gain or loss if the Additional Note has been held for more than one year. Long-term capital gain of a non-corporate U.S. Holder generally is taxed at preferential rates. The ability of a U.S. Holder to offset capital losses against ordinary income is limited. Any gain or loss recognized on the sale, exchange, retirement or other taxable disposition of an Additional Note generally will be treated as gain or loss from sources within the United States.

### ***Subsequent Additional Notes***

The Issuer may issue "**Subsequent Additional Notes**". These Subsequent Additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may not be fungible for U.S. federal income tax purposes with the original Notes.

### ***Alternative Characterization of the Additional Notes***

The proper characterization of instruments such as the Additional Notes for U.S. federal income tax purposes is uncertain. It is possible that the Additional Notes may not be treated as indebtedness of the Issuer, but even if an alternative characterization were to apply, a U.S. Holder should, in general, be taxed in a manner similar to that described above with respect to such holder's share of interest and any disposition of the Notes. U.S. Holders are urged to consult their tax advisors in this regard.

### ***U.S. Backup Withholding Tax and Information Reporting***

Backup withholding and information reporting requirements may apply to certain payments of principal of, and interest on, an obligation and to proceeds of the sale, exchange, retirement or other taxable disposition of an obligation, to certain U.S. Holders. The payor will be required to withhold backup withholding tax on payments made within the United States, or by a U.S. payor or U.S. middleman or certain of their affiliates, on an Additional Note to, or from gross proceeds of the sale or disposition of an Additional Note paid to, a U.S. Holder if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's U.S. federal income tax liability. A holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for a refund with the IRS and furnishing any required information in a timely manner.

Certain U.S. Holders are required to report information relating to an interest in the Additional Notes, subject to certain exceptions (including an exception for notes held in custodial accounts maintained by certain financial institutions). U.S. Holders are urged to consult their own tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Additional Notes.

### ***FATCA***

Sections 1471-1474 of the Code and the U.S. Treasury and IRS guidance issued thereunder ("**FATCA**") generally may impose withholding at a rate of 30% on payments made to any foreign entity on debt obligations generating U.S. source interest or certain other debt obligations generating non-U.S. source interest issued by a foreign financial institution that (i) enters into certain agreements with the IRS or (ii) becomes subject to provisions of local law intended to implement an intergovernmental agreement entered into pursuant to FATCA, in each case to the extent such payments are attributable to U.S. source income, unless the foreign entity receiving such payments complies with various U.S. information reporting and/or due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with such foreign entity) or otherwise qualifies for an exemption. Withholding on payments on debt obligations issued by foreign financial institutions, including on debt obligations generating non-U.S. source interest, will not occur before 2017. Notwithstanding the foregoing, even if payments on the Additional Notes are treated as or are paid from a foreign financial institution, including in the event the Issuer is treated as a foreign financial institution, and such payments are treated as "foreign passthru payments," the Additional Notes will be grandfathered because no final regulations defining a "foreign passthru payment" have been issued and therefore are not subject to the FATCA rules (including the withholding rules) described above. If, however, the Additional Notes are modified at a time when the grandfathering rules are no longer available (i.e., more than six months after the date final regulations define a "foreign passthru payment"), withholding can apply and holders and beneficial owners of the

Additional Notes will not be entitled to receive any additional amounts to compensate them for such withholding. In addition, if Subsequent Additional Notes are issued after the expiration of the grandfathering period, have the same CUSIP or ISIN as the Additional Notes issued hereby, and are subject to withholding under FATCA, then withholding agents may treat all notes, including the Additional Notes issued hereby, as subject to withholding under FATCA. The intergovernmental agreement between the Cayman Islands and the United States (see below) modifies the requirements in this paragraph and an intergovernmental agreement between the United States and a foreign country where a holder or intermediary is located may further modify such requirements. Holders should consult their tax advisors regarding the possible implications of this legislation on their investment in the Notes.

**The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Additional Notes. Prospective purchasers of the Additional Notes should consult their own tax advisors concerning the tax consequences of their particular situations.**

#### **Cayman Islands Tax Information Authority Law**

The Cayman Islands have entered into a Model 1 intergovernmental agreement (the “US IGA”) with the United States and have entered into a similar intergovernmental agreement (the “UK IGA”) with the United Kingdom (together with the US IGA, the “IGAs”). The Issuer will be required to comply with the Cayman Islands Tax Information Authority Law (2014 Revision)(as amended) together with regulations and guidance notes made pursuant to such Law that give effect to the IGAs. To the extent the Issuer is classified as a Cayman Islands Financial Institution and cannot be treated as a Non-Reporting Cayman Islands Financial Institution (as defined in the IGAs) by taking advantage of one of the categories set out in Annex II to the IGAs (for example by being a Sponsored Investment Entity (as defined in the IGAs)), the Issuer will be a “**Reporting Cayman Islands Financial Institution**” (as defined in the IGAs). Although the FATCA classification of the Issuer is not entirely clear, the Issuer has registered with the IRS and obtained a Global Intermediary Identification Number (for the purposes of the US IGA only) and intends to report to the Cayman Islands Tax Information Authority any payments made to (i) Specified US Persons with respect to US Reportable Accounts and (ii) Specified UK Persons with respect to UK Reportable Accounts (each such term as defined in the relevant IGA). The Cayman Islands Tax Information Authority will exchange such information with the IRS or HMRC as the case may be under the terms of the relevant IGA. Under the terms of the US IGA, withholding will not be imposed on payments made to the Issuer unless the IRS has specifically listed the Issuer as a non-participating financial institution, or on payments made by the Issuer to the holders of Additional Notes unless the Issuer has otherwise assumed responsibility for withholding under United States tax law.



## PLAN OF DISTRIBUTION

The Issuer has agreed to sell to the Additional Notes Initial Purchasers, and the Additional Notes Initial Purchasers have agreed to purchase from the Issuer, the entire principal amount of the Additional Notes. The Additional Notes will initially be sold to the Additional Notes Initial Purchasers pursuant to a purchase agreement to be entered into on or about the date hereof on terms substantially identical to those described in connection with the offering of the Original Dollar Notes in the section entitled “Plan of Distribution” in the Original Offering Memorandum.

The obligations of the Additional Notes Initial Purchasers under the purchase agreement entered into on or about the date hereof, including their agreement to purchase Additional Notes from the Issuer, are several and not joint. Pursuant to the terms of this purchase agreement, the Issuer has agreed to sell to each Additional Notes Initial Purchaser, and each Additional Notes Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, together with all other Additional Notes Initial Purchasers, Additional Notes in an aggregate principal amount of \$340 million.

The Additional Notes Initial Purchasers initially propose to offer each of the Additional Notes for resale at the issue price that appears on the cover of this Offering Memorandum. After the initial offering, the Additional Notes Initial Purchasers may change the offering price and any other selling terms. The Additional Notes Initial Purchasers may offer and sell Additional Notes through certain of their affiliates.

In the purchase agreement entered into on or about the date hereof, the Issuer, UPC Holding and UPC Broadband Holding have agreed that:

- subject to certain exceptions, including but not limited to (i) one or more additional facilities or debt securities, the proceeds of which are used to fund one or more additional facilities, under the UPC Broadband Holding Bank Facility, (ii) the issuance of any debt securities by UPC Holding or (iii) any further issuance of additional notes (as the term is defined in the Indenture), the Issuer, UPC Holding and UPC Broadband Holding will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities Exchange Commission a registration statement under the U.S. Securities Act relating to any debt securities, which are substantially similar to the Additional Notes offered hereby, issued by the Issuer, having a maturity of more than one year from the date of issue of the Additional Notes, without the prior consent of Credit Suisse Securities (Europe) Limited, for a period of 30 days after the Time of Sale (as defined in the purchase agreement entered into on or about the date hereof); and
- the Issuer, UPC Holding and UPC Broadband Holding will indemnify the Additional Notes Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or contribute to payments that the Additional Notes Initial Purchasers may be required to make in respect of those liabilities.

Certain of the Additional Notes Initial Purchasers are not broker-dealers registered with the SEC, and therefore may not make sales of any Additional Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that any such Additional Notes Initial Purchaser intends to effect sales of the Additional Notes in the United States, it will do so only through one or more affiliated U.S. registered broker dealers, or otherwise as permitted by applicable U.S. law.

### **Selling Restrictions**

#### ***United States***

Each purchaser of Additional Notes offered by this Offering Memorandum, in making its purchase, will be deemed to have made the acknowledgements, representations and agreements as described under the section entitled “*Transfer Restrictions*” in the Supplement.

The Additional Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to non U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. For a description of certain further restrictions on resale or transfer of the Additional Notes, see the section entitled “*Transfer Restrictions*” in the Supplement.

The Additional 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 Additional Note to the public.

### ***United Kingdom***

In the purchase agreement entered into on or about the date hereof, each Additional Notes 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 Additional 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 Additional Notes in circumstances in which section 21(1) of the FSMA does not apply to such Additional Notes Initial Purchaser.

Each Additional Notes Initial Purchaser has also agreed in the purchase agreement entered into on or about the date hereof that it has complied with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Additional Notes or possesses or distributes this Offering Memorandum, and will, subject to certain provisions in this purchase agreement, obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Additional 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 Additional Notes 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 Additional Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Additional Notes Initial Purchaser or Additional Notes 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 Additional Notes shall require the Issuer or any Additional Notes Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Additional Notes to the public” in relation to any Additional 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 Additional Notes to be offered so as to enable an investor to decide to purchase or subscribe the Additional Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC as amended including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

## ***The Netherlands***

Each Additional Notes Initial Purchaser has represented and agreed that the Additional Notes (including rights representing an interest in each global note that represents the Additional Notes) may only be offered or sold to qualified investors (*gekwalficeerde beleggers*) as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

## ***Cayman Islands***

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Additional Notes unless the Issuer is listed on the Cayman Islands Stock Exchange. The Issuer does not intend to be so listed.

## **General**

The Additional Notes are a new issue of securities, and there is currently no established trading market for the Additional Notes. In addition, the Additional Notes are subject to certain restrictions on resale and transfer as described under the section entitled “Transfer Restrictions” in the Supplement. The Issuer will apply to list the Additional Notes on the Official List of the Irish Stock Exchange and for the admission for trading on the Global Exchange Market thereof. The Additional Notes Initial Purchasers have advised the Issuer and UPC Holding that they intend to make a market in the Additional Notes, but they are not obligated to do so. The Additional Notes Initial Purchasers may discontinue any market making in the Additional 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 Additional Notes, that you will be able to sell your Additional 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 Additional Notes will be made against payment on the Additional Notes on or about the date specified on the cover page of this Offering Memorandum, which will be \_\_\_\_\_ 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 Additional Notes (this settlement cycle is being referred to as “T+ \_\_\_\_\_”). 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 \_\_\_\_\_ business day will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with the offering of the Additional Notes, the Stabilizing Managers may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions involve bids to purchase the Additional Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Additional Notes. Syndicate covering transactions typically involve purchases of the Additional 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 Additional Notes to be higher than it would otherwise be in the absence of those transactions. If the Stabilizing Managers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

The Additional Notes Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, including securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Additional Notes Initial Purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, various consulting, financial advisory, investment banking, commercial lending and capital markets services for UPC Holding and Liberty Global, for which they received or will receive customary fees and expenses. Certain of the Additional Notes Initial Purchasers or their respective affiliates have arranged and made loans to subsidiaries of Liberty Global or UPC Holding in the past. Certain of the Additional Notes Initial Purchasers or their affiliates that have a lending relationship with, and/or own outstanding debt securities of, UPC Holding and/or its affiliates have hedged, and are likely to hedge in the future, their credit exposure to UPC Holding and/or its affiliates consistent with their risk management policies. Typically, the Additional Notes Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Additional Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Additional Notes. In addition, certain of the Additional Notes Initial Purchasers or their affiliates provide UPC Holding and/or its affiliates, from time to time, with hedging services, and may act as counterparties to certain hedging agreements entered into by UPC Holding and/or its affiliates and such parties will receive customary fees and commissions for their services in such capacities.

In the ordinary course of their various business activities, the Additional Notes Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investment and securities activities may involve securities and/or instruments of the Issuer. The Additional Notes Initial Purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Certain of the Additional Notes Initial Purchasers and/or their respective affiliates are lenders under facilities of the UPC Broadband Holding Bank Facility certain of which will be repaid with the proceeds from the offering of the Additional Notes and are parties to certain hedging arrangements with UPC Holding and/or its subsidiaries. See “*Use of Proceeds*”. In addition, certain of the Additional Notes Initial Purchasers or their respective affiliates are party to certain hedging arrangements and may be counterparties to certain cross-currency swap contracts that we may enter into with respect to the Additional Notes.

## TRANSFER RESTRICTIONS

The Additional Notes have not been registered under the U.S. Securities Act or any other applicable securities laws and, unless so registered, the Additional Notes may not be offered, sold, pledged or otherwise transferred within the U.S. or to or for the account of any U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws. The Additional Notes are being offered and sold and issued (1) in the United States, to “qualified institutional buyers” as defined in Rule 144A under the U.S. Securities Act, and (2) outside the United States, to persons other than “U.S. persons” as defined in Rule 902 under the U.S. Securities Act in offshore transactions in compliance with Regulation S under the U.S. Securities Act.

By purchasing the Additional 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 Additional 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 Additional Notes in an offshore transaction pursuant to Regulation S.

(2) You understand that the Additional 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 Additional 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 Additional Notes, such Additional Notes may be offered, resold, pledged or otherwise transferred only (i) for so long as the Additional 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 Additional 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 Additional Notes Initial Purchasers or any person representing the Issuer, UPC Holding, or the Additional Notes Initial Purchasers has made any representation to you with respect to the Issuer, UPC Holding, or the offer or sale of any of the Additional 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 Additional Notes. You acknowledge that the Additional Notes 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 Additional 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 Additional Notes, including an opportunity to ask questions of, and request information from, the Issuer, UPC Holding and the Additional Notes 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 Additional Notes under the paragraph two above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer and the Trustee; and
- (b) each Global Note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS IN THE CASE OF RULE 144A NOTES: ONE YEAR AND IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATES OF THE ISSUER WERE THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ACCEPTING THIS NOTE (OR AN INTEREST IN THE NOTE REPRESENTED HEREBY) EACH ACQUIRER AND EACH TRANSFEREE IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) EITHER (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN IT WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), (I) 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, (II) AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER PLAN OR ARRANGEMENT TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, (THE "CODE"), APPLIES, (III) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA)) BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S AND/OR PLAN'S INVESTMENT IN SUCH ENTITY (EACH OF (I), (II) AND (III), A "BENEFIT PLAN INVESTOR"), OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR THE PROHIBITED TRANSACTION PROVISIONS OF ERISA AND/OR SECTION 4975 OF THE CODE ("SIMILAR LAWS"), AND NO PART OF THE ASSETS USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR ANY SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAWS); AND (2) NEITHER THE ISSUER NOR ANY OF ITS AFFILIATES IS A "FIDUCIARY" (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975 OF THE CODE OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF "FIDUCIARY" UNDER SIMILAR LAWS) WITH RESPECT TO THE

ACQUIRER OR TRANSFEREE IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THIS NOTE, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THIS NOTE, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE ACQUIRER OR TRANSFEREE IN CONNECTION WITH THIS NOTE AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THIS NOTE.

- (c) The following legend shall also be included, if applicable:

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT (“OID”) WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE.

Holders may obtain information regarding the amount of any OID, the issue price, the Issue Date and the yield to maturity relating to the Additional Notes by contacting the Treasurer, UPC Holding B.V., Boeing Avenue 53, Schiphol-Rijk, 1119 PE, The Netherlands, +31 (0)20 778 2964.

If you purchase Additional Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Additional Notes as well as to holders of these Additional Notes.

(1) You acknowledge that the Registrar will not be required to accept for registration of transfer any Additional 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 Additional Notes 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 Additional Notes Initial Purchasers promptly in writing; and
- (b) if you are acquiring any Additional 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 Additional Notes notice of any restrictions on the transfer of the Additional Notes.

(4) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Additional Notes Initial Purchasers that would permit a public offering of the Additional Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Additional Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Additional Notes will be subject to the selling restrictions set forth hereunder.

#### **European Economic Area**

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”), the Additional Notes 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 Additional Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

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

- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Additional Notes Initial Purchaser or Additional Notes Initial Purchasers nominated by the Issuer for any such offer; or
- (c) any other entity in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Additional Notes shall require the Issuer or the Additional Notes 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 Additional Notes to the public” in relation to the Additional 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 Additional Notes to be offered so as to enable an investor to decide to purchase or subscribe the Additional Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC as amended, including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State.

### **ERISA Considerations**

By acquiring the Additional Notes, or any interest therein, you will be deemed to have further represented, warranted and agreed, at the time of the acquisition and throughout the period you hold the Additional Notes or any interest therein, as follows:

- (1) With respect to the acquisition, holding and disposition of the Additional 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 Additional Notes or any interest therein will not be, and will not be acting on behalf of), (I) an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”)), that is subject to the provisions of part 4 of subtitle B of Title I of ERISA, (II) an individual retirement account or other plan or arrangement to which Section 4975 of the Code, applies, or (III) any entity whose underlying assets include “plan assets” (within the meaning of 29 C.F.R. Section 2510.3–101 (as modified by Section 3(42) of ERISA)) by reason of any such plan’s investment in such entity (each of (I), (II) and (III), a “Benefit Plan Investor”) or (IV) 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 Additional Notes or any interest therein constitutes the assets of any Benefit Plan Investor or any such governmental, church or non-U.S. plan, or (ii) your acquisition, holding and disposition of such Additional Note, or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a non-exempt violation of any Similar Laws); and (B) neither the Issuer nor any of its affiliates is a “Fiduciary” (within the meaning of Section 3(21) of ERISA or Section 4975 of the Code or, with respect to a governmental, church or non-U.S. plan, any definition of “fiduciary” under Similar Laws) with respect to you, as the purchaser or holder, in connection with your purchase or holding of the Additional Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Additional Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of you, as the purchaser or holder, in connection with the Additional Notes and the transactions contemplated with respect to the Additional Notes.



## BOOK-ENTRY, DELIVERY AND FORM

### General

The Additional Notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act (the “**Rule 144A Notes**”). The Additional Notes also may be offered and sold in offshore transactions in reliance on Regulation S under the U.S. Securities Act (the “**Regulation S Notes**”). Except as set forth below, the Additional Notes will be issued in registered, global form in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. Additional Notes will be issued at the closing of this offering only against payment in immediately available funds.

The Rule 144A Notes initially will be represented by one or more global notes in registered form without interest coupons attached (collectively, the “**Rule 144A Global Notes**”). Regulation S Notes initially will be represented by one or more temporary global notes in registered form without interest coupons attached (collectively, the “**Regulation S Temporary Global Notes**”) and will have different international securities identification numbers and CUSIP from, and will not trade fungibly, with the Original Dollar Notes through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the “**Restricted Period**”). The Rule 144A Global Notes and the Regulation S Temporary Global Notes will be deposited upon issuance with The Bank of New York Mellon as custodian for The Depository Trust Company (“**DTC**”), in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC, as described below. Through and including the Restricted Period, beneficial interests in the Regulation S Temporary Global Notes may be held only through Euroclear Bank S.A./N.V., as operator of the Euroclear system (“**Euroclear**”), and Clearstream Banking, S.A. (“**Clearstream**”) (as indirect participants in DTC), unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. Within a reasonable time period after the expiration of the Restricted Period, the Regulation S Temporary Global Notes will be exchanged for one or more permanent global notes in registered form without interest coupons (collectively, the “**Regulation S Permanent Global Notes**”) and, together with the Regulation S Temporary Global Notes, the “**Regulation S Global Notes**”; the Regulation S Global Notes and the Rule 144A Global Notes collectively being the “**Global Notes**”) as provided in the Indenture and pursuant to Regulation S under the U.S. Securities Act. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See “—*Exchanges Between Regulation S Notes and Rule 144A Notes.*”

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive registered Dollar Notes in certificated form (the “**Definitive Registered Notes**”) except in the limited circumstances described below under “—*Issuance of Definitive Registered Notes*”. Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Dollar Notes in certificated form.

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “Transfer Restrictions.” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Except as described below, owners of interests in the Global Notes will not have Dollar Notes registered in their names, will not receive physical delivery of Dollar Notes in certificated form and will not be considered the registered owners or “holders” thereof under the Indenture for any purpose.

### Payments on Global Notes

Payments in respect of the principal of, and interest and premium, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Issuer and the Trustee will treat the persons in whose names the Dollar Notes, including the Global Notes, are registered as the owners of the Dollar Notes for the purpose of receiving payments and for all other purposes. Consequently, neither we, the Trustee nor any of our or its respective agents has or will have any responsibility or liability for:

- any aspect or the accuracy of DTC’s records or any Participant’s or Indirect Participant’s (in each case, as defined below under “—*Information Concerning DTC, Euroclear and Clearstream*”) records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC’s records or any Participant’s or Indirect Participant’s records relating to the beneficial ownership interests in the Global Notes; or

- any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities, such as the Dollar Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of Dollar Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee or us. Neither we nor the Trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the Dollar Notes, and we and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

### **Currency of Payment for the Global Notes**

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Dollar Notes in U.S. dollars.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. Neither we nor the Trustee nor the Additional Notes Initial Purchasers nor any of our or their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

### **Action by Owners of Beneficial Interests in the Global Notes**

DTC has advised us that it will take any action permitted to be taken by a holder of Dollar Notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Dollar Notes as to which such Participant or Participants has or have given such direction. However, if there is an event of default under the Dollar Notes, DTC reserves the right to exchange the Global Notes for Definitive Registered Notes, and to distribute such Definitive Registered Notes to its Participants.

### **Transfers**

The Dollar Notes represented by the Global Notes are expected to be listed on the Irish Stock Exchange's Global Exchange Market. Subject to the transfer restrictions set forth under "*Transfer Restrictions*," transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

### **Definitive Registered Notes**

Under the terms of the Indenture, owners of beneficial interests in the Global Notes will receive Definitive Registered Notes:

- if DTC notifies the Issuer that it is unwilling or unable to continue as depository for the Global Notes and, in either case, a successor depository is not appointed by the Issuer within 120 days after the date of such notice;
- if the Issuer, at its option, notifies the Trustee in writing that it elects to exchange in whole, but not in part, the Global Notes for Definitive Registered Notes;
- in whole, but not in part, if the Issuer or DTC so request following an event of default; or
- if the holder of a Book-Entry Interest requests such exchange in writing delivered through DTC or to the Issuer following an event of default.

In all cases, the Issuer shall issue or cause to be issued Definitive Registered Notes in such name or names and issued in any approved denominations, as DTC shall instruct the Issuer based on the instructions received by DTC from the holders of the Book-Entry Interests.

Definitive Registered Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Dollar Notes. See “*Transfer Restrictions*.”

#### **Exchanges Between Regulation S Notes and Rule 144A Notes**

Prior to the expiration of the Restricted Period, 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 Dollar Notes pursuant to Rule 144A under the U.S. Securities Act; and
- the transferor first delivers to the Trustee a written certificate (in the form provided in the indenture) to the effect that the Dollar Notes are being transferred to a person: (a) who the transferor reasonably believes to be a qualified institutional buyer (“**QIB**”) within the meaning of Rule 144A under the U.S. Securities Act; (b) purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act; and (c) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a 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, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S under the U.S. Securities Act or Rule 144 under the U.S. Securities Act (if available) and that, if such transfer occurs prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected by DTC by means of an instruction 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 Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. 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. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Note prior to the expiration of the Restricted Period.

#### **Same Day Settlement**

We will make payments in respect of the Dollar Notes represented by the Global Notes (including principal, premium, if any, and interest) by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. We will make all payments of principal, interest and premium, if any, with respect to Definitive Registered Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Definitive Registered Notes or, at the option of the Issuer, by mailing a check to each such holder’s registered address. The Dollar Notes represented by the Global Notes are expected to be eligible to trade in The PORTAL<sup>SM</sup> Market and 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. We expect that secondary trading in any Definitive Registered Notes will also be settled in immediately available funds.

Subject to compliance with the transfer restrictions applicable to the Dollar Notes described herein and under “*Transfer Restrictions*” and the other requirements of the Indenture, cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC’s rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositories; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and regulations and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository 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 depositories 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 Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received 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 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.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue or modify such procedures at any time. Neither we, the Trustee, the principal paying agent nor any of our or their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

### **Information Concerning DTC, Euroclear and Clearstream**

The following description of the operations and procedures of DTC, Euroclear and Clearstream are 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. Neither we nor the Additional Notes Initial Purchasers take any responsibility for these operations and procedures and we urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the **"Participants"**) and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of securities certificates. The Participants include securities brokers and dealers (including the Additional Notes Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the **"Indirect Participants"**). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants. DTC has also advised us that, pursuant to procedures established by it:

- upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the Additional Notes Initial Purchasers with portions of the principal amount of the Global Notes; and
- ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants. Investors in the Regulation S Global Notes must initially hold their interests therein through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants. After the expiration of the Restricted Period (but not earlier), investors may also hold interests in the Regulation S Global Notes through Participants in the DTC system other than Euroclear and Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some 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 the Participants, which in turn act on behalf of the Indirect Participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons 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.

## 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 Dollar Notes and is not itself seeking admission of the Dollar Notes to the Global Exchange Market of the Irish Stock Exchange.

The listing of the Dollar Notes on the Irish Stock Exchange's Global Exchange Market will be expressed in 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 Dollar Notes are listed on the Irish Stock Exchange's Global Exchange Market:

- (1) the memorandum and articles of association of the Issuer;
- (2) the December 31, 2014 Consolidated Financial Statements;
- (3) the December 31, 2014 financial statements of the Issuer;
- (4) the Indenture;
- (5) the purchase agreement;
- (6) the Facility AL Finco Accession Agreement;
- (7) the Facility AL2 Finco Accession Agreement;
- (8) the Notes Security Documents;
- (9) the Fee Letters;
- (10) the Expenses Agreement;
- (11) the Deed of Covenant;
- (12) the UPC Broadband Holding Bank Facility; and
- (13) 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 Dollar Notes will be published by the Companies Announcement Office of the Irish Stock Exchange.

The net proceeds of the offering of the Additional Notes together with the fees payable to the Issuer by UPC Financing under the Additional Notes Fee Letter and before considering any applicable premiums are expected to be \$340 million.

The total expenses to be incurred with regard to the admission to trading are approximately €6,000.

### Clearing Information

The Additional Notes sold pursuant Rule 144A have been accepted for clearance through the facilities of DTC under ISIN US90320MAA36 and CUSIP number US90320MAA3.

During the 40-day distribution compliance period (as defined under Regulation S under the U.S. Securities Act), the Additional Notes sold pursuant to Regulation S will be represented by a temporary global note with a temporary ISIN of \_\_\_\_\_ and a temporary CUSIP number of \_\_\_\_\_. Following the expiration of the 40-day distribution compliance period, the Additional Notes sold pursuant to Regulation S will be represented by a permanent global note with an ISIN of USG9300MAA02 and a CUSIP number of G9300MAA0.

**Legal Information Regarding the Issuer**

The issuance of the Notes has been authorized pursuant to resolutions of the board of directors of the Issuer passed on April 28, 2015.

***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.

**Offering Memorandum**

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in the financial position of UPC Financing or UPC Holding since December 31, 2014; 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 (iii) of this Offering Memorandum) accept responsibility for 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.

**ANNEX A:**  
**FINCO ACCESSION AGREEMENT AL2**

## **[\$340],000,000 Additional Facility AL2 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: UPGB Finance IV Limited (the ***Additional Facility AL2 Lender***)

Date: [•], 2015

**UPC Broadband Holding B.V. (formerly known as UPC Distribution Holding B.V.)—Term Credit Agreement dated 16 January 2004 as amended from time to time (the *Credit Agreement*)**

1. In this Agreement:

***Additional Facility AL Accession Agreement*** means the \$800,000,000 additional facility accession agreement dated 15 April 2015 between UPC Financing as the Borrower, UPGB Finance IV Limited as the Additional Facility AL Lender and The Bank of Nova Scotia, as the Facility Agent and Security Agent.

***Additional Notes*** means the \$[340],000,000 aggregate principal amount of 5½% senior secured notes due 2025 and issued on or about the date of this Agreement by the Additional Facility AL2 Lender pursuant to the Indenture.

***Facility AL*** means the \$800,000,000 term loan facility made available under the Additional Facility AL Accession Agreement.

***Facility AL Advance*** has the meaning given to that term in the Additional Facility AL Accession Agreement.

***Facility AL2*** means the \$[340],000,000 term loan facility made available under this Agreement.

***Facility AL2 Advance*** means the dollar denominated advance made to UPC Financing by the Additional Facility AL2 Lender under Facility AL2.

***Facility AL2 Commitment*** means, in relation to the Additional Facility AL2 Lender, the amount in dollars set opposite its name under the heading “Facility AL2 Commitment” in Schedule 1 to this Agreement, to the extent not cancelled, transferred, or reduced under the Credit Agreement.

***Indenture*** means the indenture, dated 15 April 2015, among, *inter alios*, the Additional Facility AL2 Lender, as issuer, The Bank of New York Mellon, London Branch, as trustee and principal paying agent.

***Liberty Global Reference Agreement*** means any or all of (i) the credit agreement dated 7 June 2013 between (among others) Virgin Media Investment Holdings Limited as borrower and The Bank of Nova Scotia as facility agent; (ii) the credit agreement dated 27 January 2014 between (among others) Ziggo B.V. as borrower and The Bank of Nova Scotia as facility agent (in each case as amended from time to time up to the date of this Agreement); (iii) the credit agreement dated 28 September 2006 between (among others) All3Media Finance Limited as borrower and The Royal Bank of Scotland plc as facility agent (in each case as amended from time to time up to the date of this Agreement); and (iv) the credit agreement dated 5 March 2015 between (among others) Ziggo Secured Finance B.V. as SPV



borrower and The Bank of Nova Scotia as facility agent (in each case as amended from time to time up to the date of this Agreement).

**Notes** means the Original Notes and the Additional Notes.

**Original Notes** means the \$800,000,000 aggregate principal amount of 5¾% senior secured notes due 2025 and issued on 15 April 2015 by the Additional Facility AL2 Lender pursuant to 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 AL2 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 AL2 Lender (the **Effective Date**).
5. The Additional Facility AL2 Lender agrees:
  - (a) to become a party to and to be bound by the terms of the Credit Agreement as a 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 AL2 Lender (for the purpose of the definition of Additional Facility Commitment in Clause 1.1 (Definitions) of the Credit Agreement) is its Facility AL2 Commitment.
7. The Borrower in relation to Facility AL2 is UPC Financing.
8.
  - (a) This Additional Facility AL2 Accession Agreement constitutes a further Additional Facility AL Accession Agreement as referred to in paragraph 8(a) of the Additional Facility AL Accession Agreement. It is the intention of the parties that Facility AL be upsized by the original principal amount of Facility AL2 and that, on and after the Effective Date, Facility AL and Facility AL2 shall constitute one single Additional Facility for all purposes of the Credit Agreement and the other Finance Documents.
  - (b) The parties acknowledge and agree that: (i) provided that any further upsizing of Facility AL permitted under Clause 8 of the Additional Facility AL Accession Agreement will not breach any term of the Credit Agreement, Facility AL may be further upsized by any amount, by the signing of one or more further Additional Facility AL Accession Agreements, that specify (along with the other terms specified therein) UPC Financing as the sole Borrower and which specify Additional Facility

AL Commitments denominated in US dollars, to be drawn in US dollars, with the same Final Maturity Date and Margin as specified in the Additional Facility AL Accession Agreement; and (ii) unless otherwise specified, references to Facility AL Advances under the Additional Facility AL Accession Agreement shall include the Facility AL2 Advance and any other Advance made under any further Additional Facility AL Accession Agreement described in clause (b)(i) of this paragraph 8.

- (c) Where any Facility AL Advance has not already been consolidated with any other Facility AL Advance, on the last day of any Interest Period for such Facility AL Advance, that Facility AL Advance will be consolidated with any other Facility AL Advance which has an Interest Period ending on the same day as that Facility AL Advance, and all such Facility AL Advances will then be treated as one Advance.
  - 9. Facility AL2 may be drawn by one Advance on the date of this Agreement and such date will constitute the Availability Period for Facility AL2. No more than one Request may be made in respect of Facility AL2 under the Credit Agreement and such Request may only be in a principal amount of the Additional Facility Commitment in relation to Facility AL2 as set out in Clause 6 above, provided that the Facility AL2 Advance will be funded with a premium of \$[●] payable by the Additional Facility AL2 Lender for the benefit of the Borrower.
  - 10. The Facility AL2 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 AL2 is 15 January, 2025. Any outstanding Advance under Facility AL2 shall be repaid in full on the Final Maturity Date.
  - 12. The interest rate for Facility AL2 will be a fixed rate of 5.375 per cent. per annum and interest shall accrue from the date of the initial funding of Facility AL. 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 (if applicable), where, in order to achieve the fixed rate referred to above, the applicable Margin will be, with respect to any Interest Period:
    - (a) 5.375 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 (if applicable) for such Interest Period.
- For the avoidance of doubt, for the purpose of this calculation, the applicable Margin may be a negative number. Further, the interest rate for Facility AL2 will never exceed 5.375 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 AL2 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 AL2 pursuant to Clause 7.4(a)(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 AL2 Lender) in an amount equal to 1 per cent. of the principal amount of the outstanding Facility AL2 Advance. Such payment shall be due and payable by UPC

Broadband to the Facility Agent (for the account of the Additional Facility AL2 Lender) on the actual date of such mandatory prepayment.

15. Subject to Clause 18 of this Agreement, at any time prior to 15 January, 2020, upon the occurrence of any voluntary prepayment of the Facility AL2 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 AL2 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 AL2 Lender) in an amount (the **Prepayment Premium**) equal to 3% of the principal amount of the Facility AL2 Advance being prepaid, plus accrued and unpaid interest then due on the amount of the Facility AL2 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 AL2 Lender) on the actual date of such prepayment. Prior to 15 January, 2020, to the extent that during any twelve-month period commencing on the date of this Agreement, the principal amount of the Facility AL2 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 AL2 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 AL2 Advance as described in Clause 16 below.
16. (a) Subject to Clause 18 of this Agreement, at any time prior to 15 January, 2020, upon the occurrence of a voluntary prepayment of all or any part of the outstanding Facility AL2 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 AL2 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 AL2 Lender) on the actual date of such prepayment.

For the purposes of this Clause 16:

**Make-Whole Amount** means, with respect to Facility AL2 on any date on which all or any part of the outstanding Facility AL2 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:

- (i) 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 AL2 Lender) if all or such portion of the outstanding Facility AL2 Advance were prepaid pursuant to Clause 7.3 (Voluntary prepayment) of the Credit Agreement on 15 January, 2020 (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 AL2 Advance through 15 January, 2020 (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
- (ii) the principal amount of the outstanding Facility AL2 Advance being prepaid.

**Treasury Rate** means, as of any prepayment 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 date of the relevant Cancellation Notice (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the prepayment date to 15 January, 2020; provided, however, that if the period from the prepayment date to 15 January, 2020 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 prepayment date to 15 January, 2020 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.

Such Payment of the Make-Whole Amount shall be due and payable by UPC Broadband to the Facility Agent (for the account of the Additional Facility AL2 Lender) on the actual date of such prepayment.

- (b) Subject to Clause 18 of this Agreement, on or after 15 January, 2020, upon the occurrence of a voluntary prepayment of all or any part of the outstanding Facility AL2 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 AL2 Lender) an amount (the **Additional Amount**) equal to the relevant percentage set out in the table below of the principal amount of the Facility AL2 Advance being prepaid on the due date of such prepayment, if prepaid during the twelve month period beginning on 15 January of the years indicated below:

<b>Year</b>	<b>Relevant Percentage</b>
2020.....	2.688%
2021.....	1.792%
2022.....	0.896%
2023 and thereafter .....	0.000%

Such Payment of the Additional Amount shall be due and payable by UPC Broadband to the Facility Agent (for the account of the Additional Facility AL2 Lender) on the actual date of such prepayment.

17. Subject to Clause 18 of this Agreement, at any time prior to 15 January, 2018 upon the occurrence of any voluntary prepayment of the Facility AL2 Advance by UPC Broadband pursuant to Clause 7.3 (Voluntary prepayment) of the Credit Agreement with the Net Cash Proceeds of one or more Equity Offerings (the **Equity Offering Early Redemption Proceeds**) in an amount not to exceed 40% of the original principal amount of the Facility AL2 Advance, UPC Broadband shall make a payment to the Facility Agent (for the account of the Additional Facility AL2 Lender) in an amount (the **Equity Claw Prepayment Premium**) equal to 5.375 per cent. of the principal amount of the Facility AL2 Advance being prepaid, plus accrued and unpaid interest then due on the amount of the Facility AL2 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 AL2 Lender) on the actual date of such prepayment.

For the purposes of this clause 17:

**Capital Stock** of any person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of interests in (however designated) equity of such person, including any preferred stock, but excluding any debt securities convertible into such equity.

**Disqualified Stock** means, with respect to any person, any Capital Stock of such person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of UPC Broadband, UPC Financing or a Subsidiary of UPC Broadband); or
- (3) is redeemable at the option of the holder of the Capital Stock in whole or in part, in each case on or prior to the earlier of the date (a) of the stated maturity of Facility AL2 or (b) on which there are no amounts outstanding under Facility AL2, provided that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock; *provided, further* that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require UPC Broadband to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (each defined in a substantially identical manner to the corresponding definitions in the Credit Agreement) shall not constitute Disqualified Stock if the terms of such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) provide that UPC Broadband may not repurchase or redeem any such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) pursuant to such provision prior to compliance by UPC Broadband with any provisions of the Credit Agreement.

**Equity Offering** means a sale of (1) Capital Stock of UPC Broadband or UPC Financing (other than Disqualified Stock), (2) Capital Stock the proceeds of which are contributed as equity share capital to UPC Broadband or UPC Financing or as Subordinated Shareholder Loans or (3) Subordinated Shareholder Loans.

**Net Cash Proceeds** means, with respect to any issuance or sale of Capital Stock, Subordinated Shareholder Loans and other capital contributions, the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

18. Notwithstanding Clauses 15, 16 and 17 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 AL2 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.

19. The Additional Facility AL2 Lender acknowledges that the Borrower may discharge all or part of the Facility AL2 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 AL2 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 AL2 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 AL2 Advance in connection with the UPC Exchange Transaction and agree to discuss and negotiate any such amendments in good faith at the relevant time.
20. For the purposes of any amendment or waiver, consent or other modification (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 AL2 Lender hereby consents to:
  - (a) any and all of the items set out in Schedule 3 (Amendments, waivers, consents and other modifications) of this Agreement; and
  - (b) any consequential amendment, waiver, consent or other modification, whether effected by one instrument or through a series of amendments, to the Credit Agreement or any other Finance Document to be made either to implement the changes envisaged in Schedule 3 (Amendments, waivers, consents and other modifications) of this Agreement or to conform any Finance Document to Schedule 3 (Amendments, waivers, consents and other modifications) of this Agreement; and/or
  - (c) any other amendment, waiver, consent or modification, whether effected by one instrument or through a series of amendments, to the Credit Agreement or any other Finance Document to be made to conform any Finance Document to any Liberty Global Reference Agreement (provided that any amendment, waiver, consent or modification to conform the Credit Agreement or any other Finance Document to the Liberty Global Reference Agreement referred to at paragraph (iv) of that definition, shall be limited to those that are mechanical in nature unless specifically referenced in Schedule 3 (Amendments, waivers, consents and other modifications) of this Agreement),

and this Agreement shall constitute the Additional Facility AL2 Lender's irrevocable and unconditional written consent in respect of such amendments or waivers to the Finance Documents for the purposes of Clause 25 (Amendments and Waivers) of the Credit Agreement without any further action required on the part of any Party.

21. The Additional Facility AL2 Lender hereby acknowledges and agrees that the Facility Agent may, but shall not be required to, send to the Additional Facility AL2 Lender any further formal amendment request in connection with all, or any of the proposed amendments set out under Clause 20 above and the Facility Agent shall be authorised to consent on behalf of the Additional Facility AL2 Lender, as a Lender under one or more Additional Facilities, to any

such proposed amendments set out under Clause 20 above, and such consent shall be taken into account in calculating whether the Majority Lenders, or the relevant requisite Lenders, have consented to the relevant amendments and/or waivers or other modifications to the Finance Documents in accordance with Clause 25 (Amendments and Waivers) of the Credit Agreement.

22. The Additional Facility AL2 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.
23. In the event that the amendments to the Credit Agreement referred to at paragraph 78 (Benefit of Maintenance Covenant) of Schedule 3 (Amendments, waivers, consents and other modifications) become effective in accordance with clauses 20 and 21 above, on and from the Amendment Effective Date the maintenance covenants at Clause 17.2 (Financial ratios) of the Credit Agreement shall not be for the benefit of the Additional Facility AL2 Lender and the Additional Facility AL2 Lender acknowledges and agrees that it shall not form part of the "Composite Maintenance Covenant Instructing Group" in respect of its Facility AL2 Commitment.
24. In the event that the Additional Facility AL2 Lender is eligible or required to vote (or otherwise consent) with respect to any matter (other than the matters specified in Clause 20 above) arising from time to time under the Credit Agreement or this Agreement the Facility Agent will apply the votes of the Additional Facility AL2 Lender in accordance with a written direction to be provided by the Additional Facility AL2 Lender or the Trustee (on behalf of the Additional Facility AL2 Lender). The Additional Facility AL2 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.
25. 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.
26. 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.
27. The Additional Facility AL2 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.
28. The Additional Facility AL2 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 Facility AL2. The Additional Facility AL2 Lender, the Borrower and the Facility Agent acknowledge and agree that (a) the Facility AL2 Advance shall be made by the Additional Facility AL2 Lender directly to the Borrower to an account notified by the Borrower to the Additional Facility AL2 Lender, rather than through the Facility Agent, and (b) in respect of any other payments of principal, interest or other amounts due under Facility AL2, (i) the Borrower shall make payments payable by it to the Additional Facility AL2 Lender directly to the Additional Facility AL2 Lender (or to such account as the Additional Facility AL2 Lender may specify), and (ii) the Additional Facility AL2 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 AL2 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 28 when due, and the Borrower agrees that it shall promptly notify the Facility Agent if the Additional Facility AL2 Lender fails to make any payment under subclause (b)(ii) of this Clause 28 when due.
29. UPC Broadband agrees that it will not request or require the transfer of all of the rights and obligations of the Additional Facility AL2 Lender pursuant to any provision of the Credit Agreement following the effectiveness of any amendment or amendment and restatement of the Credit Agreement in accordance with Clauses 20 and 21 above.
30. The Facility Office and address for notices of the Additional Facility AL2 Lender for the purposes of Clause 32.2 (Addresses for notices) of the Credit Agreement will be that notified by the Additional Facility AL2 Lender to the Facility Agent.
31. The Facility Agent may provide copies of the Indenture, or disclose its contents, to any Finance Party upon request by that Finance Party.
32. This Agreement and any non contractual obligations arising out of or in connection with it are governed by English law.
33. 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.
34. 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 AL2 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 AL2 Lender (including any subsequent Lender under Facility AL2) 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 US\$200,000. The Additional Facility AL2 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 AL2 LENDER AND FACILITY AL2 COMMITMENT**

<b>Additional Facility AL2 Lender</b>	<b>Facility AL2 Commitment</b>
UPCB Finance IV Limited.....	\$[340],000,000
<b>Total</b> .....	<b>\$[340],000,000</b>

## **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 AL2 and that such obligations shall be owed to each Finance Party including the Additional Facility AL2 Lender.

### SCHEDULE 3

#### (AMENDMENTS, WAIVERS, CONSENTS AND OTHER MODIFICATIONS)

All references to Clauses, Paragraphs, Schedules and definitions contained in this Schedule 3 are to Clauses, Paragraphs, Schedules and definitions of the Credit Agreement. All capitalised terms used in this Schedule but not defined shall have the meanings given to such terms in the Credit Agreement.

In this Schedule, references to "recent Liberty precedent" shall be construed to mean any Liberty Global Reference Agreement.

1. **Business:** amend the definition of Business to include the provision, creation, distribution and broadcasting of content and any business or provision of services substantially the same or similar to that of any member of the Wider Group on the amendment and restatement date as set out in recent Liberty precedent.
2. **Cash and Cash Equivalent Investments:** amend the definition of Cash and the definition of Cash Equivalent Investments to bring each substantially in line with and/or by reference to clauses and language used in recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market.
3. **Acceptable Bank:** amend the definition of Acceptable Bank such that an acceptable bank has a rating of "BBB+" and "Baa1" respectively.
4. **Optional Currencies:** amend the Credit Agreement to provide that any revolving credit facility commitments may also be utilised in currencies other than euro on the basis set out in recent Liberty precedent which contain a revolving credit facility.
5. **Revolving Facilities:** amend the Credit Agreement to include mechanical provisions in relation to revolving credit facilities on the basis set out in recent Liberty precedent which contain revolving credit facilities for the purposes of facilitating future Additional Facilities that are revolving credit facilities.
6. **Screen Rate:** amend the definition of Screen Rate to provide for the replacement of the British Bankers' Association by the ICE Benchmark Administration as the administrator of LIBOR and the replacement of the Banking Federation of the European Union by the European Money Markets Institute as the administrator of EURIBOR together with other amendments to the definition of Screen Rate by reference to clauses and language used in recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market.
7. **Financial Indebtedness:** amend the definition of Financial Indebtedness as follows:
  - (a) delete paragraph (e) in relation to deferred payments for assets acquired or services supplied;
  - (b) by excluding the following items from the definition:
    - (i) cash-collateralised indebtedness;
    - (ii) indebtedness in the nature of equity (other than redeemable shares);
    - (iii) any deposits or prepayments received by any member of the Borrower Group from a customer or subscriber for its service;

- (iv) obligations under finance leases and hire purchase contracts in accordance with recent Liberty precedent; and otherwise exclude obligations in respect of finance leases or capital leases (including by deleting limb (f) of the definition of Financial Indebtedness);
  - (v) any indebtedness in respect of any transactions relating to transfers of receivables (and related assets) to asset securitisation Subsidiaries or by an asset securitisation Subsidiary to any other person, or the grant of security in respect of such receivables or related assets, in connection with any asset securitisation programmes or receivables factoring transactions;
  - (vi) any parallel debt obligations to the extent such obligations mirror other Financial Indebtedness;
  - (vii) any pension obligations;
  - (viii) any obligations to make payments in relation to earn outs; and
  - (ix) any payments for assets acquired or services supplied deferred 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.
8. **Majority Lenders:** amend Clause 1.1 of the Credit Agreement to reduce the fractions specified in the definitions of Majority Lenders, from 66⅔ per cent. or more (for any or all purposes under the Credit Agreement or any other Finance Document (including for the purposes of any Additional Facility)) to more than 50 per cent. and to exclude the available commitments of defaulting lenders for the purposes of amendments or waivers.
  9. **Super Majority Lenders:** amend Credit Agreement to provide for a definition of Super Majority Lenders so that amendments and waivers in respect of the release of any guarantee or security only requires the consent of Lenders representing 90 per cent. of Commitments.
  10. **Mandatory Costs:** delete all references in the Credit Agreement and each Additional Facility Accession Agreement to Mandatory Costs and any related provisions.
  11. **Increase:** amend Clause 2 (*Facilities*) to provide for the ability to increase Commitments under a Facility by increasing a Lender's Commitments with that Lender's consent or by including new Commitments of any bank, financial institution, trust, fund or any other entity selected by UPC Broadband, including (but without limitation) the ability to increase the Commitments in an amount equal to the amount of any commitments cancelled as a result of (i) illegality, or (ii) Commitments cancelled as a result of the relevant Lender becoming a defaulting lender. Amend to permit the Borrower to pay a fee to any increase Lender.
  12. **Additional Facilities:** amend paragraph (c) of Clause 2.2 (*Additional Facilities*) so that Additional Facilities can be revolving credit facilities.
  13. **Documentary Credits:** amend the Credit Agreement to permit utilisation of any Additional Facility that is a revolving credit facility by way of letters of credit, bank guarantees, indemnity, performance bonds and other documentary credits and include all consequential mechanical provisions to support the same, in each case in accordance with recent Liberty precedent.
  14. **Ancillary Facilities:** amend the Credit Agreement to provide for an ability to incur bilateral ancillary lines with a Lender (with the consent of that Lender) as a carve-out to the

Commitments under any Additional Facility that is a revolving credit facility and include all consequential mechanical provisions to support the same.

15. **Rollover Loans:**

- (a) amend the Credit Agreement to clarify that, to the extent that a Borrower is due to repay (in full or in part) a revolving credit facility Advance on the same day on which such Borrower has also requested a revolving credit facility Advance in the same currency and in the same or a lesser amount, a rollover of such revolving credit facility Advance shall be effected on a cashless basis in accordance with recent Liberty precedent and to make consequential amendments to the Credit Agreement in accordance with recent Liberty precedent to reflect consistent rollover Advance provisions; and
- (b) amend Clause 4.2 (*Further conditions precedent*) so that the applicable condition precedent to a rollover Advance is that the Facility Agent shall not have received instructions from the Lenders to whom more than 50 per cent. of the relevant rollover Advance or documentary credit is owed (not taking into account outstandings in respect of which a prepayment or cancellation notice has been delivered), requiring the Facility Agent to refuse such rollover or renewal of a documentary credit following a written notice having been served under Clause 18.21 (*Acceleration*).

16. **Change of Control:** amend the Credit Agreement or any other Finance Document to revise the change of control provisions in Clause 7.4 (*Change of Control*) of the Credit Agreement as follows:

- (a) delete Clause 7.4(a)(i) of the Credit Agreement;
- (b) in Clause 7.4(a)(ii) of the Credit Agreement:
  - (i) replace all references to "UGCE Inc." with "Liberty Global Europe Financing BV"; and
  - (ii) delete the words "and economic"; and
  - (iii) permit the distribution or other transfer of UPC Broadband Holdco and its Subsidiaries or a Holding Company of UPC Broadband Holdco to Liberty Global plc (the Ultimate Parent) or another direct Subsidiary of the Ultimate Parent through one or more mergers, transfers, consolidations or other similar transactions (the Reorganization), without the Reorganization being deemed to trigger a Change of Control and, upon such Reorganization, the Change of Control reference entity referred to in Clause 7.4(a)(ii) of the Credit Agreement will be replaced with the Ultimate Parent (or, if the distribution or other transfer pursuant to the Reorganization is to a direct Subsidiary of the Ultimate Parent, such direct Subsidiary); and
- (c) amend Clause 7.4 (*Change of Control*) to extend the requirement to repay so that it falls 30 Business Days after the date of the notice from the Facility Agent and amend such Clause and the definition of Change of Control to reflect recent Liberty precedent, including the ability to effect a post-closing reorganization and a spin-off without triggering a mandatory prepayment thereunder.

17. **Cancellation:** amend Clause 7.9 (*Right of repayment and cancellation in relation to a single Lender*) (i) to provide for the transfer in full and at par (in addition to the right of repayment

and cancellation) of the Commitment and participation in a utilisation of a single Lender to another Lender; and (ii) to provide that the right to repay, cancel or transfer also arises in respect of a Lender's Commitment or participation in a utilisation where that Lender invokes the market disruption clause, such right to be exercisable subject to the same conditions as recent Liberty precedent.

18. **Notice of Prepayment or Cancellation:** amend Clause 7.10 (*Miscellaneous provisions*) to provide that a notice of prepayment or cancellation may be conditional and be revoked provided that a Borrower has, within 10 Business Days, indemnified any Lender in respect of such Lender's Break Costs if the prepayment or cancellation does not occur as notified and the notice period can be reduced with the consent of the Majority Lenders under the relevant Facility. The definition of Break Costs will be amended to include a Lender's losses as a result of having to unwind any related funding contract (which it had entered into or initiated upon receipt of such notice) as a result of the revocation of a notice of prepayment or cancellation.
19. **Interest on Additional Facilities:** amend Clause 8.2 (*Selection of Interest Periods*) to permit interest periods to be any period from 1, 2, 3 or 6 months or such other period of up to 12 months for all Advances as the Majority Lenders under the relevant Facility may agree and in addition and for Advances under a revolving credit facility only, any period between 1 day and 30 days.
20. **Mandatory Prepayment from Excess Cash Flow and Relevant Convertible Preference Shares:** delete Clause 7.5 (*Mandatory Prepayment from Excess Cash Flow and Relevant Convertible Preference Shares*) and make all necessary amendments to the Credit Agreement that are consequential and required by such deletion.
21. **Mandatory Prepayment from Disposals Proceeds:** amend Clause 7.6 (*Mandatory Prepayment from disposal proceeds*) and 7.7 (*Date for prepayment*) to require prepayment of disposal proceeds only to the extent required to ensure compliance with the Senior Debt to Annualised EBITDA maintenance financial covenant, exclude any proceeds from any other Permitted Disposal other than the general Permitted Disposals basket, remove the requirement to transfer disposal proceeds to a blocked account pending reinvestment, include a de minimis threshold of the greater of €250,000,000 and 5% of total assets and increase the reinvestment period from 12 months to 18 months (provided the disposal proceeds have been contracted to be reinvested within 12 months of the relevant Permitted Disposal) (and subject to the proviso that the financial covenant discussed above shall be retested at the end of such period and proceeds shall then be prepaid to the extent required to ensure compliance in line with recent Liberty precedent).
22. **Increased Costs:** amend Clause 12.3 (*Exceptions*) to include:
  - (a) costs attributable to gross negligence or wilful breach by a Finance Party;
  - (b) costs not notified within 30 days of a Finance Party becoming aware;
  - (c) FATCA deductions; and
  - (d) Bank Levies to the extent not more onerous than existing actual or draft laws (as applicable).
23. **Tax:** amend Clause 10 (*Tax Gross-Up and Indemnities*) to provide that the Finance Parties and the Borrower shall cooperate in good faith to complete any procedural steps to allow the Borrower to make payments without or with a reduced rate of withholding or deduction for

taxes and each Finance Party will provide information requested by the Borrower in order for the Borrower to be exempt from withholding or deduction for any taxes under any applicable international treaty and in connection with FATCA and any applicable reporting requirements under FATCA in each case, in accordance with recent Liberty precedent. The Borrower will not be liable under any tax gross up or tax indemnity provisions in respect of any FATCA deductions other than in respect of any payments due to an SPV lender that has issued notes and advanced the proceeds of such notes to a member of the Borrower Group under an Additional Facility (provided that no gross up or indemnity shall be required for a FATCA deduction where such FATCA deduction arises from any non-compliance by a holder of such notes). Each Finance Party will be obliged to act reasonably and in good faith in making any determination for the purpose of Clause 10 (*Tax Gross-Up and Indemnities*).

24. **VAT:** amend Clause 10.6 (*Value Added Tax*) to (i) provide that no Party shall exercise any potential option for waiving a VAT exemption, (ii) provide that no payment shall be required from an Obligor to a Finance Party if the relevant VAT charge is caused by that Finance Party's option to waive a VAT exemption and (iii) conform it such that it is consistent with any VAT provisions in recent Liberty precedent.
25. **Market Disruption:** amend the Credit Agreement to include market disruption provisions, provisions in relation to alternative interest rates and provisions for the protection of reference banks and their officers in accordance with recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market.
26. **Borrower Group:** amend the definition of Borrower Group to exclude, dormant subsidiaries that are not guarantors, project companies (as defined in accordance with recent Liberty precedent), asset securitisation subsidiaries (as defined in accordance with recent Liberty precedent) and entities that become subsidiaries as a result of an asset passthrough (as defined in accordance with recent Liberty precedent).
27. **Permitted Affiliate Parent:** amend the Credit Agreement in line with recent Liberty precedent to provide an ability to acquire Affiliates that are not Subsidiaries of UPC Broadband but are Subsidiaries of another Affiliate common holding company that is not a member of the Borrower Group (the holding entity of the acquired group being the "**Permitted Affiliate Parent**") and to allow conforming changes including the ability to designate (subject to certain deliverables in accordance with recent Liberty precedent) any new holding company as the common holding company of the Borrower Group for the purposes of, amongst other things, the definitions of Change of Control, Restricted Payments and Permitted Payments, in each case, in accordance with recent Liberty precedent and for the purpose of reflecting a similar structure which supports the concept of a Permitted Affiliate Parent as set out in recent Liberty precedent. Provide an ability for UPC Broadband to deliver financial statements that are consolidated at the level of the common holding company provided that UPC Broadband also delivers a Borrower Group reconciliation in accordance with recent Liberty precedent, introducing the concept of a Reporting Entity.
28. **Representations:** remove Clause 15.14 (*Business Plan*), paragraph (c) of Clause 15.11 (*Environmental*) Clause 15.7 (*Material Contracts*), paragraph (b) of Clause 15.8 (*No Default*), Clause 15.18 (*Works councils*), Clause 15.25 (*Dutch Banking Act*) and Clause 15.27 (*Public Utility Holding Company Act and Federal Power Act*) and amend Clause 15.28 (*Times for making representations and warranties*) to exclude Clauses 15.5 (*Non-violation*) 15.8 (*No default*) 15.6 (*Consents*) 15.11 (*Environmental*), 15.21 (*United States Regulations*) and 15.22 (*Anti-Terrorism Laws*) from the representations and warranties deemed repeated under that clause.
29. **Undertakings:**



- (a) amend Clause 16.2 (*Financial information*) to provide that to the extent financial statements are filed on a public register or published on the Borrower's or Liberty Global plc's website they shall be deemed supplied to the Facility Agent;
- (b) amend Clause 16.3 (*Information – miscellaneous*) to provide for delivery of information by the Borrower to the Lenders (who have not objected) by posting to a designated website or email address of each Lender;
- (c) amend Clause 27 (*Disclosure of Information*) (i) to create a confidentiality obligation on the finance parties which applies to information of any member of the Borrower Group; (ii) to survive 12 months from the earlier of the date the Commitments have been repaid or cancelled in full and (in respect of that Finance Party only) the date a Finance Party resigns; and (iii) to reflect such clauses and language used in recent Liberty precedent as the company considers beneficial; and
- (d) include new confidentiality provisions in relation to funding rates and reference bank quotations in accordance with recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market.

30. **Financial Ratios:**

- (a) amend the definition of EBITDA to provide that the starting point for EBITDA may be operating income and include the following limbs as add backs:
  - (i) depreciation;
  - (ii) amortisation;
  - (iii) all stock-based compensation expenses;
  - (iv) (at the Parent's option) other non-cash impairment charges;
  - (v) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge including any one-off reorganization or restructuring charges;
  - (vi) non-cash charges;
  - (vii) direct or related acquisition, disposal, recapitalization, debt incurrence or equity offering costs;
  - (viii) losses (gains) on the sale of operating assets;
  - (ix) (at the Parent's option) the effects of adjustments under IFRS or GAAP attributable to the application of recapitalization accounting or acquisition accounting, as the case may be, in relation to any consummated merger or acquisition or joint venture investment or the amortisation or write-off or write-down of amounts thereof, net of taxes;
  - (x) (at the Parent's option) any adjustments to reduce the impact of the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies;

- (xi) any specified legal expenses (and include a definition as per recent Liberty precedent);
- (xii) any stock based compensation exercise;
- (xiii) the amount of loss on the sale of any assets in connection with asset securitisation programme or receivables factoring transaction;
- (xiv) any accrued management fees (and include a definition as per recent Liberty precedent) (whether or not paid) and any permitted holding company expenses;
- (xv) any net earnings or losses attributable to non-controlling interests;
- (xvi) any share of income or loss on equity investments;
- (xvii) deferred financing cost written off and premiums paid to extinguish debt early;
- (xviii) unrealised gains/losses in respect of hedging;
- (xix) tangible or intangible asset impairment charges;
- (xx) capitalised interest on Subordinated Shareholder Loans;
- (xxi) accruals and reserves established or adjusted within twelve months after the closing date of any acquisition required to be established or adjusted in accordance with GAAP;
- (xxii) any expense to the extent covered by insurance or indemnity and actually reimbursed;
- (xxiii) any realized and unrealized gains and losses due to changes in the fair value of equity investments, any up front installation fees associated with commercial contract installations completed during the applicable reporting period (less any portion of such fees included in earnings);
- (xxiv) any fees of other amounts charged or credited to UPC Broadband and the guarantors related to intra-Group services may be excluded to the extent such fees or other amounts (i) are not included in UPC Broadband's externally reported operating cash flow or equivalent measure or (ii) are deemed to be exceptional or unusual items;
- (xxv) to the extent not already included in operating income, the amount received from business interruption insurance and reimbursements of any expenses covered by indemnification or other reimbursement in connection with a permitted acquisition, investment or disposal of assets;
- (xxvi) earn out payments to the extent such payments are treated as capital payments under the accounting principles; and
- (xxvii) realised gains (losses) (to the extent not already included) arising out of the maturity or on termination of forward foreign exchange or other currency hedging contracts entered into with respect to operational cash flows,

- (b) amend the definition of Senior Debt so that it starts with the consolidated Financial Indebtedness of the Borrower Group and excludes:
  - (i) intra-group borrowings;
  - (ii) shareholder loans subordinated under the term of the existing Security Deed or under any intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably);
  - (iii) borrowings represented by deposits or prepayments from subscribers/customers;
  - (iv) borrowings of acquired companies that will be discharged within 6 months;
  - (v) for the avoidance of doubt Financial Indebtedness arising by reason of mark-to-market fluctuations on hedging;
  - (vi) borrowings from the holders of equity to the extent advanced pro rata and repayable only on liquidation;
  - (vii) in respect of drawings under any Revolving Facility at the relevant time up to an amount of 0.25 multiplied by Annualised EBITDA for that latest Ratio Period (the “**Revolving Facility Excluded Amount**”);
  - (viii) Financial Indebtedness of a member of the Borrower Group under which the person to whom the Financial Indebtedness is owed does not have or will not have recourse to any member of the Borrower Group other than recoveries made on enforcement and such person is not entitled to commence proceedings for the winding up of any member of the Borrower Group until after the Commitments have been reduced to zero and all amounts owing under the Finance Documents have been repaid in full; and
  - (ix) Financial Indebtedness in respect of any contingent obligations.
- 31. **Senior Debt to Annualised EDITDA:** amend Clause 17.2(a) (*Financial Ratios*) such that the Senior Debt to Annualised EBITDA financial ratio may not be greater than 4.50:1.00 for each Ratio Period.
- 32. **Interest Cover Covenant:** remove the requirement for UPC Broadband to ensure that the ratio of EBITDA to Total Cash Interest is not less than certain ratios for each Ratio Period contained in Clause 17.2(b) (*Financial Ratios*) and remove any other references to such ratio.
- 33. **EBITDA to Senior Debt Service Covenant:** remove the EBITDA to Senior Debt Service covenant set out in Clause 17.2(c) (*Financial Ratios*) and remove any other references to such ratio.
- 34. **EBITDA to Senior Interest Covenant:** remove the EBITDA to Senior Interest covenant set out in Clause 17.2(d) (*Financial Ratios*) and remove any other references to such ratio.
- 35. **Total Debt to Annualised EDITDA:** amend Clause 17.2(e) (*Financial Ratios*) such that the Total Debt to Annualised EBITDA financial ratio may not be greater than 5.50:1.00 for each Ratio Period.

36. **Pro forma EBITDA:** amend Clause 17.3 (*Calculations*), so that, for the purposes of testing compliance with the financial ratios set out in Clause 18 (*Financial Covenants*) or in calculating EBITDA in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganization or otherwise:
- (a) the calculations are determined in good faith by a responsible financial or accounting officer and are made on a pro forma basis giving effect to all material acquisitions and disposals made by the Borrower Group (including in respect of anticipated expense and cost reductions) and including as a result of, or that would result from, any actions taken, committed to be taken or with respect to which substantial steps have been taken, by UPC Broadband or any other member of the Borrower Group including in connection with any cost reduction synergies or cost savings plan or program or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganizations or otherwise (regardless of whether these cost savings and cost reduction synergies could then be reflected in pro forma financial statements to the extent prepared);
  - (b) EBITDA for the relevant period will be calculated after giving pro forma effect thereto as if any incurrence, repayment, acquisition, discharge or disposal or acquisition occurred on the first day of such period; and
  - (c) interest on any indebtedness that bears interest at a floating rate and that is being given pro forma effect shall be calculated as if the rate in effect on the date of calculation had been applicable for the entire period (taking into account any hedging in respect of such indebtedness).
37. **Equity Cures:** amend Clause 17.4 (*Cure provisions*):
- (a) so that the financial ratios set out in Clause 17 (*Financial Covenants*) may be remedied by deeming that such cure proceeds are (as applicable):
    - (i) added to Annualised EBITDA; or
    - (ii) applied to reduce Senior Debt and/or Total Debt, as applicable,in each case, at the discretion of UPC Broadband;
  - (b) to remove the requirement to repay or prepay the cure proceeds against any of the Facilities or Advances and to clarify that there is no requirement to repay or prepay all or any part of the Facilities or any Advances or to use the proceeds for any particular purpose; and
  - (c) so that an equity cure may be effected up to 15 Business Days following the delivery of the financial statements which showed a breach.
38. **Additional Obligors:** amend Clause 26.4 (*Additional Obligors*) to remove the obligation at sub-paragraph (b)(ii).
39. **Additional Borrowers:** amend paragraph (c) of Clause 26.4 (*Additional Obligors*) to provide that any member of the Borrower Group may become a Borrower in respect of a Facility if (i) it would not be materially adverse to the interests of any Lender under that Facility as determined by each such Lender (acting reasonably), (ii) the Majority Lenders consent, (iii) such member of the Borrower Group is incorporated in the same jurisdiction as an existing

Borrower under that Facility or (iv) each Lender in respect of any proposed Additional Facility agrees.

40. **Accounting Principles:** amend, amongst other provisions, Clauses 15.9 (*Accounts*) and Clause 17.5 (*Determinations*) to permit UPC Broadband to elect (and to re-elect) to prepare its financial statements in accordance with IFRS or US GAAP; and adjust its financial covenants and definitions accordingly, or retain its existing financial covenants and definitions in each case in accordance with recent Liberty precedent (including provision of a reconciliation where applicable) provided that following any election to revert back to US GAAP the ratios, definitions and financial covenant levels in existence at the original date of the Credit Agreement (updated to reflect any other amendments made since the original date of the Credit Agreement) shall be automatically reinstated.
41. **Asset Securitisation Subsidiary:** amend the Credit Agreement, as per recent Liberty precedent, to permit, amongst other things, acquisitions, disposals and investments in respect of asset securitisation subsidiaries and also to include (i) an ability for one or more members of the Borrower Group to provide limited recourse credit support by way of letter of credit, revolving facility commitment, guarantee or other credit enhancement up to a maximum amount of 25% of the principal amount of the indebtedness of an asset securitisation subsidiary (and such credit enhancement shall not count as Financial Indebtedness), (ii) the following as Permitted Security Interests: rights of set-off granted to any financial institution acting as a lockbox bank in connection with any asset securitisation programme or a receivables factoring transaction, security interests for the purpose of perfecting the ownership interests of a purchaser of receivables and related assets pursuant to any asset securitisation programme or a receivables factoring transaction, cash deposits or other security interests for the purposes of securing the limited recourse credit support at (i) above, security interests over investments in asset securitisation subsidiaries and liens arising in connection with other sales of receivables permitted under the Credit Agreement without recourse to the Borrower Group and (iii) an ability to make investments in cash in or to invest in indebtedness of asset securitisation subsidiaries. An asset securitisation subsidiary is any subsidiary of UPC Broadband or a Permitted Affiliate Parent that is engaged solely in the business of effecting or facilitating any asset securitisation programme or programmes or one or more receivables factoring transaction.
42. **Permitted Disposals:**
- (a) amend the definition of Permitted Disposal at Clause 16.10(b) (*Disposals*) to include in addition to the existing “Permitted Disposals”:
    - (i) a payment required to be made under the senior secured finance documents;
    - (ii) disposals 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 contractual arrangements are in place within 12 months of such disposals and the proceeds of that disposal are applied within 18 months after such disposal in the acquisition of property or other assets of a similar nature and approximately equal value to be used in the Business of the Borrower Group;
    - (iii) disposals by one member of the Borrower Group to another member of the Borrower Group provided that, if such assets subject to the disposal are subject to existing security, the Borrower within 15 Business Days of such disposal ensures that the assets remain subject to security;

- (iv) disposals of any interest in real or heritable property by way of a lease or licence granted by a member of the Borrower Group to another member of the Borrower Group;
- (v) disposals of any assets pursuant to the implementation of an Asset Passthrough (as such term is defined in recent Liberty precedent) or of any funds received pursuant to the implementation of a Funding Passthrough (as such term is defined in recent Liberty precedent);
- (vi) disposals of property or other assets required to satisfy any pension plan contribution liabilities;
- (vii) disposals of accounts receivable on arms' length terms pursuant to an asset securitisation programme or receivables factoring transactions (recourse and non-recourse), provided that the aggregate amount of all such securitisations or receivables factoring transactions does not exceed the greater of €250,000,000 and 5% of Total Assets at any time;
- (viii) disposals of shares or other interests in project companies, entities excluded from the Borrower Group which are subsidiaries of UPC Broadband or joint venture companies (each as defined in recent Liberty precedent) or the assignment of any Financial Indebtedness owed to a member of the Borrower Group by any project companies, entities excluded from the Borrower Group which are subsidiaries of UPC Broadband or a joint venture company;
- (ix) disposals of accounts receivables which have remained due and owing from a third party for a period of more than 90 days and in respect of which the relevant member of the Borrower Group has diligently pursued in the normal course of business and where such disposal is on non-recourse terms to a member of the Borrower Group;
- (x) disposals of assets subject to finance or capital leases pursuant to the exercise of an option by the lessee under such finance or capital leases;
- (xi) disposals of assets in exchange for the receipt of assets of a similar or comparable value provided that where the assets being disposed of and replaced exceed a book value of €50,000,000, a certificate signed by an authorised signatory of UPC Broadband is delivered to the Facility Agent certifying (without personal liability) that the assets being received by the relevant member of the Borrower Group are of a similar or comparable value to the assets being disposed of;
- (xii) disposals constituting the surrender of tax losses by any member of the Borrower Group (i) to another member of the Borrower Group, (ii) to any member of the Wider Group where the surrendering company receives fair market value for such tax losses from the relevant recipient, and (iii) in order to eliminate, satisfy or discharge any Tax liability of a former member of the Wider Group which has been disposed of in accordance with the terms of the Credit Agreement where a member of the Borrower Group would incur a liability if the Tax liability were not so eliminated, satisfied or discharged;
- (xiii) disposals of assets to and sharing assets with any person who is providing services the provision of which have been or are to be outsourced to that person by any member of the Borrower Group subject to certain conditions

reflected as set out in recent Liberty precedent and where the value of those assets does not exceed 5% of Bank Group Consolidated Revenues (as defined in recent Liberty precedent and subject to a carry forward to the following year);

- (xiv) disposals of assets pursuant to sale and leaseback transactions where the aggregate fair market value does not exceed the greater of €250,000,000 and 5% of total assets in any financial year;
  - (xv) disposals of non-core assets acquired in connection with a transaction permitted under Clause 16.11 (*Acquisitions and Mergers*);
  - (xvi) disposals in connection with any sale, transfer, demerger, contribution, spin off or distribution of, any creation or participation in a joint venture and/or entering into a transaction or taking action with respect to, any assets, undertakings and/or businesses of the Borrower Group which compromise all or part of a business division within or outside of the Borrower Group, in each case, where such transaction has the prior approval of the Majority Lenders;
  - (xvii) disposals constituted by licences of intellectual property rights permitted by Clause 16.18 (*Intellectual Property Rights*);
  - (xviii) disposals of assets made pursuant to the establishment of a Permitted Joint Venture or the disposal of assets to a Permitted Joint Venture;
  - (xix) disposals made in relation to a compulsory purchase order or any other order of any agency of state, authority or other regulatory body not exceeding €25,000,000 in any financial year;
  - (xx) disposals by any member of the Borrower Group of customer premises equipment to a customer;
  - (xxi) disposals of assets on arm's length commercial terms where the cash proceeds of the disposal are reinvested within 12 months of the date of the disposal (or 18 months of the date of the disposal if, within 12 months, the proceeds are contractually committed to be so applied);
  - (xxii) disposal of real property if the fair market value in any financial year does not exceed the greater of €250,000,000 and 5% of total assets;
  - (xxiii) direct or indirect sale (or otherwise) of any part of a present or future undertaking, shares, property, rights or remedies or other assets by one or a series of transactions, related or not, required by a regulatory authority or court of competent jurisdiction; and
  - (xxiv) disposals of assets where the aggregate fair market value does not exceed the greater of €50,000,000 and 1% of total assets in any financial year; and
- (b) a new paragraph (e) at Clause 16.10 such that if a transaction (or any portion) meets the criteria of a Permitted Disposal and also meets the criteria of a Permitted Payment, the Borrower, in its sole discretion, will be entitled to divide and classify such transaction (or any portion) as a disposal permitted under Paragraph (b) of

Clause 16.10 (*Disposals*) and/or a Restricted Payment permitted under Clause 16.13 (*Restricted Payments*) in accordance with recent Liberty precedent.

43. **Asset Passthrough and Funding Passthrough:** amend, amongst others, Clauses 16.10 (*Disposals*), 16.11 (*Acquisitions and mergers*), 16.12 (*Restrictions on Financial Indebtedness*), 16.13 (*Restricted Payments*) and 16.14 (*Loans and Guarantees*) and any related definitions to permit, as per recent Liberty precedent, (i) asset transfers between a holding company of a Borrower outside of the Borrower Group and/or any other members of the wider Liberty group (excluding members of the Borrower Group) where such assets pass through one or more members of the Borrower Group before being finally transferred to the relevant holding company or wider Liberty group member (as applicable), subject to certain restrictions and (ii) funding transfers between a holding company of a Borrower outside of the Borrower Group and/or any other members of the wider Liberty group (excluding members of the Borrower Group) where funding is passed through one or more members of the Borrower Group before being finally being transferred to the relevant holding company or wider Liberty group member (as applicable), subject to certain restrictions.
44. **Project Companies:** amend the Credit Agreement to permit, as per recent Liberty precedent, amongst other things (a) the disposal of shares or other interests (including shareholder loans) in any special purpose company or its holding company whose creditors have no recourse to any member of the Borrower Group (except to the extent of any security granted over such shares or other interests) and (b) the grant of security over the shares or other interests in, or the assets of, such special purpose company (or its holding company).
45. **Content Transactions:** amend the Credit Agreement, as per recent Liberty precedent, such that, amongst other things:
- (a) an amount (being the greater of €250,000,000 and 5% of total assets) of net proceeds are not required to be prepaid against the Facilities in mandatory prepayment; and
  - (b) payments (being up to the greater of €250,000,000 and 5% of total assets) in respect thereof will constitute Permitted Payments,
- in respect of any sale, distribution or other transaction relating to any broadcasting or distribution rights or images, audio, visual or interactive content provided that no Event of Default is continuing or would occur as a result of such transaction.
46. **Permitted Acquisitions:** amend the Permitted Acquisitions definition to include in addition to the existing “Permitted Acquisitions”:
- (a) the purchase of or investment in Cash Equivalent Investments or marketable securities (as defined in recent Liberty precedent) (including by way of consideration in respect of any disposal as contemplated in Clause 16.10 (*Disposals*));
  - (b) the incorporation of a company or the acquisition of an “off-the-shelf” company which is or becomes a member of the Borrower Group;
  - (c) any acquisition by any member of the Borrower Group in connection with a disposal permitted under Clause 16.10 (*Disposals*) and any acquisition by a member of the Borrower Group of shares issued in a Subsidiary of UPC Broadband or a subsidiary of any Permitted Affiliate Parent (as such term is defined in recent Liberty precedent) which in any case is a member of the Borrower Group and which will, after the acquisition of such shares, become a wholly-owned direct or indirect Subsidiary of UPC Broadband or a subsidiary of any Permitted Affiliate Parent as the case may be,



provided that if the other shares of such Subsidiary are subject to existing Security Interests such newly issued shares shall also be subject to any existing Security Interest within 10 Business Days of their issue;

- (d) any acquisition made by a member of the Borrower Group pursuant to the implementation of an asset passthrough or a funding passthrough;
- (e) any acquisition by a member of the Borrower Group of any loan receivable security or other asset by way of capital contribution or in consideration of the issue of any securities or of subordinated debt;
- (f) the acquisition of any leasehold interest in any assets which are the subject of a sale and lease back permitted under Clause 16.10 (Disposals);
- (g) arising from the conversion of any company (the “Original Company”) from one form of organisation to another form of organisation provided that (i) if, prior to the time of such conversion, the Security Agent has the benefit of security over the shares of such Original Company or such Original Company is an Obligor, then UPC Broadband shall ensure that the Security Agent is provided with Security Interests over the equivalent ownership interests in, and substantially all of the assets of, the converted organisation of at least equivalent nature and ranking to the Security Interest previously provided by the Original Company and (ii) the Security Agent is satisfied that any possibility of such additional Security Interest being challenged or set aside is not materially greater than the such possibility in respect of the share capital of the Original Company;
- (h) investments in any asset securitisation subsidiary in connection with any asset securitisation programme or receivables factoring transaction otherwise permitted by Clause 16.10 (Disposals) that is reasonably necessary or advisable to effect such asset securitisation programme or receivables factoring programme;
- (i) an amendment to increase the de minimis threshold on Majority Acquisitions to refer to €250,000,000 as the threshold amount rather than €40,000,000 and to extend the period of time for UPC Broadband to deliver a certificate in respect of such Majority Acquisition to the Facility Agent from 15 to 60 days;
- (j) in respect of Majority Acquisitions, to delete any requirement to provide a business plan, acquisition business plan, or other financial projections subject however to retention of a requirement to certify pro forma compliance with the ratio of Senior Debt to Annualised EBITDA and being less than or equal to 4.50:1.00; increase time period for deliverables to within 60 days of the acquisition; provide that any certificate required may be signed by an authorized officer of the Borrower; and make such other conforming changes required to bring in line with recent Liberty precedent.
- (k) any acquisition of share capital of any existing member of the Borrower Group provided that if any share capital in such member of the Borrower Group is subject to existing Security Interests such acquired share capital shall also be subject to a Security Interest within 10 Business Days;
- (l) any purchase or acquisition of assets in the ordinary course of business; and

- (m) acquisitions which are not otherwise permitted under the definition of Permitted Acquisitions provided that the aggregate consideration paid in respect of such acquisitions does not exceed €300,000,000.
47. **Permitted Joint Ventures:** amend the Permitted Joint Venture provisions to, in addition to the existing “Permitted Joint Ventures”:
- (a) increase the *de minimis* threshold on JV Minority Acquisitions to refer to €250,000,000 as the threshold amount rather than €40,000,000 and to extend the period of time for UPC Broadband to deliver a certificate in respect of such JV Minority Acquisitions to the Facility Agent from 15 to 60 days; and
  - (b) delete any requirement to provide a business plan, acquisition business plan, or other financial projections subject however to retention of a requirement to certify pro forma compliance with the ratio of Senior Debt to Annualised EBITDA and being less than or equal to 4.50:1.00; increase time period for deliverables to within 60 days of the acquisition; provide that any certificate required may be signed by an authorized officer of the Borrower; and make such other conforming changes required to bring in line with recent Liberty precedent.
48. **Permitted Financial Indebtedness:** amend the definition of Permitted Financial Indebtedness to, in addition to the existing “Permitted Financial Indebtedness”:
- (a) permit any Financial Indebtedness arising in relation to either an asset passthrough or a funding passthrough;
  - (b) permit vendor financing arrangements and sale and leaseback transactions provided that the pro forma Senior Debt to Annualised EBITDA is equal to or less than, 4.50:1.00 provided that the vendor financing provider or lessor is not permitted to benefit from any Security Interest other than the assets subject to such financing arrangements;
  - (c) permit members of the Borrower Group to give subordinated unsecured guarantees in respect of any debt issued by a Holding Company of UPC Broadband in accordance with recent Liberty precedent subject to the terms of an intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably);
  - (d) permit any Financial Indebtedness arising in respect of any performance bond, guarantee, standby letter of credit or similar facility entered into by any member of the Borrower Group to the extent that cash is deposited as security for the obligations of such member of the Borrower Group thereunder;
  - (e) permit Financial Indebtedness of asset securitisation subsidiaries (as described above) incurred solely to finance any asset securitisation programme or receivables factoring transaction otherwise permitted under the definition of Permitted Disposals;
  - (f) permit Financial Indebtedness arising under tax-related financings designated in good faith as such by prior written notice from the Borrower to the Facility Agent provided that such indebtedness does not exceed €250,000,000 at any time;
  - (g) permit Financial Indebtedness which is incurred by an Obligor provided that (after the incurrence of such indebtedness) on the quarterly Accounting Period prior to such incurrence the ratios contained within Clause 17.2 (*Financial Ratios*) are not exceeded or breached, calculated on a pro forma basis, and provided further that the

Financial Indebtedness is subject to the terms of an intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably);

- (h) permit Financial Indebtedness in connection with Senior Secured Notes (as such term is defined in recent Liberty precedent) and any guarantee in respect of any Senior Secured Notes given by a member of the Borrower Group which is an Obligor subject to the terms of an intercreditor agreement, on terms satisfactory to the Facility Agent (acting reasonably);
  - (i) include a provision such that if that Financial Indebtedness meets the criteria of more than one of the types of Permitted Financial Indebtedness in the definition of Permitted Financial Indebtedness, UPC Broadband, in its sole discretion, may classify such item of Financial Indebtedness on the date of its incurrence and shall only be required to include the amount and type of such Financial Indebtedness in one of the limbs of that definition and will be permitted on the date of such incurrence to divide and classify an item of such Financial Indebtedness in more than one of such limbs, and, from time to time, may reclassify all or a portion of such Financial Indebtedness;
  - (j) at Clause 16.12(b)(xi), delete the requirements that such Financial Indebtedness was not incurred in contemplation of the acquisition and that it is discharged within 6 months of the date of completion of the acquisition; and
  - (k) at Clause 16.12(b)(xvii), permit any member of the Borrower Group to incur Financial Indebtedness under this general basket of up to an aggregate of the greater of €250,000,000 and 5% of total assets.
49. **Permitted Transaction:** include a definition of “Permitted Transaction” and make consequential amendments to the Credit Agreement to ensure the following are permitted by the covenants in accordance with recent Liberty precedent:
- (a) transactions conducted in the ordinary course of trading on arm’s length terms (other than (i) any sale, lease, licence, transfer or other disposal and (ii) the granting or creation of any Security Interest or the incurring or permitting to subsist of Financial Indebtedness);
  - (b) a post-closing reorganisation and spin offs in line with recent Liberty precedent;
  - (c) any other transaction approved by the Majority Lenders; and
  - (d) the solvent liquidation or reorganisation of any member of the Borrower Group which is not an Obligor so long as distributions are made to other members of the Borrower Group.
50. **New Notes Issuances and Additional Senior Secured Debt:** amend the Finance Documents to provide that (subject to certain protections such that creditors of the new indebtedness are not structurally senior to the Lenders) any member of the Borrower Group (including a newly incorporated company which is a member of the Borrower Group) may issue notes and incur additional term or revolving debt or operational expenditure facilities which rank *pari passu* with the rights of the Lenders and shall be capable of being secured by the transaction security and provided that the proceeds of such debt may be used to, amongst other things, refinance the Additional Facilities and for general working capital or operational purposes provided that (other than in the case of a refinancing of other secured Financial Indebtedness in the same or a lesser principal amount) such Financial Indebtedness is Permitted Financial Indebtedness.

51. **Permitted Business:** delete the definition of Permitted Business so that there are no geographic restrictions and delete Clause 16.8 (*Permitted Business*) and replace it with a clause that provides that no member of the Borrower Group shall, without the prior written consent of the Majority Lenders or save as otherwise permitted by the terms of this Agreement, make any change in the nature of its business as carried on immediately prior to the date of the amendment and restatement, which would give rise to a substantial change in the business of the Borrower Group taken as a whole from that set forth in the definition of Business, provided that such clause shall not be breached by an Obligor or any member of the Borrower Group making a permitted disposal, a permitted acquisition or investment or entering into any permitted joint venture, in line with recent Liberty precedent.
52. **Permitted Payments:**
- (a) amend the definition of Permitted Payment to include in addition to the existing “Permitted Payments”:
    - (i) a de minimis threshold of €5,000,000 under which the restrictions on entering into transactions with a Restricted Person in Clause 16.13 (*Restricted Payments*) will not apply;
    - (ii) payments in respect of a Permitted Acquisition or a Permitted Disposal;
    - (iii) paragraph (b) of the definition containing a carve out for management fees to be amended to refer to the greater of €50,000,000 and 1% of total assets of the Borrower Group in any financial year;
    - (iv) payments to the extent required to pay subordinated notes trustee amounts;
    - (v) following the occurrence of an Event of Default, payments to the extent required to fund Permitted Payments not otherwise prohibited under the Intercreditor Agreement as amended from time to time;
    - (vi) payments to the extent such distribution, dividend, transfer of assets, loan or other payment is in respect of a nominal amount;
    - (vii) payments made directly by means of discounts with respect to any participation interest issued or sold in connection with an asset securitisation programme or receivables factoring transaction which is otherwise permitted under the Credit Agreement;
    - (viii) payments or distributions or the repayment of a loan or redeemable equity made pursuant to an Asset Passthrough or a Funding Passthrough, in each case, funded from cash generated by entities outside of the Borrower Group;
    - (ix) payments or distributions, or the repayment of a loan, or the redemption of loan stock or redeemable equity made to any member of the Wider Group (other than a member of the Borrower Group) provided that (i) an amount equal to such payment is reinvested by such member of the Wider Group (other than a member of the Borrower Group) into a member of the Borrower Group within three days of receipt thereof; (ii) the total amount of such payments and reinvested amounts does not exceed €300,000,000 and (iii) where such payments are made in cash, any reinvested amounts are also made in cash provided that reinvested amounts shall be in the form of

subordinated debt, equity or the repayment of an intercompany loan or advance;

- (x) payments of any dividend, payment, loan or other distribution, or the repayment of a loan or the redemption of loan stock or redeemable equity, in each case, which is required in order to facilitate the making of payments by any person and to the extent required by the terms of (i) the Finance Documents, (ii) the Senior Secured Notes (as such term is defined in recent Liberty precedent), (iii) Holdco Debt (as defined in recent Liberty precedent), subject to the same conditions as set out in recent Liberty precedent, (iv) by the terms of any hedging agreements of Holdco Debt to which any immediate holding company of UPC Broadband is a party and which is not prohibited by the terms of an intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably) and (v) for the purposes of implementing a Content Transaction or Business Division Transaction (as each term is defined in recent Liberty precedent);
- (xi) payments to enable any holding company of a member of the Borrower Group to pay taxes that are due by such holding company but which are allocable to (I) the Borrower Group and due by such holding company as a result of the Borrower Group being included in a fiscal unity with such holding company or (II) acting as a holding and/or financing company of the Borrower Group;
- (xii) transactions contemplated by a disposal or similar transaction required by a regulatory authority or a court of competent jurisdiction;
- (xiii) payments of an amount up to €250,000,000 from the cash proceeds of a Content Transaction (as such term is defined in recent Liberty precedent) provided that no Event of Default has occurred and is continuing;
- (xiv) payments made to the Borrower's holding company and any permitted affiliate of the Borrower's holding company of amounts outstanding in relation to Subordinated Shareholder Loans or subordinated debt the proceeds of which are to be used by such holding company of the Borrower to refinance debt which it has incurred in an amount equal to the amount of Subordinated Shareholder Loan or subordinated debt received by the Borrower's holding company;
- (xv) payments made with the consent of the Majority Lenders;
- (xvi) payments to any direct or indirect shareholder of a member of the Borrower Group for out-of-pocket expenses incurred in connection with its direct or indirect investment in a Borrower Group company;
- (xvii) payments for certain holding company expenses (as defined in accordance with a recent Liberty precedent) including expenses payable in connection with, amongst other things, compliance with laws and regulations, reporting obligations, related indemnification payments, employee, directors and officers insurance policies and general corporate overhead expenses);
- (xviii) payments for financial advisory, financing, underwriting or placement services or other investment banking activities, in particular acquisitions or divestitures, approved by the board of the holding company;

- (xix) any other distribution, dividend, transfer of assets, loan or other payment not falling within the other limbs of the definition and not exceeding an aggregate amount of the greater of €250,000,000 and 5% of total assets in any financial year;
  - (xx) payment of an amount corresponding to the Revolving Facility Excluded Amount at any time provided that if at any time after a Permitted Payment under this limb is made the revolving facility is prepaid or repaid in full or in part, a further Permitted Payment may be made under this limb equal to (A) if in full, the Revolving Facility Excluded Amount; and (B) if in part, the lower of an amount equal to (i) the Revolving Facility Excluded Amount and (ii) the amount of the partial prepayment or repayment referred to above, at any time after the date of such repayment (in each case in accordance with recent Liberty precedent);
  - (xxi) payments in connection with any earn out;
  - (xxii) the transfer of tax losses to Restricted Persons (provided that the amount of such tax losses shall be deemed reduced by any payment received by any member of the Borrower Group from any Restricted Person for such tax losses) subject to pro rata leverage covenant compliance and no default having occurred or occurring;
  - (xxiii) payments in relation to any tax losses received by any member of the Borrower Group from any Restricted Person provided that such payments shall only be made in relation to such tax losses in an amount equal to the amount of tax that would have otherwise been required to be paid by any member of the Borrower Group if those tax losses were not so received and such payment shall only be made in the tax year in which such losses are utilised by any member of the Borrower Group; and
  - (xxiv) payments to fund the purchase of any management equity which is subsequently transferred to other or new management (together with the purchase or repayment of any related loans) and/or to make other compensation payments to departing management.
- (b) amend Clause 16.13 (*Restricted Payment*) to include a provision, such that if a Permitted Payment meets the criteria of more than one of the categories described, UPC Broadband will be entitled to classify such Permitted Payment (or portion thereof) on the date of its payment or later reclassify such Permitted Payment (or portion thereof) in any manner that complies with the covenant in that Clause; and
  - (c) amend Clause 16.13 (*Restricted Payment*) to exclude Permitted Affiliate Transactions from the restriction in such Clause (with a new definition of such term to be included, consistent with recent Liberty precedent) and so that such Clause does not restrict transactions to the extent they constitute Permitted Payments.

53. **Permitted Loans:** amend Clause 16.14 (*Loans and Guarantees*):

- (a) to include a limb for counter guarantees in relation to any rental guarantees;
- (b) to include any credit given by a member of the Borrower Group to another member of the Borrower Group which arises by reason of a cash pooling, set off or other cash

management arrangements of the Borrower Group or by reason of other credits relating to services performed or allocation of expenses;

- (c) to include a limb for loans to employees in the ordinary course of employment or to fund exercise of share options or purchase of capital stock of up to €10,000,000 in aggregate;
- (d) to include a loan made by a member of the Borrower Group pursuant to either an asset passthrough or a funding passthrough;
- (e) to include a limb to include loans made by a member of the Borrower Group to a member of the Wider Group where the proceeds of the loan are to be used to make payments or for guarantees in relation to any senior unsecured notes (as such term is defined in the recent Liberty precedent) or to make Permitted Payments, provided that no Event of Default has occurred and is continuing or to fund any Permitted Payments following the occurrence of an Event of Default which are not prohibited under the terms of the Intercreditor Agreement as amended from time to time;
- (f) to include loans granted by any member of the Borrower Group to a member of the Wider Group where the indebtedness outstanding relates to intra-group services in the ordinary course of business;
- (g) to provide for the granting of customary title guarantees given in connection with the assignment of leases which are permitted under Clause 16.10 (*Disposals*);
- (h) to include any loans arising from Subscribers (as defined in recent Liberty precedent) resulting from deferred purchase terms;
- (i) to include loans made which are Permitted Financial Indebtedness or are in connection with Permitted Acquisitions;
- (j) to replace the reference to €100,000,000 in paragraph (f) with €300,000,000 to increase the basket for lending transactions in connection with permitted acquisitions;
- (k) to permit customary liquidity loans in connection with a permitted asset securitisation program or receivables factoring transaction; and
- (l) to provide for the Borrower to be able to make loans and guarantees under a general basket of up to an aggregate of the greater of €100,000,000 and 2% of total assets.

54. **Permitted Security Interest:** Amend the definition of “Permitted Security Interest” to include Security Interests in addition to the existing “Permitted Security Interests”:

- (a) which arise under any senior secured finance document which is subject to the term of an intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably);
- (b) which arise by operation of law or by a contract having a similar effect or under an escrow arrangement required by a trading counterparty or a member of the Borrower Group in each case entered into in the ordinary course of business of the relevant member of the Borrower Group;
- (c) which arise in respect of any right of set-off, netting arrangement, title transfer or title retention arrangements which arise in the ordinary course of business or by operation

of law, under banking arrangements, retention of title arrangements or hedging arrangements;

- (d) which arise from any finance leases, sale and leaseback arrangements or vendor financing arrangements which are permitted under Clause 16.12 (Restrictions on Financial Indebtedness);
- (e) which arise over any asset acquired by a member of the Borrower Group and subject to which such asset is acquired provided that such Security Interest was not created in contemplation of the acquisition of the asset and the Financial Indebtedness secured thereby (i) is Financial Indebtedness of the relevant acquiring member of the Borrower Group, (ii) is Permitted Financial Indebtedness on the basis that it existed at the date of completion of a Permitted Acquisition or is Financial Indebtedness under permitted sale and leaseback transactions or vendor financing arrangements and (iii) the amount of such Financial Indebtedness is not increased at any time;
- (f) which arise over any property or other assets to satisfy any pension plan contribution liabilities provided that the value of such property and assets, taken together in aggregate, and together in aggregate with any disposals permitted pursuant to (a)(vi) of clause 42 above, do not exceed €150,000,000 at any time;
- (g) constituted by a rent deposit deed entered into on arm's length commercial terms and in the ordinary course of business which secure obligations of a member of the Borrower Group in relation to property leased to a member of the Borrower Group;
- (h) which is granted over the shares of indebtedness owed by or over assets attributable to a Project Company (as such term is defined in recent Liberty precedent) or a Permitted Joint Venture;
- (i) over cash deposited as security for the obligations of a member of the Borrower Group in respect of a performance bond, guarantee, standby letter of credit or similar facility entered into in the ordinary course of business by a member of the Borrower Group; and
- (j) which is created by a member of the Borrower Group in favour of the Security Agent in substitution for any Security Interest under an existing Security Document provided that the principal amount secured thereunder may not be increased unless any Security Interest in respect of such increased amount would be otherwise permitted under the Credit Agreement.

**55. Changes to Thresholds:**

- (a) in the definition of Permitted Security Interest, permit the Borrower to secure Financial Indebtedness on a *pari passu* or junior-ranking basis provided that (other than in the case of a refinancing of other secured Financial Indebtedness in the same or a lesser principal amount) the Senior Debt to Annualised EBITDA ratio on a pro forma basis would not be greater than 4.50:1.00 and provided that such Financial Indebtedness is subject to an intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably) and where (in the case of such Financial Indebtedness being secured on a junior-ranking basis) the rights of the holders of such Financial Indebtedness in respect of any payment will be contractually subordinated to the rights of the Lenders on terms comparable to the Loan Market Association's form of intercreditor agreement at such time for mezzanine debt, as referred to in recent Liberty precedent);



- (b) in Paragraph (n) of the definition of Permitted Security Interest, provide that the Borrower may secure Financial Indebtedness under this general basket of up to the greater of €250,000,000 and 5% of total assets, such security to be either on assets not subject to the security in favour of the Lenders or otherwise secured on a junior ranking basis over assets subject to the Lenders' security (in the latter case provided that the rights of the holders of such Financial Indebtedness in respect of any payment will be contractually subordinated to the rights of the Lenders on terms comparable to the Loan Market Association's form of intercreditor agreement at such time for mezzanine debt, as referred to in recent Liberty precedent); and
  - (c) in Clause 18.5 (*Cross default*), delete references to €15,000,000 and €50,000,000 and replace them with €75,000,000.
- 56. **Security and Guarantee Release:** amend the relevant provisions of the Credit Agreement (in particular Clauses 26.4 (*Additional Obligors*), and 16.23 (*Share Security*)) to provide that, subject to certain thresholds being met no Obligor nor any other member of the Borrower Group is required to provide any Security or guarantee other than (i) Security over the shares that it holds in any Obligor, (ii) Security required under the terms of the Credit Agreement in respect of Subordinated Shareholder Loans, (iii) Security over loans made by Obligors to other members of the Borrower Group in accordance with clause 16.14 (*Loans and guarantees*) and (iv) a guarantee from the Obligors under the terms of the Credit Agreement and include a provision to authorise the Security Agent to release any other Security or guarantees other than the aforementioned and to release Security and guarantees in respect of Permitted Disposals and to permit relevant Security to be released if a Guarantor resigns and that guarantors can resign provided that the guarantor coverage test would still be met notwithstanding such release.
- 57. **Events of Default:**
  - (a) amend Clause 1.2 (*Construction*) to clarify that both a Default and an Event of Default is not continuing if remedied or waived;
  - (b) amend Clause 18.2 (*Non-payment*) to delete the qualification relating to technical or administrative errors and to include a 3 Business Day grace period for payment of principal and a 5 Business Day grace period for any other payments;
  - (c) include a new Paragraph (v) of Clause 18.6 (*Insolvency*) by clarifying that commencing negotiations with the Finance Parties will not constitute an Event of Default under this Paragraph and amend Paragraph (a) of Clause 18.7 (*Insolvency Proceedings*) including a general exclusion for contested proceedings that are frivolous, vexatious or an abuse of the process of the court but without the requirement to provide a legal opinion with respect thereto to the Facility Agent;
  - (d) amend Clause 18.5 (*Cross default*) to carve out circumstances being contested in good faith, Financial Indebtedness relating to hedging permitted under the Credit Agreement where a termination event arises as a result of a financing and Financial Indebtedness that is cash collateralised and such cash is available for application in satisfaction of this indebtedness in each case in line with recent Liberty precedent; and
  - (e) delete Clause 18.14 (*Seizure*), Clause 18.15 (*Environmental Matters*) 18.17 (*Material Contracts*) (and all references to Material Contracts) and Clause 18.19(b) (*ERISA*).

58. **Impaired Agent:** amend the Credit Agreement to provide for impaired agent provisions language used in recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market so that alternative payment and notice arrangements are permitted if the Facility Agent is impaired.
59. **Defaulting Lender:** include standard defaulting lender provisions used in recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market so as the commitments of a defaulting lender may be cancelled and it will have no rights to vote in respect of such cancelled commitments. Clarify that no commitment fee will be payable to a defaulting lender.
60. **Replacement of Agent/Security Agent:** amend Clause 19.14 (*Resignation of Agents*), in accordance with recent Liberty precedent, to:
- (a) remove the requirements for UPC Broadband to: (a) be unsatisfied with the performance of the Agent; (b) specify reasonable grounds for replacement in the relevant notice and (c) add a requirement that no Default is outstanding at the relevant time;
  - (b) provide that UPC Broadband may remove the Facility Agent if the status or identity of the Facility Agent causes any Obligor to become liable for any withholding tax in connection with FATCA; and
  - (c) provide that UPC Broadband will have the right to appoint a successor Facility Agent without the Lenders' consent twice during the life of the Facilities,
- and, in each case, permits the removal of the Security Agent as the joint creditor for the purposes of any "parallel debt".
61. **Assignments / Transfers of Lenders:** clarify that the Borrower should have the right to withhold consent in respect of an assignment/transfer of any revolving credit facility to an entity which is not a lender under a revolving facility to the wider Liberty group (subject to no consent being required in the case of transfers to other Lenders or affiliates of Lenders or following an event of default which is continuing). There should be no unreasonableness or delay qualifier on this right (in respect of any revolving credit facility only) and no deemed consent concept.
62. **Replacement of a Lender:** amend the Credit Agreement to include the right to replace a Lender (in whole and at par) if the Obligor becomes obliged to make payment under Illegality, Increased Costs, Tax Gross up or Tax Indemnity provisions to any Lender, if a Lender invokes the provisions of Clause 11.2 (*Market Disruption*) or if a Lender is a defaulting lender.
63. **Expenses:** amend Clause 21.2 (*Amendment costs*) to make legal fees subject to any agreed caps; and Clause 22 (*Stamp Duties*) to ensure that any liability of the Borrower for the payment of any tax (including stamp taxes) does not extend to taxes payable in respect of an assignment or transfer of a Lender's interest.
64. **Amendments:**
- (a) amend Clause 25 (*Amendments and waivers*) to introduce a class exception, whereby any amendment or waiver that relates only to the rights or obligations of a particular utilisation or Facility and does not materially and adversely affect the rights or interests of Lenders in respect of other utilisations or Facilities only requires the

consent of the relevant proportion of Lenders participating in such Utilisation or Facility;

- (b) amend Clause 25.2 (*Exceptions*) to require the consent of affected Lenders only and not all Lenders (and make any consequential changes by amending for example, all references to matters requiring all Lender consent to only requiring affected Lender consent);
  - (c) include a new paragraph (e) to Clause 25.2 (*Exceptions*), to permit the Facility Agent to make technical, minor, operational and OID amendments without consent from any Lenders, on terms consistent with recent Liberty precedent as at the date of implementation of the amendments;
  - (d) include a new clause 25.5 (*Calculation of Consent*), such that where a request for a waiver of, or an amendment to, any provision of any Finance Document has been sent by the Facility Agent to the Lenders at the request of an Obligor, each Lender that does not respond to such request for waiver or amendment within 10 Business Days after receipt by it of such request (or within such other period as the Facility Agent and UPC Broadband shall specify), shall be excluded from the calculation in determining whether the requisite level of consent to such waiver or amendment was granted; and
  - (e) include a new paragraph (f) of Clause 25.2 (*Exceptions*) such that the release of guarantees and security under the Finance Documents (and not in accordance with the Finance Documents) requires the consent of affected Lenders whose undrawn Commitments and participations are greater than 90 per cent. of all undrawn Commitments and participations and delete paragraph (a)(x) of Clause 25.2 (*Exceptions*).
65. **Covenant Compliance:** disapply Clause 4.3 (*Pro forma covenant compliance*) so that there is no drawstop if the financial covenants would not be complied with in relation to a rollover of a revolving credit facility Advance or the redrawing of a term Advance.
66. **Indemnification requirements:** amend the Credit Agreement in respect of any indemnity granted by the Borrower to conform to recent Liberty precedent including, amongst others, amending Clause 10.3 (*Tax Indemnity*) such that the indemnity is paid within 10 Business Days and the loss is calculated on a reasonable basis.
67. **Non-consenting Lenders:** include a provision whereby if 80 per cent. of affected Lenders have consented to a request for an amendment or waiver, UPC Broadband may elect to replace any Lender that has not consented to such request by procuring that its relevant Commitments are acquired at par in accordance with the provisions in recent Liberty precedent.
68. **References:** amend the Credit Agreement:
- (a) so that all references to any party include any assignees, transferees, successors in title and merged entities thereof; and
  - (b) to take account of the fact that certain Facilities under the Credit Facility have been (as at the date of this Agreement) repaid and cancelled in full.

69. **Subsidiary:** amend the definition of Subsidiary so that for the purposes of the financial covenants and related provisions that a “Subsidiary” of a person includes legal entity which is accounted for under applicable GAAP or IFRS as a Subsidiary.
70. **Material Adverse Effect:** amend definition of Material Adverse Effect so that it relates only to payment obligations and not “other material obligations”.
71. **Certain Funds Acquisitions:** amend Clause 4.2 (*Further Conditions Precedent*) to provide that the relevant Additional Facility Lenders may amend or waive any of the conditions at paragraphs (a) and (b) in relation to any Advance under an Additional Facility in relation to an acquisition where the relevant vendor requires, or it is commercially advantageous in connection with any competitive bid process that, such acquisition is completed on a certain funds basis other than an Event of Default that has arisen under Clause 18.2 (*Non-payment*) or Clauses 18.6 (Insolvency) to 18.10 (*Similar proceedings*).
72. **Calculation of EURIBOR/LIBOR:** amend the Credit Agreement to include provisions for the calculation of EURIBOR/LIBOR in accordance with recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market provided that in no circumstances will EURIBOR/LIBOR be deemed to be zero and to include a requirement for the Facility Agent to notify the relevant Borrower of each funding rate.
73. **Voluntary cancellation/prepayment:** amend clauses 7.2 (*Voluntary cancellation*) and 7.3 (*Voluntary prepayment*) to delete the references to delivering to the Facility Agent a duly completed Cancellation Notice not less than “five” Business Days prior to the due date of the cancellation/prepayment and replace it with a reference to not less than “three” Business Days or such other time period agreed between UPC Broadband and the Facility Agent prior to the due date of the cancellation/prepayment.
74. **Deferred Acquisition Costs:** amend the thresholds in clause 4.4 (*Deferred Acquisition Costs*) such that the reference to €100,000,000 is replaced with a reference to €250,000,000 and the references to €150,000,000 are replaced with references to €300,000,000.
75. **Additional Facility Accession Agreement:** amend the Additional Facility Accession Agreement definition to delete the reference to “with such amendments as the Facility Agent may approve or reasonably require” and replace it with a reference to “with such amendments as may be agreed between UPC Broadband and the relevant Lender or Lenders under the proposed Additional Facility”.
76. **Guarantor Coverage:** replace the reference to “95%” at paragraph (b)(i)(B) of Clause 26.4 (*Additional Obligors*) with a reference to “80%” and at paragraph (b)(i)(A) of Clause 26.4 (*Additional Obligors*) replace “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” with “the Guarantors as of the Effective Date (other than UPC Broadband, any UPC Broadband Holdco, UPC Holding, UPC Holding II and any Subsidiary of UPC Broadband that is a Holding Company of all other Subsidiaries of UPC Broadband) and their respective Subsidiaries”.
77. **UGCE Borrower Group:** amend the definition of UGCE Borrower Group so that it refers to UPC Holding and any other company of which UPC Broadband is a Subsidiary and which is a Subsidiary of UPC Holding.
78. **Benefit of Maintenance Covenant:** amend the Credit Agreement to provide that:

- (a) the maintenance covenants at Clause 17.2 (*Financial ratios*) shall only be for the benefit of those Lenders under Additional Facilities that (i) are stated to have the benefit of such maintenance covenants or (ii) do not contain a statement that they do not have the benefit of such maintenance covenants, in each case, in the relevant Additional Facility Accession Agreement;
- (b) a new definition of “Composite Maintenance Covenant Instructing Group” is included which shall consist of a Lender or Lenders whose Additional Facility Commitments in respect of Additional Facilities that benefit from the maintenance covenants at Clause 17.2 (*Financial ratios*) amount in aggregate to more than 50% of the total Additional Facility Commitments in respect of Additional Facilities that benefit from the maintenance covenants calculated in accordance with the new clause 25.5 (*Calculation of Consent*) (as referred to in paragraph 64(d) of this Schedule) and not taking into account Commitments in respect of which a cancellation notice has been issued;
- (c) following a breach of Clause 17.2 (*Financial ratios*), subject to the expiry of the cure period in accordance with Clause 17.4 (*Cure provisions*), (i) the Facility Agent shall, if instructed by the Composite Maintenance Covenant Instructing Group, take acceleration action in respect of the Additional Facilities and Commitments held by Lenders in the Composite Maintenance Covenant Instructing Group in accordance with recent Liberty precedent, (ii) there shall be a drawstop in relation to future Advances and (iii) there shall be an Event of Default continuing for the purposes of the operative covenants e.g. paragraph 52(a)(v) above;
- (d) an Event of Default will be triggered if the Composite Maintenance Covenant Instructing Group give a direction to the Facility Agent in accordance with the new acceleration clause at (c) above; and
- (e) amendments and waivers of Clauses 17.2 (*Financial ratios*) to 17.4 (*Cure provisions*) and the new acceleration clause at (c) above shall only be made with the consent of UPC Broadband and the Composite Maintenance Covenant Instructing Group and shall not require the consent of any other Finance Party.

## **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 AL2 Lender**

UPCB FINANCE IV LIMITED

By:

## **SIGNATORIES**

UPC BROADBAND HOLDING B.V.

By:

UPC FINANCING PARTNERSHIP

By:



**ANNEX B:**  
**ORIGINAL OFFERING MEMORANDUM**

## IMPORTANT NOTICE

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

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

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

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

**Confirmation of your Representation:** In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities, investors must be either (1) Qualified Institutional Buyers (“QIBs”) (within the meaning of Rule 144A under the U.S. Securities Act) or (2) non-U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) outside the U.S.; provided that investors resident in a Member State of the European Economic Area must be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC as amended (including by Directive 2010/73/EU) and any relevant implementing measure in each Member State of the European Economic Area). This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) not a U.S. person and that the electronic mail address that you gave us and to which this Offering Memorandum has been delivered is not located in the U.S. (and if you are resident in a Member State of the European Economic Area, you are a qualified investor) and (2) that you consent to delivery of such Offering Memorandum by electronic transmission.

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

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

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the initial purchasers, UPCB Finance IV Limited, UPC Financing Partnership, UPC Broadband Holding B.V., UPC Holding B.V., Liberty Global Europe Holding B.V., Liberty Global, Inc. or any person who controls them or any director, officer, employee or agent of any of theirs or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.



**\$800,000,000 5<sup>3</sup>/<sub>8</sub>% Senior Secured Notes due 2025**

**issued by  
UPCB Finance IV Limited**

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UPCB Finance IV 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 \$800 million aggregate principal amount of its 5<sup>3</sup>/<sub>8</sub>% senior secured notes due 2025 (the “Dollar Notes”). The Dollar Notes will mature on January 15, 2025. The Issuer will pay interest on the Dollar Notes semi-annually in cash on each January 15 and July 15, commencing on January 15, 2016.

The proceeds from the offering of the Dollar 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 “Dollar Finco Loan”), denominated in U.S. dollars and 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 Dollar Finco Loan and related agreements to make payments under the Dollar Notes. The Issuer will apply payments it receives under the Dollar Finco Loan and such related agreements, including in respect of principal, premiums and interest, to make corresponding payments under the Dollar Notes.

The accession agreement related to the Dollar Finco Loan will provide for the payment of certain premiums in connection with certain voluntary and mandatory prepayments of the Dollar Finco Loan that will enable the Issuer to pay the premiums payable in respect of corresponding redemptions of the Dollar Notes, as described in “*Description of the Notes—Redemption and Repurchase*”. Some or all of the Dollar Notes may be redeemed at any time prior to January 15, 2020, at a price equal to 100% of the principal amount of the Dollar Notes redeemed plus accrued and unpaid interest to (but excluding) the redemption date and the “make whole” premium, as described in this Offering Memorandum. The Dollar Notes may be redeemed at any time on or after January 15, 2020 at the redemption prices set forth in this Offering Memorandum. In addition, at any time prior to January 15, 2018, the Issuer may redeem up to 40% of the Dollar Notes with the net proceeds of one or more specified equity offerings at the redemption prices set forth in this Offering Memorandum. Prior to January 15, 2020, during each 12-month period commencing on the Issue Date (as defined herein), the Issuer may redeem up to 10% of the principal amount of the Dollar Notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to (but excluding) the redemption date.

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 Dollar Finco Loan plus a payment equal to 1% of the principal amount of the Dollar Finco Loan. Following such repayment, the Issuer will redeem all of the Dollar Notes issued under the indenture governing the Dollar 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 Dollar Finco Loan in an aggregate amount equal to the principal amount of the Dollar 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 Dollar Finco Loan pro rata with the other Finco Loans (as defined in the Offering Memorandum) 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 the Dollar Notes. See “*Description of the Notes—Redemption and Repurchase—Disposal Proceeds*”. Further, the Dollar 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 Dollar Notes. Other than under the limited circumstances described herein, holders of the Dollar 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 Dollar 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 Dollar Finco Loan and agreements related thereto.

The Dollar Notes will be senior obligations of the Issuer. The Dollar Notes will be secured by, among other things, a first ranking security interest over the Issuer's rights to and benefit in the Dollar 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 Dollar 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"*.

Concurrently with the offering of the Dollar Notes, the Issuer is offering €416.5 million aggregate principal (and such additional amounts in excess thereof that the Issuer may elect to issue) amount of its senior secured notes due 2027 (the "Euro Notes", together with the Dollar Notes, the "Notes"). For further details about the Concurrent Euro Notes Offering (as defined in the Offering Memorandum), see *"General Description of UPC Holding's Business, the Issuer and the Offering—Brief Description of the Structure of the Offering of the Dollar Notes hereby and the Concurrent Euro Notes Offering"*.

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See **"Risk Factors"** beginning on page 30 for a discussion of certain risks that you should consider in connection with an investment in any of the Dollar Notes.

**The Dollar 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 Dollar 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 Dollar Notes see *"Plan of Distribution"* and *"Transfer Restrictions"*.**

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

The Dollar Notes will be in registered form in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. The Dollar Notes will be represented on issue by one or more global notes, which will be delivered through The Depository Trust Company ("DTC"), on or about April 15, 2015 (the "Issue Date"). Interests in the global Dollar Notes will be exchangeable for the relevant definitive Dollar Notes only in certain limited circumstances. See *"Book-Entry, Delivery and Form"*.

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**Price for the Dollar Notes: 100.00% plus accrued interest from the Issue Date.**

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*Joint Bookrunners*

**J.P. Morgan**

**Credit Suisse**

**ING**

**Morgan Stanley**

**Nomura**

**Scotiabank**

The date of this Offering Memorandum is March 31, 2015.

**You should rely only on the information contained in this Offering Memorandum. Neither the Issuer or UPC Holding nor any of the Dollar Initial Purchasers (as defined herein) has authorized anyone to provide you with different information. Neither the Issuer or UPC Holding nor any of the Dollar Initial Purchasers is making an offer of the Dollar 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 Dollar Notes.**

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

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The Issuer is offering the Dollar 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 Dollar 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 Dollar 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 Dollar 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 Dollar 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 Dollar Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC as amended (including by Directive 2010/73/EU) (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 Dollar Notes contemplated in this Offering Memorandum.

The Dollar 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 Dollar Notes to be listed on its Official List and for 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 Dollar 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 Dollar 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 Dollar 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 Dollar 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 Dollar 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 Dollar 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 facts the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

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

The distribution of this Offering Memorandum and the offer and sale of the Dollar 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 Dollar 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 Dollar 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 Dollar Notes or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any Dollar Notes. None of the Issuer, UPC Holding or the Dollar Initial Purchasers is responsible for your compliance with these legal requirements.



The Dollar Notes are subject to restrictions on resale and transfer as described under “*Plan of Distribution*” and “*Transfer Restrictions*”. By purchasing any Dollar 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 Dollar Notes for an indefinite period of time.

If issued, the Dollar Notes will initially be available in book-entry form only. The Dollar Notes will be represented on issue by one or more global notes, which will be delivered through DTC. Interests in the global notes will be exchangeable for definitive notes only in certain limited circumstances. See “*Book Entry, Delivery and Form of Notes*”.

## **STABILIZATION**

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

## **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 Dollar Notes will be deemed to have made the representations, warranties and acknowledgments that are described in this Offering Memorandum under “*Transfer Restrictions*”. The Dollar 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 restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act or any other applicable securities laws, pursuant to registration or an exemption therefrom. Please refer to the section of this Offering Memorandum entitled “*Transfer Restrictions*”. The Dollar 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 Dollar Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dollar Initial Purchaser or Dollar 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 Dollar Notes shall require the publication by the Issuer or any Dollar Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospective Directive.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any of the Dollar 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 Dollar Notes to be offered so as to enable an investor to decide to purchase or subscribe the Dollar Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Each subscriber for or purchaser of the Dollar Notes in the offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive. The Issuer, the Dollar Initial Purchasers and their affiliates, and others will rely upon the truth 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 Dollar Initial Purchasers of such fact in writing may, with the consent of the Dollar Initial Purchasers, be permitted to subscribe for or purchase the Dollar 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 Dollar Notes may not be advertised in Austria. Any offer of the Dollar 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 Dollar Notes in Austria.

**Germany** The Dollar Notes may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as amended, the Commission Regulation (EC) No 809/2004 of April 29, 2004 as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. This Offering Memorandum has not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the Prospectus Directive and accordingly the Dollar 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 Dollar Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Dollar Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restreint d’investisseurs*) acting for their own accounts, as defined in and in accordance with Articles L. 411-2 and D. 411-1 of the *Code of Monétaire et Financier*. Neither this Offering Memorandum nor any other offering material may be distributed to the public in France.

**Italy** None of this Offering Memorandum or any other documents or materials relating to the Dollar Notes have been or will be submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa (“CONSOB”). Therefore, the Dollar Notes may only be offered or sold in the Republic of Italy (“Italy”)

pursuant to an exemption under article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and article 35-bis, paragraph 3, of CONSOB Regulation No. 11971 of 14 May 1999, as amended. Accordingly, the Dollar Notes are not addressed to, and neither the Offering Memorandum nor any other documents, materials or information relating, directly or indirectly, to the Dollar Notes can be distributed or otherwise made available (either directly or indirectly) to any person in Italy other than to qualified investors (*investitori qualificati*) pursuant to article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, acting on their own account.

**Grand Duchy of Luxembourg** This Offering Memorandum has not been approved by and will not be submitted for approval to the Luxembourg Supervision Commission of the Financial Sector (*Commission de Surveillance du Secteur Financier*) for purposes of a public offering or sale in Luxembourg. Accordingly, the Dollar Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended (the “**Prospectus Act**”) and implementing the Prospectus Directive. Consequently, this Offering Memorandum and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Prospectus Act and (ii) no more than 149 prospective investors, which are not qualified investors.

**The Netherlands** The Dollar Notes (including rights representing an interest in each global note that represents the Notes) may only be offered or sold to qualified investors (*gekwalficeerde beleggers*) as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

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

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

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

## NOTICE TO CAYMAN INVESTORS

NO INVITATION MAY BE MADE TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR THE OFFERED DOLLAR 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 DOLLAR NOTES.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Historical Financial Information

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

This Offering Memorandum includes the December 31, 2014 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.

This Offering Memorandum also includes the Issuer's financial statements as of December 31, 2014. 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 Loans, UPC Financing and its parent entities, including UPC Holding, will consolidate the Issuer.

The financial results of UPC Holding are reported in euros. Unless otherwise indicated, all convenience translations into euros have also been calculated as of December 31, 2014. Certain amounts and percentages presented herein have been rounded and, accordingly, may not total.

The comparability of UPC Holding's operating results for the periods presented in this Offering Memorandum is affected by acquisitions and foreign currency exchange rate fluctuations. For additional information, see “*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations*”. In addition, UPC Holding's December 31, 2013 consolidated balance sheet and its consolidated statements of operations, comprehensive loss, owners' deficit and cash flows for the years ended December 31, 2013 and 2012 and the related notes to the consolidated financial statements have been retrospectively revised to give effect to a common control transfer. For additional information, see note 4 to the December 31, 2014 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

### Pro Forma Financial Information

The unaudited condensed pro forma financial information included in this Offering Memorandum has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act or the Prospectus Directive. Although UPC Holding has used U.S. GAAP as the basis in preparing the unaudited condensed pro forma financial information, such pro forma financial information has not been prepared in accordance with the requirements of any generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The summary unaudited pro forma balance sheet data gives effect to (i) the UPC Ireland Transfer, (ii) the UPC NL Transfer, (iii) the Corporate Entities Transfer and (iv) the Early 2015 Refinancings, as if such transactions had occurred on December 31, 2014. The summary unaudited pro forma statement of operations data gives effect to (i) the UPC Ireland Transfer, (ii) the UPC NL Transfer, (iii) the Corporate Entities Transfer and (iv) the 2015 Liberty Global Allocation Methodology (as defined and described under Certain Relationships and Related-Party Transactions of UPC Holding), as if such transactions had occurred on January 1, 2012. The unaudited condensed pro forma financial information is presented for information purposes only. The unaudited condensed pro forma financial statement data, which has been prepared on a U.S. GAAP basis, does not purport to be indicative of the results of operations that UPC Holding would have obtained if the above transactions were effective as of January 1, 2012 and does not purport to project the results of operations or financial condition of UPC Holding for any future period. The pro forma adjustments are based upon currently available information and upon certain assumptions that UPC Holding believes are reasonable. The pro forma information has been derived from, and should be read in conjunction with, the December 31, 2014 Consolidated Financial Statements as well as “*Presentation of Financial and Other Information*”, “*General Description of UPC Holding's Business, the Issuer and the Offering—Recent Developments of UPC Holding*”, “*Management's Discussion and Analysis of Financial Condition and Results of Operations of UPC Holding*” and “*Risk Factors*” included elsewhere herein.

### 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. Additionally, unless otherwise stated or unless the context otherwise



requires, (i) any reference to “this offering of the Notes” and/or “this offering” shall be construed as a reference to “this offering of the Dollar Notes and the Concurrent Euro Notes Offering”; and (ii) any reference to “the Notes offered hereby” shall be construed as a reference to “the Dollar Notes offered hereby and the Euro Notes concurrently offered by the Issuer”.

“6<sup>3</sup>/<sub>4</sub>% Notes” refers to UPC Holding’s €450 million aggregate principal amount of 6<sup>3</sup>/<sub>4</sub>% Senior Notes due 2023 and CHF 350 million aggregate principal amount of 6<sup>3</sup>/<sub>4</sub>% Senior Notes due 2023, issued on March 26, 2013.

“6<sup>3</sup>/<sub>8</sub>% Notes” refers to UPC Holding’s €600 million aggregate principal amount of 6<sup>3</sup>/<sub>8</sub>% Senior Notes due 2022 issued on September 21, 2012.

“7<sup>3</sup>/<sub>4</sub>% Notes” refers to UPC Holding’s €500 million aggregate principal amount of 7<sup>3</sup>/<sub>4</sub>% Senior Notes due 2014 issued on July 29, 2005. The 7<sup>3</sup>/<sub>4</sub>% Notes were fully repaid on September 13, 2010.

“8% Notes” refers to UPC Holding’s €300 million aggregate principal amount of 8% Senior Notes due 2016 issued on October 31, 2006. The 8% Notes were fully repaid on April 25, 2013.

“8<sup>3</sup>/<sub>8</sub>% Notes” refers to UPC Holding’s €640 million aggregate principal amount of 8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2020 issued on August 13, 2010. The 8<sup>3</sup>/<sub>8</sub>% Notes were fully repaid on February 13, 2015 in the 8<sup>3</sup>/<sub>8</sub>% Notes Redemption.

“8<sup>5</sup>/<sub>8</sub>% Notes” refers to UPC Holding’s €300 million aggregate principal amount of 8<sup>5</sup>/<sub>8</sub>% Senior Notes due 2014 issued on October 10, 2005. The 8<sup>5</sup>/<sub>8</sub>% Notes were fully repaid on August 20, 2010.

“9<sup>3</sup>/<sub>4</sub>% Additional Notes” refers to UPC Holding’s €150 million aggregate principal amount of 9<sup>3</sup>/<sub>4</sub>% Senior Notes due 2018 issued on May 29, 2009.

“9<sup>3</sup>/<sub>4</sub>% Notes” refers to the 9<sup>3</sup>/<sub>4</sub>% Original Notes and the 9<sup>3</sup>/<sub>4</sub>% Additional Notes. The 9<sup>3</sup>/<sub>4</sub>% Notes were fully redeemed on April 25, 2013. The 9<sup>3</sup>/<sub>4</sub>% Notes were fully repaid on April 25, 2013.

“9<sup>3</sup>/<sub>4</sub>% Original Notes” refers to UPC Holding’s €250 million aggregate principal amount of 9<sup>3</sup>/<sub>4</sub>% Senior Notes due 2018 issued on April 30, 2009.

“9<sup>7</sup>/<sub>8</sub>% Notes” refers to UPC Holding’s \$400 million aggregate principal amount of 9<sup>7</sup>/<sub>8</sub>% Senior Notes due 2018 issued on May 29, 2009. The 9<sup>7</sup>/<sub>8</sub>% Notes were fully repaid on April 16, 2014.

“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*”.

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

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

“Concurrent Euro Notes Offering” means the concurrent offering of the Euro Notes by the Issuer, as further described in the offering memorandum dated on or around April 1, 2015 relating to the Euro Notes.

“December 31, 2014 Consolidated Financial Statements” refers to UPC Holding’s audited consolidated financial statements as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012 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.

“Dollar Initial Purchasers” refers to J.P. Morgan Securities LLC, Credit Suisse Securities (Europe) Limited, ING Bank N.V., London Branch, Morgan Stanley & Co. International plc, Nomura International plc and Scotia Capital (USA) Inc.

“Dollar Notes” refers to \$800 million aggregate principal amount of 5<sup>3</sup>/<sub>8</sub>% senior secured notes due 2025 offered hereby.

“DTC” refers to The Depository Trust Company.

“EU” refers to the European Union.

“Euro Initial Purchasers” refers to J.P. Morgan Securities plc, Credit Suisse Securities (Europe) Limited, ING Bank N.V., London Branch, Morgan Stanley & Co. International plc, Nomura International plc and Scotiabank Europe plc.

“Euro Notes” refers to €416.5 million aggregate principal amount of % senior secured notes due 2027 (and additional amounts of Euro Notes in excess of €416.5 million as the Issuer may elect to issue) to be issued by the Issuer concurrently with the Dollar Notes under the Indenture.

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

“Expenses Agreement” refers to the amended and restated expenses agreement dated March 26, 2015 between the Issuer and LG Europe.

“Facility AK Finco Accession Agreement” refers to the agreement among the Issuer, UPC Broadband Holding, UPC Financing, the facility agent and the security agent in respect of the UPC Broadband Holding Bank Facility, to be dated on or about the Issue Date, pursuant to which the Issuer accedes as a lender under the UPC Broadband Holding Bank Facility in relation to Facility AK.

“Facility AL Finco Accession Agreement” refers to the agreement among the Issuer, UPC Broadband Holding, UPC Financing, the facility agent and the security agent in respect of the UPC Broadband Holding Bank Facility, to be dated on or about the Issue Date, pursuant to which the Issuer accedes as a lender under the UPC Broadband Holding Bank Facility in relation to Facility AL.

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

“Finco Accession Agreements” refers collectively to the Facility AK Finco Accession Agreement and the Facility AL Finco Accession Agreement.

“Indenture” refers to the indenture governing the Notes.

“Initial Purchasers” refers to the Dollar Initial Purchasers and/or the Euro Initial Purchasers, as the context may require.

“Intercreditor Agreement” refers to the Intercreditor Agreement, as amended, which was originally entered into on July 29, 2005 (as amended on June 14, 2007 and June 14, 2010) among LGE Financing, the trustee on behalf of the holders of the 7<sup>3</sup>/<sub>4</sub>% Notes and acceded to on October 10, 2005, April 17, 2007, April 30, 2009, May 29, 2009, August 13, 2010, September 21, 2012 and March 26, 2013 by the trustee on behalf of the holders of the 8<sup>5</sup>/<sub>8</sub>% Notes, the 8% Notes, the 9<sup>3</sup>/<sub>4</sub>% Notes, the 9<sup>7</sup>/<sub>8</sub>% Notes, the 8<sup>3</sup>/<sub>8</sub>% Notes, the 6<sup>3</sup>/<sub>8</sub>% Notes, the 6<sup>3</sup>/<sub>4</sub>% 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 IV Limited, wholly owned by a charitable trust, and the issuer of the Notes.

“LG Europe” refers to Liberty Global 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.

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

“Liberty Global Operations” refers to Liberty Global Operations B.V., with or without its consolidated subsidiaries, as the context requires.

“Liberty Global Services II” refers to Liberty Global Services II B.V., with or without its consolidated subsidiaries, as the context requires.

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

“Notes” refers to the Euro Notes and/or Dollar Notes, as the context may require.

“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, London Branch, acting in its capacity as principal paying agent under the Indenture.

“Recent Transactions” has the meaning given to such term in “*General Description of UPC Holding’s Business, the Issuer and the Offering—Recent Developments of UPC Holding*”.

“Registrar” refers to The Bank of New York Mellon (Luxembourg) S.A. acting in its capacity as registrar for the Euro Notes under the Indenture and/or The Bank of New York Mellon acting in its capacity as registrar for the Dollar Notes under the Indenture, as the context requires.

“Security Agent” refers to The Bank of New York Mellon, London Branch 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.

“Transfer Agent” refers to The Bank of New York Mellon, London Branch and The Bank of New York Mellon (Luxembourg) S.A. acting in their capacities as transfer agents and/or The Bank of New York Mellon acting in its capacity as New York transfer agent under the Indenture, as the context requires.

“Trustee” refers to The Bank of New York Mellon, London Branch, acting in its capacity as trustee under the Indenture.

“UGC” refers to UnitedGlobalCom, LLC, 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, June 9, 2009, and October 15, 2013, 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 Cablecom” refers to Cablecom GmbH, a direct subsidiary of Cablecom Luxembourg S.C.A. and the primary operating company of the UPC Cablecom group, with or without its consolidated subsidiaries, as the context requires.

“UPC DTH” refers to UPC DTH S.à.r.l., with or without its consolidated subsidiaries, as the context requires.

“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 6<sup>3</sup>/<sub>8</sub>% Notes and the 6<sup>3</sup>/<sub>4</sub>% Notes.

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

“UPC Ireland Transfer” has the meaning given to such term in “*General Description of UPC Holding’s Business, the Issuer and the Offering—Recent Developments of UPC Holding*”.

“UPC NL Transfer” has the meaning given to such term in “*General Description of UPC Holding’s Business, the Issuer and the Offering—Recent Developments of UPC Holding*”.

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

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

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

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

“UPCB Notes” refers to UPCB Senior Secured Notes, UPCB II Senior Secured Notes, the UPCB III Senior Secured Notes, the UPCB V Senior Secured Notes and the UPCB VI Senior Secured Notes.

“UPCB Notes Issuers” refers to UPCB Finance II Limited, UPCB Finance III Limited, UPCB Finance V Limited and UPCB Finance VI Limited.

“UPCB Senior Secured Notes” refers to the €500 million aggregate principal amount of 7<sup>5</sup>/<sub>8</sub>% senior secured notes due 2020 issued by UPCB Finance Limited. The UPCB Senior Secured Notes were fully redeemed on February 13, 2015.

“UPCB Senior Secured Notes Redemption” has the meaning given to such term in “*General Description of UPC Holding’s Business, the Issuer and the Offering—Recent Developments of UPC Holding*”.

“UPCB II Senior Secured Notes” refers to the €750 million aggregate principal amount of 6<sup>3</sup>/<sub>8</sub>% senior secured notes due 2020 issued by UPCB Finance II Limited.

“UPCB II Senior Secured Notes Partial Redemption” has the meaning given to such term in “*General Description of UPC Holding’s Business, the Issuer and the Offering—Recent Developments of UPC Holding*”.

“UPCB III Senior Secured Notes” refers to the \$1 billion aggregate principal amount of 6<sup>3</sup>/<sub>8</sub>% senior secured notes due 2020 issued by UPCB Finance III Limited.

“UPCB V Senior Secured Notes” refers to the \$750 million aggregate principal amount of 7<sup>1</sup>/<sub>4</sub>% senior secured notes due 2021 issued by UPCB Finance V Limited.



“UPCB VI Senior Secured Notes” refers to the \$750 million aggregate principal amount of 6<sup>7</sup>/<sub>8</sub>% senior secured notes due 2022 issued by UPCB Finance VI 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.

All references in this Offering Memorandum to “EUR” or “€” are to euro, to “U.S. \$”, “dollars” or “\$” are to U.S. dollars and to “CHF” are to Swiss francs.

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

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 March 27, 2015 was \$1.09 = €1.00.

	U.S. \$ per €1.00			
	<u>Period Average (1)</u>	<u>High</u>	<u>Low</u>	<u>Period End</u>
<b>Year</b>				
2010 .....	1.33	1.45	1.20	1.34
2011 .....	1.39	1.49	1.29	1.30
2012 .....	1.29	1.35	1.21	1.32
2013 .....	1.33	1.38	1.28	1.38
2014 .....	1.33	1.39	1.21	1.21
<b>Month</b>				
September 2014 .....	1.33	1.34	1.31	1.31
October 2014 .....	1.29	1.31	1.26	1.26
November 2014 .....	1.27	1.26	1.24	1.24
December 2014 .....	1.25	1.26	1.24	1.24
January 2015 .....	1.23	1.25	1.21	1.21
February 2015 .....	1.16	1.21	1.13	1.13
March 2015 (through March 27) .....	1.08	1.12	1.05	1.09

(1) Period Average means the average of the market rates at 6 p.m. London time during the relevant period.

## 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, foreign currency and finance strategies, UPC Holding’s capital expenditures, subscriber growth and retention rates, competitive, regulatory and economic factors, the maturity of UPC Holding’s markets, anticipated cost increases, liquidity, credit risks, foreign currency risks and target leverage levels. In some cases, you can identify these statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “should”, and “will” and similar words used in this Offering Memorandum.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond 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 include some but not all of the factors that could cause actual results or events to differ materially from those anticipated results or events:

- economic and business conditions and industry trends in the countries in which UPC Holding operates;
- the competitive environment in the industries in which UPC Holding operates, including competitor responses to its products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of UPC Holding’s existing service offerings, including its digital video, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that UPC Holdings may offer in the future;
- 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, broadband internet, fixed-line telephony and mobile service offerings and its average revenue per household;
- UPC Holding’s ability to provide satisfactory customer service, including support for new and evolving products and services;
- UPC Holding’s ability to maintain or increase rates to its subscribers or to pass through increased costs to its subscribers;
- UPC Holding’s ability to maintain its revenue from channel carriage arrangements;

- the impact of UPC Holding's future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the countries in which UPC Holding operates and adverse outcomes from regulatory proceedings;
- government intervention that opens UPC Holding's broadband distribution networks to competitors;
- UPC Holding's ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- UPC Holding's ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from, and implement our business plan with respect to, the businesses it acquires;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in countries in which UPC Holding operates;
- changes in laws and government regulations that may impact the availability and cost of credit and the derivative instruments that hedge certain of UPC Holding's financial risks;
- the ability of suppliers and vendors (including our third-party wireless network providers under UPC Holding's MVNO arrangements) to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for UPC Holding's digital video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- UPC Holding's ability to adequately forecast and plan future network requirements;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint venturers; and
- events that are outside of UPC Holding's control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

The broadband distribution and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this Offering Memorandum are subject to a significant degree of risk. These forward-looking statements and the above described risks, uncertainties and other factors speak only as of the date of this Offering Memorandum, and 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. Readers are cautioned not to place undue reliance on any forward-looking statement.

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 Loans, 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 Dollar 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 Dollar Notes are outstanding, the Issuer will furnish periodic information to holders of the Dollar Notes or to the Trustee under the indenture governing 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 Dollar Notes. It does not contain all the information you should consider prior to investing in the Dollar 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"*, and the December 31, 2014 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 is a subsidiary of Liberty Global and provides video, broadband internet and fixed-line telephony across seven European countries. Following the transfer of UPC Nederland B.V. and UPC Broadband Ireland Ltd. and their respective subsidiaries (as described below), UPC Holding's cable networks pass approximately 12.2 million homes. One of UPC Holding's largest cable networks is in Switzerland, where it operates under the UPC Cablecom brand. In addition, UPC Holding has cable networks in Austria and in the Central and Eastern European countries of Poland, Hungary, Romania, Czech Republic and Slovakia, operating under the UPC brand, as well as certain direct-to-home satellite (DTH) operations in Hungary, Romania, Czech Republic and Slovakia. In addition, in Switzerland, Austria and Hungary, UPC Holding also offers mobile services using third-party networks through mobile virtual network operators (MVNO), and in Poland UPC Holding maintains a small legacy MVNO.

In its Swiss/Austrian business, UPC Holding provides cable broadband services over its cable broadband network to approximately 2.1 million customers and 3.9 million RGUs. The services are transmitted over a hybrid fiber coaxial cable network, which is composed primarily of fiber optics with only the last part, which connects the customer to the network, composed of coaxial cable. The basic video services in Switzerland and Austria are unencrypted, allowing customers with the necessary equipment and an analog subscription to also access UPC Holding's basic digital services. In 2015, UPC Holding plans to stop offering analog services in Switzerland. In both Switzerland and Austria, UPC Holding launched mobile voice and data services during 2014 on a full-MVNO basis. Although only approximately 31% of UPC Holding's customer relationships are located in Switzerland and Austria, this Western European customer base was responsible for approximately 59% of the revenue of UPC Holding for the year ended December 31, 2014 (after giving effect to the UPC Ireland Transfer and the UPC NL Transfer (each as defined herein)).

After giving effect to the UPC Ireland Transfer, the UPC NL Transfer, the Corporate Entities Transfer (each as defined herein) and the impact of these transfers on intercompany accounts, UPC Holding generated pro forma revenue of €2,337.8 million and operating cash flow of €1,231.4 million for the year ended December 31, 2014. For further information regarding the business of UPC Holding and the services it provides to customers, see *"Business of UPC Holding"* in this Offering Memorandum.

### **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 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 Loans 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 proceeds from the offering of the Notes will be loaned by the Issuer to UPC Financing pursuant to the Finco Loans. The Issuer is dependent on payments by UPC Financing under the Euro Finco Loan and the Dollar Finco Loan in order to service its obligations under the Euro Notes and the Dollar Notes, respectively. Although



UPC Financing has no equity or voting interest in the Issuer, the Finco Loans create 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 Loans 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 of the Dollar Notes hereby and the Concurrent Euro Notes Offering**

Concurrently with the offering of the Dollar Notes hereby, the Issuer is offering €416.5 million aggregate principal amount of its senior secured Euro Notes due 2027, and may elect to raise additional Euro Notes in the Concurrent Euro Notes Offering (in excess of €416.5 million), with the net proceeds from any such additional Euro Notes expected to refinance existing indebtedness of the subsidiaries of UPC Holding. The Euro Notes will mature on January 15, 2027, and the Issuer will pay interest on the Euro Notes semi-annually in cash on each January 15 and July 15, commencing on January 15, 2016.

In connection with the offering of the Dollar Notes hereby and the Concurrent Euro Notes Offering, the Issuer will enter into a Facility AL Finco Accession Agreement and a Facility AK Finco Accession Agreement, respectively, 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 additional facilities under the UPC Broadband Holding Bank Facility in a principal amount equal to the aggregate principal amount of the Dollar Notes and the Euro Notes, respectively, issued in the offering. On the Issue Date, the Issuer will advance the net proceeds of the issuance of the Euro Notes and the Dollar Notes, together with the fees payable to it by UPC Financing under the Fee Letter, to UPC Financing pursuant to the Facility AK Finco Accession Agreement and the Facility AL Finco Accession Agreement, respectively. The principal amount of the Euro Notes and the principal amount of the Dollar Notes due at maturity, as well as the maturity date, rate of interest and currency, among other things, with respect to the Euro Notes and the Dollar Notes will be substantially identical to the corresponding provisions of the relevant Finco Loan.

The Issuer, as a lender under the UPC Broadband Holding Bank Facility (a **“UPCB Lender”**, and together with the other lenders under the UPC Broadband Holding Bank Facility, the **“UPCB Lenders”**), 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 Loans 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 on the basis described in the *“Description of the Notes”* and to receive principal and interest on the Finco Loans, which it will in turn use to make payments on the relevant series of Notes. For a description of procedures under the Indenture, the Facility AK Finco Accession Agreement and the Facility AL 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 or the Finco Accession Agreements”*. 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 certain amendments to the UPC Broadband Holding Bank Facility that UPC Broadband Holding may request in the future at the time it enters into the Finco Accession Agreements and therefore, will not be entitled to vote on any future request for such amendments. For a description of the UPC Broadband Holding Bank Facility Amendments, see *“Description of the Notes—Finco Accession Agreement and 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, this structure for this offering of the Dollar Notes and the Concurrent Euro Notes Offering has been created 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 net proceeds of the offering of the Euro Notes, together with the fees payable to it by UPC Financing under the Fee Letter, will be used by the Issuer to fund a loan borrowed under an additional facility (Facility AK) under the UPC Broadband Holding Bank Facility in an aggregate principal amount equal to the aggregate principal amount of the Euro Notes, and the net proceeds of the offering of the Dollar Notes, together with the fees payable to it by UPC Financing under the Fee Letter, will be used by the Issuer to fund a loan borrowed under an additional facility (Facility AL) under the UPC Broadband Holding Bank Facility in an aggregate principal amount equal to the aggregate principal amount of the Dollar Notes. In addition to indirect benefits arising from the protections and security afforded to the Issuer as a UPCB Lender in respect of Facility AK and Facility AL, 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*”.

### **Recent Developments of UPC Holding**

References to the “**Recent Transactions**” in this Offering Memorandum are to the various transactions as described below.

### ***UPC Ireland Transfer, UPC NL Transfer and Corporate Entities Transfer***

During the first quarter of 2015, Liberty Global completed certain internal reorganizations of its broadband and wireless communications businesses in Europe, including:

- (i) the transfer on February 12, 2015 of UPC Broadband Ireland Ltd. and its subsidiaries (the “**UPC Ireland Transfer**”),
- (ii) the transfer on March 5, 2015 of UPC Nederland B.V. and its subsidiaries (the “**UPC NL Transfer**”), and
- (iii) the transfer on March 19, 2015 of Liberty Global Services II B.V. (“**Liberty Global Services II**”) and Liberty Global Operations B.V. (“**Liberty Global Operations**”) (the “**Corporate Entities Transfer**” and, collectively with the UPC Ireland Transfer and the UPC NL Transfer, the “**Transfers**”),

in each case, from a subsidiary of UPC Holding to certain other subsidiaries of Liberty Global that are outside of the UPC Holding borrowing group.

### ***UPC Broadband Holding Bank Facility***

In connection with the UPC Ireland Transfer and the UPC NL Transfer, we carried out the following transactions in respect of the UPC Broadband Holding Bank Facility using cash consideration received in connection with the UPC Ireland Transfer, together with certain additional cash funded through the UPC Holding Subordinated Shareholder Loans.

### ***Facility V Repayment and Redemption of the UPCB Senior Secured Notes***

On February 13, 2015, UPC Financing repaid in full the €500.0 million principal amount outstanding under Facility V under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and related premium, to UPCB Finance Limited (the “**Facility V Repayment**”). UPCB Finance Limited used the proceeds of such repayment to redeem all outstanding UPCB Senior Secured Notes (the “**UPCB Senior Secured Notes Redemption**”).

### *Facility AG Repayment*

On March 5, 2015, (i) €684.2 million principal amount outstanding under existing Facility AG under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and additional commitments of €5.0 million, was ultimately rolled, through a number of steps on a cashless basis, into a new facility borrowed by Ziggo Secured Finance B.V. (“**Ziggo Secured Finance**”), an entity outside of the UPC Holding borrowing group (the “**Facility Rollover**”), and (ii) the remaining €870.2 million principal amount outstanding under Facility AG following the Facility Rollover, together with accrued and unpaid interest, was repaid in full (the “**Facility AG Repayment**”).

### *Facility Y Repayment and the Partial Redemption of the UPCB II Senior Secured Notes*

On March 6, 2015, UPC Financing repaid €560.0 million principal amount outstanding under Facility Y under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and related premium, to UPCB Finance II Limited (the “**Facility Y Partial Repayment**”). UPCB Finance II Limited used the proceeds of such repayment to redeem €560.0 million aggregate principal amount of the UPCB II Senior Secured Notes (the “**UPCB II Senior Secured Notes Partial Redemption**”). Following the Facility Y Partial Repayment and the UPCB II Senior Secured Notes Partial Redemption, €190.0 million principal amount remains outstanding under each of Facility Y under the UPC Broadband Holding Bank Facility and the UPCB II Senior Secured Notes.

### *Facility AI Net Borrowings*

Subsequent to December 31, 2014, a net amount of €200.0 million was borrowed under Facility AI of the UPC Broadband Holding Bank Facility (the “**Facility AI Net Borrowings**”), which was used to repay a portion of the UPC Holding Subordinated Shareholder Loans (the “**UPC Holding Subordinated Loans Partial Repayment**”).

### *UPC Holding 8⅜% Notes Redemption*

On February 13, 2015, UPC Holding redeemed all of its outstanding 8⅜% Notes (the “**8⅜% Notes Redemption**”) and, together with the Facility Rollover, the Facility AG Repayment, the Facility V Repayment, the UPCB Senior Secured Notes Redemption, the Facility AI Net Borrowings, the Facility Y Partial Repayment and the UPCB II Senior Secured Notes Partial Redemption, the “**Early 2015 Refinancings**”).

### *The Refinancing and Other Transactions*

The Issuer intends to use the net proceeds of this offering of the Dollar Notes and the Concurrent Euro Notes Offering, together with the fees payable to it by UPC Financing under the Fee Letter, to fund loans under additional facilities AK and AL under the UPC Broadband Holding Bank Facility to UPC Financing.

The proceeds from the Finco Loans are intended to be used to:

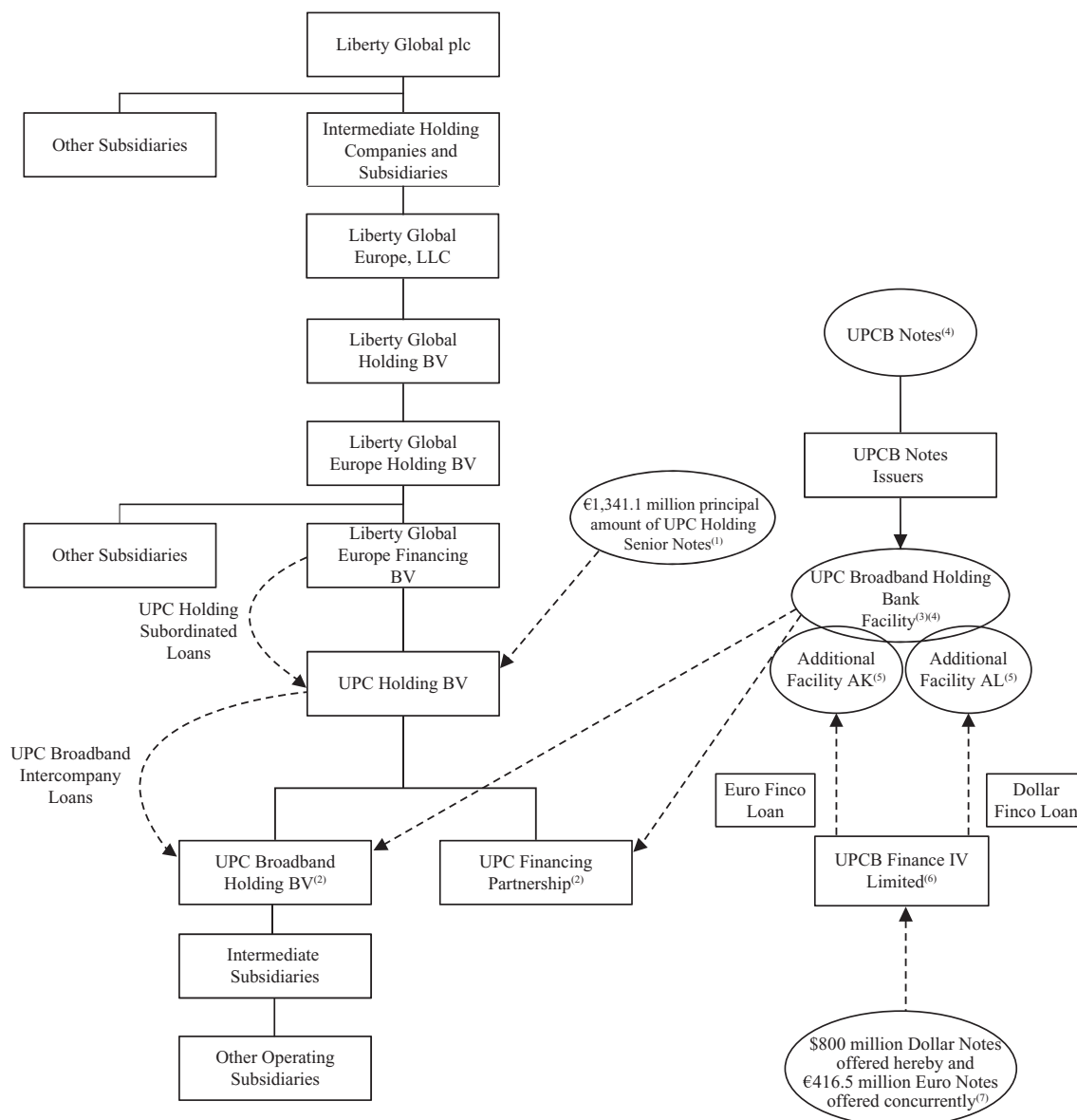
- (i) repay 10% of the principal amount outstanding under each of Facility Z, Facility AC and Facility AD under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and related premium, to UPCB Finance III Limited, UPCB Finance V Limited and UPCB Finance VI Limited, respectively, and UPCB Finance III Limited, UPCB Finance V Limited and UPCB Finance VI Limited intend to use the proceeds of such repayment to redeem 10% of the principal amount of each series of the outstanding UPCB III Senior Secured Notes, UPCB V Senior Secured Notes and the UPCB VI Senior Secured Notes, respectively, at a redemption price equal to 103% of such principal amount in accordance with the applicable indenture governing the notes (the “**10% Redemptions**”);
- (ii) repay the remaining €190.0 million principal amount outstanding under Facility Y under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and related premium, to UPCB Finance II Limited and UPCB Finance II Limited intends to use the proceeds of such repayment to redeem the remaining €190.0 million aggregate principal amount of the UPCB II Senior Secured Notes (the “**UPCB II Senior Secured Notes Redemption**”); and
- (iii) repay the remaining \$900.0 million principal amount outstanding under Facility Z under the UPC Broadband Holding Bank Facility, following the 10% Redemptions, together with accrued and unpaid interest and related premium, to UPCB Finance III Limited and UPCB Finance III Limited intends to

use the proceeds of such repayment to redeem the remaining \$900.0 million aggregate principal amount of the UPCB III Senior Secured Notes (the “**UPCB III Senior Secured Notes Redemption**” and together with the 10% Redemptions and the UPCB II Senior Secured Notes Redemption, the “**Refinancing**”). See “*Use of Proceeds*”.

In addition to the offering of the Dollar Notes hereby, the Concurrent Euro Notes Offering and the Refinancing, UPC Holding and certain of its other subsidiaries may enter into an amendment, accession or other agreement with respect to one or more of the existing facilities under the UPC Broadband Holding Bank Facility, or may enter into an additional facility under the UPC Broadband Holding Bank Facility, for the purpose of extending maturities, modifying pricing and/or amending other provisions of the existing facilities (the “**Potential Facility Transactions**”). Any Potential Facility Transactions, including any incurrence of indebtedness will, to the extent relevant, comply with the covenants under the UPC Broadband Holding Bank Facility. There can be no assurance that UPC Holding or any of its subsidiaries will enter into the Potential Facility Transactions, or be successful in the completion of any such transactions. For further information regarding the current terms of the UPC Broadband Holding Bank Facility, see “*Description of the UPC Broadband Holding Bank Facility*” in this Offering Memorandum.

## SUMMARY CORPORATE AND FINANCING STRUCTURE

The following is a simplified summary of the corporate and financing structure of UPC Holding after giving effect to the Early 2015 Refinancings and to the offering of the Notes and the application of proceeds thereof.



- (1) Consisting of UPC Holding's €450 million aggregate principal amount of 6<sup>3</sup>/<sub>4</sub>% senior notes due 2023, CHF 350 million aggregate principal amount of 6<sup>3</sup>/<sub>4</sub>% senior notes due 2023 and €600 million aggregate principal amount of 6<sup>3</sup>/<sub>8</sub>% senior notes due 2022.
- (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 Loans and the application of the proceeds of the Finco Loans, borrowers under the UPC Broadband Holding Bank Facility. See "*Description of the UPC Broadband Holding Bank Facility*". UPC Financing will be the borrower under each of the Finco Loans, which will be the new Facility AK and Facility AL 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*" and "*General Description of UPC Holding's Business, the Issuer and the Offering—Recent Developments of UPC Holding*".
- (4) The UPC Broadband Holding Bank Facility includes (i) 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; (ii) Facility Z, which consists of a loan made to UPC Financing by UPCB Finance III Limited, a special purpose financing company owned 100% by a charitable trust, using the proceeds from the issuance of the UPCB III Senior Secured Notes through an offering structured substantially similar to this offering; (iii) Facility AC, which consists of a loan made to UPC Financing by UPCB Finance V Limited, a special purpose financing company owned 100% by a charitable trust, using the proceeds from the issuance of the UPCB V Senior Secured Notes through an offering structured substantially similar to this offering; and (iv) Facility AD, which consists of a loan made to UPC Financing by UPCB Finance VI Limited, a special purpose financing company owned 100% by a charitable trust, using the proceeds from the issuance of the UPCB VI Senior Secured Notes through an offering structured substantially similar to this offering. Following the issuance of the UPCB II Senior Secured Notes, the UPCB III Senior Secured Notes, the UPCB V Senior Secured Notes and the UPCB VI Senior Secured Notes and the making of the loans under Facility Y, Facility Z, Facility AC and Facility AD, respectively, UPCB Finance II Limited, UPCB Finance III Limited, UPCB Finance V Limited and UPCB Finance VI Limited were, and will continue to be as long as Facility Y, Facility Z, Facility AC and Facility AD, respectively, remain outstanding, consolidated by UPC Holding. Accordingly, the loans under Facility Y, Facility Z, Facility AC and Facility AD are eliminated through the consolidation of UPCB Finance II Limited, UPCB Finance III Limited, UPCB Finance V Limited and UPCB Finance VI Limited, respectively, within UPC Holding's consolidated financial statements. See "*Capitalization of UPC Holding and the Issuer*" and "*General Description of UPC Holding's Business, the Issuer and the Offering—Recent Developments of UPC Holding*".

- (5) The net proceeds from the issuance of the Notes, together with fees paid to it by UPC Financing Partnership under the Fee Letter, will be used by the Issuer to fund the Euro Finco Loan and the Dollar Finco Loan, denominated in euro and U.S. dollars, respectively, under additional facilities AK and AL, respectively, 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 Loans will be eliminated through the consolidation of the Issuer within UPC Holding's consolidated financial statements.
- (6) UPCB Finance IV 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 Loans (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 Loans and agreements related thereto.

## UNAUDITED CONDENSED PRO FORMA FINANCIAL STATEMENT AND OPERATING DATA OF UPC HOLDING

During the first quarter of 2015, Liberty Global completed certain internal reorganizations of its broadband and wireless communications businesses in Europe, including (i) the UPC Ireland Transfer, (ii) the UPC NL Transfer and (iii) the Corporate Entities Transfer.

The tables below set out certain summary unaudited pro forma financial data of UPC Holding as of December 31, 2014 and for the years ended December 31, 2014, 2013 and 2012. The following summary unaudited pro forma balance sheet data gives effect to (i) the UPC Ireland Transfer, (ii) the UPC NL Transfer, (iii) the Corporate Entities Transfer and (iv) the Early 2015 Refinancings, as if such transactions had occurred on December 31, 2014. The following summary unaudited pro forma statement of operations data gives effect to (i) the UPC Ireland Transfer, (ii) the UPC NL Transfer, (iii) the Corporate Entities Transfer and (iv) the 2015 Liberty Global Allocation Methodology (as defined and described under “*Certain Relationships and Related-Party Transactions of UPC Holding*”), as if such transactions had occurred on January 1, 2012. The pro forma adjustments pursuant to the Corporate Entities Transfer represent the historical amounts of Liberty Global Services II and Liberty Global Operations during the applicable periods as reflected in UPC Holding’s accounting records. Liberty Global Services II and Liberty Global Operations incur certain of Liberty Global’s central and other administrative costs.

The unaudited condensed pro forma financial statement data, which has been prepared on a U.S. GAAP basis, does not purport to be indicative of the results of operations that UPC Holding would have obtained if the above transactions were effective as of January 1, 2012. The pro forma adjustments are based upon currently available information and upon certain assumptions that UPC Holding believes are reasonable. The pro forma information has been derived from, and should be read in conjunction with, the December 31, 2014 Consolidated Financial Statements included elsewhere herein as well as “*Presentation of Financial and Other Information*”, “*General Description of UPC Holding’s Business, the Issuer and the Offering—Recent Developments of UPC Holding*”, “*Managements’s Discussion and Analysis of Financial Condition and Results of Operations of UPC Holding*” and “*Risk Factors*”. In addition, this section includes a reconciliation of the actual results of UPC Holding as reported in the December 31, 2014 Consolidated Financial Statements to the summary unaudited pro forma balance sheet and statement of operations data presented below.

The unaudited condensed pro forma financial information included in this Offering Memorandum has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act or the Prospectus Directive. Although UPC Holding has used U.S. GAAP as the basis in preparing the unaudited condensed pro forma financial information, such pro forma financial information has not been prepared in accordance with the requirements of any generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

	<b>December 31, 2014</b>
	<b>in millions</b>
<b>Summary Unaudited Pro Forma Balance Sheet Data:</b>	
Cash and cash equivalents .....	€ 54.8
Property and equipment, net .....	€2,240.0
Goodwill .....	€4,044.5
Total third-party debt and capital lease obligations (a) .....	€5,248.8

- (a) On a pro forma basis assuming that the Early 2015 Refinancings were completed on January 1, 2014, total third-party interest expense for the year ended December 31, 2014 would have been €318.7 million, as compared to the historical amount of €511.1 million as reported in the UPC Holding December 31, 2014 Consolidated Financial Statements.



	Year ended December 31,		
	2014	2013	2012
	in millions		
<b>Summary Unaudited Pro Forma Statement of Operations Data:</b>			
Revenue .....	€2,337.8	€2,287.2	€2,264.6
Operating costs and expenses:			
Operating (other than depreciation and amortization) (including share-based compensation) .....	773.8	770.4	764.6
Selling, general and administrative (including share-based compensation) .....	341.5	330.5	321.9
Related-party fees and allocations, net .....	213.0	118.3	132.5
Depreciation and amortization .....	525.1	530.7	583.4
Impairment, restructuring and other operating items, net .....	(3.1)	(0.2)	3.0
	<u>1,850.3</u>	<u>1,749.7</u>	<u>1,805.4</u>
Operating income .....	€ 487.5	€ 537.5	€ 459.2

	Year ended December 31,		
	2014	2013	2012
	in millions		
<b>Summary Unaudited Pro Forma Operating Data:</b>			
Total segment OCF (b) . . . . .	€1,231.4	€1,194.7	€1,184.7
Total segment OCF margin . . . . .	52.7%	52.2%	52.3%
Property and equipment additions . . . . .	€ 450.2	€ 454.2	€ 421.7
Property and equipment additions as a percentage of revenue . . . . .	19.3%	19.9%	18.6%

- (b) Segment OCF is the primary measure used by UPC Holding's chief operating decision maker to evaluate segment operating performance. Segment OCF 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 our management for purposes of annual and other incentive compensation plans. As UPC Holding uses the term, segment OCF is defined as revenue less operating and selling, general and administrative expenses (excluding share-based compensation, related-party fees and allocations, depreciation and amortization and impairment, restructuring and other operating items). Other operating items include (a) gains and losses on the disposition of long-lived assets, (b) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (c) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. UPC Holding's internal decision makers believe segment OCF is a meaningful measure and is superior to available U.S. GAAP measures because it represents a transparent view of UPC Holding's recurring operating performance that is unaffected by UPC Holding's capital structure and allows management to (1) readily view operating trends, (2) perform analytical comparisons and benchmarking between segments and (3) identify strategies to improve operating performance in the different countries in which we operate. UPC Holding believes its segment OCF measure is useful to investors because it is one of the bases for comparing UPC Holding's performance with the performance of other companies in the same or similar industries, although UPC Holding's measure may not be directly comparable to similar measures used by other public companies. Segment OCF should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net earnings (loss), cash flow from operating activities and other U.S. GAAP measures of income or cash flows. A reconciliation of total segment OCF to UPC Holding's operating income is presented below:

	Year ended December 31,		
	2014	2013	2012
		in millions	
Total segment OCF .....	€1,231.4	€1,194.7	€1,184.7
Share-based compensation expense .....	(8.9)	(8.4)	(6.6)
Related-party fees and allocations, (c) .....	(213.0)	(118.3)	(132.5)
Depreciation and amortization .....	(525.1)	(530.7)	(583.4)
Impairment, restructuring and other operating items, net .....	3.1	0.2	(3.0)
Operating income .....	<u>€ 487.5</u>	<u>€ 537.5</u>	<u>€ 459.2</u>

(c) Other Liberty Global subsidiaries provide various services and benefits to UPC Holding. The resulting charges for these services and benefits are based on actual costs plus a mark-up or on other methodologies that are designed to result in market-based charges. In connection with the first quarter 2015 implementation of the 2015 Liberty Global Allocation Methodology, as defined and described under “*Certain Relationships and Related-Party Transactions of UPC Holding*”, these fees and allocations will be segregated into three components to provide additional information regarding the underlying costs that are incurred by the Liberty Global subsidiaries that provide the services and benefits to UPC Holding, as follows:

- *Operating and SG&A related (exclusive of depreciation and amortization and share-based compensation).* The amounts included in this category, which will be cash settled, will represent UPC Holding’s estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global’s European operations, whose activities benefit multiple operations, including operations within and outside of UPC Holding. The amounts allocated will represent UPC Holding’s estimated share of the actual costs incurred by Liberty Global’s European operations, without a mark-up.
- *Depreciation and amortization and share-based compensation.* The amounts included in this category, which will be loan settled, will represent UPC Holding’s estimated share of (i) depreciation and amortization of assets not owned by UPC Holding and (ii) share-based compensation associated with Liberty Global employees who are not employees of UPC Holding. The amounts allocated will represent UPC Holding’s estimated share of the actual costs incurred by Liberty Global’s European operations, without a mark-up.
- *Management Fee.* The amounts included in this category, which will be loan settled, will represent UPC Holding’s estimated allocable share of (i) operating and SG&A expenses related to the stewardship services provided by certain Liberty Global subsidiaries and (ii) any mark-up included in all components of the related-party fees and allocations charged to our company.

The tables below set out certain summary unaudited pro forma operating data of UPC Holding as of December 31, 2014. The following summary unaudited pro forma operating data gives effect to (i) the UPC Ireland Transfer and (ii) the UPC NL Transfer as if such transactions had occurred on December 31, 2014.



	<u>December 31, 2014</u>
<b>Summary Pro Forma Statistical and Operating Data (a):</b>	
Homes passed .....	12,166,400
Two-way homes passed .....	11,836,400
<b>Subscribers (RGUs)</b>	
Digital cable .....	3,463,100
Analog cable .....	1,777,500
DTH .....	783,300
Multi-channel multi-point (microwave) distribution system (MMDS) .....	<u>600</u>
Total video .....	6,024,500
Internet .....	3,740,000
Telephony .....	<u>2,437,300</u>
Total RGUs .....	12,201,800
<b>Penetration</b>	
Digital cable as a % of total video subscribers .....	57.5%
Internet as a % of two-way homes passed .....	31.6%
Telephony as a % of two-way homes passed .....	20.6%
<b>Customer relationships</b>	
Customer relationships .....	6,782,000
RGUs per customer relationship .....	<u>1.80</u>

(a) For information regarding how UPC Holding defines and calculates its operating statistics, see “*Business of UPC Holding*”.

The following tables provide reconciliations of certain of UPC Holding’s historical balance sheet and statement of operations data as reported in the UPC Holding December 31, 2014 Consolidated Financial Statements to the pro forma financial statement data presented above for the periods indicated:

	December 31, 2014					
	UPC Holding, as reported	UPC Ireland Transfer	UPC NL Transfer	Corporate Entities Transfer	Early 2015 Refinancings	UPC Holding, pro forma
	in millions					
Summary Unaudited Pro Forma Balance Sheet Data:						
Cash .....	€ 59.6	€ (1.9)	€ (0.6)	€ (2.3)	€ —	€ 54.8
Property and equipment, net .....	€3,802.5	€(358.8)	€(860.0)	€(343.7)	€ —	€2,240.0
Goodwill .....	€5,139.0	€(180.2)	€(914.3)	€ —	€ —	€4,044.5
Total third-party debt and capital lease obligations .....	€8,300.6	€ —	€ —	€ —	€(3,051.8)	€5,248.8

	Year ended December 31, 2014					
	UPC Holding, as reported	UPC Ireland Transfer	UPC NL Transfer	Corporate Entities Transfer	Impact of the Transfers on intercompany accounts (a)	UPC Holding, pro forma
	in millions					
Consolidated Statements of Operations						
Data:						
Revenue .....	€3,614.2	€(352.8)	€(923.4)	€ (0.9)	€0.7	€2,337.8
Operating costs and expenses:						
Operating (other than depreciation and amortization) (including share-based compensation) .....	1,232.5	(138.3)	(266.9)	(53.7)	0.2	773.8
Selling, general and administrative (including share-based compensation) ...	665.3	(43.1)	(118.8)	(162.4)	0.5	341.5
Related-party management fee charges (credits) SG&A .....	(27.3)	(39.4)	(87.7)	367.4	—	213.0
Depreciation and amortization .....	885.0	(64.8)	(184.0)	(111.1)	—	525.1
Impairment, restructuring and other operating items, net .....	6.0	(0.1)	(2.0)	(7.0)	—	(3.1)
	2,761.5	(285.7)	(659.4)	33.2	0.7	1,850.3
Operating income .....	€ 852.7	€ (67.1)	€(264.0)	€ (34.1)	€ —	€ 487.5
	Year ended December 31, 2013					
	UPC Holding, as reported	UPC Ireland Transfer	UPC NL Transfer	Corporate Entities Transfer	Impact of the Transfers on intercompany accounts (a)	UPC Holding, pro forma
	in millions					
Consolidated Statements of Operations						
Data:						
Revenue .....	€3,574.5	€(349.0)	€(935.3)	€ (17.3)	€14.3	€2,287.2
Operating costs and expenses:						
Operating (other than depreciation and amortization) (including share-based compensation) .....	1,242.5	(143.1)	(283.4)	(59.1)	13.5	770.4
Selling, general and administrative (including share-based compensation) ...	623.3	(42.1)	(108.9)	(142.6)	0.8	330.5
Related-party management fee charges (credits) SG&A .....	3.3	(33.3)	(86.2)	234.5	—	118.3
Depreciation and amortization .....	864.0	(67.6)	(176.1)	(89.6)	—	530.7
Impairment, restructuring and other operating items, net .....	2.4	(0.4)	(1.2)	(1.0)	—	(0.2)
	2,735.5	(286.5)	(655.8)	(57.8)	14.3	1,749.7
Operating income .....	€ 839.0	€ (62.5)	€(279.5)	€ 40.5	€ —	€ 537.5

	Year ended December 31, 2012					
	UPC Holding, as reported	UPC Ireland Transfer	UPC NL Transfer	Corporate Entities Transfer	Impact of the Transfers on intercompany accounts (a)	UPC Holding, pro forma
	in millions					
<b>Consolidated Statements of Operations</b>						
<b>Data:</b>						
Revenue .....	€3,553.4	€(331.5)	€(955.6)	€ (14.9)	€13.2	€2,264.6
Operating costs and expenses:						
Operating (other than depreciation and amortization) (including share-based compensation) .....	1,219.5	(143.3)	(275.6)	(47.9)	11.9	764.6
Selling, general and administrative (including share-based compensation) ...	592.6	(41.2)	(107.2)	(123.7)	1.4	321.9
Related-party management fee charges (credits) SG&A .....	(2.4)	(23.7)	(64.6)	223.3	(0.1)	132.5
Depreciation and amortization .....	896.8	(78.3)	(167.6)	(67.5)	—	583.4
Impairment, restructuring and other operating items, net .....	7.0	(2.4)	(1.6)	—	—	3.0
	<u>2,713.5</u>	<u>(288.9)</u>	<u>(616.6)</u>	<u>(15.8)</u>	<u>13.2</u>	<u>1,805.4</u>
Operating income .....	€ 839.9	€ (42.6)	€(339.0)	€ 0.9	€ —	€ 459.2

- (a) Represents the aggregate pro forma impact of the Transfers on transactions between (1) UPC Ireland, UPC NL, Liberty Global Services II and Liberty Global Operations and (2) other entities within UPC Holding. Before giving effect to these transfers, such transactions were eliminated in the December 31, 2014 Consolidated Financial Statements.

## SUMMARY CONDENSED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION AND OPERATING DATA OF UPC HOLDING

The tables below set out certain summary historical financial and operating data of UPC Holding for the indicated periods. The historical consolidated balance sheet and statement of operations data have been derived from the December 31, 2014 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

The December 31, 2014 Consolidated Financial Statements 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 December 31, 2014 Consolidated Financial Statements. UPC Holding’s historical results do not necessarily indicate results that may be expected for any future period.

	Year ended December 31,		
	2014	2013 (a)	2012 (a)
	in millions		
<b>UPC Holding Consolidated Statements of Operations Data:</b>			
Revenue .....	€ 3,614.2	€ 3,574.5	€ 3,553.4
Operating cost and expenses:			
Operating (other than depreciation and amortization) (including stock-based compensation) .....	1,232.5	1,242.5	1,219.5
Selling, general and administrative (SG&A) (including stock-based compensation) .....	665.3	623.3	592.6
Related-party fees and allocations, net .....	(27.3)	3.3	(2.4)
Depreciation and amortization .....	885.0	864.0	896.8
Impairment, restructuring and other operating items, net .....	6.0	2.4	7.0
	<u>2,761.5</u>	<u>2,735.5</u>	<u>2,713.5</u>
Operating income .....	<u>852.7</u>	<u>839.0</u>	<u>839.9</u>
Non-operating income (expense):			
Interest expense:			
Third-party .....	(511.1)	(593.0)	(593.7)
Related-party .....	(884.3)	(863.6)	(848.5)
Interest income .....	1.0	10.0	13.2
Realized and unrealized gains (losses) on derivative instruments, net .....	103.1	(62.4)	(515.9)
Foreign currency transaction gains (losses), net .....	(456.5)	78.4	166.1
Losses on debt modification and extinguishment, net .....	(42.0)	(75.3)	(12.7)
Other income, net .....	2.4	9.8	2.1
	<u>(1,787.4)</u>	<u>(1,496.1)</u>	<u>(1,789.4)</u>
Loss before income taxes .....	<u>(934.7)</u>	<u>(657.1)</u>	<u>(949.5)</u>
Income tax expense .....	<u>(89.8)</u>	<u>(69.5)</u>	<u>(73.0)</u>
Net loss .....	<u>(1,024.5)</u>	<u>(726.6)</u>	<u>(1,022.5)</u>
Net earnings attributable to noncontrolling interests .....	<u>(9.5)</u>	<u>(9.3)</u>	<u>(9.4)</u>
Net loss attributable to parent .....	€(1,034.0)	€ (735.9)	€(1,031.9)

(a) As retrospectively revised for a common control transfer. See note 4 to the December 31, 2014 Consolidated Financial Statements included elsewhere herein.

	December 31,	
	2014	2013 (b)
	in millions	
<b>UPC Holding Consolidated Balance Sheet Data:</b>		
Cash and cash equivalents . . . . .	€ 59.6	€ 466.2
Total assets . . . . .	€ 10,574.2	€ 11,020.0
Total current liabilities (excluding current portion of debt and capital lease obligations) . . . . .	€ 2,292.6	€ 2,221.0
Total debt and capital lease obligations:		
Third-party . . . . .	€ 8,300.6	€ 9,754.1
Related-party . . . . .	€ 9,858.6	€ 9,770.1
Total liabilities . . . . .	€ 21,562.8	€ 23,117.4
Parent's deficit . . . . .	€(11,010.4)	€(12,118.3)
Noncontrolling interests . . . . .	€ 21.8	€ 20.9
Total owners' deficit . . . . .	€(10,988.6)	€(12,097.4)

(b) As retrospectively revised for a common control transfer. See note 4 to the December 31, 2014 Consolidated Financial Statements included elsewhere herein.

	Year ended December 31,		
	2014	2013 (c)	2012 (c)
	in millions		
<b>UPC Holding Consolidated Cash Flow Data:</b>			
Cash provided by operating activities . . . . .	€ 1,015.8	€ 947.1	€ 998.2
Cash used by investing activities . . . . .	€ (196.7)	€(661.8)	€(614.6)
Cash provided (used) by financing activities . . . . .	€(1,227.0)	€ 149.7	€(463.4)

(c) As retrospectively revised for a common control transfer. See note 4 to the December 31, 2014 Consolidated Financial Statements included elsewhere herein.

	Year ended December 31,		
	2014	2013	2012
<b>UPC Holding Summary Statistical and Operating Data (d):</b>			
<b>Footprint</b>			
Homes passed	15,874,600	15,559,700	15,193,300
Two-way homes passed	15,430,000	14,731,600	14,126,400
<b>Subscribers (RGUs)</b>			
Digital cable	4,918,500	4,656,000	4,393,800
Analog cable	2,264,400	2,670,200	3,198,300
DTH	783,300	778,900	719,100
MMDS	30,800	39,100	46,700
Total video	7,997,000	8,144,200	8,357,900
Internet	5,215,000	4,866,900	4,632,900
Telephony	3,773,700	3,573,500	3,309,000
Total RGUs	16,985,700	16,584,600	16,299,800
<b>Penetration</b>			
Digital cable as a % of total video subscribers	61.5%	57.2%	52.6%
Internet as a % of two-way homes passed	33.8%	33.0%	32.8%
Telephony as a % of two-way homes passed	24.5%	24.3%	23.4%
<b>Customer Relationships</b>			
Customer relationships	8,872,400	8,953,700	9,201,200
RGUs per customer relationship	1.91	1.85	1.77

(d) For information concerning how UPC Holding defines and calculates its operating statistics, see "Business of UPC Holding".

	Year ended December 31,		
	2014	2013	2012
	in millions		
Revenue:			
Switzerland/Austria . . . . .	€1,390.1	€1,330.0	€1,307.6
The Netherlands . . . . .	923.4	935.3	955.6
Ireland . . . . .	352.8	349.0	331.5
Total Western Europe . . . . .	2,666.3	2,614.3	2,594.7
Central and Eastern Europe . . . . .	948.0	957.5	957.3
Central and other . . . . .	(0.1)	2.7	1.4
Total . . . . .	€3,614.2	€3,574.5	€3,553.4

	Year ended December 31,		
	2014	2013	2012
	in millions		
<b>Operating Cash Flow <sup>(e)</sup>:</b>			
Switzerland/Austria . . . . .	€ 794.9	€ 756.8	€ 728.3
The Netherlands . . . . .	537.9	543.1	573.1
Ireland . . . . .	171.4	163.8	147.0
Total Western Europe . . . . .	1,504.2	1,463.7	1,448.4
Central and Eastern Europe . . . . .	438.4	439.9	457.8
Central and other . . . . .	(198.2)	(171.0)	(148.3)
Total . . . . .	€1,744.4	€1,732.6	€1,757.9

- (e) Operating cash flow is the primary measure used by UPC Holding's management 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 share-based compensation, related-party fees and allocations, depreciation and amortization and impairment, restructuring and other operating items). Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. UPC Holding's internal decision makers believe operating cash flow is a meaningful measure and is superior to available U.S. GAAP measures because it represents a transparent view of UPC Holding's recurring operating performance that is unaffected by UPC Holding's 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 UPC Holding's performance with the performance of other companies in the same or similar industries, although UPC Holding's measure may not be directly comparable to similar measures used by other 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 (loss), net earnings (loss), cash flow from operating activities and other U.S. GAAP measures of income or cash flows. A reconciliation of operating cash flow to operating income is as follows:

	Year ended December 31,		
	2014	2013	2012
	in millions		
Total segment operating cash flow .....	€1,744.4	€1,732.6	€1,757.9
Share-based compensation expense .....	(28.0)	(23.9)	(16.6)
Related-party fees and allocations, net .....	27.3	(3.3)	2.4
Depreciation and amortization .....	(885.0)	(864.0)	(896.8)
Impairment, restructuring and other operating items, net .....	(6.0)	(2.4)	(7.0)
Operating income .....	€ 852.7	€ 839.0	€ 839.9

## Certain As Adjusted Covenant Information:

	As of and for the six-month period ended December 31, 2014
	in millions, except ratios
Annualized EBITDA (1) .....	€1,229.4
As adjusted Annualized EBITDA (2) .....	€1,148.8
As adjusted total covenant senior net debt (3)(4) .....	€3,620.2
As adjusted total covenant net debt (4) .....	€4,960.0
Ratio of as adjusted total covenant senior net debt to as adjusted annualized EBITDA (2)(3)(4) .....	3.15x
Ratio of as adjusted total covenant net debt to as adjusted annualized EBITDA (2)(3)(4) .....	4.32x

- (1) Annualized EBITDA is calculated by multiplying EBITDA (as defined in the UPC Broadband Holding Bank Facility), including the impact of (i) the UPC Ireland Transfer, (ii) the UPC NL Transfer and (iii) the Corporate Entities Transfer, which results in a decrease of €517.4 million (€258.7 million multiplied by two), for the six months ended December 31, 2014 (€614.7 million) by two. Annualized EBITDA and EBITDA may differ from the segment operating cash flow amounts reported for the corresponding periods.
- (2) As adjusted annualized EBITDA includes allocated costs of €80.6 million related to the “Operating and SG&A related (exclusive of depreciation and amortization and share-based compensation)” category of related-party fees and allocations, net, as described above under “*Unaudited Condensed Pro Forma Financial Statement and Operating Data of UPC Holding*”. These allocated costs include a decrease of €23.0 million related to the impact of Liberty Global’s acquisition of Ziggo Holding B.V. (formerly Ziggo N.V.) and the resulting decrease in costs allocated to UPC Holding.
- (3) As adjusted covenant senior net debt is calculated for the subsidiaries of UPC Holding and does not include debt of UPC Holding.
- (4) As adjusted total covenant senior net debt and as adjusted total covenant net debt are calculated in accordance with the UPC Broadband Holding Bank Facility and are adjusted to give effect to the Early 2015 Refinancings, the issuance of the Dollar Notes offered hereby and the Euro Notes offered in the Concurrent Euro Notes Offering and the Refinancing, as applicable. As adjusted total covenant senior net debt and as adjusted total covenant net debt presented here differ from the calculation of “Indebtedness” under the “Consolidated Leverage Ratio” under certain of the indentures governing the UPC Holding Senior Notes. The amounts shown take into account currency swaps and do not include deferred financing fees, accrued interest, premiums or discounts, and accordingly, may differ from the debt figures that are reported under “*Capitalization of UPC Holding*”.

## THE OFFERING

The summary below describes the principal terms of the Dollar 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 Dollar Notes, including the definitions of certain terms used in this summary.

**Issuer** ..... UPCB Finance IV Limited.

### Notes offered

Dollar Notes ..... \$800 million aggregate principal amount of 5.375% senior secured notes due 2025 (the “Dollar Notes”).

### Maturity date

Dollar Notes ..... January 15, 2025.

### Interest rate

Dollar Notes ..... 5.375%.

**Interest payment dates** ..... Semi-annually in arrears on each January 15 and July 15, commencing January 15, 2016. Interest will accrue from the Issue Date.

### Denomination

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

### Issue price

Dollar Notes ..... 100% plus accrued interest, if any, from the Issue Date.

**Ranking** ..... The Dollar 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 net proceeds from the issuance of the Dollar Notes, together with fees paid to the Issuer by UPC Financing under the Fee Letter, will be used by the Issuer to fund a loan (the “Dollar Finco Loan”), denominated in U.S. dollars, under an additional facility (Facility AL) 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 Dollar 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 Dollar 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 Dollar 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 Dollar Notes.

**Security** ..... The holders of the Dollar Notes will benefit directly from first-ranking security interests granted to the Security Agent on behalf of the Trustee and the holders of the Dollar 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 Dollar Finco Loan (including all rights of the Issuer as a UPCB Lender under the UPC Broadband Holding Bank Facility and the Facility AL 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 Dollar Finco Loan granted to secure the Issuer’s obligations under the Dollar Notes, the holders of the Dollar 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.

<b>Mandatory redemption</b> .....	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 Dollar Finco Loan plus a payment equal to 1% of the principal amount of the Dollar Finco Loan. Following such repayment, the Issuer will redeem all of the Dollar 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.
<b>Optional redemption</b> .....	In the event that all or any portion of the Dollar Finco Loan is voluntarily prepaid by UPC Broadband Holding pursuant to Clause 7.3 (Voluntary Prepayment) of the UPC Broadband Holding Bank Facility (an “ <b>Early Redemption Event</b> ”), subject to and in accordance with the terms of the UPC Broadband Holding Bank Facility and the Facility AL Finco Accession Agreement, the Facility AL 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 Dollar Notes upon early redemption, as described below.
Dollar Notes .....	<p>At any time prior to January 15, 2020, upon the occurrence of any Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Dollar Notes equal to the principal amount of the Dollar Finco Loan prepaid in such Early Redemption Event (not to exceed 10% of the Dollar Notes during each twelve month period commencing on the Issue Date), at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest to (but excluding) the date of redemption. See “<i>Description of the Notes—Redemption and Repurchase—Optional Redemption</i>”.</p> <p>At any time prior to January 15, 2020, upon the occurrence of any Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Dollar Notes equal to the principal amount of the Dollar Finco Loan prepaid in such Early Redemption Event by paying a “make whole” premium as described under “<i>Description of the Notes—Redemption and Repurchase—Optional Redemption</i>”.</p> <p>On or after January 15, 2020, upon the occurrence of an Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Dollar Notes equal to the principal amount of the Dollar Finco Loan prepaid in such Early Redemption Event at the redemption prices as described under “<i>Description of the Notes—Redemption and Repurchase—Optional Redemption</i>”.</p> <p>At any time prior to January 15, 2018, upon the occurrence of any Early Redemption Event with the net proceeds of one of more specified equity offerings (the “<b>Equity Offering Early Redemption Proceeds</b>”), the Issuer will redeem up to 40% of the aggregate principal amount of the Dollar Notes equal to the principal amount of the Finco Loan AL prepaid with any Equity Offering Early Redemption Proceeds in such Early Redemption Event, at the redemption price as set forth under “<i>Description of the Notes—Redemption and Repurchase—Optional Redemption</i>”.</p>

**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 Dollar Finco Loan in an amount equal to the principal amount of the Dollar 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 Dollar 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 the Dollar 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 Dollar Notes to exchange their Dollar 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 Dollar 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 Dollar 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 corresponding Dollar 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 Dollar Notes issued under the Indenture not exchanged in the UPC Exchange Transaction on the date of the prepayment of the Dollar 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 (as defined in “*Description of the Notes*”) are offered in exchange for all outstanding Dollar 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 relevant series of Notes have elected to participate in such offer;
- (iii) for each \$1,000 in principal amount of Dollar Notes tendered and accepted, each holder tendering such Dollar 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 Dollar 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 Dollar Notes on substantially similar terms, subject to certain exceptions described under “*Description of the Notes*”; and
- (vii) the exchange offer is not conditioned upon holders of the Dollar Notes consenting to any amendments to the terms of the Dollar Notes or the Indenture.

**Additional amounts; tax**

**redemption** ..... All payments in respect of the Dollar 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 Dollar Notes in whole, but not in part, at any time, upon giving prior notice, in the event of an optional prepayment of the Dollar 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 or if certain changes in tax law impose certain withholding taxes on amounts payable on the Notes 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 Dollar 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 Dollar Notes under the Indenture. The Indenture will contain restrictive covenants 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 the Loan Documents; payments for consent; amendments to the 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 pursuant to the Dollar Finco Loan. 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 Agreements*”.

The Facility AL 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 such amendments at the time it enters into the Facility AL Finco Accession Agreement and, therefore, will not be entitled to vote on any future request for consent to such amendments. As a result, the holders of Dollar Notes will not, directly or indirectly, be entitled to direct the vote of the Issuer on such matters. Pursuant to the Facility AL Finco Accession Agreement, the Issuer will consent to certain amendments which include, among other provisions, the following (capitalized terms used in the following description have the meanings currently provided in the UPC Broadband Holding Bank Facility, without giving effect to the UPC Broadband Holding Bank Facility Amendments):

- amendments to the definition of Business to include the provision, creation and distribution of content and any business or provision of services which are substantially similar to that of any member of the Wider Group on the amendment and restatement date;
- amendments to the definition of Financial Indebtedness to exclude certain forms of indebtedness, including cash-collateralized indebtedness, indebtedness in the nature of equity, deposits or prepayments received by any member of the Borrower Group from a customer or subscriber, finance or capital lease obligations, indebtedness resulting from the transfer of receivables in connection with a securitization, parallel debt obligations, pension obligations, payment obligations in relation to earn outs and deferred payments for assets acquired or services supplied;
- amendments to the definition of Majority Lenders to reduce the relevant thresholds specified from 66⅔ per cent. or more to more than 50% and to exclude the available commitments of defaulting lenders for the purposes of amendments or waivers;
- amendments to include a definition of Super Majority Lenders so that amendments and waivers in respect of the release of any guarantee or security only require the consent of Lenders representing 90% of Commitments in place of requiring the consent of all the Lenders;
- amendments to the Additional Facilities provisions to make clear that Additional Facilities can be drawn as revolving credit facilities that facilitate revolving loans, the issuance of documentary credits, bilateral ancillary facilities and the rollover of a revolving credit facility on a cashless basis;
- amendments to the Change of Control provisions, including to (i) permit a distribution or other transfer of UPC Broadband Holdco and its subsidiaries to Liberty Global plc or another direct Subsidiary of Liberty Global plc in certain circumstances, (ii) permit a spin-off of the group to shareholders of Liberty Global plc, (iii) extend the time period for making any required mandatory prepayment arising from a Change of Control to 30 Business Days after the date of notice from the Facility Agent, (iv) remove the transfer by UGC of 50% or more of the issued share capital of UGCE Inc. and the ceasing of control of UGCE Inc. by UGC from being a Change of Control event and (v) provide that a Change of

Control event will occur if Liberty Global Europe Financing B.V., in place of UGCE Inc., ceases to own 50% or more of the voting rights attached to the capital of, or otherwise Control, UPC Broadband Holdco;

- amendments to the mandatory prepayment provisions to delete references to mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares;
- amendments to (i) exclude disposal proceeds other than in respect of the general basket for disposals from being subject to the requirement to mandatorily prepay disposal proceeds, to only require a prepayment from the relevant disposal proceeds to ensure compliance with the Senior Debt to EBITDA financial covenant and to remove the requirement to deposit disposal proceeds in a blocked account, (ii) include a de minimis threshold for disposal proceeds prepayments in an amount equal to the greater of €250,000,000 and 5% of total assets and (iii) increase the reinvestment period for disposal proceeds from 12 to 18 months (provided that there is a contract to reinvest within 12 months);
- amendments to include an ability to designate an Affiliate of the Parent and such Affiliate's Subsidiaries as members of the Borrower Group provided financial reporting is moved to a common holding company of the Parent and such Affiliate;
- amendments to the financial maintenance covenants and related definitions, including (i) additional add backs to the definition of EBITDA, (ii) additional provisions related to pro forma covenant calculations, including giving effect to anticipated expense and cost reductions, (iii) additional exclusions from the definition of Senior Debt, including an exclusion for drawings under any revolving credit facility in an amount not to exceed 0.25x Annualised EBITDA, borrowings from holders of equity to the extent advanced pro rata and repayable on liquidation, shareholder loans, and borrowings of acquired companies which will be discharged in 6 months, (iv) to amend the Senior Debt to Annualised EBITDA ratio so that it may not be greater than 4.50:1.00, (v) to remove the EBITDA to Total Cash Interest covenant, (vi) to remove the EBITDA to Senior Debt Service covenant, (vii) to remove the EBITDA to Senior Interest covenant and (viii) to amend the Total Debt to Annualised EBITDA covenant so that it may not be greater than 5.50:1.00;
- amendments to the cure provisions to (i) permit the financial ratios set out in the financial covenants provisions to be remedied by deeming that cure proceeds can be added to Annualised EBITDA or applied to reduce Total Debt at the discretion of UPC Broadband, (ii) remove any requirement to repay or prepay the cure proceeds and (iii) include a cure period of 15 Business Days;
- amendments to reflect that UPC Broadband is required to ensure that the Obligors constitute 80% of the Borrower Group's Annualised EBITDA tested on a consolidated basis at a level below UPC Broadband Holding;



- amendments to other negative covenants, including (i) allowing certain transactions in respect of project companies and asset securitization subsidiaries (including permitting members of the Borrowing Group to provide credit support of up to 25% of indebtedness of an asset securitization subsidiary without such credit support counting as debt), certain content transactions and certain asset pass-through transactions, (ii) adding flexibility to engage in acquisitions and joint ventures, (iii) adding flexibility to make certain disposals (including allowing disposals of non-core assets and assets the fair market value of which does not exceed the greater of €50,000,000 and 1% of total assets), grant security, make loans and enter into certain guarantees and (iv) allowing certain additional ordinary course transactions, intra-group transactions, changes to corporate form and reorganizations;
- amendments to the event of default provisions, including (i) to include a 3 Business Day grace period for non-payments of principal and a 5 Business Day grace period for non-payment of other amounts, (ii) to add certain carve outs to the cross default event of default, (iii) to delete the events of default relating to seizure, environmental matters, material contracts and ERISA, (iv) increasing the cross-default threshold from €15.0 million to €50.0 million, and (v) provide that the commencement of negotiations with Finance Parties and contested proceedings that are frivolous or vexatious will not trigger an event of default;
- amendments to allow members of the Borrower Group to become Borrowers in respect of a Facility if (i) it would not be materially adverse to the interests of any Lender under that Facility as determined by that Lender (acting reasonably), (ii) if the Majority Lenders consent, (iii) such member of the Group is incorporated in the same jurisdiction as an existing Borrower under that Facility or (iv) each Lender in respect of any proposed Facility agrees.
- amendments to widen the circumstances in which UPC Broadband can replace an Agent or Security Agent;
- amendments to the amendment provisions, including (i) to introduce a class exception where amendments which only relate to the rights or obligations of a particular utilisation or facility and do not materially and adversely affect the rights or interests of Lenders in respect of other utilisations or facilities only require the consent of the relevant proportion of Lenders participating in such utilisation or facility, (ii) to permit the Facility Agent to make technical, minor, operational and OID amendments without consent from any Lenders, (iii) to include a new provision requiring that Lenders respond to requests for amendments and waivers within 10 Business Days after which their Commitments shall be excluded from the calculation to determine whether the requisite level of Lender consent has been obtained in order to effect an amendment or waiver, (iv) to permit the release of guarantees and security under the Finance Documents with the consent of affected Lenders whose undrawn Commitments and participations are greater than 90% of all undrawn Commitments and participations and (v) to require the consent

of affected Lenders and not all Lenders in respect of entrenched matters;

- amendments to the provisions relating to the incurrence of Financial Indebtedness, including (i) removing certain conditions to the incurrence of acquired indebtedness (including indebtedness incurred in contemplation of the acquisition), (ii) allowing certain vendor financing and sale and leaseback transactions provided the Senior Net Debt to Annualized EBITDA ratio is less than or equal to 4.50:1.0, (iii) allowing certain other types of indebtedness and/or increasing the existing amount of certain types of permitted indebtedness, (iv) providing for the reclassification of indebtedness; (v) permitting subordinated unsecured guarantees in respect of any debt of Holding Companies of UPC Broadband, (vi) permitting Financial Indebtedness in connection with Senior Secured Notes, and (vii) permit a general basket of permitted Financial Indebtedness of €250,000,000 and 5% of total assets;
- amendments to the restricted payment covenant to expand the definition of Permitted Payments, including (i) allowing payments from time to time in an amount of up to 0.25x Annualised EBITDA, (ii) allowing certain additional payments and/or increasing the existing amount of certain types of Permitted Payments and (iii) providing for the reclassification of Permitted Payments;
- amendments to the financial reporting covenant, including allowing UPC Broadband to prepare its financial statements in accordance with either IFRS or U.S. GAAP, at its election, and the filing on a public register or publishing on the Borrower's website or Liberty Global's of financial statements to be deemed as being supplied to the Facility Agent;
- amendments related to the entities that constitute the "Borrower Group" and that are subject to the restrictive covenants, including the exclusion of certain types of subsidiaries from the definition of "Borrower Group";
- amendments to reduce the time period for delivery of notices in connection with voluntary prepayments and cancellations of Facilities from 5 Business Days to 3 Business Days;
- amendments to clarify that additional facility accession agreements may take the form set out in the schedule to the UPC Broadband Holding Bank Facility with such amendments as may be agreed between UPC Broadband Holding and the relevant Lenders;
- amendments to certain other provisions, including provisions relating to LIBOR/EURIBOR and market disruption, mandatory costs, increase of commitments, prepayment notices, interest periods, cash and cash equivalent investment definitions, representations, qualifying lender representations, increased costs, taxes, FATCA, impaired agents, certain funds acquisitions, defaulting lenders, replacement of lenders, assignments and indemnities;
- amendments to certain other provisions to conform the UPC Broadband Holding Bank Facility to specified precedent credit facility agreements of Liberty Global plc and its subsidiaries;



- amendments to provide that, subject to certain thresholds being met, no Obligor nor any other member of the Borrower Group is required to provide any Security or guarantee other than Security over the shares that it holds in any Obligor, Security over loans from obligors to other members of the Borrower Group, Security over certain Subordinated Shareholder Loans and a guarantee from the Obligors and to include a provision to authorise the Security Agent to release any other Security or guarantees other than the aforementioned;
- amendments to permit the issuance of notes and incurrence of additional term or revolving debt or operational expenditure facilities which rank pari passu with the rights of the Lenders and shall be capable of being secured by the transaction security, provided that as such debt is Permitted Financial Indebtedness;
- amendments to permit certain loans, including (i) loans to employees in the ordinary course of employment or to fund the exercise of share options or purchase of capital stock of up to €10,000,000 in aggregate, (ii) loans to a member of the Wider Group to be used for payments or for guarantees in relation to any senior unsecured notes or to make Permitted Payments, and (iii) loans and guarantees under a general basket of up to an aggregate of the greater of €100,000,000 and 2% of total assets;
- amendments to the permitted security interest provision to (i) permit the Borrower to secure Financial Indebtedness on a pari passu or junior-ranking basis provided that the Senior Debt to Annualised EBITDA ratio on a pro forma basis would not be greater than 4.50:1.00 and (ii) provide that the Borrower may secure Financial Indebtedness under a general basket of up to the greater of €250,000,000 and 5% of total assets;
- amendments to provide that (i) the maintenance covenants shall only be for the benefit of those Lenders under Additional Facilities that are (x) stated to have the benefit of such maintenance covenants or (y) do not contain a statement that they do not have the benefit of such maintenance covenants, in each case, in the relevant Additional Facility Accession Agreement (which would exclude the Issuer, as the Additional Facility AL Lender, from the benefit of the maintenance covenants as the Facility AL Finco Accession Agreement includes a statement that the maintenance covenants shall not be for the benefit of the Additional Facility AL Lender on and from the Amendment Effective Date), (ii) a new definition of “Composite Maintenance Covenant Instructing Group” is included which shall consist of a Lender or Lenders whose Additional Facility Commitments in respect of Additional Facilities that benefit from the maintenance covenants amount in aggregate to more than 50% of the total Additional Facility Commitments in respect of Additional Facilities that benefit from the maintenance covenants, (iii) following a breach of a maintenance covenant, subject to the expiry of the cure period, (a) the Composite Maintenance Covenant Instructing Group may instruct the Facility Agent to take acceleration action, (b) there shall be a drawstop in relation to future Advances and (c) there shall be an Event of Default continuing for the purposes of the operative covenants, (iv) an Event of Default

will be triggered if the Composite Maintenance Covenant Instructing Group give such an instruction and (iv) amendments and waivers of the maintenance covenant and cure clauses and the related acceleration clause can only be made with the consent of UPC Broadband and the Composite Maintenance Covenant Instructing Group and shall not require the consent of any other Finance Party; and

- amendment to provide that any revolving credit facility commitments may also be utilized in currencies other than euro provided that such currencies are available to the relevant lenders.

The above description is intended to summarize certain material amendments included in the Facility AL Finco Accession Agreement but is not complete and exhaustive and does not restate the proposed amendments listed in schedule 3 of the Facility AL Finco Accession Agreement in its entirety. These amendments provide significant additional flexibility to UPC Holding and its subsidiaries in operating their business, including additional flexibility to incur indebtedness, make restricted payments, and acquire and dispose of assets. Given the significant nature of these amendments, you should read the full list of amendments set out in schedule 3 of the Facility AL Finco Accession Agreement listed in Annex B of this Offering Memorandum in its entirety before investing in the Dollar Notes. See *“Risk Factors—By investing in the Dollar Notes you will have provided advanced consent to the UPC Broadband Holding Bank Facility Amendments which will automatically become effective without any further consent from holders of the Dollar Notes upon UPC Broadband Holding obtaining the consent of either the Majority Lenders (as defined in the UPC Broadband Holding Bank Facility) or, with respect to certain amendments, all UPCB Lenders”*.

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 Agreements and the UPC Broadband Holding Bank Facility”* and *“Description of the Notes—Certain Covenants—Payments for Consent”*.

**Transfer restrictions** ..... The Dollar Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Dollar 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 Dollar 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 Dollar 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 Dollar Notes will develop or be maintained.

<b>Listing</b> .....	Application will be made to the Irish Stock Exchange for the Dollar Notes to be admitted to listing on the Official List, and trading on its Global Exchange Market. See “ <i>Description of the Notes—Maintenance of Listing</i> ”.
<b>Trustee</b> .....	The Bank of New York Mellon, London Branch.
<b>Principal paying agent and transfer agent</b> .....	The Bank of New York Mellon, London Branch.
<b>New York paying agent, transfer agent and Dollar Notes Registrar</b> ..	The Bank of New York Mellon.
<b>Security Agent</b> .....	The Bank of New York Mellon, London Branch.
<b>Irish listing agent</b> .....	Maples and Calder.
<b>Use of proceeds</b> .....	The net proceeds from the issuance of the Dollar Notes (together with the fees payable to the Issuer by UPC Financing under the Fee Letter) will be used by the Issuer to fund the Dollar Finco Loan, denominated in U.S. dollars, under an additional facility (Facility AL) borrowed by UPC Financing under the UPC Broadband Holding Bank Facility. The proceeds from the Dollar Finco Loan are intended to be used for the Refinancing and to pay fees and expenses in connection therewith. See “ <i>Use of Proceeds</i> ”.
<b>Governing law</b> .....	The Indenture and the Dollar Notes will be governed by the laws of the State of New York. The UPC Broadband Holding Bank Facility, the Facility AL 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 “ <i>Description of the Notes—Security</i> ”.
<b>Risk factors</b> .....	Please see the “ <i>Risk Factors</i> ” section for a description of certain of the risks you should carefully consider before investing in the Dollar Notes.
<b>Certain ERISA considerations</b> .....	The Dollar Notes and/or any interest therein may, subject to certain restrictions described herein under “ <i>Certain Employee Benefit Plan Considerations</i> ”, be sold and transferred to ERISA Plans (as defined in this Offering Memorandum). See “ <i>Certain Employee Benefit Plan Considerations</i> ”.

## RISK FACTORS

*An investment in the Dollar Notes involves risks. Before purchasing the Dollar 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 Dollar Notes and UPC Holding's ability to pay all or part of the interest or principal on the Dollar Finco Loan, and in turn, would have an adverse effect on the Issuer's ability to make payments on the Dollar 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 results of operations, financial condition, business or operations in the future. 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 Loans, and in turn, prevent the Issuer from fulfilling its obligations under the Notes.***

UPC Holding is highly leveraged. As of December 31, 2014, on an as adjusted basis after giving effect to the Early 2015 Refinancings and the issuance of the Notes, the funding of the Finco Loans and the application of the proceeds thereof, the carrying amount of UPC Holding's total consolidated third-party debt and capital lease obligations would have been approximately €5.3 billion (excluding approximately €5.4 billion of UPC Holding Shareholder Subordinated Loans). Of this as adjusted indebtedness, €1.3 billion (equivalent) represents the aggregate principal amount outstanding under the UPCH Notes, €1.3 billion (equivalent) represents indebtedness outstanding under the UPC Broadband Holding Bank Facility (excluding Facility AC, Facility AD and the Finco Loans), €1.1 billion (equivalent) represents the aggregate principal amount outstanding under the UPCB Notes and €1.2 billion represents the aggregate principal amount of the Notes offered hereby.

From time to time, UPC Holding may raise additional indebtedness, including additional capital markets indebtedness, to, inter alia, 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 December 31, 2014, and as adjusted for the 2015 Early Refinancings, the Transfers, the issuance of the Dollar Notes offered hereby, the issuance of the Euro Notes offered in the Concurrent Euro Notes Offering and the Refinancing, approximately €859.5 million was available for borrowing under the UPC Broadband Holding Bank Facility. 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. Furthermore, UPC Holding's ability to incur additional indebtedness may increase to the extent the UPC Broadband Holding Bank Facility Amendments are approved and the UPC Broadband Holding Bank Facility is so amended. See "*Description of the Notes—Finco Accession Agreements and the UPC Broadband Holding Bank Facility*".

Because the Issuer has no material operations and no material assets other than the Finco Loans, 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 Loans, 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 borrowing.

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 Loans, 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.

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 15 to the December 31, 2014 Consolidated Financial Statements included in this Offering Memorandum). At December 31, 2014, on an as adjusted basis after giving effect to the Early 2015 Refinancings, the issuance of the Dollar Notes offered hereby, the issuance of the Euro Notes offered in the Concurrent Euro Notes Offering, the funding of the Finco Loans and the application of the proceeds thereof, the carrying amount of UPC Holding's total third-party consolidated outstanding debt and capital lease obligations would have been approximately €5.3 billion, of which €362.3 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 economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets UPC Holding accesses and, accordingly, UPC Holding's future liquidity and financial position.

UPC Holding's ability to service or refinance its debt and to maintain compliance with its leverage covenants in the credit agreements and indentures of UPC Holding and UPC Broadband Holding is dependent primarily on its ability to maintain or increase the operating cash flow of its operating subsidiaries and to achieve adequate returns on its property and equipment additions 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 ability to obtain additional debt financing to fund working capital needs, acquisitions, capital expenditures, or other general corporate requirements is limited by the leverage covenants contained in its and UPC Broadband Holding's debt instruments. For example, if the operating cash



flow of UPC Broadband Holding were to decline, UPC Holding could be required to partially repay or limit its borrowings under the UPC Broadband Holding Bank Facility in order to maintain compliance with applicable covenants. 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. 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 governing the UPC Holding Senior Notes.

***UPC Holding may incur additional indebtedness prior to, or within a short time period following, the Issue Date of the Notes, which indebtedness could increase its leverage and may have terms that are more or less favorable than the terms of the Notes and UPC Holding's other existing indebtedness.***

UPC Holding or its subsidiaries may incur substantial additional debt, including in connection with a refinancing of UPC Holding's existing debt, to fund any future acquisition or for general corporate purposes. In connection with UPC Holding's financial strategy, UPC Holding continually evaluates different financing alternatives, and UPC Holding may decide to enter into new credit facilities, access the debt capital markets or incur other indebtedness from time to time, including following the consummation of this offering and prior to, or within a short time period following, the Issue Date of the Notes. Any such offering or incurrence of debt will be made at UPC Holding's election or the election of its relevant subsidiaries, and if such debt is in the form of securities, would be offered and sold pursuant to, and on the terms described in, a separate offering memorandum. The interest rate with respect to any such additional debt will be set at the time of the pricing or incurrence of such debt and may be less than or greater than the interest rate applicable to the Notes and UPC Holding's other existing debt, including, in the case of a refinancing, the debt that is being refinanced, which would have a corresponding effect on UPC Holding's cash interest expense on a pro forma basis. In addition, the maturity date of any such additional debt will be set at the time of pricing or incurrence of such debt and may be earlier or later than the maturity date of the Notes and UPC Holding's other existing debt. The other terms of such additional debt would be as agreed with the relevant lenders or holders thereof and could be more or less favorable than the terms of the Notes or UPC Holding's other existing indebtedness. There can be no assurance that UPC Holding or its subsidiaries will elect to raise any such additional debt or that any effort to raise such debt will be successful, and there can be no assurance as to the timing of such offering or incurrence, the amount or terms of any such additional debt. If UPC Holding incurs new debt in addition to its current debt, the related risks that UPC Holding now faces, even in a refinancing transaction, as described above and elsewhere in these "Risk Factors", could intensify.

***UPC Holding may not be able to generate sufficient cash to meet its debt service obligations.***

UPC Holding's ability to meet its debt service obligations, including under the UPCH Notes or to refinance its debt, depends on UPC Holding's future operating and financial performance, which will be affected by its ability to successfully implement its business strategy as well as general economic, financial, competitive, regulatory and other factors beyond its control. If UPC Holding cannot generate sufficient cash to meet its debt service requirements, UPC Holding may, among other things, need to refinance all or a portion of its debt, obtain additional financing, delay planned capital expenditures or investments or sell material assets.

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

***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 Loans, 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 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 Loans, 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, to satisfy all of their other liabilities, which would be due and payable, and to make payments to enable them to repay the Finco Loans which would, in turn, enable the Issuer to redeem the Notes in full or in part. Certain of the limitations set forth above may change to the extent the UPC Broadband Bank Facility Amendments or other proposed amendments are approved by the UCPB Lenders and the UPC Broadband Holding Bank Facility is so amended. For a description of the UPC Broadband Holding Bank Facility Amendments, see "*Description of the Notes—Finco Accession Agreements and the UPC Broadband Holding Bank Facility.*"

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 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 or to 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 Loans, 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 or at all. If UPC Holding is unable to effectively manage its interest rate exposure through derivative transactions, any increase in market interest rates would increase its interest rate exposure and debt service obligations, which would exacerbate the risks associated with UPC Holding's leveraged capital structure.

***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 programming and 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 rate 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 derivative instruments to synthetically convert unmatched debt into the applicable underlying currency.

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. Accordingly, UPC Holding may experience a negative impact on its comprehensive earnings (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. In addition, UPC Holding has significant exposure to changes in the exchange rates for the Polish zloty, the Hungarian forint, the Romanian lei, 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.

***The unaudited pro forma condensed information reported under the caption "Unaudited Condensed Pro Forma Financial Statement and Operating Data of UPC Holding" has not been audited or reviewed by our auditors and does not conform to the requirements of either Regulation S-X of the U.S. Securities Act or the Prospectus Directive.***

The unaudited condensed pro forma information presented under the caption "Unaudited Condensed Pro Forma Financial Statement and Operating Data of UPC Holding" represents adjustments to the Summary Consolidated Historical Financial Information of UPC Holding for the years ended December 31, 2014 that give effect to the Transfers. These adjustments are based upon the information available to us as of the date of the Offering Memorandum, and the unaudited condensed pro forma information have not been audited or reviewed. Information may become available in the future, whether in the course of future audits or otherwise, that may affect these adjustments. As a result, the information included therein is subject to certain risks and uncertainties, including possible adjustments to the pro forma financial information that could be material. Furthermore, the



scope of the information presented is more limited than that which would be required under Regulation S-X or the Prospectus Directive. Only a subset of the balance sheet and income statement items required by these regulations is presented. While we believe the unaudited condensed pro forma financial statement data includes all material information necessary to understand the impact of the Transfers on our business, additional information would have been presented if the unaudited condensed pro forma financial statement data was compliant with either Regulation S-X or the Prospectus Directive.

### **Risks Relating to UPC Holding's Industry and 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, fixed-line telephony and mobile services 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/-building/-node ("FTTx") 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, UPC Holding also faces competition from over-the-top video content providers utilizing the high-speed internet connections of UPC Holding or its competitors. In the provision of telephony and broadband internet services, UPC Holding is experiencing increasing competition from the incumbent telecommunications operators and other service providers in each country in which it operates, as well as mobile providers of voice and data. 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, triple-play and quadruple-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 and other 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 long-term evolution (the next generation of ultra high-speed mobile data), are creating additional competitive challenges.

In some of UPC Holding's markets, national and local government agencies may seek to become involved, either directly or indirectly, in the establishment of FTTx 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 UPC Holding 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, UPC Holding may face more vigorous competition than would have been the case if there were 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 UPC Holding operates, advances in technology, the influx of new market entrants and strategic alliances and cooperative relationships among industry participants. Increased competition could result in increased customer churn, reductions of customer acquisition rates for some products and services and significant price competition in 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 revenue, average monthly subscription revenue per average RGU (ARPU), RGUs, operating cash flows, operating cash flow margins and liquidity of its operating segments.

***Continuing uncertainties and challenging conditions in the global economy and in the countries in which UPC Holding operates may adversely impact UPC Holding's business, financial condition and results of operations.***

The current macroeconomic environment is highly volatile, and continuing instability in global markets, including the ongoing struggles in Europe related to sovereign debt issues, the risk of deflation and the stability of the euro, has contributed to a challenging global economic environment. Future developments are dependent upon a number of political and economic factors, including the effectiveness of measures by the EU Commission to address debt burdens of certain countries in Europe and the overall stability of the eurozone. As a result, we

cannot predict how long challenging conditions will exist or the extent to which the markets in which UPC Holding operates may deteriorate. Additional risks arising from the ongoing economic challenges in Europe are described below under “—UPC Holding is exposed to sovereign debt and currency instability risks in Europe that could have an adverse impact on its liquidity, financial condition and cash flows”.

Unfavorable economic conditions may impact a significant number of UPC Holding’s subscribers and/or the prices UPC Holding is able to charge for its products and services, and, as a result, it may be (1) more difficult for UPC Holding to attract new subscribers, (2) more likely that subscribers will downgrade or disconnect their services and (3) more difficult for UPC Holding to maintain ARPUs at existing levels. Countries may also seek new or increased revenue sources due to fiscal deficits. Such actions may further adversely affect UPC Holding. Accordingly, UPC Holding’s ability to increase, or, in certain cases, maintain, the revenue, ARPUs, RGUs, operating cash flow, operating cash flow margins and liquidity of its operations could be adversely affected if the macroeconomic environment remains uncertain or declines further. We are currently unable to predict the extent of any of these potential adverse effects.

***UPC Holding may not report net earnings.***

UPC Holding reported net losses of €1,024.5 million, €726.6 million and €1,022.5 million during the years ended December 31, 2014, 2013 and 2012, respectively. In light of UPC Holding’s historical financial performance and the impact of the Recent Transactions, it cannot assure you that it will report net earnings in the near future or ever.

***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, including advances in current technologies and the emergence of new technologies. New technologies, products and services may impact consumer behavior and therefore demand for UPC Holding’s products and services. The ability to anticipate changes in technology and consumer tastes and to develop and introduce new and enhanced products and services 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 and services, once marketed, may not meet consumer expectations or demand, can be subject to delays in development and may fail to operate as intended. A lack of market acceptance of new products and services that 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.

***UPC Holding’s property and equipment additions may not generate a positive return.***

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

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

The success of UPC Holding’s video subscription business depends, in large part, on its ability to provide a wide selection of popular programming to its subscribers. UPC Holding generally does not produce its own content and UPC Holding depends on its agreements, relationships and cooperation with public and private broadcasters and collective rights associations to obtain such content. If UPC Holding fails to obtain a diverse array of popular programming for its pay television services, including a sufficient selection of HD channels as well as non-linear content (such as VoD and DVR capability), on satisfactory terms, UPC Holding may not be able to offer a

compelling video product to its customers at a price they are willing to pay. Additionally, UPC Holding is frequently negotiating and renegotiating programming agreements and its annual costs for programming can vary. There can be no assurance that UPC Holding will be able to renegotiate or renew the terms of its programming agreements on acceptable terms or at all. UPC Holding expects that programming and copyright costs will continue to rise in future periods as a result of, among other factors, higher costs associated with the expansion of its digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and retransmission or copyright fees payable to public broadcasters.

If UPC Holding is unable to obtain or retain attractively priced competitive content, demand for its existing and future television services could decrease, thereby limiting UPC Holding's ability to attract new customers, maintain existing customers and/or 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. UPC Holding also may be placed at a competitive disadvantage when its competitors offer exclusive programming. 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.

***UPC Holding depends on third-party suppliers and licensors to supply necessary equipment, software and certain services required for its businesses.***

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

***UPC Holding's businesses that offer mobile telephony and data services rely on the radio access networks of third-party wireless network providers to carry its mobile communications traffic.***

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

Failure in UPC Holding's technology or telecommunications systems or leakage of sensitive customer data 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. Moreover, despite security measures, its servers and systems are potentially vulnerable to physical or electronic break-ins, computer viruses,

worms, phishing attacks and similar disruptive actions. Furthermore, UPC Holding's operating activities could be subject to risks caused by misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in its information technology systems and networks and those of UPC Holding's third-party vendors, including customer, personnel and vendor data. As a result of the increasing awareness concerning the importance of safeguarding personal information, the potential misuse of such information and legislation that has been adopted or is being considered across all of UPC Holding's markets regarding the protection, privacy and security of personal information, information-related risks are increasing, particularly for businesses like UPC Holding that handle a large amount of personal customer data. Failure to comply with these data protection laws may result in, among other consequences, fines.

Despite the precautions UPC Holding has taken, unanticipated problems affecting its systems could cause failures in UPC Holding's information technology systems or disruption in the transmission of signals over its networks or similar problems. Any disruptive situation that causes loss, misappropriation, misuse or leakage of data could damage UPC Holding's reputation and the credibility of its operations. Further, 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 could adversely affect UPC Holding's 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, government regulation and competition from other potential acquirers, including 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.

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

UPC Holding is exposed to the risk of strikes, work stoppages and other industrial actions. In the future we may experience lengthy consultations with labor unions and works councils or strikes, work stoppages or other industrial actions. Strikes and other industrial actions, as well as the negotiation of new collective bargaining agreements or salary increases in the future, could disrupt UPC Holding's operations and make it more costly to operate our facilities. In addition, strikes called by employees of any of UPC Holding's key providers of materials or services could result in interruptions the performance of UPC Holding's services. The occurrence of any of the above risks could have a material adverse effect on UPC Holding's business, financial condition and results of operations.

***Changes in value-added or similar revenue based tax rates could adversely affect UPC Holding's cash flows.***

Most of UPC Holding's 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 UPC Holding's ability to maintain or increase its revenue to the extent that it is unable to pass such tax increases on to its customers. In the case of revenue-based taxes for which it is the ultimate taxpayer, UPC Holding will also experience increases in its operating expenses and corresponding declines in its operating cash flow and operating cash flow margins to the extent of any such tax increases. Any additional future increases in value-added tax rates or similar revenue based taxes could affect UPC Holding's operating expenses and have an adverse impact on its cash flows.

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

The tax laws and regulations in the countries in which UPC Holding operates may be subject to change and there may be changes in interpretation and enforcement of tax law. As a result, UPC Holding may face increases in taxes payable if tax rates increase, or if tax laws and regulations are modified by the competent authorities in



an adverse manner. In addition, the tax authorities in the countries in which UPC Holding operates may disagree with the positions UPC Holding has taken or intends to take regarding the tax treatment or characterization of any of its transactions, including the tax treatment or characterization of our indebtedness, including the Notes, existing and future intercompany loans and guarantees or the deduction of interest expenses. As a result, UPC Holding may face increases in taxes payable if tax rates increase, or if tax laws and regulations are modified by the competent authorities in an adverse manner. UPC Holding regularly assesses the likelihood of such outcomes and has established tax allowances, which represent management's best estimate of the potential assessments. In addition, UPC Holding and its subsidiaries are regularly under audit by tax authorities in many of the jurisdictions in which UPC Holding operates. Although UPC Holding believes that its tax estimates are reasonable, any material differences as a result of final determinations of tax audits or tax disputes, or the resolution of any of these tax matters, could have a material adverse effect on UPC Holding's cash flows, business, financial condition and results of operations for any affected reporting period.

Further changes in the tax laws of the foreign jurisdictions in which UPC Holding operates could arise as a result of the base erosion and profit shifting (BEPS) project being undertaken by the Organisation for Economic Co-operation and Development (OECD). The OECD, which represents a coalition of member countries that encompass most of the jurisdictions in which UPC Holding operates, is undertaking studies and publishing action plans that include recommendations aimed at addressing what they believe are issues within tax systems that may lead to tax avoidance by companies. It is possible that jurisdictions in which UPC Holding does business could react to the BEPS initiative or their own concerns by enacting tax legislation that could adversely affect UPC Holding or its shareholders through increasing our tax liabilities.

***UPC Holding is exposed to sovereign debt and currency instability risks in Europe that could have an adverse impact on its liquidity, financial condition and cash flows.***

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

***UPC Holding's businesses are conducted in seven European countries, which gives rise to numerous operational risks.***

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

- fluctuations in 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;
- changes in foreign and domestic laws and policies that govern operations of foreign-based companies; and
- 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.

## **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 other phone companies, including the incumbent phone company. 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. UPC Holding's ability to increase the prices it charges for its cable television services or make changes to the programming packages it offers is limited by regulation or conditions imposed by competition authorities or is subject to review by regulatory authorities, is subject to termination rights of customers. 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, although there may be registration eligibility rules and regulations, 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 its bandwidth, frequency capacity, facilities or services to distribute their own services or resell UPC Holding's services to end customers. Consequently, its 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 applicable rules and regulations could result in penalties, restrictions on such business or loss of required licenses or other adverse conditions.

Adverse changes in rules and regulations 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 have imposed access obligations in certain countries. This has resulted, for example, in obligations with respect to call termination for UPC Holding's telephony business 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, in the case of the EU, European level), which can block, impose conditions on, or delay an acquisition, thus hampering UPC Holding's opportunities for growth. In the event conditions are imposed and UPC Holding fails to meet them in a timely manner, the governmental authority may impose fines and, if in connection with a merger transaction, may require restorative measures, such as mandatory disposition of assets or divestiture of operations.

***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 EU 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 many of the services it offers 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 by the EU 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. In addition, UPC Holding is subject to review by competition or national regulatory authorities in certain countries concerning whether it exhibits significant market power. A finding of significant market power could result in its becoming subject to pricing, open access, unbundling and other requirements that could provide a more favorable operating environment for existing and potential competitors.

***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 Liberty Global, UPC Holding's indirect parent company, may conflict with UPC Holding's interests.***

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

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

***The Issuer is an unaffiliated special purpose financing company which will depend on payments under the relevant Finco Loan to provide it with funds to meet its obligations under the relevant series of 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 Loans and its rights under certain related agreements. Furthermore, the Indenture governing the Notes 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 Loans, 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 Loans.***

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 Loans, 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 Dollar Notes will benefit from security interests in the Collateral.

The Collateral securing the Dollar Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by any other creditors that also have the benefit of first liens on the Collateral securing the Dollar Notes from time to time, whether on or after the date the Dollar Notes are issued. Neither the Initial Purchasers nor the Trustee have either analyzed the effect of, or 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 Dollar 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 Dollar Notes if the actions necessary to perfect any of these liens on or prior to the date of the Indenture are not taken. 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. Neither the Trustee nor the Security Agent for the Dollar Notes will monitor, and there can be no assurance 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.



Neither the Trustee nor the Security Agent for the Notes has any 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 Dollar Finco Loan will not be granted directly to the holders of the Dollar Notes.***

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

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

***By investing in the Dollar Notes you will have provided advanced consent to the UPC Broadband Holding Bank Facility Amendments which will automatically become effective without any further consent from holders of the Dollar Notes upon UPC Broadband Holding obtaining the consent of either the Majority Lenders (as defined in the UPC Broadband Holding Bank Facility) or, with respect to certain amendments, all UPCB Lenders.***

The Finco Accession Agreements contain the advance consent of the Issuer, as a UPCB Lender, to the UPC Broadband Holding Bank Facility Amendments that UPC Broadband Holding may request in the future. Accordingly, while 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 have already provided its consent to any and all of the UPC Broadband Holding Bank Facility Amendments at the time it enters into the Finco Accession Agreements and, therefore, it will not be entitled to vote on any future request for consent to the UPC Broadband Holding Bank Facility 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 and in the event UPC Broadband Holding solicits the consents for any or all of these amendments to the UPC Broadband Holding Bank Facility or receive any consent fee or similar fee that may be paid to other UPCB Lenders under the UPC Broadband Holding Bank Facility in connection with their approval of these amendments.

The UPC Broadband Holding Bank Facility Amendments include material modifications to certain affirmative and negative covenants, financial maintenance covenants and related definitions, representations and warranties, events of default, mandatory prepayment provisions and administrative provisions. The UPC Broadband Holding Bank Facility Amendments are generally less restrictive and provide greater flexibility to the UPC Holding and its subsidiaries than the provisions currently included in the UPC Broadband Holding Bank Facility. Furthermore, pursuant to the Finco Accession Agreements, if and when the UPC Broadband Holding Bank Facility Amendments come into effect, the Finco Loans will not benefit from the maintenance covenants set forth in the UPC Broadband Holding Bank Facility. For a summary of the key amendments included in the Senior Credit Facility Amendments, please see “*Description of the Notes — Amendment, Supplement and Waiver — To the UPC Broadband Holding Bank Facility or the Finco Accession Agreements.*” Given the significant nature of the UPC Broadband Holding Bank Facility, you should read the terms of the Facility AL Finco Accession Agreement, including the UPC Broadband Holding Bank Facility Amendments listed in schedule 3 of the Finco AL Accession Agreement listed in Annex B of this Offering Memorandum in its entirety before investing in the Notes.

The Broadband Holding Bank Facility Amendments also contain certain changes to the Control of Control definition in the UPC Broadband Holding Bank Facility. To the extent these amendments are approved, the Change of Control provision contained in the UPC Broadband Holding Bank Facility will provide less protection in the event of certain important corporate events, including the sale of 50% or more of the issued share capital of Liberty Global Europe Financing BV, the direct parent of UPC Holding, because such corporate events will no longer constitute a Change of Control as defined in the UPC Broadband Holding Bank Facility. See “*Description of the UPC Broadband Holding Bank Facility.*”

***The security interests in the collateral securing the Dollar Finco Loan will be reduced to the extent the UPC Broadband Holding Bank Facility Amendments are approved.***

The collateral securing the UPC Broadband Holding Bank Facility includes certain share and partnership interests, inter-company loans, subordinated shareholder loans, bank accounts and inter-group receivables. See

*“Description of the UPC Broadband Holding Bank Facility”*. The UPC Broadband Holding Bank Facility Amendments approve the release of all security interests securing the UPC Broadband Holding Bank Facility other than security over the shares of any obligor of the UPC Broadband Holding Bank Facility, security over loans from obligors to other members of the Borrower Group and any security required in respect of Subordinated Shareholder Loans under the terms of the UPC Broadband Holding Bank Facility. As a result, the amendment of the UPC Broadband Holding Bank Facility based on the UPC Broadband Holding Bank Facility Amendments may result in the loss of certain security interests securing the Finco Loans.

***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 Dollar Finco Loan and the value of the collateral may not be sufficient to satisfy UPC Financing’s obligations under the Dollar Finco Loan.***

The security granted in favor of the Finco Loans 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 Dollar 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 Dollar Finco Loan. In addition, there can be no assurance that the collateral could be sold in a timely manner, if at all.

***The potential UPC Exchange Transaction may be viewed as giving rise to a taxable event for holders of the Dollar Notes that elect to participate in the exchange.***

The potential UPC Exchange Transaction, as generally described in this Offering Memorandum, may be viewed as giving rise to a significant modification of the Dollar Notes, resulting in a taxable exchange for U.S. federal income tax purposes upon the receipt of the UPC Qualified Notes. In such a case, U.S. Holders would recognize gain or loss on the amount realized with respect to the exchange. Additionally, U.S. Holders may be treated as acquiring the UPC Qualified Notes with original issue discount and may be required to accrue original issue discount following the exchange. For additional discussion of this matter, see *“Certain U.S. Federal Income Tax Considerations—Possible Effect of the UPC Exchange Transaction”*. Holders should consult their tax advisors regarding the tax consequences to them of the potential UPC Exchange Transaction in their respective tax jurisdictions.

***The Dollar Notes may be treated as issued with original issue discount for U.S. federal income tax purposes.***

The Notes may be treated as having been issued with original issue discount for U.S. federal income tax purposes. An obligation generally is treated as having been issued with original issue discount if its stated redemption price at maturity exceeds its issue price by at least a defined de minimis amount. If a Dollar Note is treated as issued with original issue discount, U.S. investors will be subject to tax on that original issue discount as ordinary income as it accrues, in advance of the receipt of cash payments attributable to that income (and in addition to qualified stated interest). See *“Tax Considerations—Certain U.S. Federal Income Tax Considerations”*.

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

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

assigned to the Dollar Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of the Issuer's financings and could adversely affect the value and trading of the Dollar Notes.

***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 Loans) in the event of a change of control thereunder.***

Upon the occurrence of a Change of Control (as defined in the UPC Broadband Holding 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 Loans) 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 Loans, as required under the Finco Accession Agreements. The ability of UPC Broadband Holding and UPC Financing to prepay the Finco Loans 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 Loans), 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 Agreements, 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 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 Agreements, 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 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 Dollar Notes.***

The Issuer is offering the Dollar Notes in reliance upon exemptions from registration under the U.S. Securities Act and applicable state securities laws. Therefore, the Dollar 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 Dollar 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 Dollar Notes comply with applicable law.

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

The Dollar Notes will be new securities for which there is no market. The Issuer cannot assure you as to:

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

Future trading prices of the Dollar 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 Dollar Notes. The liquidity of a trading market for the Dollar 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 Dollar Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of Dollar Notes, regardless of UPC Holding's prospects and financial performance. The Initial Purchasers of the Dollar Notes have advised the Issuer that they currently intend to make a market in the Dollar Notes. However, the Dollar Initial Purchasers are not obliged to do so, and they may discontinue any market making activities at any time without notice. As a result, there is no assurance that an active trading market will develop for the Dollar Notes. If no active trading market develops, you may not be able to resell your Dollar Notes at a fair value, if at all.

Although the Issuer will, in the Indenture, agree to use its reasonable best efforts to have the Dollar Notes listed and admitted to the Official List and 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 Dollar Notes are outstanding, the Issuer cannot assure you that the Dollar 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 the 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 Dollar 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 Dollar 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 Dollar 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 Dollar 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 Loans and holders of Notes, as the case may be, and may limit the Issuer's ability to enforce its rights under the Finco Loans and your ability to enforce your rights under the Notes.***

#### *The Netherlands and the EU*

UPC Holding, UPC Broadband Holding and certain of their respective 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 or UPC Broadband Holding, as the case may be, 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 Loans 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 and UPC Broadband 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 or UPC Broadband Holding, as the case may be, 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.

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

#### *The Cayman Islands*

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 and each transferee of a Note or any interest therein will be deemed to have represented, warranted and agreed at the time of its acquisition and throughout the period that it holds such Note or any interest therein that (i) either (a) it is not, and is not acting on behalf of (and for so long as such acquirer or transferee holds such Note or any interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor (as defined under “*Certain Employee Benefit Plan Considerations*”) or a governmental, church or non-U.S. plan which is subject to any Similar Laws (as defined under “*Certain Employee Benefit Plan Considerations*”), and no part of the assets used by it to acquire or hold any Note or any interest therein constitutes the assets of any Benefit Plan Investor or any such governmental, church or non-U.S. plan, or (b) its acquisition, holding and disposition of such Note, or any interest therein, does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA (as defined under “*Certain Employee Benefit Plan Considerations*”) 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 (ii) neither the Issuer nor any of its affiliates is a fiduciary (within the meaning of section 3(21) of ERISA or Section 4975 of the Code or, with respect to a governmental, church or non-U.S. plan, any definition of “fiduciary” under Similar Laws with respect to the acquirer or transferee 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 acquirer or transferee in connection with the Notes and the transactions contemplated with respect to the Notes. 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 net proceeds from the sale of the Dollar Notes offered hereby and the Euro Notes offered in the Concurrent Euro Note Offering, together with the fees payable to the Issuer by UPC Financing under the Fee Letter, as described below, will be €1,150.4 million (equivalent). The Issuer will use the net proceeds of the issuance of the Euro Notes and the Dollar Notes, together with the fees payable to it by UPC Financing under the Fee Letter, as described below, to fund the Euro Finco Loan and the Dollar Finco Loan, respectively, with the Euro Finco Loan denominated in euro and the Dollar Finco Loan denominated in U.S. dollars, in aggregate principal amounts equal to the aggregate principal amount of the Euro Notes and Dollar Notes, respectively, under two new additional facilities (Facility AK and Facility AL, respectively) borrowed by UPC Financing under the UPC Broadband Holding Bank Facility. The gross proceeds of the Finco Loans are intended to be used for the Refinancing, to pay fees and expenses in connection therewith and for general corporate purposes, which may include loans, distributions or other payments to UPC Holding and its direct or indirect parent companies. The Initial Purchasers' commissions and certain estimated expenses incurred in connection with this offering are expected to be approximately €17.4 million, including legal, accounting and other professional fees incurred in connection therewith. An amount equal to such commissions and expenses on the Notes, will be paid by UPC Financing to the Issuer as part of the fees payable by UPC Financing to the Issuer under the Fee Letter. As UPC Holding will consolidate the Issuer following the issuance of the Notes, the Finco Loans 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 December 31, 2014, (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 Early 2015 Refinancings, the Transfers and the UPC Holding Subordinated Loans Partial Repayment and (b) the issuance of the Dollar Notes offered hereby, the issuance of the Euro Notes offered in the Concurrent Euro Notes Offering, the funding of the Finco Loans and the Refinancing.

This table should be read in conjunction with “General Description of UPC Holding’s Business, the Issuer and the Offering — Recent Developments of UPC Holding”, “Use of Proceeds”, “Unaudited Condensed Pro Forma Financial Statement and Operating Data of UPC Holding”, “Summary Condensed Consolidated Historical Financial Information and Operating Data 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 December 31, 2014 Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Except as set forth in the footnotes to this table, any changes to the derivative instruments that UPC Holding uses to manage foreign currency or interest rate risk that may occur as a result of the Early 2015 Refinancings or the issuance of the Notes have not been reflected in the as adjusted data presented in this table. Except as set forth in the footnotes to this table, (i) there have been no material changes to UPC Holding’s cash and cash equivalents and third-party capitalization since December 31, 2014 and (ii) all translations into euros have been calculated at the December 31, 2014 exchange rate.

CASH AND CASH EQUIVALENTS AND CAPITALIZATION OF UPC HOLDING	December 31, 2014		
	Actual	As Adjusted (1)	As Adjusted - PF (2)
	in millions		
<b>Cash and cash equivalents:</b>			
UPC Holding	€ 0.3	€ 0.3	€ 0.3
UPC Holding subsidiaries (3)	59.3	54.5	78.6
<b>Total cash and cash equivalents</b>	<u>€ 59.6</u>	<u>€ 54.8</u>	<u>€ 78.9</u>
<b>Third-party debt:</b>			
UPC Holding:			
8 3/8% Notes (4)	€ 640.0	€ —	€ —
Other Senior Notes	1,336.6	1,336.6	1,336.6
Subsidiaries:			
UPCB Finance Limited Senior Secured Notes (5)	497.4	—	—
UPCB Finance II Limited Senior Secured Notes (6)	750.0	190.0	—
UPCB Finance III Limited Senior Secured Notes (7)	826.5	826.5	—
UPCB Finance V Limited Senior Secured Notes (8)	619.8	619.8	557.8
UPCB Finance VI Limited Senior Secured Notes (8)	619.8	619.8	557.8
Dollar Notes offered hereby (9)	—	—	733.9
Euro Notes offered in the Concurrent Euro Note Offering	—	—	416.5
UPC Broadband Holding Bank Facility (10)	2,627.4	1,273.0	1,273.0
Vendor financing and other	360.3	360.3	360.3
Capital lease obligations	22.8	22.8	22.8
<b>Total third-party debt and capital lease obligations</b>	<u>8,300.6</u>	<u>5,248.8</u>	<u>5,258.7</u>
<b>UPC Holding Subordinated Loans and Other (11)</b>	<u>9,858.6</u>	<u>5,387.1</u>	<u>5,387.1</u>
<b>Owners’ deficit (12)</b>	<u>(10,988.6)</u>	<u>(6,311.8)</u>	<u>(6,362.0)</u>
<b>Total capitalization</b>	<u>€ 7,170.6</u>	<u>€ 4,324.1</u>	<u>€ 4,283.8</u>

(1) The “As Adjusted” amounts reflect (i) the impact of the Transfers, (ii) the Early 2015 Refinancings and (iii) the UPC Holding Subordinated Loans Partial Repayment.

- (2) The “As Adjusted – PF” amounts reflect the “As Adjusted” amounts and are further adjusted to reflect the issuance of the Dollar Notes offered hereby, the Euro Notes offered in the Concurrent Euro Notes Offering, the funding of the Finco Loans and the Refinancing.
- (3) The “As Adjusted” amount reflects the impact of the Transfers. The “As Adjusted – PF” amount reflects the “As Adjusted” amount and is further adjusted to reflect the issuance of the Dollar Notes offered hereby, the Euro Notes offered in the Concurrent Euro Notes Offering and the use of proceeds of the Finco Loans to (i) fund the Refinancing, including the impact of the settlement of certain derivative instruments that are expected to be unwound in connection with the Refinancing, and (b) pay estimated expenses of €17.4 million associated with the offering of the Notes. The amount of proceeds from the issuance of the Dollar Notes has been calculated at the March 27, 2015 exchange rate of 1.0902.
- (4) The “As Adjusted” and “As Adjusted – PF” amounts reflect the 8<sup>3</sup>/<sub>8</sub>% Notes Redemption.
- (5) The “Actual” amount of the UPCB Finance Limited Senior Secured Notes (€500.0 million principal amount outstanding at December 31, 2014) is presented net of discount. The “As Adjusted” and “As Adjusted – PF” amounts reflect the UPCB Senior Secured Notes Redemption.
- (6) The “As Adjusted” amount reflects the UPCB II Senior Secured Notes Partial Redemption. The “As Adjusted – PF” amount reflects the “As Adjusted” amount and is further adjusted for the UPCB II Senior Secured Notes Redemption.
- (7) The “As Adjusted – PF” amount reflects the 10% Redemptions and the UPCB III Senior Secured Notes Redemption.
- (8) The “As Adjusted – PF” amount reflects the 10% Redemptions.
- (9) The amount of proceeds from the issuance of the Dollar Notes has been calculated at the March 27, 2015 exchange rate of 1.0902.
- (10) The “As Adjusted” and “As Adjusted – PF” amounts reflect (i) the Facility Rollover, (ii) the Facility AG Repayment and (iii) the Facility AI Net Borrowings.
- (11) The “As Adjusted” and “As Adjusted – PF” amounts reflect (i) a decrease of €546.3 million related to the non-cash settlement of a portion of the consideration received for the UPC Ireland Transfer, (ii) a decrease of €5,371.8 million related to the non-cash settlement of the consideration received for the UPC NL Transfer and (iii) a net increase of €1,446.6 million related to (a) advances made under the UPC Holding Subordinated Shareholder Loans to fund a portion of the Early 2015 Refinancings and (b) the UPC Holding Subordinated Loans Partial Repayment.
- (12) The “As Adjusted” amount reflects (i) a decrease of €1,722.0 million reflecting the total consideration received for the UPC Ireland Transfer, (ii) a decrease of €5,371.8 million reflecting the total consideration received for the UPC NL Transfer, (iii) an aggregate increase of €2,290.2 million reflecting the common control restatement of owners’ deficit related to the Transfers, (iv) an increase related to a loss on extinguishment of debt of €100.6 million associated with the aggregate redemption premiums associated with the UPCB Senior Secured Notes Redemption, the 8<sup>3</sup>/<sub>8</sub>% Notes Redemption and the UPCB II Senior Secured Notes Partial Redemption, (v) an increase related to a loss on extinguishment of debt of €23.6 million associated with the write-off of aggregate deferred financing fees related to the 8<sup>3</sup>/<sub>8</sub>% Notes Redemption, the UPCB Senior Secured Notes Redemption, the UPCB II Senior Secured Notes Partial Redemption and the Facility AG Repayment and (vi) an increase related to a loss on extinguishment of debt of €2.6 million associated with the write-off of unamortized discount on the 8<sup>3</sup>/<sub>8</sub>% Notes. The “As Adjusted – PF” amount further adjusts the “As Adjusted” amount to reflect an increase related to a loss on extinguishment of debt associated with the Refinancing, including (1) a loss related to the aggregate payment of redemption premiums of €46.3 million and (2) a loss related to the write-off of deferred financing fees of €3.9 million.

The following table sets forth, as of December 31, 2014, (i) the actual consolidated cash and cash equivalents and capitalization of the Issuer and (ii) the consolidated cash and cash equivalents and capitalization of the Issuer on an as adjusted basis after giving effect to the issuance of the Dollar Notes offered hereby and the Euro Notes offered in the Concurrent Euro Notes Offering.

CASH AND CAPITALIZATION OF THE ISSUER	December 31, 2014	
	Actual	As Adjusted
	(in millions)	
<b>Total cash</b> .....	€ —	€ —
<b>Total debt</b> .....	€ —	€1,150.4
<b>Total stockholders’ equity</b> .....	—	—
<b>Total capitalization</b> .....	€ —	€1,150.4

## 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 our financial condition, changes in financial condition and results of operations and should be read in conjunction with our consolidated financial statements. 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 years ended December 31, 2014, 2013 and 2012.
- *Liquidity and Capital Resources.* This section provides an analysis of our corporate and subsidiary liquidity, consolidated statements of cash flows and contractual commitments.
- *Critical Accounting Policies, Judgments and Estimates.* This section discusses those material accounting policies that contain uncertainties and require significant judgment in their application.

The capitalized terms used below have been defined in the notes to the December 31, 2014 Consolidated Financial Statements. 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.

Unless otherwise indicated, convenience translations into euros are calculated, and operational data (including subscriber statistics) are presented, as of December 31, 2014.

### Overview

We are an international provider of (i) video, broadband internet and fixed-line telephony services in nine European countries and (ii) mobile services in five European countries. We also provide DTH services to customers in the Czech Republic, Hungary, Romania and Slovakia through UPC DTH.

As further described in note 1 to the December 31, 2014 Consolidated Financial Statements, we completed the VTR Extraction in January 2014. We have accounted for the VTR Extraction as a common control transfer. As a result, all financial and operating information has been retrospectively revised to give effect to the VTR Extraction for all periods presented. For information regarding certain other reporting entity changes that were completed subsequent to December 31, 2014, see note 16 to the December 31, 2014 Consolidated Financial Statements.

Our analog cable 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 cable service offerings include basic and premium programming and incremental product and service offerings such as enhanced pay-per-view programming (including video-on-demand), digital video recorders and high definition programming.

We have launched “Horizon TV” in the Netherlands, Switzerland and Ireland and cloud-based Horizon TV in Poland. Horizon TV is a family of media products that allows customers to view and share content across the television, computer, tablet and smartphone. Horizon TV is powered by a user interface that provides customers a seamless intuitive way to access linear, time-shifted, on-demand and web-based content on the television. It also features an advanced set-top box that delivers not only video, but also internet and voice connections along with a wireless network for the home. For our Horizon TV customers, we also offer applications for various services. We are expanding the Horizon TV experience through cloud TV, including cloud digital video recorders, video-on-demand navigation and advanced applications. In November 2014, we launched this cloud-based Horizon TV platform in select areas in Poland, followed by a full commercial launch in January 2015. In addition, we have launched our subscriber-video-on-demand offering, which we refer to as “MyPrime”. MyPrime is a subscription-based on-demand video library that allows customers to choose from several thousand classic films, children’s programs, series and documentaries. We have launched MyPrime in the Netherlands, Switzerland, Poland and Hungary. We intend to (i) expand the availability of Horizon TV and MyPrime to other markets within our footprint and (ii) continue to improve the Horizon TV user experience with new functionality and software updates.

Although our digital television signals are encrypted in many of the countries in which we operate, our basic digital television channels in Switzerland, Austria, Romania, the Czech Republic, Poland and the Netherlands are

unencrypted. Where our basic digital television channels are unencrypted, subscribers who have the necessary equipment and who pay the monthly subscription fee for our analog package are able to watch our basic digital television channels. Regardless of whether basic digital television channels are offered on an unencrypted basis, expanded channel packages and premium channels and services continue to be available for an incremental monthly fee in all of our markets. In markets where we introduce unencryption, we generally expect to experience a positive impact on our subscriber disconnect levels and a somewhat negative impact on demand for lower tiers of digital cable services.

We offer broadband internet services in all of our broadband communications markets. Our residential subscribers generally access the internet at various download speeds ranging up to 250 Mbps (500 Mbps in limited areas), depending on the market and the tier of service selected. We determine pricing for each tier of broadband internet service through analysis of speed, market conditions and other factors.

We offer fixed-line telephony services in all of our broadband communications markets, primarily using voice-over-internet-protocol technology. In addition, we offer mobile services using third-party networks in Poland, Hungary, the Netherlands, Switzerland and Austria.

We have completed a number of transactions that somewhat impact the comparability of our 2014 and 2013 results of operations.

We strive to achieve organic revenue and customer growth in our operations by developing and marketing bundled entertainment and information and communications services, and extending and upgrading the quality of our networks where appropriate. As we use the term, organic growth excludes 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, fixed-line telephony and mobile services with existing customers through product bundling and upselling.

At December 31, 2014, we owned and operated networks that passed 15,874,600 homes and served 16,985,700 revenue generating units (RGUs), consisting of 7,997,000 video subscribers, 5,215,000 broadband internet subscribers and 3,773,700 fixed-line telephony subscribers.

Including the effects of acquisitions, we added a total of 401,100 RGUs during 2014. Excluding the effects of acquisitions (RGUs added on the acquisition date), but including post-acquisition date RGU additions, we added 324,100 RGUs on an organic basis during 2014. The organic RGU growth during 2014 is attributable to the growth of our (i) broadband internet services, which added 310,600 RGUs, (ii) digital cable services, which added 259,700 RGUs and (iii) fixed-line telephony services, which added 197,200 RGUs. The growth of our broadband internet, digital cable and fixed-line telephony services was partially offset by a decline in our analog cable RGUs of 439,500 and a less significant decline in our multi-channel multi-point (microwave) distribution system (MMDS) video RGUs.

We are experiencing significant competition from incumbent telecommunications operators (particularly in the Netherlands and, to a lesser extent, Switzerland, where the incumbent telecommunications operators are overbuilding our networks with fiber-to-the-home, -cabinet, -building or -node (referred to herein as FTTx) and advanced digital subscriber line (DSL) technologies), DTH operators and/or other providers in all of our broadband communications markets. This significant competition, together with the maturation of certain of our markets, has contributed to organic declines in certain of our markets in revenue, RGUs and/or average monthly subscription revenue per average RGU (ARPU), the more notable of which include:

- (i) an organic decline in overall revenue in the Netherlands during the fourth quarter of 2014, as compared to the fourth quarter of 2013;
- (ii) organic declines during the fourth quarter of 2014 in (a) video RGUs in the majority of our markets, as net declines in our analog cable RGUs generally exceeded net additions to our digital cable RGUs (including migrations from analog cable) in these markets, (b) fixed-line telephony RGUs in the Netherlands and (c) total RGUs in the Netherlands and Switzerland; and
- (iii) organic declines in overall cable ARPU in the majority of our markets during the fourth quarter of 2014, as compared to the fourth quarter of 2013.

In addition to competition, our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in the U.S. and several European countries in which we

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

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

We rely on third-party vendors for the equipment, software and services that we require in order to provide services to our customers. Our suppliers often conduct business worldwide and their ability to meet our needs is subject to various risks, including political and economic instability, natural calamities, interruptions in transportation systems, terrorism and labor issues. As a result, we may not be able to obtain the equipment, software and services required for our businesses on a timely basis or on satisfactory terms. Any shortfall in customer premises equipment could lead to delays in connecting customers to our services, and accordingly, could adversely impact our ability to maintain or increase our RGUs, revenue and cash flows.

## **Results of Operations**

As noted under *Overview* above, the comparability of our operating results during 2014, 2013 and 2012 is affected by acquisitions. In the following discussion, we quantify the estimated impact of acquisitions on our operating results. The acquisition impact represents our estimate of the difference between the operating results of the periods under comparison that is attributable to an acquisition. In general, we base our estimate of the acquisition impact on an acquired entity's operating results during the first three months following the acquisition date such that changes from those operating results in subsequent periods are considered to be organic changes. Accordingly, in the following discussion, variances attributed to an acquired entity during the first twelve months following the acquisition date represent differences between the estimated acquisition impact and the actual results.

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 2014 was to the Swiss franc and other local currencies in Europe. In this regard, 52.1% of our euro revenue during the three months ended December 31, 2014 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.

## **Discussion and Analysis of our Reportable Segments**

### ***General***

All of the reportable segments set forth below derive their revenue primarily from broadband communications services, including video, broadband internet and fixed-line telephony services. All of our reportable segments also provide B2B services, and certain of our reportable segments provide mobile services. For detailed information regarding the composition of our reportable segments, including information regarding certain changes to our reportable segments that we made during the fourth quarter of 2014, see note 15 to the December 31, 2014 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 share-based compensation



expense, as further discussed in note 15 to the December 31, 2014 Consolidated Financial Statements) as well as an analysis of operating cash flow by reportable segment for (i) 2014, as compared to 2013, and (ii) 2013, as compared to 2012. These 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 organic percentage change from period to period (percentage change after removing FX and the estimated impacts of acquisitions). 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 also provide a table showing the operating cash flow margins of our reportable segments for 2014, 2013 and 2012 at the end of this section.

The revenue of our reportable segments includes revenue earned from (i) subscribers to our broadband communications and mobile services and (ii) B2B services, interconnect fees, installation fees, channel carriage fees, late fees and advertising. Consistent with the presentation of our revenue categories in note 15 to the December 31, 2014 Consolidated Financial Statements, we use the term “subscription revenue” in the following discussion to refer to amounts received from subscribers for ongoing services, excluding installation fees and late fees. In the following tables, mobile subscription revenue excludes the related interconnect revenue.

Most of our revenue is derived from jurisdictions that administer VAT or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating expenses and corresponding declines in our operating cash flow and operating cash flow margins to the extent of any such tax increases. In this regard, certain changes regarding VAT took effect on January 1, 2015, including a change in how VAT is calculated with respect to the operations of UPC DTH in Hungary, the Czech Republic and Slovakia. As compared to 2014 levels, this change is expected to result in an increase in UPC DTH’s annual VAT payments during 2015 ranging from approximately €12 million to €14 million.

We pay interconnection fees to other telephony providers when calls or text messages from our subscribers terminate on another network, and we receive similar fees from such providers when calls or text messages from their customers terminate on our networks or networks that we access through MVNO or other arrangements. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnection fees are subject to regulatory oversight in many of our markets. To the extent that regulatory authorities introduce fixed-line or mobile termination rate changes we would experience prospective changes in our interconnect revenue and costs. The ultimate impact of any such changes in termination rates on our operating cash flow would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

### **Revenue of our Reportable Segments**

#### *Revenue — 2014 compared to 2013*

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2014	2013	€	%	%
	<b>in millions</b>				
Switzerland/Austria .....	€ 1,390.1	€ 1,330.0	€ 60.1	4.5	3.1
The Netherlands .....	923.4	935.3	(11.9)	(1.3)	(1.3)
Ireland .....	352.8	349.0	3.8	1.1	1.1
Total Western Europe .....	2,666.3	2,614.3	52.0	2.0	1.3
Central and Eastern Europe .....	948.0	957.5	(9.5)	(1.0)	0.7
Central and other .....	(0.1)	2.7	(2.8)	N.M.	N.M.
Total .....	€ 3,614.2	€ 3,574.5	€ 39.7	1.1	1.1

N.M. — Not Meaningful.

*General.* While not specifically discussed in the below explanations of the changes in the revenue of our reportable segments, we are experiencing significant competition in all of our broadband communications markets. This competition has an adverse impact on our ability to increase or maintain our RGUs and/or ARPU. For a description of the more notable recent impacts of this competition on our broadband communications markets, see *Overview* above.

*Switzerland/Austria.* The increase in Switzerland/Austria's revenue during 2014, as compared to 2013, includes (i) an organic increase of €41.8 million or 3.1%, (ii) the impact of acquisitions and (iii) the impact of FX, as set forth below:

	<u>Subscription revenue</u>	<u>Non-subscription revenue</u> in millions	<u>Total</u>
Increase in cable subscription revenue due to change in:			
Average number of RGUs (a) . . . . .	€27.4	€—	€27.4
ARPU (b) . . . . .	14.3	—	14.3
Total increase in cable subscription revenue . . . . .	41.7	—	41.7
Increase in mobile subscription revenue . . . . .	0.8	—	0.8
Total increase in subscription revenue . . . . .	42.5	—	42.5
Increase in B2B revenue (c) . . . . .	—	5.1	5.1
Decrease in other non-subscription revenue (d) . . . . .	—	(5.8)	(5.8)
Total organic increase (decrease) . . . . .	42.5	(0.7)	41.8
Impact of acquisitions . . . . .	5.5	(1.3)	4.2
Impact of FX . . . . .	12.2	1.9	14.1
Total . . . . .	<u>€60.2</u>	<u>€(0.1)</u>	<u>€60.1</u>

- (a) The increase in Switzerland/Austria's cable subscription revenue related to a change in the average number of RGUs is attributable to increases in the average numbers of broadband internet, digital cable and fixed-line telephony RGUs in each of Switzerland and Austria that were largely offset by a decline in the average number of analog cable RGUs in each of Switzerland and Austria.
- (b) The increase in Switzerland/Austria's cable subscription revenue related to a change in ARPU is due to an increase in Switzerland that was only partially offset by a decrease in Austria. The increase in Switzerland is primarily due to (i) an improvement in RGU mix and (ii) a net increase primarily resulting from the following factors: (a) higher ARPU due to the inclusion of higher-priced tiers of fixed-line telephony and broadband internet services in Switzerland's bundles, including the impact of price increases in April 2014 and January 2014, (b) lower ARPU due to a decrease in fixed-line telephony call volumes and (c) lower ARPU due to the impact of higher bundling discounts. The decrease in Austria is primarily due to (1) a net decrease resulting from the following factors: (A) higher ARPU due to a January 2014 price increase for video services, (B) lower ARPU due to the impact of an increase in the proportion of subscribers receiving lower-priced tiers of digital cable and fixed-line telephony services in Austria's bundles, (C) lower ARPU due to the impact of higher bundling discounts and (D) lower ARPU due to a decrease in fixed-line telephony call volumes and (2) an adverse change in RGU mix.
- (c) The increase in Switzerland/Austria's B2B revenue is primarily due to the net effect of (i) increased volumes in voice, data and broadband internet services in Switzerland and (ii) lower revenue from internet and voice services in Austria.
- (d) The decrease in Switzerland/Austria's other non-subscription revenue is largely due to the net effect of (i) a decrease in installation revenue in each of Switzerland and Austria, (ii) a decrease in revenue from Austria's non-cable subscriber base and (iii) an increase in mobile handset sales in Switzerland.

*The Netherlands.* The decrease in the Netherlands' revenue during 2014, as compared to 2013, is set forth below:

	<u>Subscription revenue</u>	<u>Non-subscription revenue</u> in millions	<u>Total</u>
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs (a) . . . . .	€ 1.2	€—	€ 1.2
ARPU (b) . . . . .	(4.8)	—	(4.8)
Total decrease in cable subscription revenue . . . . .	(3.6)	—	(3.6)
Decrease in mobile subscription revenue . . . . .	(0.1)	—	(0.1)
Total decrease in subscription revenue . . . . .	(3.7)	—	(3.7)
Decrease in B2B revenue . . . . .	—	(1.7)	(1.7)
Decrease in other non-subscription revenue (c) . . . . .	—	(6.5)	(6.5)
Total . . . . .	<u>€(3.7)</u>	<u>€(8.2)</u>	<u>€(11.9)</u>

- (a) The increase in the Netherlands' cable subscription revenue related to a change in the average number of RGUs is attributable to increases in the average numbers of broadband internet, fixed-line telephony and digital cable RGUs that were mostly offset by a decline in the average number of analog cable RGUs.
- (b) The decrease in the Netherlands' cable subscription revenue related to a change in ARPU is due to the net effect of (i) a net decrease primarily resulting from the following factors: (a) lower ARPU due to the impact of increases in the proportions of subscribers receiving lower-priced tiers of broadband internet and fixed-line telephony services in the Netherlands' bundles, (b) higher ARPU due to the impact of lower bundling discounts, (c) higher ARPU from digital cable services and (d) lower ARPU due to a decrease in fixed-line telephony call volumes and (ii) an improvement in RGU mix.
- (c) The decrease in the Netherlands' other non-subscription revenue is primarily due to lower installation revenue.

*Ireland.* The increase in Ireland's revenue during 2014, as compared to 2013, is set forth below:

	<u>Subscription revenue</u>	<u>Non-subscription revenue</u> in millions	<u>Total</u>
Increase (decrease) in cable subscription revenue due to change in (a):			
Average number of RGUs (a) . . . . .	€ 19.9	€ —	€ 19.9
ARPU (b) . . . . .	(10.7)	—	(10.7)
Total increase in cable subscription revenue . . . . .	9.2	—	9.2
Decrease in B2B revenue . . . . .	—	(1.7)	(1.7)
Decrease in other non-subscription revenue (c) . . . . .	—	(3.7)	(3.7)
Total . . . . .	<u>€ 9.2</u>	<u>€(5.4)</u>	<u>€ 3.8</u>

- (a) The increase in Ireland's cable subscription revenue related to a change in the average number of RGUs is attributable to increases in the average numbers of fixed-line telephony and broadband internet RGUs that were only partially offset by declines in the average numbers of analog cable RGUs, MMDS video RGUs and digital cable RGUs.
- (b) The decrease in Ireland's cable subscription revenue related to a change in ARPU is primarily due to (i) an adverse change in RGU mix and (ii) a net decrease resulting from the following factors: (a) higher ARPU due to the inclusion of higher-priced tiers of broadband internet, video and fixed-line telephony services in Ireland's bundles, including the impact of a price increase in March 2014, (b) lower ARPU due to the impact of higher bundling discounts and (c) lower ARPU due to a decrease in fixed-line telephony call volumes.
- (c) The decrease in Ireland's other non-subscription revenue is primarily due to a decrease in installation revenue.

*Central and Eastern Europe.* The decrease in Central and Eastern Europe's revenue during 2014, as compared to 2013, includes (i) an organic increase of €6.9 million or 0.7% and (ii) the impact of FX, as set forth below:

	<u>Subscription revenue</u>	<u>Non-subscription revenue</u> in millions	<u>Total</u>
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs (a) . . . . .	€ 23.2	€—	€ 23.2
ARPU (b) . . . . .	(12.7)	—	(12.7)
Total increase in cable subscription revenue . . . . .	10.5	—	10.5
Increase in B2B revenue (c) . . . . .	—	3.8	3.8
Decrease in other non-subscription revenue (d) . . . . .	—	(7.4)	(7.4)
Total organic increase (decrease) . . . . .	10.5	(3.6)	6.9
Impact of FX . . . . .	(14.8)	(1.6)	(16.4)
Total . . . . .	<u>€ (4.3)</u>	<u>€(5.2)</u>	<u>€ (9.5)</u>

- (a) The increase in Central and Eastern Europe's cable subscription revenue related to a change in the average number of RGUs is primarily attributable to (i) increases in the average numbers of digital cable, broadband



internet and fixed-line telephony RGUs in Poland, Romania, Hungary and Slovakia and (ii) an increase in the average number of RGUs at UPC DTH that were largely offset by (a) a decline in the average number of analog cable RGUs in Poland, Romania, Hungary and Slovakia and (b) declines in the average numbers of digital cable and fixed-line telephony RGUs in the Czech Republic.

- (b) The decrease in Central and Eastern Europe's cable subscription revenue related to a change in ARPU is due to the net effect of (i) a decrease primarily resulting from the following factors: (a) lower ARPU from fixed-line telephony services, primarily due to (1) an increase in the proportion of subscribers receiving lower-priced calling plans and (2) a decrease in call volumes for customers on usage-based calling plans, (b) lower ARPU due to the impact of higher bundling discounts and (c) higher ARPU due to the inclusion of higher-priced tiers of broadband internet and digital cable services in Central and Eastern Europe's bundles and (ii) an improvement in RGU mix.
- (c) The increase in Central and Eastern Europe's B2B revenue is largely due to higher revenue from voice services in Hungary and Poland.
- (d) The decrease in Central and Eastern Europe's other non-subscription revenue is due to (i) a decrease in interconnect revenue, largely as a result of lower fixed-line telephony termination rates in Poland, and (ii) a net decrease resulting from individually insignificant changes in other non-subscription revenue categories.

*Revenue—2013 compared to 2012*

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2013	2012	€	%	%
	in millions				
Switzerland/Austria .....	€1,330.0	€1,307.6	€ 22.4	1.7	3.3
The Netherlands .....	935.3	955.6	(20.3)	(2.1)	(2.2)
Ireland .....	349.0	331.5	17.5	5.3	5.3
Total Western Europe .....	2,614.3	2,594.7	19.6	0.8	1.5
Central and Eastern Europe .....	957.5	957.3	0.2	—	0.9
Central and other .....	2.7	1.4	1.3	92.9	92.9
Total .....	€3,574.5	€3,553.4	€ 21.1	0.6	1.4

*Switzerland/Austria.* The increase in Switzerland/Austria's revenue during 2013, as compared to 2012, includes (i) an organic increase of €42.6 million or 3.3%, (ii) the impact of acquisitions and (iii) the impact of FX, as set forth below:

	Subscription revenue	Non-subscription revenue	Total
	in millions		
Increase in cable subscription revenue due to change in:			
Average number of RGUs (a) .....	€ 31.8	€—	€ 31.8
ARPU (b) .....	9.8	—	9.8
Total increase in cable subscription revenue .....	41.6	—	41.6
Decrease in B2B revenue .....	—	(2.6)	(2.6)
Increase in other non-subscription revenue (c) .....	—	3.6	3.6
Total organic increase .....	41.6	1.0	42.6
Impact of acquisitions .....	1.8	(0.8)	1.0
Impact of FX .....	(18.2)	(3.0)	(21.2)
Total .....	€ 25.2	€(2.8)	€ 22.4

- (a) The increase in Switzerland/Austria's cable subscription revenue related to a change in the average number of RGUs is attributable to increases in the average numbers of broadband internet, digital cable and fixed-line telephony RGUs in each of Switzerland and Austria that were only partially offset by a decline in the average number of analog cable RGUs in each of Switzerland and Austria.
- (b) The increase in Switzerland/Austria's cable subscription revenue related to a change in ARPU is due to the net impact of an increase in Switzerland and a decrease in Austria. The increase in Switzerland is due to (i) an improvement in RGU mix and (ii) a net increase primarily resulting from the following factors: (a) higher ARPU due to the inclusion of higher-priced tiers of broadband internet services and, to a lesser extent, digital cable services in Switzerland's promotional bundles, (b) lower ARPU due to the impact of bundling discounts, (c) higher ARPU due to a January 2013 price increase for a basic cable connection, as

discussed below, and, to a lesser extent, a June 2013 price increase for broadband internet services, and (d) lower ARPU due to a decrease in fixed-line telephony call volume for customers on usage-based calling plans. The decrease in Austria is due to (1) a net decrease resulting from the following factors: (A) lower ARPU due to the impact of bundling discounts, (B) higher ARPU due to January 2013 price increases for digital and analog cable and broadband internet services and (C) lower ARPU due to a higher proportion of subscribers receiving lower-priced tiers of broadband internet services in Austria's promotional bundles and (2) an adverse change in RGU mix.

- (c) The increase in Switzerland/Austria's other non-subscription revenue is primarily attributable to the net effect in Switzerland of (i) an increase in installation revenue of €6.4 million, (ii) a decrease in sales of customer premises equipment, (iii) a decline in revenue from usage-based wholesale residential fixed-line telephony services and (iv) an increase in advertising revenue. The increase in installation revenue includes an increase of €6.6 million associated with a change in how we recognize installation revenue in Switzerland as a result of a change in how we market and deliver services upon the November 2012 unencryption of the basic tier of digital television channels.

*The Netherlands.* The decrease in the Netherlands' revenue during 2013, as compared to 2012, includes (i) an organic decrease of €20.7 million or 2.2% and (ii) the impact of an acquisition, as set forth below:

	<u>Subscription revenue</u>	<u>Non-subscription revenue</u>	<u>Total</u>
	<u>in millions</u>		
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs (a) .....	€ 2.3	€—	€ 2.3
ARPU (b) .....	(20.7)	—	(20.7)
Total decrease in cable subscription revenue .....	(18.4)	—	(18.4)
Increase in mobile subscription revenue .....	0.1	—	0.1
Total decrease in subscription revenue .....	(18.3)	—	(18.3)
Decrease in B2B revenue (c) .....	—	(3.5)	(3.5)
Increase in other non-subscription revenue (d) .....	—	1.1	1.1
Total organic decrease .....	(18.3)	(2.4)	(20.7)
Impact of an acquisition .....	0.4	—	0.4
Total .....	<u>€(17.9)</u>	<u>€(2.4)</u>	<u>€(20.3)</u>

- (a) The increase in the Netherlands' cable subscription revenue related to a change in the average number of RGUs is attributable to the net effect of (i) increases in the average numbers of fixed-line telephony, broadband internet and digital cable RGUs and (ii) a decline in the average number of analog cable RGUs.
- (b) The decrease in the Netherlands' cable subscription revenue related to a change in ARPU is due to the net effect of (i) a decrease primarily resulting from the following factors: (a) lower ARPU due to a decrease in fixed-line telephony call volume and (b) lower ARPU due to the impact of higher bundling and promotional discounts that more than offset the positive impacts of (1) the inclusion of higher-priced tiers of digital cable, broadband internet and fixed-line telephony services in the Netherlands' promotional bundles and (2) July 2012 price increases for bundled services and a January 2013 price increase for certain analog cable services and (ii) an improvement in RGU mix.
- (c) The decrease in the Netherlands' B2B revenue is primarily related to lower revenue from voice and data services.
- (d) The increase in the Netherlands' other non-subscription revenue is primarily attributable to the net effect of (i) an increase in installation revenue, (ii) a decrease in interconnect revenue, primarily due to the impact of reductions in fixed termination rates that became effective on August 1, 2012 and September 1, 2013, and (iii) a decrease in revenue from late fees.

*Ireland.* The increase in Ireland's revenue during 2013, as compared to 2012, is set forth below:

	<u>Subscription revenue</u>	<u>Non-subscription revenue</u> in millions	<u>Total</u>
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs (a) .....	€25.5	€—	€25.5
ARPU (b) .....	(8.6)	—	(8.6)
Total increase in cable subscription revenue .....	16.9	—	16.9
Increase in B2B revenue .....	—	0.5	0.5
Increase in other non-subscription revenue (c) .....	—	0.1	0.1
Total .....	<u>€16.9</u>	<u>€ 0.6</u>	<u>€17.5</u>

- (a) The increase in Ireland's cable subscription revenue related to a change in the average number of RGUs is attributable to increases in the average numbers of fixed-line telephony, broadband internet and digital cable RGUs that were only partially offset by a decline in the average number of analog cable RGUs and, to a lesser extent, MMDS video RGUs.
- (b) The decrease in Ireland's cable subscription revenue related to a change in ARPU is attributable to (i) an adverse change in RGU mix and (ii) a net decrease resulting from the following factors: (a) lower ARPU due to the impact of bundling discounts and (b) higher ARPU due to the inclusion of higher-priced tiers of broadband internet and digital cable services in Ireland's promotional bundles.
- (c) The increase in Ireland's non-subscription revenue is due to individually insignificant changes in various non-subscription revenue categories.

*Central and Eastern Europe.* The increase in Central and Eastern Europe's revenue during 2013, as compared to 2012, includes (i) an organic increase of €8.7 million, (ii) the impact of an acquisition and (iii) the impact of FX, as set forth below:

	<u>Subscription revenue</u>	<u>Non-subscription revenue</u> in millions	<u>Total</u>
Increase (decrease) in cable subscription revenue due to change in:			
Average number of RGUs (a) .....	€ 29.4	€—	€ 29.4
ARPU (b) .....	(23.6)	—	(23.6)
Total increase in cable subscription revenue .....	5.8	—	5.8
Decrease in mobile subscription revenue .....	(1.0)	—	(1.0)
Total increase in subscription revenue .....	4.8	—	4.8
Increase in non-subscription revenue (c) .....	—	3.9	3.9
Total organic increase .....	4.8	3.9	8.7
Impact of an acquisition .....	2.4	0.1	2.5
Impact of FX .....	(9.5)	(1.5)	(11.0)
Total .....	<u>€ (2.3)</u>	<u>€ 2.5</u>	<u>€ 0.2</u>

- (a) The increase in Central and Eastern Europe's cable subscription revenue related to a change in the average number of RGUs is primarily attributable to (i) increases in the average numbers of digital cable, fixed-line telephony and broadband internet RGUs in Poland, Romania, Hungary and Slovakia and (ii) an increase in the average number of RGUs at UPC DTH that were only partially offset by a decline in the average number of (a) analog cable RGUs in each country within our Central and Eastern Europe segment and (b) digital cable, fixed-line telephony and broadband internet RGUs in the Czech Republic.
- (b) The decrease in Central and Eastern Europe's cable subscription revenue related to a change in ARPU is primarily due to the net effect of (i) lower ARPU due to the impact of higher bundling discounts, (ii) higher ARPU due to the inclusion of higher-priced tiers of digital cable and broadband internet services in Central and Eastern Europe's promotional bundles, (iii) lower ARPU from incremental digital cable services and (iv) lower ARPU due to a decrease in fixed-line telephony call volume for customers on usage-based calling plans. In addition, Central and Eastern Europe's overall ARPU was positively impacted by an improvement in RGU mix.
- (c) The increase in Central and Eastern Europe's non-subscription revenue is due to individually insignificant changes in various non-subscription revenue categories.

## Operating Expenses of our Reportable Segments

Operating expenses — 2014 compared to 2013

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2014	2013	€	%	%
	in millions				
Switzerland/Austria .....	€ 398.0	€ 384.1	€ 13.9	3.6	2.3
The Netherlands .....	266.9	283.4	(16.5)	(5.8)	(5.8)
Ireland .....	138.3	143.1	(4.8)	(3.4)	(3.4)
Total Western Europe .....	803.2	810.6	(7.4)	(0.9)	(1.5)
Central and Eastern Europe .....	376.6	386.6	(10.0)	(2.6)	(1.0)
Central and other .....	52.6	45.2	7.4	16.4	16.4
Total operating expenses excluding share-based compensation expense .....	1,232.4	1,242.4	(10.0)	(0.8)	(0.7)
Share-based compensation expense .....	0.1	0.1	—	—	—
Total .....	€1,232.5	€1,242.5	€(10.0)	(0.8)	

Operating expenses include programming and copyright, network operations, interconnect, customer operations, customer care, share-based compensation and other costs related to our operations. We do not include share-based compensation in the following discussion and analysis of the operating expenses of our reportable segments as share-based compensation expense is not included in the performance measures of our reportable segments. Share-based compensation expense is discussed under *Discussion and Analysis of Our Consolidated Operating Results* below. Programming and copyright costs, which represent a significant portion of our operating costs, are expected to rise in future periods as a result of (i) growth in the number of our digital video subscribers, (ii) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (iii) rate increases. In addition, we are subject to inflationary pressures with respect to our labor and other costs 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 rate increases would result in increased pressure on our operating margins.

Our operating expenses (exclusive of share-based compensation expense) decreased €10.0 million or 0.8% during 2014, as compared to 2013. This decrease includes €1.1 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, our operating expenses decreased €8.9 million or 0.7%. This decrease includes the following factors:

- A decrease in network-related expenses of €24.2 million or 4.4%, primarily due to the net effect of (i) decreased network and customer premises equipment maintenance costs, predominantly in Switzerland, the Netherlands and Ireland, (ii) lower outsourced labor costs associated with customer-facing activities, primarily in the Netherlands, and (iii) higher network and customer premises equipment maintenance costs, predominantly in our central operations;
- A decrease in mobile access and interconnect costs of €12.6 million or 2.3%, primarily due to (i) lower call volumes, predominantly in the Netherlands and Ireland, and (ii) decreased costs resulting from lower rates, primarily in the Netherlands;
- An increase in personnel costs of €10.0 million or 1.8%, primarily due to the net effect of (i) increased staffing levels, primarily in our central operations, (ii) decreased costs due to changes in the proportion of capitalizable activities during 2014 in our central operations, (iii) annual wage increases, primarily in the Netherlands, and (iv) higher incentive compensation costs, primarily in the Netherlands;
- A decrease in bad debt and collection expenses of €6.2 million or 6.4%, primarily due to decreases in the Netherlands, the Czech Republic and Hungary;
- An increase in mobile handset costs of €5.5 million, primarily due to an increase in mobile handset sales to third-party retailers in Switzerland;
- An increase in programming and copyright costs of €5.4 million or 0.5%, largely due to the net effect of (i) growth in digital video services predominantly in Switzerland and Ireland, (ii) increased costs for

sports rights, predominantly in Romania and (iii) certain nonrecurring adjustments related to the settlement or reassessment of operational contingencies that resulted in a net decrease in programming and copyright costs of €7.8 million. During 2014, these nonrecurring adjustments decreased costs by (a) €5.3 million in Poland during the first quarter, (b) an aggregate of €3.5 million in Switzerland, Austria and the Netherlands during the third quarter and (c) €1.7 million in the Netherlands during the fourth quarter. During 2013, the aggregate impacts of similar reassessments and settlements in the Netherlands and Poland decreased costs by €2.7 million;

- A decrease in outsourced labor and professional fees of €3.9 million or 1.7%, primarily due to lower call center costs, primarily in Switzerland and the Netherlands; and
- A net increase resulting from individually insignificant changes in other operating expense categories.

*Operating expenses—2013 compared to 2012*

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2013	2012	€	%	%
	in millions				
Switzerland/Austria . . . . .	€ 384.1	€ 388.1	€ (4.0)	(1.0)	0.4
The Netherlands . . . . .	283.4	275.6	7.8	2.8	2.8
Ireland . . . . .	143.1	143.3	(0.2)	(0.1)	(0.1)
Total Western Europe . . . . .	810.6	807.0	3.6	0.4	1.1
Central and Eastern Europe . . . . .	386.6	375.7	10.9	2.9	3.5
Central and other . . . . .	45.2	36.7	8.5	23.2	23.2
Total operating expenses excluding share-based compensation expense . . . . .	1,242.4	1,219.4	23.0	1.9	2.5
Share-based compensation expense . . . . .	0.1	0.1	—	—	—
Total . . . . .	€1,242.5	€1,219.5	€23.0	1.9	—

Our operating expenses (exclusive of share-based compensation expense) increased €23.0 million or 1.9% during 2013, as compared to 2012. This increase includes €1.5 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, our operating expenses increased €30.7 million or 2.5%. This increase includes the following factors:

- An increase in programming and copyright costs of €19.2 million or 4.8%, primarily due to growth in digital video services in the Netherlands, Ireland and Hungary. In addition, accrual releases related to the settlement or reassessment of operational contingencies gave rise to an increase in programming and copyright costs of €2.2 million, as the impact of net accrual releases that reduced the 2012 costs in the Netherlands and Poland more than offset the impact of net accrual releases that reduced the 2013 costs in the Netherlands;
- A decrease in interconnect costs of €15.6 million or 13.4%, primarily due to (i) lower rates in the Netherlands and Poland and (ii) lower call volumes in Switzerland and Austria;
- An increase in personnel costs of €12.1 million or 5.4%, primarily due to (i) increased staffing levels, primarily in our central operations, the Netherlands and Hungary, and (ii) annual wage increases, primarily in the Netherlands. These increases were partially offset by a decrease in personnel costs related to lower staffing levels in Ireland;
- An increase in network-related expenses of €11.2 million or 5.1%, primarily due to (i) increased network and customer premises equipment maintenance costs, primarily in the Netherlands, (ii) an increase of €2.3 million due to the net impact of favorable settlements during 2013 and 2012 for claims of costs incurred in connection with faulty customer premises equipment, primarily in Switzerland and the Netherlands, and (iii) higher outsourced labor costs associated with customer-facing activities in Poland; and
- An increase in outsourced labor and professional fees of €7.7 million or 15.2%, due largely to (i) higher call center costs in Switzerland and the Netherlands and (ii) higher consulting costs in our central operations, primarily related to the Horizon TV platform. These increases were partially offset by lower call center costs in Hungary primarily due to a reduced proportion of calls handled by third parties.

## SG&A Expenses of our Reportable Segments

SG&A expenses—2014 compared to 2013

	Year ended December 31,		Increase		Organic increase
	2014	2013	€	%	%
	in millions				
Switzerland/Austria .....	€197.2	€189.1	€ 8.1	4.3	3.0
The Netherlands .....	118.6	108.8	9.8	9.0	9.0
Ireland .....	43.1	42.1	1.0	2.4	2.4
Total Western Europe .....	358.9	340.0	18.9	5.6	4.8
Central and Eastern Europe .....	133.0	131.0	2.0	1.5	3.3
Central and other .....	145.5	128.5	17.0	13.2	13.2
Total SG&A expenses excluding share-based compensation expense .....	637.4	599.5	37.9	6.3	6.3
Share-based compensation expense .....	27.9	23.8	4.1	17.2	
Total .....	€665.3	€623.3	€42.0	6.7	

SG&A expenses include human resources, information technology, general services, management, finance, legal and sales and marketing costs, share-based compensation and other general expenses. We do not include share-based compensation in the following discussion and analysis of the SG&A expenses of our reportable segments as share-based compensation expense is not included in the performance measures of our reportable segments. Share-based compensation expense is discussed under *Discussion and Analysis of Our Consolidated Operating Results* below. As noted under *Operating Expenses of our Reportable Segments* 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.

Our SG&A expenses (exclusive of share-based compensation expense) increased €37.9 million or 6.3% during 2014, as compared to 2013. This increase includes €0.5 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, SG&A expenses increased €37.7 million or 6.3%. This increase includes the following factors:

- An increase in personnel costs of €11.7 million or 2.0%, primarily due to the net effect of (i) increased staffing levels, primarily in our central operations, the Netherlands and Switzerland, (ii) higher incentive compensation costs, primarily in our central operations and the Netherlands, (iii) annual wage increases, mostly in the Netherlands and our central operations, (iv) a €2.6 million decrease in our central operations due to the impact of an accrual release in the fourth quarter of 2014 associated with the settlement of an operational contingency and (v) decreased costs due to changes in the proportion of capitalizable activities during 2014 in our central operations;
- An increase in sales and marketing costs of €11.0 million or 2.2%, primarily due to the net effect of (i) higher costs associated with advertising campaigns, primarily in the Netherlands, Switzerland and our central operations, (ii) lower third-party sales commissions, primarily in Switzerland, and (iii) higher third-party sales commissions, primarily in the Netherlands;
- An increase in outsourced labor and professional fees of €8.8 million or 8.6%, primarily due to increased consulting costs associated with scale initiatives in the areas of information technology and finance, primarily in our central operations and Switzerland; and
- An increase in information technology-related expenses of €8.4 million or 13.7%, primarily due to higher software and other information technology-related maintenance costs, primarily in our central operations.



*SG&A expenses—2013 compared to 2012*

	Year ended December 31,		Increase (decrease)		Organic increase
	2013	2012	€	%	%
	in millions				
Switzerland/Austria .....	€189.1	€191.2	€ (2.1)	(1.1)	0.4
The Netherlands .....	108.8	106.9	1.9	1.8	1.6
Ireland .....	42.1	41.2	0.9	2.2	2.2
Total Western Europe .....	340.0	339.3	0.7	0.2	1.0
Central and Eastern Europe .....	131.0	123.8	7.2	5.8	6.6
Central and other .....	128.5	113.0	15.5	13.7	13.7
Total SG&A expenses excluding share-based compensation expense .....	599.5	576.1	23.4	4.1	4.7
Share-based compensation expense .....	23.8	16.5	7.3	44.2	
Total .....	€623.3	€592.6	€30.7	5.2	

Our SG&A expenses (exclusive of share-based compensation expense) increased €23.4 million or 4.1% during 2013, as compared to 2012. This increase includes €0.6 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, our SG&A expenses increased €27.0 million or 4.7%. This increase includes the following factors:

- An increase in personnel costs of €19.4 million or 7.1%, primarily due to (i) increased staffing levels, primarily in our central operations, Switzerland, Hungary, Poland and Ireland, and (ii) annual wage increases, primarily in the Netherlands, Switzerland and our central operations;
- A decrease in sales and marketing costs of €9.0 million or 5.9%, primarily due to (i) lower third-party sales commissions, primarily in the Netherlands, Switzerland, Hungary, Austria and the Czech Republic, and (ii) lower costs associated with advertising campaigns and rebranding, largely in our central operations;
- An increase in information technology-related expenses of €7.8 million or 29.6%, primarily due to higher software and other information technology-related maintenance costs, primarily in our central operations, Hungary, the Netherlands, Switzerland and Poland; and
- An increase in outsourced labor and professional fees of €6.2 million or 16.8%, due largely to higher consulting costs associated with certain strategic initiatives in our central operations and the Netherlands.

***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 share-based compensation, related-party fees and allocations, depreciation and amortization and impairment, restructuring and other operating items). For additional information concerning this performance measure and for a reconciliation of total segment operating cash flow to our loss before income taxes, see note 15 to the December 31, 2014 Consolidated Financial Statements.

*Operating Cash Flow—2014 compared to 2013*

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2014	2013	€	%	%
	in millions				
Switzerland/Austria .....	€ 794.9	€ 756.8	€ 38.1	5.0	3.6
The Netherlands .....	537.9	543.1	(5.2)	(1.0)	(1.0)
Ireland .....	171.4	163.8	7.6	4.6	4.6
Total Western Europe .....	1,504.2	1,463.7	40.5	2.8	2.0
Central and Eastern Europe .....	438.4	439.9	(1.5)	(0.3)	1.5
Central and other .....	(198.2)	(171.0)	(27.2)	(15.9)	15.9
Total .....	€1,744.4	€1,732.6	€ 11.8	0.7	0.5

### Operating Cash Flow—2013 compared to 2012

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2013	2012	€	%	%
	in millions				
Switzerland/Austria . . . . .	€ 756.8	€ 728.3	€ 28.5	3.9	5.5
The Netherlands . . . . .	543.1	573.1	(30.0)	(5.2)	(5.3)
Ireland . . . . .	163.8	147.0	16.8	11.4	11.4
Total Western Europe . . . . .	1,463.7	1,448.4	15.3	1.1	1.9
Central and Eastern Europe . . . . .	439.9	457.8	(17.9)	(3.9)	(2.7)
Central and other . . . . .	(171.0)	(148.3)	(22.7)	(15.3)	(15.3)
Total . . . . .	€1,732.6	€1,757.9	€(25.3)	(1.4)	(0.5)

### Operating Cash Flow Margin—2014, 2013 and 2012

The following table sets forth the operating cash flow margins (operating cash flow divided by revenue) of each of our reportable segments:

	Year ended December 31,		
	2014	2013	2012
	%		
Switzerland/Austria . . . . .	57.2	56.9	55.7
The Netherlands . . . . .	58.3	58.1	60.0
Ireland . . . . .	48.6	46.9	44.3
Total Western Europe . . . . .	56.4	56.0	55.8
Central and Eastern Europe . . . . .	46.3	45.9	47.8
Total, including central and other . . . . .	48.3	48.5	49.5

The operating cash flow margins of our reportable segments improved or remained largely consistent during 2014 as compared to 2013. These results are attributable to (i) improved operational leverage, resulting from revenue growth that more than offset the accompanying changes in operating and SG&A expenses, and (ii) the favorable impact of nonrecurring items, most notably in Poland as described in the operating expenses section of *Discussion and Analysis of our Reportable Segments*. In addition, our overall operating cash flow margin during 2014 was negatively impacted by an increase in the operating cash flow deficit of our central and other category, primarily attributable to (a) an increase in consulting and information technology-related expenses associated with strategic initiatives and (b) an increase in personnel costs.

With the exception of the Netherlands, the operating cash flow margins of our reportable segments improved during 2013 as compared to 2012. As a result of significant competition, the Netherlands experienced a decline in revenue in 2013, which resulted in a lower operating cash flow margin during 2013 as compared to 2012. In addition, the operating cash flow margin during 2013 was negatively impacted by an increase in the operating cash flow deficit of our central and other category, which is primarily attributable to higher personnel and consulting costs, due in part to increased levels of strategic initiatives.

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.

## 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, including the impacts of nonrecurring items, see the *Discussion and Analysis of our Reportable Segments* above.



## 2014 compared to 2013

### Revenue

Our revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2014	2013	€	%	%
	in millions				
Subscription revenue (a):					
Video .....	€1,750.8	€1,723.5	€ 27.3	1.6	1.3
Broadband internet .....	983.0	955.2	27.8	2.9	3.1
Fixed-line telephony .....	471.3	466.2	5.1	1.1	1.0
Cable subscription revenue .....	3,205.1	3,144.9	60.2	1.9	1.8
Mobile subscription revenue .....	2.0	1.4	0.6	42.9	48.9
Total subscription revenue .....	3,207.1	3,146.3	60.8	1.9	1.8
B2B revenue (b) .....	259.8	253.9	5.9	2.3	2.8
Other revenue (c) .....	147.3	174.3	(27.0)	(15.5)	(15.6)
Total revenue .....	€3,614.2	€3,574.5	€ 39.7	1.1	1.1

- (a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (b) B2B revenue includes revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €77.3 million and €58.2 million, respectively, is included in cable subscription revenue.
- (c) Other revenue includes, among other items, installation, late fee, carriage fee and interconnect revenue.

*Total revenue.* Our consolidated revenue increased €39.7 million during 2014, as compared to 2013. This increase includes €4.2 million attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, total consolidated revenue increased €37.8 million or 1.1%.

*Subscription revenue.* The details of the increase in our consolidated subscription revenue during 2014, as compared to 2013, is as follows (in millions):

Increase (decrease) in cable subscription revenue due to change in:		
Average number of RGUs .....	€ 71.7	
ARPU .....	(14.5)	
Total increase in cable subscription revenue .....	57.2	
Increase in mobile revenue .....	0.7	
Total increase in subscription revenue .....	57.9	
Impact of acquisitions .....	5.5	
Impact of FX .....	(2.6)	
Total .....	€ 60.8	

Excluding the effects of acquisitions and FX, our consolidated cable subscription revenue increased €57.2 million or 1.8% during 2014, as compared to 2013. This increase is attributable to (i) an increase in subscription revenue from broadband internet services of €30.0 million or 3.1%, as an increase in the average number of broadband internet RGUs was only partially offset by the impact of lower ARPU from broadband internet services, (ii) an increase in subscription revenue from fixed-line telephony services of €4.6 million or 1.0%, as the impact of an increase in the average number of fixed-line telephony RGUs was only partially offset

by lower ARPU from fixed-line telephony services, and (iii) an increase in subscription revenue from video services of €22.6 million or 1.3%, as the impact of higher ARPU from video services was only partially offset by a decrease in the average number of video RGUs.

*B2B revenue.* Excluding the effects of acquisitions and FX, our consolidated B2B revenue increased €7.1 million or 2.8% during 2014, as compared to 2013. This increase is primarily attributable to the net effect of (i) an increase in Switzerland and (ii) a decrease in Austria.

*Other revenue.* Excluding the effects of acquisitions and FX, our consolidated other revenue decreased €27.2 million or 15.6% during 2014, as compared to 2013. This decrease is primarily attributable to decreases in (i) installation revenue and (ii) fixed-line interconnect revenue.

For additional information concerning the changes in our subscription and other revenue, see *Discussion and Analysis of our Reportable Segments — Revenue — 2014 compared to 2013* above. For information regarding the competitive environment in certain of our markets, see *Overview* above.

#### *Operating expenses*

Our operating expenses decreased €10.0 million during 2014, as compared to 2013. This decrease is net of a €1.1 million increase attributable to the impact of acquisitions. Our operating expenses include share-based compensation expense, which remained unchanged during 2014. For additional information, see the discussion under *Share-based compensation expense* below. Excluding the effects of acquisitions, FX and share-based compensation expense, our operating expenses decreased €8.9 million or 0.7% during 2014, as compared to 2013. This decrease is primarily attributable to the net effect of (i) a decrease in network-related expenses, (ii) a decrease in interconnect costs, (iii) an increase in personnel costs, (iv) a decrease in bad debt and collection expenses, (v) an increase in mobile handset costs, (vi) an increase in programming and copyright costs and (vii) a decrease in outsourced labor and professional fees. For additional information regarding the changes in our operating expenses, see *Discussion and Analysis of our Reportable Segments — Operating Expenses of our Reportable Segments* above.

#### *SG&A expenses*

Our SG&A expenses increased €42.0 million during 2014, as compared to 2013. This increase includes €0.5 million attributable to acquisitions. Our SG&A expenses include share-based compensation expense, which increased €4.1 million during 2014. For additional information, see the discussion under *Share-based compensation expense* below. Excluding the effects of acquisitions, FX and share-based compensation expense, our SG&A expenses increased €37.7 million or 6.3% during 2014, as compared to 2013. This increase is primarily attributable to (i) an increase in personnel costs, (ii) an increase in sales and marketing costs, (iii) an increase in outsourced labor and professional fees and (iv) an increase in information technology-related expenses. For additional information regarding the changes in our SG&A expenses, see *Discussion and Analysis of our Reportable Segments — SG&A Expenses of our Reportable Segments* above.

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

Our share-based compensation expense includes amounts allocated to our company by Liberty Global. The amounts allocated by Liberty Global to our company represent the share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. A summary of the aggregate share-based compensation expense is set forth below:

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>in millions</u>	
Liberty Global shares:		
Performance-based incentive awards (a) .....	€14.9	€13.8
Other share-based incentive awards .....	13.1	10.0
Total Liberty Global shares .....	28.0	23.8
Other .....	—	0.1
Total .....	<u>€28.0</u>	<u>€23.9</u>
Included in:		
Operating expense .....	€ 0.1	€ 0.1
SG&A expense .....	27.9	23.8
Total .....	<u>€28.0</u>	<u>€23.9</u>

(a) Includes share-based compensation expense related to (i) Liberty Global PSUs and (ii) the Challenge Performance Awards, which were issued on June 24, 2013.

For additional information concerning our share-based compensation, see note 11 to the December 31, 2014 Consolidated Financial Statements.

*Related-party fees and allocations, net*

We recorded related-party fees and allocations, net, of (€27.3 million) during 2014 as compared to €3.3 million during 2013. These amounts represent the aggregate net effect of charges between subsidiaries of UPC Holding and various Liberty Global subsidiaries that are outside of UPC Holding. 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 KabelBW, also include charges related to marketing and other services that support Unitymedia KabelBW's broadband communications operations, including the use of the UPC trademark. For additional information, see notes 12 and 16 to the December 31, 2014 Consolidated Financial Statements.

*Depreciation and amortization expense*

Our depreciation and amortization expense increased €21.0 million during 2014, as compared to 2013. Excluding the effects of FX, depreciation and amortization expense increased €21.5 million or 2.5%. This increase is primarily due to the net effect of (i) an increase associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives, (ii) a decrease associated with certain assets becoming fully depreciated, largely in Switzerland, Poland, Ireland and Austria, (iii) a decrease associated with fully amortized customer relationships, primarily in Poland and Romania, and (iv) a decrease associated with changes in the useful lives of certain assets, primarily in Switzerland and Ireland.

*Impairment, restructuring and other operating items, net*

We recognized impairment, restructuring and other operating items, net, of €6.0 million during 2014, as compared to €2.4 million during 2013. These amounts are primarily related to restructuring charges associated with reorganization and integration activities in certain of our operations.

If, among other factors, (i) our enterprise value or Liberty Global's equity values were to decline significantly or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill, and to a lesser extent,

other long-lived assets. Any such impairment charges could be significant. For additional information, see *Critical Accounting Policies, Judgments and Estimates — Impairment of Property and Equipment and Intangible Assets*, below.

#### *Interest expense—third-party*

Our third-party interest expense decreased €81.9 million during 2014, as compared to 2013. This decrease is primarily attributable to lower average outstanding debt balances. For additional information regarding our outstanding indebtedness, see note 8 to the December 31, 2014 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 on our variable-rate indebtedness could increase in future periods. As further discussed in note 5 to the December 31, 2014 Consolidated Financial Statements, we use derivative instruments to manage our interest rate risks.

#### *Interest expense—related-party*

Our related-party interest expense primarily relates to the interest expense on the Shareholder Loan. Our related-party interest expense increased €20.7 million during 2014 as compared to 2013. This increase is primarily due to an increase in the average outstanding balance of the Shareholder Loan. For additional information, see notes 8 and 12 to the December 31, 2014 Consolidated Financial Statements.

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

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

	<b>Year ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>in millions</b>	
Cross-currency and interest rate derivative contracts (a) . . . . .	€ 92.6	€(53.7)
Foreign currency forward contracts . . . . .	10.5	(9.7)
Other . . . . .	—	1.0
<b>Total . . . . .</b>	<b>€103.1</b>	<b>€(62.4)</b>

- (a) The gain during 2014 is primarily attributable to the net effect of (i) gains associated with decreases in the values of the euro, Swiss franc and Chilean peso relative to the U.S. dollar, (ii) losses associated with decreases in market interest rates in the euro, Swiss franc, Polish zloty and Hungarian forint markets, (iii) gains associated with decreases in the values of the Hungarian forint, Polish zloty and Chilean peso relative to the euro and (iv) losses associated with an increase in the value of the Swiss franc relative to the euro. In addition, the gain during 2014 includes a net loss of €47.7 million resulting from changes in our credit risk valuation adjustments. The loss during 2013 is primarily attributable to the net effect of (i) gains associated with increases in market interest rates in the Swiss franc and euro markets, (ii) losses associated with increases in market interest rates in the U.S. dollar market, (iii) gains associated with decreases in the values of the Chilean Peso, Czech koruna, Swiss franc, Polish zloty and Hungarian forint relative to the euro and (iv) losses associated with increases in the values of the euro and Swiss franc relative to the U.S. dollar. In addition, the loss during 2013 includes a net loss of €19.2 million resulting from changes in our credit risk valuation adjustments.

For additional information regarding our derivative instruments, see notes 5 and 6 to the December 31, 2014 Consolidated Financial Statements.

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

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

	<b>Year ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>in millions</b>	
Intercompany payables and receivables denominated in a currency other than the entity's functional currency (a) .....	€(319.9)	€ 2.6
U.S. dollar denominated debt issued by euro functional currency entities .....	(137.8)	72.1
Cash and restricted cash denominated in a currency other than the entity's functional currency .....	4.5	2.4
Other .....	(3.3)	1.3
<b>Total .....</b>	<b>€(456.5)</b>	<b>€78.4</b>

- (a) Amounts primarily relate to (i) loans between certain of our non-operating and operating subsidiaries in Europe, which generally are denominated in the currency of the applicable operating subsidiary, and (ii) loans between certain of our non-operating subsidiaries in Europe.

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

We recognized losses on debt modification and extinguishment, net, of €42.0 million during 2014. The loss during 2014 includes the following:

- a €30.0 million loss during the second quarter related to the repayment of the UPC Holding 9.875% Senior Notes, which includes (i) the payment of €14.3 million of redemption premium, (ii) the write-off of €12.5 million of unamortized discount and (iii) the write-off of €3.2 million of deferred financing costs; and
- a €12.0 million loss during the first quarter related to the repayment of Facilities R, S, AE and AF under the UPC Broadband Holding Bank Facility, which includes (i) the write-off of €8.5 million of deferred financing costs and (ii) the write-off of €3.5 million of an unamortized discount.

We recognized losses on debt modification and extinguishment, net, of €75.3 million during 2013. The loss during 2013 includes the following:

- a €65.9 million loss during the first quarter, which includes (i) the payment of €27.5 million of aggregate redemption premium related to UPC Holding's then existing UPC Holding 8.0% Senior Notes and UPC Holding 9.75% Senior Notes, (ii) the write-off of €18.9 million of unamortized discount related to the UPC Holding 9.75% Senior Notes, (iii) the write-off of €14.7 million of aggregate deferred financing costs associated with the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes and (iv) the payment of €4.8 million of aggregate interest incurred on the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes between the respective dates that we and the trustee were legally discharged; and
- a €9.0 million loss during the second quarter related to the prepayment of amounts outstanding under facilities R, S, T, U and X of the UPC Broadband Holding Bank Facility, which includes (i) €5.8 million of third-party costs and (ii) the €3.2 million write-off of deferred financing costs and an unamortized discount.

For additional information concerning our losses on debt modification and extinguishment, net, see note 8 to the December 31, 2014 Consolidated Financial Statements.

### *Income tax expense*

We recognized income tax expense of €89.8 million and €69.5 million during 2014 and 2013, respectively.

The income tax expense during 2014 differs from the expected income tax benefit of €233.7 million (based on the Dutch 25.0% income tax rate) primarily due to (i) the negative impact of certain permanent differences between the financial and tax accounting treatment of interest and other items and (ii) a net decrease in valuation allowances.

The income tax expense during 2013 differs from the expected income tax benefit of €164.3 million (based on the Dutch 25.0% income tax rate) primarily due to the negative impact of certain permanent differences between the financial and tax accounting treatment of interest and other items, due mostly to a change in tax legislation enacted on January 1, 2013 restricting the deductibility of interest expense in the Netherlands.

For additional information concerning our income taxes, see note 9 to the December 31, 2014 Consolidated Financial Statements.

#### *Net loss*

During 2014 and 2013, we reported net losses of €1,024.5 million and €726.6 million, respectively, including (i) operating income of €852.7 million and €839.0 million, respectively, (ii) non-operating expense of €1,787.4 million and €1,496.1 million, respectively, and (iii) income tax expense of €89.8 million and €69.5 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 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) share-based compensation expense, (b) related-party fees and allocations, net, (c) depreciation and amortization, (d) impairment, restructuring and other operating items, net, (e) interest expense, (f) other net non-operating expenses and (g) income tax expenses.

Subject to the limitations included in our various debt instruments, we expect that Liberty Global will cause our company to maintain our debt at current levels relative to our consolidated operating cash flow 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 remained relatively unchanged during 2014, as compared to 2013.

### **2013 compared to 2012**

#### *Revenue*

Our revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)		Organic increase (decrease)
	2013	2012	€	%	%
	in millions				
Subscription revenue (a):					
Video .....	€1,723.5	€1,755.6	€(32.1)	(1.8)	(1.2)
Broadband internet .....	955.2	901.9	53.3	5.9	6.9
Fixed-line telephony .....	466.2	464.4	1.8	0.4	1.1
Cable subscription revenue .....	3,144.9	3,121.9	23.0	0.7	1.5
Mobile .....	1.4	1.9	(0.5)	(26.3)	(48.7)
Total subscription revenue .....	3,146.3	3,123.8	22.5	0.7	1.5
B2B revenue (b) .....	253.9	263.9	(10.0)	(3.8)	(2.6)
Other revenue (c) .....	174.3	165.7	8.6	5.2	6.4
Total revenue .....	€3,574.5	€3,553.4	€ 21.1	0.6	1.4

(a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a



discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

- (b) B2B revenue includes revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet or fixed-line telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €58.2 million and €41.0 million, respectively, is included in cable subscription revenue.
- (c) Other revenue includes, among other items, installation, late fee, interconnect and carriage fee revenue.

*Total revenue.* Our consolidated revenue increased €21.1 million during 2013, as compared to 2012. This increase includes €3.9 million, attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, total consolidated revenue increased €49.3 million or 1.4%.

*Subscription revenue.* The details of the increase in our consolidated subscription revenue for 2013, as compared to 2012, are as follows (in millions):

Increase (decrease) in cable subscription revenue due to change in:	
Average number of RGUs .....	€ 89.0
ARPU .....	(42.6)
Total increase in cable subscription revenue .....	46.4
Decrease in mobile revenue .....	(0.9)
Total increase in subscription revenue .....	45.5
Impact of acquisitions .....	4.6
Impact of FX .....	(27.6)
Total .....	<u>€ 22.5</u>

Excluding the effects of acquisitions and FX, our consolidated cable subscription revenue increased €46.4 million or 1.5% during 2013, as compared to 2012. This increase is attributable to the net effect of (i) an increase in subscription revenue from broadband internet services of €62.5 million or 6.9%, 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 decrease in subscription revenue from video services of €21.3 million or 1.2%, as the decline in the average number of video RGUs was only partially offset by the impact of higher ARPU from video services, (iii) an increase in subscription revenue from fixed-line telephony services of €5.2 million or 1.1%, as the impact of an increase in the average number of fixed-line telephony RGUs was only partially offset by lower ARPU from fixed-line telephony services.

*B2B revenue.* Excluding the effects of acquisitions and FX, our consolidated B2B revenue decreased €6.8 million or 2.6% during 2013, as compared to 2012. This decrease is primarily due to decreases in the Netherlands, Switzerland and Austria.

*Other revenue.* Excluding the effects of acquisitions and FX, our consolidated other revenue increased €10.6 million or 6.4% during 2013, as compared to 2012. This increase is primarily attributable to the net impact of (i) an increase in installation revenue, (ii) a decrease in interconnect revenue, (iii) an increase in advertising revenue and (iv) a decrease in sales of customer premises equipment.

For additional information concerning the changes in our subscription and other revenue, see *Discussion and Analysis of our Reportable Segments — Revenue — 2013 compared to 2012* above.

### *Operating expenses*

Our operating expenses increased €23.0 million during 2013, as compared to 2012. This increase includes €1.5 million attributable to the impact of acquisitions. Our operating expenses include share-based compensation expense, which remained unchanged during 2013. For additional information, see the discussion following *SG&A expenses* below. Excluding the effects of acquisitions, FX and share-based compensation expense, our operating expenses increased €30.7 million or 2.5% during 2013, as compared to 2012. This increase is primarily

attributable to the net effect of (i) an increase in programming and copyright costs, (ii) a decrease in interconnect costs, (iii) an increase in personnel costs, (iv) an increase in network-related expenses and (v) an increase in outsourced labor and professional fees. For additional information regarding the changes in our operating expenses, see *Discussion and Analysis of our Reportable Segments — Operating Expenses of our Reportable Segments* above.

#### *SG&A expenses*

Our SG&A expenses increased €30.7 million during 2013, as compared to 2012. This increase includes €0.6 million attributable to the impact of acquisitions. Our SG&A expenses include share-based compensation expense, which increased €7.3 million during 2013. For additional information, see the discussion in the following paragraph. Excluding the effects of acquisitions, FX and share-based compensation expense, our SG&A expenses increased €27.0 million or 4.7% during 2013, as compared to 2012. This increase is primarily attributable to the net effect of (i) an increase in personnel costs, (ii) a decrease in sales and marketing costs, (iii) an increase in information technology-related expenses and (iv) an increase in outsourced labor and professional fees. For additional information regarding the changes in our SG&A expenses, see *Discussion and Analysis of our Reportable Segments — SG&A Expenses of our Reportable Segments* above.

#### *Share-based compensation expense (included in operating and SG&A expenses)*

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

	<b>Year ended December 31,</b>	
	<b>2013</b>	<b>2012</b>
	<b>in millions</b>	
Liberty Global shares:		
Performance-based incentive awards (a) .....	€13.8	€ 7.3
Other share-based incentive awards .....	10.0	9.2
Total Liberty Global shares .....	23.8	16.5
Other .....	0.1	0.1
Total .....	<u>€23.9</u>	<u>€16.6</u>
Included in:		
Operating expense .....	€ 0.1	€ 0.1
SG&A expense .....	23.8	16.5
Total .....	<u>€23.9</u>	<u>€16.6</u>

(a) Includes share-based compensation expense related to (i) Liberty Global PSUs and (ii) the Challenge Performance Awards, which were issued on June 24, 2013.

For additional information concerning our share-based compensation, see note 11 to the December 31, 2014 Consolidated Financial Statements

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

We recorded related-party fees and allocations, net, of €3.3 million during 2013 as compared to (€2.4 million) during 2012. For additional information, see notes 12 and 16 to the December 31, 2014 Consolidated Financial Statements.

#### *Depreciation and amortization expense*

Our depreciation and amortization expense decreased €32.8 million during 2013 as compared to 2012. Excluding the effects of FX, depreciation and amortization expense decreased €25.4 million or 2.8%. This decrease is primarily due to the net effect of (i) increases associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives, (ii) decreases associated with certain assets becoming fully depreciated, largely in Switzerland, the Czech Republic, Poland and the Netherlands, (iii) decreases associated with changes in the useful lives of certain assets, primarily in Switzerland, Ireland, Austria and Poland, and (iv) decreases associated with fully amortized customer relationships, primarily in Hungary and Romania.



*Impairment, restructuring and other operating items, net*

We recognized impairment, restructuring and other operating items, net, of €2.4 million during 2013, as compared to €7.0 million during 2012. These amounts primarily are related to restructuring charges associated with reorganization and integration activities in certain of our operations.

*Interest expense—third-party*

Our third-party interest expense decreased €0.7 million during 2013, as compared to 2012. This decrease is primarily attributable to the net effect of (i) a lower weighted average interest rate and (ii) higher average outstanding debt balances. The decrease in our weighted average interest rate is primarily related to (a) the completion of certain financing transactions that resulted in extended maturities and net decreases to certain of our interest rates and (b) decreases in certain of the base rates for our variable-rate indebtedness. For additional information regarding our outstanding indebtedness, see note 8 to the December 31, 2014 Consolidated Financial Statements.

*Interest expense—related-party*

Our related-party interest expense primarily relates to the interest expense on the Shareholder Loan. Our related-party interest expense increased €15.1 million during 2013, as compared to 2012. This increase is primarily due to an increase in the average outstanding balance of the Shareholder Loan. For additional information, see notes 8 and 12 to the December 31, 2014 Consolidated Financial Statements.

*Realized and unrealized losses on derivative instruments, net*

The details of our realized and unrealized losses on derivative instruments, net, are as follows:

	<b>Year ended December 31,</b>	
	<b>2013</b>	<b>2012</b>
	<b>in millions</b>	
Cross-currency and interest rate derivative contracts (a) .....	€(53.7)	€(518.4)
Foreign currency forward contracts .....	(9.7)	(0.3)
Other .....	1.0	2.8
Total .....	<u>€(62.4)</u>	<u>€(515.9)</u>

- (a) The loss during 2013 is primarily attributable to the net effect of (i) gains associated with increases in market interest rates in the Swiss franc and euro markets, (ii) losses associated with increases in market interest rates in the U.S. dollar market, (iii) gains associated with decreases in the values of the Chilean Peso, Czech koruna, Swiss franc, Polish zloty and Hungarian forint relative to the euro and (iv) losses associated with increases in the values of the euro and Swiss franc relative to the U.S. dollar. In addition, the loss during 2013 includes a net loss of €19.2 million resulting from changes in our credit risk valuation adjustments. The loss during 2012 is primarily attributable to the net effect of (i) losses associated with decreases in market interest rates in the Hungarian forint, euro, Polish zloty, Swiss franc and Czech koruna markets, (ii) losses associated with increases in the values of the Polish zloty, Hungarian forint, Chilean peso and Swiss franc relative to the euro, (iii) losses associated with increases in the values of the euro, Swiss franc and Chilean peso relative to the U.S. dollar and (iv) gains associated with decreases in market interest rates in the U.S. dollar market. In addition, the loss during 2012 includes a net loss of €57.6 million resulting from changes in our credit risk valuation adjustments.

For additional information regarding our derivative instruments, see notes 5 and 6 to the December 31, 2014 Consolidated Financial Statements.

#### *Foreign currency transaction gains, net*

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

	<b>Year ended December 31,</b>	
	<b>2013</b>	<b>2012</b>
	<b>in millions</b>	
U.S. dollar denominated debt issued by euro functional currency entities . . . . .	€72.1	€ 32.7
Intercompany payables and receivables denominated in a currency other than the entity's functional currency (a) . . . . .	2.6	129.2
Cash and restricted cash denominated in a currency other than the entity's functional currency . . . . .	2.4	5.3
Other . . . . .	1.3	(1.1)
<b>Total . . . . .</b>	<b>€78.4</b>	<b>€166.1</b>

- (a) Amounts primarily relate to (i) loans between certain of our non-operating and operating subsidiaries in Europe, which generally are denominated in the currency of the applicable operating subsidiary, and (ii) loans between certain of our non-operating subsidiaries in Europe.

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

We recognized losses on debt modification and extinguishment, net, of €75.3 million during 2013. The loss during 2013 includes the following:

- a €65.9 million loss during the first quarter, which includes (i) the payment of €27.5 million of aggregate redemption premium related to UPC Holding's then existing UPC Holding 8.0% Senior Notes and UPC Holding 9.75% Senior Notes, (ii) the write-off of €18.9 million of unamortized discount related to the UPC Holding 9.75% Senior Notes, (iii) the write-off of €14.7 million of aggregate deferred financing costs associated with the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes and (iv) the payment of €4.8 million of aggregate interest incurred on the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes between the respective dates that we and the trustee were legally discharged; and
- a €9.0 million loss during the second quarter related to the prepayment of amounts outstanding under facilities R, S, T, U and X of the UPC Broadband Holding Bank Facility, which includes (i) €5.8 million of third-party costs and (ii) the €3.2 million write-off of deferred financing costs and an unamortized discount.

We recognized losses on debt modification and extinguishment, net, of €12.7 million during 2012. The loss during 2012 includes the following:

- a €9.8 million loss during the fourth quarter associated with the write-off of deferred financing costs and unamortized discount in connection with the prepayment of Facility AB under the UPC Broadband Holding Bank Facility;
- a €1.5 million loss during the first quarter associated with the payment of third-party costs in connection with the execution of Facility AE under the UPC Broadband Holding Bank Facility; and
- a €1.5 million loss during the first quarter associated with the write-off of deferred financing costs in connection with the prepayment of amounts outstanding under certain facilities of the UPC Broadband Holding Bank Facility.

For additional information concerning our losses on debt modification and extinguishment, net, see note 8 to the December 31, 2014 Consolidated Financial Statements.

#### *Income tax expense*

We recognized income tax expense of €69.5 million and €73.0 million during 2013 and 2012, respectively.

The income tax expense during 2013 differs from the expected income tax benefit of €164.3 million (based on the Dutch 25.0% income tax rate) primarily due to the negative impact of certain permanent differences between the financial and tax accounting treatment of interest and other items, due mostly to a change in tax legislation enacted on January 1, 2013 restricting the deductibility of interest expense in the Netherlands.

The income tax expense during 2012 differs from the expected income tax benefit of €237.4 million (based on the Dutch 25.0% income tax rate) primarily due 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 and (iii) certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries.

For additional information concerning our income taxes, see note 9 to the December 31, 2014 Consolidated Financial Statements.

#### *Net loss*

During 2013 and 2012, we reported net losses of €726.6 million and €1,022.5 million, respectively, including (i) operating income of €839.0 million and €839.9 million, respectively, (ii) non-operating expense of €1,496.1 million and €1,789.4 million, respectively, and (iii) income tax expense of €69.5 million and €73.0 million, respectively.

#### *Net earnings attributable to noncontrolling interests*

Net earnings attributable to noncontrolling interests remained relatively unchanged during 2013, as compared to 2012.

### **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 operating subsidiaries generate cash from operating activities, the terms of the instruments governing the indebtedness of UPC Broadband Holding may restrict our ability to access the assets of these subsidiaries. These subsidiaries accounted for €59.3 million of our consolidated cash and cash equivalents at December 31, 2014. In addition, our ability to access the liquidity of these and other subsidiaries may be limited by tax and legal considerations, the presence of noncontrolling interests and other factors.

#### *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 and/or loans or contributions from LGE Financing (and ultimately Liberty Global and other Liberty Global subsidiaries). No assurance can be given that any external funding would be available on favorable terms, or at all.

The ongoing cash needs of UPC Holding include (i) corporate general and administrative expenses and (ii) interest payments on the UPC Holding Senior Notes. From time to time, UPC Holding may also require cash in connection with (a) the repayment of outstanding debt (including the repurchase or exchange of outstanding debt securities in the open market or privately-negotiated transactions and net repayments to LGE Financing pursuant to the Shareholder Loan, as described in note 8 to the December 31, 2014 Consolidated Financial Statements), (b) the funding of loans or distributions to LGE Financing (and ultimately Liberty Global and other Liberty Global subsidiaries), (c) the satisfaction of contingent liabilities, (d) acquisitions, (e) other investment opportunities or (f) income tax payments.

#### *Liquidity of Subsidiaries*

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 December 31, 2014, see note 8 to the December 31, 2014 Consolidated Financial

Statements. Our subsidiaries' liquidity generally is used to fund property and equipment additions, debt service requirements and payments required by UPC Broadband Holding's derivative instruments. 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 other Liberty Global subsidiaries, (iii) capital distributions to UPC Holding or (iv) the satisfaction of contingencies. No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

For additional information regarding our consolidated cash flows, see the discussion under *Consolidated Statements of Cash Flows* below.

### ***Capitalization***

At December 31, 2014, our outstanding consolidated third-party debt and capital lease obligations aggregated €8,300.6 million, including €362.3 million that is classified as current in our consolidated balance sheet and €7,930.7 million that is not due until 2020 or thereafter. For additional information concerning our current debt maturities, see note 8 to the December 31, 2014 Consolidated Financial Statements.

When it is cost effective, we generally seek to match the denomination of the borrowings of our subsidiaries with the functional currency of the operations that are supporting the respective borrowings. As further discussed in note 5 to the December 31, 2014 Consolidated Financial Statements, we also use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in the credit agreements and indentures of UPC Holding and UPC Broadband Holding 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 property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in our and UPC Broadband Holding's debt instruments. For example, if the operating cash flow of UPC Broadband Holding were to decline, we could be required to partially 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. The ability to access available borrowings under the UPC Broadband Holding Bank Facility and/or our ability to complete additional financing transactions 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 December 31, 2014, UPC Holding and UPC Broadband Holding were in compliance with their respective debt covenants. In addition, we do not anticipate any instances of non-compliance with respect to any of our debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

Subsequent to December 31, 2014, we completed certain transactions that will impact the our borrowing availability under the UPC Broadband Holding Bank Facility. For additional information, see note 16 to the December 31, 2014 Consolidated Financial Statements.

Notwithstanding our negative working capital position at December 31, 2014, 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 maturing debt grows in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete these refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. However, (i) the financial failure of any of our counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

With the exception of the UPC Holding Senior Notes, all of our consolidated third-party debt and capital lease obligations had been borrowed or incurred by our subsidiaries at December 31, 2014.

For additional information concerning our debt and capital lease obligations, see note 8 to the December 31, 2014 Consolidated Financial Statements.

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

*General.* Our cash flows are subject to significant variations due to FX.

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

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

	Year ended December 31,		
	2014	2013	Change
	in millions		
Net cash provided by operating activities	€ 1,015.8	€ 947.1	€ 68.7
Net cash used by investing activities	(196.7)	(661.8)	465.1
Net cash provided (used) by financing activities	(1,227.0)	149.7	(1,376.7)
Effect of exchange rate changes on cash	1.3	(0.4)	1.7
Net increase (decrease) in cash and cash equivalents	€ (406.6)	€ 434.6	€ (841.2)

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

*Investing Activities.* The decrease in net cash used by our investing activities is primarily due to (i) an increase in cash of €323.3 million associated with the sale of a loan receivable and (ii) an increase in cash of €203.4 million associated with lower capital expenditures.

The capital expenditures that we report in our consolidated statements of cash flows do not include (i) amounts that our company has financed under capital-related vendor financing or capital lease arrangements or (ii) purchased assets transferred to our company by another entity under the common control of Liberty Global in exchange for non-cash increases to the Shareholder Loan or non-cash contributions from our parent (non-cash related-party capital additions). Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and in the case of vendor financing and capital lease arrangements and non-cash related-party capital additions that are settled through increases to the Shareholder Loan, as repayments of debt when the principal is repaid. In the following discussion, we refer to (i) our capital expenditures as reported in our consolidated statements of cash flows, which exclude non-cash related-party capital additions and amounts financed under capital-related vendor financing or capital lease arrangements, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis, non-cash related-party capital additions and amounts financed under capital-related vendor financing or capital lease arrangements. For additional information, see notes 7 and 8 to the December 31, 2014 Consolidated Financial Statements.

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

	Year ended December 31,	
	2014	2013
	in millions	
Property and equipment additions	€ 834.2	€ 845.0
Assets acquired under capital-related vendor financing arrangements	(332.6)	(177.0)
Assets acquired under capital leases	(0.9)	(1.5)
Assets contributed by parent company	(18.6)	(22.6)
Changes in current liabilities related to capital expenditures (including related-party amounts)	(17.7)	23.9
Capital expenditures	€ 464.4	€ 667.8

The decrease in our property and equipment additions is primarily due to the net effect of (i) a decrease in expenditures for the purchase and installation of customer premises equipment and (ii) an increase in expenditures for new build and upgrade projects to expand services. During 2014 and 2013, our property and equipment additions represented 23.1% and 23.6% of our revenue, respectively.

After giving effect to the Transfers, we expect the percentage of revenue represented by our aggregate 2015 consolidated property and equipment additions to range from 20% to 22%. Following the Corporate Entities Transfer, property and equipment additions that were previously included within UPC Holding will be replaced with depreciation charges to our company as a part of related-party fees and allocations. The actual amount of our 2015 consolidated property and equipment additions may vary from expected amounts for a variety of reasons, including (i) changes in (a) the competitive or regulatory environment, (b) business plans, (c) our current or expected future operating results or (d) foreign currency exchange rates and (ii) the availability of sufficient capital. Accordingly, no assurance can be given that our actual property and equipment additions will not vary materially from our expectations.

*Financing Activities.* The change in net cash provided (used) by our financing activities is primarily attributable to the net effect of (i) an increase in cash used of €1,134.7 million due to higher net repayments of third-party debt, (ii) an increase in cash used of €854.4 million related to a return of an advance to a subsidiary of Liberty Global, (iii) a decrease in cash used of €505.8 million due to higher net borrowings of related-party debt, (iv) a decrease in cash used of €102.7 million due to lower deemed distributions to related parties, (v) an increase in cash used of €51.3 million related to changes in cash collateral, (vi) a decrease in cash used of €44.4 million due to lower payments for financing costs and debt premiums and (vii) an increase in cash used of €16.2 million due to higher cash payments related to derivative instruments.

#### *Consolidated Statements of Cash Flows—2013 compared to 2012*

*Summary.* The 2013 and 2012 consolidated statements of cash flows are summarized as follows:

	Year ended December 31,		
	2013	2012	Change
	in millions		
Net cash provided by operating activities . . . . .	€ 947.1	€ 998.2	€ (51.1)
Net cash used by investing activities . . . . .	(661.8)	(614.6)	(47.2)
Net cash provided (used) by financing activities . . . . .	149.7	(463.4)	613.1
Effect of exchange rate changes on cash . . . . .	(0.4)	5.7	(6.1)
Net increase (decrease) in cash and cash equivalents . . . . .	<u>€ 434.6</u>	<u>€ (74.1)</u>	<u>€508.7</u>

*Operating Activities.* The decrease in net cash provided by our operating activities is primarily attributable to the net effect of (i) a decrease in cash provided by our operating cash flow and related working capital changes, (ii) an increase in cash provided due to lower cash payments related to derivative instruments and (iii) a decrease in the reported net cash provided by operating activities due to FX.

*Investing Activities.* The increase in net cash used by our investing activities is primarily due to the net effect of (i) an increase in cash used of €96.2 million associated with higher capital expenditures and (ii) a decrease in cash used of €35.8 million associated with lower cash paid in connection with acquisitions.

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

	Year ended December 31,	
	2013	2012
	in millions	
Property and equipment additions . . . . .	€ 845.0	€ 755.1
Assets acquired under capital-related vendor financing arrangements (a) . . . . .	(177.0)	(160.6)
Assets acquired under capital leases . . . . .	(1.5)	(1.9)
Assets contributed by parent company . . . . .	(22.6)	(10.2)
Changes in current liabilities related to capital expenditures (including related-party amounts) . . . . .	23.9	(10.8)
Capital expenditures . . . . .	<u>€ 667.8</u>	<u>€ 571.6</u>



- (a) The 2012 amount includes €146.4 million of property and equipment that was acquired on our behalf through vendor financing arrangements of LG B.V. during the year ended December 31, 2012. At December 31, 2012, €63.7 million of this amount was reclassified to the Shareholder Loan and the remainder was reclassified to our third-party vendor financing. The amount reclassified to our third-party vendor financing obligation relates to vendor financing arrangements for which we and LG B.V. are co-obligors. For additional information, see note 7 to the December 31, 2014 Consolidated Financial Statements.

The increase in our property and equipment additions is primarily due to (i) an increase in expenditures for support capital, such as information technology upgrades and general support systems, (ii) an increase in expenditures for new build and upgrade projects to expand services and (iii) increase in expenditures for the purchase and installation of customer premises equipment. During 2013 and 2012, our property and equipment additions represented 23.6% and 21.3% of our revenue, respectively.

*Financing Activities.* The change in net cash provided (used) by our financing activities is primarily attributable to the net effect of (i) an increase in cash of €1,177.9 million related to higher net borrowings of related-party debt, (ii) an decrease in cash provided of €455.6 million related to lower net borrowings of third-party debt, (iii) an increase in cash used of €498.2 million due to higher deemed distributions to related parties, (iv) an increase in cash provided of €436.0 million related to an advance from a subsidiary of Liberty Global, (v) a decrease in cash used of €51.6 million due to lower cash payments related to derivative instruments, (vi) a decrease in cash provided of €49.6 million related to changes in cash collateral and (vii) an increase in cash used of €43.2 million due to higher payments for financing costs and debt premiums.

### ***Contractual Commitments***

The euro equivalents of our commitments as of December 31, 2014, are presented below:

	Payments due during:						Total
	2015	2016	2017	2018	2019	Thereafter	
	in millions						
Debt (excluding interest):							
Third-party .....	€360.3	€ —	€ —	€ —	€ —	€ 7,930.1	€ 8,290.4
Related-party .....	—	27.5	—	—	—	9,831.1	9,858.6
Capital leases (excluding interest) .....	2.0	2.3	2.2	1.7	1.4	13.2	22.8
Operating leases .....	49.3	39.3	32.6	27.7	24.2	121.6	294.7
Purchase commitments .....	228.9	27.0	7.8	—	—	—	263.7
Network and connectivity commitments .....	60.5	33.1	22.7	8.4	8.6	12.0	145.3
Programming obligations .....	43.0	28.8	16.9	8.8	4.0	—	101.5
Other commitments .....	77.7	53.0	45.1	31.3	9.4	22.2	238.7
Total (a) .....	<u>€821.7</u>	<u>€211.0</u>	<u>€127.3</u>	<u>€ 77.9</u>	<u>€ 47.6</u>	<u>€17,930.2</u>	<u>€19,215.7</u>
Projected cash interest payments on third-party debt and capital lease obligations (b) .....	<u>€491.3</u>	<u>€481.0</u>	<u>€480.9</u>	<u>€480.6</u>	<u>€471.4</u>	<u>€ 832.9</u>	<u>€ 3,238.1</u>

- (a) The commitments reflected in this table do not reflect any liabilities that are included in our December 31, 2014 consolidated balance sheet other than debt and capital lease obligations. Our liability for uncertain tax positions in the various jurisdictions in which we operate (€14.7 million at December 31, 2014) 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, interest payment dates and contractual maturities in effect as of December 31, 2014. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest rate derivative contracts, deferred financing costs or discounts, all of which affect our overall cost of borrowing. Amounts associated with related-party debt are excluded from the table.

Purchase commitments include unconditional purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us, including €18.0 million associated with related-party purchase obligations.

Network and connectivity commitments include commitments associated with (i) fiber leasing, (ii) satellite carriage services provided to our company and (iii) commitments associated with MVNO agreements. The amounts reflected in the table with respect to certain of our MVNO commitments represent fixed minimum amounts payable under these agreements and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during 2014, 2013 and 2012, the programming and copyright costs incurred by our broadband communications and DTH operations aggregated €421.6 million, €410.2 million, and €402.0 million respectively.

Other commitments relate primarily to (i) obligations associated with information technology and other service agreements and (ii) certain fixed minimum contractual commitments associated with our agreements with municipal authorities. Commitments arising from acquisition agreements are not reflected in the above table.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding projected cash flows associated with these derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* below. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during 2014, 2013 and 2012, see note 5 to the December 31, 2014 Consolidated Financial Statements.

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 communication systems. Such amounts are not included in the above table because they are not fixed or determinable.

### ***Projected Cash Flows Associated with Derivative Instruments***

The following table provides information regarding the projected cash flows associated with our derivative instruments at December 31, 2014. The euro equivalents presented below are based on interest rates and exchange rates that were in effect as of December 31, 2014. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 5 to the December 31, 2014 Consolidated Financial Statements.

	Payments (receipts) due during:						Total
	2015	2016	2017	2018	2019	Thereafter	
	in millions						
Projected derivative cash payments (receipts), net:							
Interest-related (a) . . . . .	€112.7	€140.2	€ 43.3	€ 18.9	€ (8.1)	€ 10.2	€317.2
Principal-related (b) . . . . .	206.1	23.0	143.3	(72.2)	(43.1)	(184.7)	72.4
Total . . . . .	<u>€318.8</u>	<u>€163.2</u>	<u>€186.6</u>	<u>€(53.3)</u>	<u>€(51.2)</u>	<u>€(174.5)</u>	<u>€389.6</u>

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

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

In connection with the preparation of our consolidated financial statements, we make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and related



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

- Impairment of property and equipment and intangible assets (including goodwill);
- Costs associated with construction and installation activities;
- Useful lives of long-lived assets;
- Fair value measurements; and
- Income tax accounting.

For additional information concerning our significant accounting policies, see note 3 to the December 31, 2014 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% of our total assets at December 31, 2014.

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

We evaluate goodwill for impairment at least annually on October 1 and whenever other facts and circumstances indicate that the carrying amount of goodwill may not be recoverable. For impairment evaluations, we first make a qualitative assessment to determine if goodwill may be impaired. If it is more-likely-than-not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). 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.

When required, considerable management judgment is necessary to estimate the fair value of reporting units and underlying long-lived assets. We typically determine fair value using an income-based approach (discounted cash flows) based on assumptions in our long-range business plans and, in some cases, a combination of an income-based approach and a market-based approach. With respect to our discounted cash flow analysis used in the income-based approach, the timing and amount of future cash flows under these business plans require estimates, among other items, of subscriber growth and retention rates, rates charged per product, expected gross margin and operating cash flow margins and expected property and equipment additions. The development of these cash flows, and the discount rate applied to the cash flows, is subject to inherent uncertainties, and actual results could vary significantly from such estimates. Our determination of the discount rate is based on a weighted average cost of capital approach, which uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows. Based on the results of our 2014 qualitative assessment of our reporting unit carrying values, we determined that it was more-likely-than-not that fair value exceeded carrying value for all of our reporting units.

During the three years ended December 31, 2014, we recorded no impairments of our property and equipment and intangible assets (including goodwill).

If, among other factors, (i) our enterprise value or Liberty Global's equity values were to decline significantly, or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill, and to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

#### ***Costs Associated with Construction and Installation Activities***

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

The nature and amount of labor and other costs to be capitalized with respect to construction and installation activities involves significant judgment. In addition to direct external and internal labor and materials, we also capitalize other costs directly attributable to our construction and installation activities, including dispatch costs, quality-control costs, vehicle-related costs, and certain warehouse-related costs. The capitalization of these costs is based on time sheets, time studies, standard costs, call tracking systems and other verifiable means that directly link the costs incurred with the applicable capitalizable activity. We continuously monitor the appropriateness of our capitalization policies and update the policies when necessary to respond to changes in facts and circumstances, such as the development of new products and services, and changes in the manner that installations or construction activities are performed.

#### ***Useful Lives of Long-Lived Assets***

We depreciate our property and equipment on a straight-line basis over the estimated useful life of the assets. The determination of the useful lives of property and equipment requires significant management judgment, based on factors such as the estimated physical lives of the assets, technological changes, changes in anticipated use, legal and economic factors, rebuild and equipment swap-out plans, and other factors. Our intangible assets with finite lives primarily consist of customer relationships. Customer relationship intangible assets are amortized on a straight-line basis over the estimated weighted average life of the customer relationships. The determination of the estimated useful life of customer relationship intangible assets requires significant management judgment and is primarily based on historical and forecasted subscriber disconnect rates, adjusted when necessary for risk associated with demand, competition, technological changes and other economic factors. We regularly review whether changes to estimated useful lives are required in order to accurately reflect the economic use of our property and equipment and intangible assets with finite lives. Any changes to estimated useful lives are reflected prospectively. Depreciation and amortization expense during 2014, 2013 and 2012 was €885.0 million, €864.0 million and €896.8 million, respectively. A 10% increase in the aggregate amount of the depreciation and amortization expense during 2014 would have resulted in a €88.5 million or 10.4% decrease in our 2014 operating income.

#### ***Fair Value Measurements***

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

**Recurring Valuations.** We perform recurring fair value measurements with respect to our derivative instruments, 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. For a detailed discussion of the inputs we use to determine the fair value of our derivative instruments, see note 6 to the December 31, 2014 Consolidated Financial Statements. See also note 5 to the December 31, 2014 Consolidated Financial Statements for information concerning our derivative instruments.

Changes in the fair values of our derivative instruments have had, and we believe will continue to have, a significant and volatile impact on our results of operations. During 2014, 2013 and 2012, our results of operations included net gains (losses) of €103.1 million, (€62.4 million) and (€515.9 million), respectively, attributable to changes in the fair values of our derivative instruments.

As further described in note 6 to the December 31, 2014 Consolidated Financial Statements, actual amounts received or paid upon the settlement of our derivative instruments may differ materially from the recorded fair values at December 31, 2014.

*Nonrecurring Valuations.* Our nonrecurring valuations are primarily associated with (i) the application of acquisition accounting and (ii) impairment assessments, both of which require that we make fair value determinations as of the applicable valuation date. In making these determinations, we are required to make estimates and assumptions that affect the recorded amounts, including, but not limited to, expected future cash flows, market comparables and discount rates, remaining useful lives of long-lived assets, replacement or reproduction costs of property and equipment and the amounts to be recovered in future periods from acquired net operating losses and other deferred tax assets. To assist us in making these fair value determinations, we may engage third-party valuation specialists. Our estimates in this area impact, among other items, the amount of depreciation and amortization, impairment charges and income tax expense or benefit that we report. Our estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain. A significant portion of our long-lived assets were initially recorded through the application of acquisition accounting and all of our long-lived assets are subject to impairment assessments. For additional information, see notes 4, 6 and 7 to the December 31, 2014 Consolidated Financial Statements.

### ***Income Tax Accounting***

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

Net deferred tax assets are reduced by a valuation allowance if we believe it more-likely-than-not such net deferred tax assets will not be realized. Establishing or reducing a tax valuation allowance requires us to make assessments about the timing of future events, including the probability of expected future taxable income and available tax planning strategies. At December 31, 2014, the aggregate valuation allowance provided against deferred tax assets was €1,683.2 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, 2014 consolidated balance sheet due to, among other factors, possible future changes in income tax law or interpretations thereof in the jurisdictions in which we operate and differences between estimated and actual future taxable income. Any of such factors could have a material effect on our current and deferred tax positions as reported in our consolidated financial statements. A high degree of judgment is required to assess the impact of possible future outcomes on our current and deferred tax positions.

Tax laws in jurisdictions in which we have a presence are subject to varied interpretation, and many tax positions we take are subject to significant uncertainty regarding whether the position will be ultimately sustained after review by the relevant tax authority. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. The determination of whether the tax position meets the more-likely-than-not threshold requires a facts-based judgment using all information available. In a number of cases, we have concluded that the more-likely-than-not threshold is not met, and accordingly, the amount of tax benefit recognized in our consolidated financial statements is different than the amount taken or expected to be taken in our tax returns. As of December 31, 2014, the amount of unrecognized tax benefits for financial reporting purposes, but taken or expected to be taken on tax returns, was €27.4 million, of which €17.5 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 9 to the December 31, 2014 Consolidated Financial Statements.

#### **Management and Principal Shareholder**

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

## 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 are an international provider of (i) video, broadband internet and fixed-line telephony services in seven European countries and (ii) mobile services in four European countries. We also provide DTH services to customers in the Czech Republic, Hungary, Romania and Slovakia through UPC DTH.

Provided below is an overview of our services followed by country specific information. Unless otherwise indicated, the operational data provided below is as of December 31, 2014 after giving effect to the UPC Ireland Transfer and the UPC NL Transfer.

### Broadband Distribution

#### Overview

We offer a variety of broadband services over our cable distribution systems, including video, broadband internet and fixed-line telephony and, in certain of our operations, we offer mobile services serving 6.8 million customers across seven countries at December 31, 2014. We design these services to enable our customers to access the digital world on their own terms and at their own pace. In most of our footprint, the core of our offer to customers is “triple-play”, which we use to describe bundled services of digital video, internet and fixed-line telephony in one subscription. We are enhancing this offer by expanding our services to include mobile in certain markets. Available service offerings depend on the bandwidth capacity of a particular system and whether it has been upgraded for two-way communications. In select markets, we also offer video services through DTH or through multichannel multipoint (microwave) distribution systems (MMDS). In terms of video subscribers, we operate the largest cable network in each of Austria, the Czech Republic, Hungary, Poland, Slovakia and Switzerland and the second largest cable network in Romania.

The following table presents certain operating data as of December 31, 2014, with respect to the cable, DTH and MMDS systems of our subsidiaries after giving effect to the UPC Ireland Transfer and the UPC NL Transfer.

	Video										
									Fixed-line		
	Homes Passed (1)	Two-way Homes Passed (2)	Customer Relatio- nships (3)	Total RGUs (4)	Analog Cable Subsc- ribers (5)	Digital Cable Subsc- ribers (6)	DTH Subsc- ribers (7)	MMDS Subsc- ribers (8)	Total Video	Internet Subsc- ribers (9)	Telephony Subsc- ribers (10)
Switzerland (11) . . . . .	2,193,300	2,192,400	1,433,000	2,585,200	697,800	689,300	—	—	1,387,100	729,400	468,700
Austria . . . . .	1,350,400	1,350,400	653,100	1,350,900	153,000	364,400	—	—	517,400	464,000	369,500
Poland . . . . .	2,783,900	2,706,100	1,437,400	2,755,000	282,600	918,800	—	—	1,201,400	997,200	556,400
Hungary . . . . .	1,556,400	1,540,300	1,075,900	1,967,300	209,600	430,900	280,400	—	920,900	554,100	492,300
Romania . . . . .	2,405,200	2,282,800	1,186,300	1,925,200	305,600	548,400	324,800	—	1,178,800	433,500	312,900
Czech Republic . . . . .	1,372,700	1,282,400	716,300	1,185,900	89,600	369,500	112,000	—	571,100	445,000	169,800
Slovakia . . . . .	504,500	482,000	280,000	432,300	39,300	141,800	66,100	600	247,800	116,800	67,700
<b>Total . . . . .</b>	<b>12,166,400</b>	<b>11,836,400</b>	<b>6,782,000</b>	<b>12,201,800</b>	<b>1,777,500</b>	<b>3,463,100</b>	<b>783,300</b>	<b>600</b>	<b>6,024,500</b>	<b>3,740,000</b>	<b>2,437,300</b>

- (1) Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant, except for DTH and MMDS homes. Our Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results. We do not count homes passed for DTH. With respect to MMDS, one MMDS customer is equal to one Home Passed. Due to the fact that we do not own the partner networks (defined below) used in Switzerland (see note 11 below), we do not report homes passed for Switzerland’s partner networks.
- (2) Two-way Homes Passed are Homes Passed by those sections of our networks that are technologically capable of providing two-way services, including video, internet and fixed-line telephony services.
- (3) Customer Relationships are the number of customers who receive at least one of our video, internet or fixed-line telephony services that we count as Revenue Generating Units (RGUs), without regard to which or to how many services they subscribe. To the extent that RGU counts include equivalent billing unit (EBU) adjustments, we reflect corresponding adjustments to our Customer Relationship counts. For further information regarding our EBU calculation, see Additional General Notes to Tables below. Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Customer Relationships. We exclude mobile customers from Customer Relationships.



- (4) Revenue Generating Unit is separately an Analog Cable Subscriber, Digital Cable Subscriber, DTH Subscriber, MMDS Subscriber, Internet Subscriber or Fixed-line Telephony Subscriber. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer in our Austrian system subscribed to our digital cable service, fixed-line 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 Fixed-line Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g., a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or fixed-line telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers, free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. In this regard, our December 31, 2014 RGU counts exclude our separately reported postpaid mobile subscribers in the Hungary, Poland, Switzerland and Austria of 11,200, 10,600, 8,800 and 200, respectively. Our mobile subscriber count represents the number of active subscriber identification module (SIM) cards in service.
- (5) Analog Cable Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our analog cable service over our broadband network. Our Analog Cable Subscribers also include subscribers who may use a purchased set-top box or other means to receive our basic digital cable channels without subscribing to any services that would require the payment of recurring monthly fees in addition to the basic analog service fee (Basic Digital Cable Subscriber). Our Basic Digital Cable Subscribers are attributable to the fact that our basic digital cable channels are not encrypted in certain portions of our footprint. In Europe, we have approximately 110,600 “lifeline” customers that are counted on a per connection basis, representing the least expensive regulated tier of video cable service, with only a few channels.
- (6) Digital Cable Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our digital cable service over our broadband network or through a partner network. We count a subscriber with one or more digital converter boxes that receives our digital cable service in one premises as just one subscriber. A Digital Cable Subscriber is not counted as an Analog Cable Subscriber. As we migrate customers from analog to digital cable services, we report a decrease in our Analog Cable Subscribers equal to the increase in our Digital Cable Subscribers. As discussed in further detail in note 5 above, Basic Digital Cable Subscribers are not included in the respective Digital Cable Subscriber counts. Subscribers to digital cable services provided by our operations in Switzerland over partner networks receive analog cable services from the partner networks as opposed to our operations.
- (7) DTH Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video programming broadcast directly via a geosynchronous satellite.
- (8) MMDS Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video programming via MMDS.
- (9) Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over our networks, or that we service through a partner network. Our Internet Subscribers exclude 65,900 digital subscriber line (DSL) subscribers within our Austria segment that are not serviced over our networks. Our Internet Subscribers do not include customers that receive services from dial-up connections. In Switzerland, we offer a 2 Mbps internet service to our Analog and Digital Cable Subscribers without an incremental recurring fee. Our Internet Subscribers in Switzerland include 66,800 subscribers who have requested and received this service.
- (10) Fixed-line Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives voice services over our networks, or that we service through a partner network. Fixed-line Telephony Subscribers exclude mobile telephony subscribers. Our Fixed-line Telephony Subscribers exclude 48,400 subscribers within our segments in Austria, respectively, that are not serviced over our networks. In Switzerland, we offer a basic phone service to our Analog and Digital Cable Subscribers without an incremental recurring fee. Our Telephony Subscribers in Switzerland include 2,800 subscribers who have requested and received this service.
- (11) Pursuant to service agreements, Switzerland offers digital cable, broadband internet and fixed-line 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. At December 31, 2014, Switzerland’s partner networks account for 143,600 Customer Relationships, 279,500 RGUs, 107,700 Digital Cable Subscribers, 101,900 Internet Subscribers and 69,900 Fixed-line Telephony Subscribers.

## **Additional General Notes to Table:**

Most of our broadband communications subsidiaries provide fixed-line telephony, broadband internet, data, video or other business services. Certain of our business service revenue is derived from small or home office (SOHO) subscribers that pay a premium price to receive enhanced service levels along with video, internet or fixed-line telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. All mass marketed products provided to SOHOs, whether or not accompanied by enhanced service levels and/or premium prices, are included in the respective RGU and customer counts of our broadband communications operations, with only those services provided at premium prices considered to be “SOHO RGUs” or “SOHO customers”. With the exception of our business SOHO subscribers, we generally do not count customers of business services as customers or RGUs for external reporting purposes.

Certain of our residential and commercial RGUs are counted on an EBU basis, including residential multiple dwelling units and commercial establishments, such as certain commercial and residential multiple dwelling units in Europe. Our EBUs are 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, we may experience variances in our EBU counts solely as a result of changes in rates.

While we take 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 (1) the nature and pricing of products and services, (2) the distribution platform, (3) billing systems, (4) bad debt collection experience and (5) other factors add complexity to the subscriber counting process. We periodically review our subscriber counting policies and underlying systems to improve the accuracy and consistency of the data reported on a prospective basis. Accordingly, we may from time to time make appropriate adjustments to our subscriber statistics based on those reviews.

Subscriber information for acquired entities is preliminary and subject to adjustment until we have completed our review of such information and determined that it is presented in accordance with our policies.

## **Residential Services**

*Video.* Our cable operations offer a full range of video services, including basic and premium programming, which can be viewed on the television and, in select markets, through internet connected devices in the home and whenever there is internet connectivity. We provide advanced service offerings, such as an electronic programming guide, high definition (HD) channels, digital video recorders (DVR) and HD DVR. In certain markets, our advance service offerings also include video-on-demand (VoD) and advance next generation set-top boxes like the multimedia home gateway “Horizon TV”. These services, together with DVR and HD DVR functionality, give our customers the ability to control when they watch their programming. In several of our markets, we have enhanced pay-per-view programming on channels we distribute and through VoD. In addition, we offer select programming in three-dimensional (3D) format to our customers who have 3D capable televisions. Several of our operations offer television applications (apps) that allow access to programming on a variety of devices, including laptops, smartphones and tablets.

To receive our digital services, a subscriber must either rent a set-top box from our operators, or purchase one and obtain a conditional access security card, or a “smart card”, from our operators. Neither a set-top box nor a smart card is required to receive basic digital television channels in our unencrypted footprints. Accordingly, where our basic digital television channels are unencrypted, subscribers are able to also watch our basic digital television channels, provided that they pay the monthly subscription fee for our analog package and have televisions capable of receiving digital signals. The basic digital television channels in our entire footprints in Switzerland, Austria, Poland, the Czech Republic and Romania are unencrypted as of December 31, 2014. We may unencrypt the digital versions of our basic analog tier in additional markets in 2015 and future periods. Regardless of whether basic digital channels are offered on an unencrypted basis, expanded channel packages and premium channels and services continue to be available for an incremental monthly fee in all of our markets.

In some of our markets, instead of a set-top box, a subscriber may use a common interface plus (CI+) module to access our encrypted digital services. A CI+ module is a small device (credit card size) that allows customers with a CI+ enabled television set, who subscribe to, or otherwise have access to, our digital video service, to view such services without a set-top box. No set-top box, CI+ module or smart card is required to receive our analog or unencrypted basic digital services.

Our cable operations generally offer two or three tiers of digital video programming and audio services. Subscribers to our basic digital video service pay a fixed monthly fee and generally receive at least 85 video channels and several audio services. This service also includes VoD access and an electronic programming guide. In our markets where our basic digital service is not encrypted, the cost of our digital service is the same cost as our analog services. In the markets where we encrypt our basic digital service, our digital service is generally offered at an incremental cost equal to or slightly higher than the monthly fee for our basic analog service. For an additional monthly charge, a subscriber may upgrade to one of our extended digital tier services and receive an increased number of video channels, including the channels in the basic tier service. A limited number of HD channels are generally included in our basic tiers of service. Digital subscribers may also subscribe to one or more packages of premium channels, including additional HD channels. In all digital tiers of service, a subscriber also has the option for an incremental monthly charge to upgrade the standard digital device to one with DVR or HD DVR capabilities, which may be rented or purchased. Customers who subscribe to a digital tier generally receive a VoD enabled set-top box without an additional monthly charge. Our VoD services, including catch-up television, are available on a subscription basis or a transaction basis, depending on location and the tier of digital service selected by the subscriber.

In addition to our digital video services, we offer limited analog services in all of our broadband markets. Subscribers to our analog video service typically receive 29 to 65 channels of video service, depending on their location. Subscribers to our digital services also receive the channels available through our analog service. In Slovakia, we offer a limited number of video channels through MMDS.

Discounts to our monthly service fees are available to any subscriber who selects a bundle of two or more of our services (bundled services): video, internet, fixed-line telephony and, in certain markets, mobile services. Bundled services consist of “double-play” for two services, “triple-play” for three services and “quadruple-play” for four services.

We tailor our tiers of video services in each country of operation based on programming preferences, culture, demographics and local regulatory requirements. Our channel offerings include general entertainment, sports, movies, documentaries, lifestyles, news, adult, children and ethnic and foreign channels. In each of our markets, we also offer a variety of premium channel packages (such as sports, family and international focus) and our VoD service provides a wide variety of movies and special events to meet the special interests of our subscribers. In all of our broadband operations, we continue to upgrade our systems to expand our digital services and encourage our analog subscribers to convert to a digital or premium digital service.

We offer digital video services through DTH satellite in the Czech Republic, Hungary, Romania and Slovakia. We offer these services through UPC DTH S.á.r.l (UPC DTH), a subsidiary of UPC Holding organized in Luxembourg, which also has a management arrangement with another subsidiary, FocusSat Romania Srl (FocusSat), to provide these services in Romania. Similar to our video cable services, we offer a lifeline tier of service, a basic video tier of service and, for an additional monthly charge, subscribers may upgrade to an extended tier of service and may subscribe to various premium channel packages.

*Interactive Services.* To enhance our customers’ video experience, we offer “Horizon TV”, a next generation multimedia home gateway, in Switzerland. Horizon TV is a central media platform that is capable of distributing video, voice and data content throughout the home and to multiple devices. It has a sophisticated user interface that enables customers to view linear channels, VoD programming and personal media content and to pause, replay and record programming. The Horizon TV platform sets up a wireless network that connects the digital video content available on the television to other devices, such as laptops, smartphones and tablets. It also integrates access to personal media content, such as photos, music and movies stored in the home network.

The box for Horizon TV has six inbuilt tuners, two of which are dedicated to channel-surfing. This allows the customer to view programming information while their current program is playing. Also, up to four programs can be recorded simultaneously and up to four devices can connect to the Horizon TV box at the same time and view different content. In certain markets, we offer a box for Horizon TV without the recording functionality. For our multimedia gateway customers, we also offer apps for various services. We intend to (1) expand the availability of Horizon TV to other markets within our footprint and (2) continue to improve the Horizon TV user experience with new functionality and software updates.

For our Horizon TV subscribers, we offer apps for various online services (such as YouTube, Facebook, Picasa and others). The Horizon family of products also includes an online television app for viewing on a second screen called “Horizon Go” that allows video customers to view linear channels, with many channels



available outside of the home. Horizon Go also offers access to VoD, and, for Horizon TV customers, when in the home, the second screen devices also act as a remote control. We also have available through Horizon Go the ability to remotely schedule the recording of a television program on the Horizon TV box at home through an iOS or Android mobile digital device or an internet web browser. Other iOS and Android apps that are available allow customers to use their smartphone as an extension of their home phone line.

At December 31, 2014, we had 222,640 Horizon TV subscribers in Switzerland. We are expanding the Horizon TV experience through cloud TV, including cloud DVR, VoD navigation and advanced applications. The Horizon TV cloud platform allows users to stream experiences to set-top boxes and CI+ modules. It also integrates access to personal media content, such as photos, music and movies stored in the home or in the cloud, enabling access on devices both in and outside the home. In November 2014, we launched this cloud-based Horizon TV platform in select areas in Poland, followed by a full commercial launch in January 2015. In Poland, we had over 1,800 Horizon TV subscribers at December 31, 2014.

In addition, we have launched our subscription VoD offering, which we refer to as “MyPrime”. MyPrime offers customers unlimited streaming access to a library of on-demand content. Each library has been tailored to the specific market based on available content, consumer preferences and competitive offers. Generally, the library contains 1,500 movies and 2,000 TV episodes from local and international suppliers such as ABC/Disney, NBC/Universal, CBS/Paramount, Warner TV and Sony. The MyPrime offering also includes over 500 children’s episodes. Where available, MyPrime is included with the Horizon TV platform services (or separately as a premium channel for non-Horizon TV subscribers). We have launched MyPrime in Switzerland, Poland and Hungary.

*Broadband Internet.* We offer multiple tiers of broadband internet service in all of our broadband communications markets. Depending on location, this service includes download speeds ranging from less than 1 Mbps to an ultra high-speed internet service of 500 Mbps in Hungary and Romania. To a select market in Switzerland, we also have available an ultra high-speed internet service with download speeds of up to 500 Mbps. Our key mass-market package in all of our operations include a download speed of up to 120 Mbps. Generally, we provide our broadband internet service without any time or data volume restrictions. Our ultra high-speed internet service is based primarily on Euro DOCSIS 3.0 technology, which is an international standard that defines requirements for a data transmission over a cable system. Our internet service generally includes email, address book, parental controls and online audio. We also offer value-added broadband services through certain of our operations for an incremental charge. These services include security (e.g., anti-virus and spam protection), online storage and web spaces. In certain of our markets, we offer mobile broadband services as described under “—*Mobile*” below.

Our residential subscribers generally access the internet via cable modems connected to their internet capable devices, including personal computers, at various speeds depending on the tier of service selected. This standard means of access is changing as we expand our services to offer wireless networks for the home. In certain of our markets, we are deploying a community WiFi in the home (Community WiFi), which provides a seamless connectivity experience over WiFi to our customers. The Community WiFi is branded as “Wi-Free” in Switzerland, Poland, Hungary and Romania. At December 31, 2014, we had approximately 1.7 million WiFi access points in our European footprint. In 2015, through an agreement with Comcast Corporation, our internet customers will also have access to millions of new WiFi access points in the U.S. and across various European countries, for no additional costs.

Community WiFi is enabled by a cable modem WiFi access point (WiFi modem) in the set-top box, and starting in 2014 the Horizon TV box, of our internet customers. Access is free for our internet customers. The Community WiFi is created through the sharing of access to the public channel of our customers’ home wireless routers. The public channel is a separate network from the secure private network used by the customer within the home and is automatically enabled when the WiFi modem is installed. By using the WiFi modems and the Horizon TV box, the Community WiFi does not affect the internet speeds of our customers.

In Romania and Switzerland, a subscriber must subscribe to our video service in order to subscribe to our internet service. In our other markets, our broadband internet service is available on a standalone basis or in combination with one or more of our other services. Subscribers to our internet service pay a monthly fee based on the tier of service selected. In addition to the monthly fee, customers pay an activation service fee upon subscribing to an internet service. This one-time fee may be waived for promotional reasons. We determine pricing for each different tier of internet service through an analysis of speed, market conditions and other factors.

*Telephony.* Multi-feature fixed-line telephony services are available through our managed, quality of service based voice-over-internet-protocol (VoIP) technology in all of our broadband communication markets. In Hungary, we also provide traditional circuit-switched fixed-line telephony services. We pay interconnection fees to telephony providers when calls by our subscribers terminate on another network and receive similar fees from providers when calls by their users terminate on our network through interconnection points.

Our fixed-line telephony service may be selected in several of our markets on a standalone basis and in all of our markets in combination with one or more of our other services. Our fixed-line telephony service includes a basic fixed-line telephony product for line rental and various calling plans, which may consist of any of the following: unlimited network, national or international calling, unlimited off-peak calling and minute packages, including calls to fixed and mobile phones. We also offer value added services, such as a personal call manager, unified messaging and a second or third phone line at an incremental cost. In some of our markets, we offer a phone app that allows our fixed-line telephony customers with smartphones to use their fixed-line call packages.

*Mobile.* We offer mobile services, both data and voice, as an MVNO over third-party networks in Switzerland, Austria, and Hungary. In Poland we have a small legacy MVNO service that we maintain for those subscribers. We plan to add MVNO arrangements in certain of our other broadband communication markets. Switzerland, Austria and Hungary provide their mobile telephony services as full MVNOs through partnerships with a third-party mobile network operator in their respective footprints. All of these operations lease the third party's radio access network and own the core network, including switching, backbone, interconnections, etc. These arrangements permit us to offer our customers in these markets all mobile services using the core network without having to build and operate a cellular radio tower network. We offer our mobile services throughout Austria. Following an offer of mobile services in select areas of Hungary, we did a full commercial launch of these services in March 2015. In Switzerland, we offer our mobile service to our customers located within our footprint who subscribe to at least one of our other products: video, broadband internet or fixed-line telephony.

Where mobile services are available within our operations, subscribers pay varying monthly fees depending on whether the mobile service is included with our fixed-line telephony service or includes mobile data services via mobile phones, tablets or laptops. Our mobile services typically include voice, short message service (or SMS) and internet or data access. Calls, both within and out of network, incur a charge or are covered under a postpaid monthly service plan. Our standalone mobile services are primarily on a postpaid basis with customers subscribing to services for periods ranging from activation for a SIM-only contract to up to 24 months, with the latter often taken with a subsidized mobile handset. In almost all of our markets, subscribers to a double-or triple-play bundle receive a discount on their mobile service fee.

## **Business Services**

In addition to our residential services, we offer voice, broadband internet, data, video, wireless and cloud services to business customers and public sector organizations. Our business services are designed to meet the specific demands of the business customer. These services differ from residential services in several fundamental ways, such as bandwidth, service levels, billing, security services and the blending of public and private network features. Our business customers include SOHO (generally fewer than 10 employees), small business and medium and large enterprises, as well as on a wholesale basis to other operators. In addition, in some of our markets, we target specific industry segments, such as financial institutions, health care facilities, education institutions and government offices, with tailored solutions combining our standard services with value added features, such as dedicated customer care and enhanced service performance monitoring. We also offer a range of data, voice and internet services to carriers, internet service providers (ISPs) and mobile operators.

Our business services are designed to meet the specific demands of our business customers with a wide range of services. These services fall into five broad categories: (1) VoIP and circuit-switch telephony, hosted private branch exchange solutions and conferencing options, (2) data services for internet access, virtual private networks Ethernet transport and high capacity point-to-point services, (3) video programming packages and select channel lineups for targeted industries, (4) wireless services for mobile voice and data, as well as WiFi networks, and (5) value added services, including webhosting, managed security systems and storage and cloud enabled software.

Our business services are provided to customers at established prices based on the type of services received, the volume and the duration of the service agreement. SOHO and small business customers pay business market prices on a monthly subscription basis to receive enhanced service levels and business features that support their

needs. For more advanced business services, these customers generally enter into a service agreement. For medium to large business customers, we enter into individual agreements that address their needs. These agreements are generally for a period of one or more years.

## **Technology**

In almost all of our markets, our video, broadband internet and fixed-line telephony services are transmitted over a hybrid fiber coaxial cable network. This network is composed primarily of fiber optics with only the last part that connects the home to the network composed of coaxial cable. Over 97% of our network allows for two-way communications and is flexible enough to support our current services, as well as new services. In addition, the capacity available on our network increases as our analog subscribers switch to a digital service. This is because multiple digital channels can be compressed into the same space as a single analog channel in the broadcast spectrum. The available space can then be used for other purposes, such as VoD services and high broadband speeds.

We continue to explore new technologies that will enhance our customer's connected entertainment experience, such as:

- recapturing bandwidth and optimizing our networks by:
  - increasing the number of nodes in our markets;
  - increasing the bandwidth of our hybrid fiber coaxial cable network to 1 GHz;
  - converting analog channels;
  - bonding additional 3.0 channels; and
  - using digital compression technologies;
- increasing the efficiency of our networks by moving headend functions (encoding, transcoding and multiplexing) to the cloud;
- enhancing our network to accommodate business services;
- using wireless technologies to extend our services outside the home;
- offering remote access to our video services through laptops, smartphones and tablets; and
- developing and introducing next-generation platforms through multimedia home gateways or online media sharing and streaming or cloud based video, as well as enhanced next generation user interfaces for existing set-top boxes.

In addition, we may expand our hybrid fiber coaxial cable network into new market areas.

We deliver our high-speed data and fixed-line telephony over our cable network. The cable networks of our operations are connected to our "aorta" backbone, a tier 1 carrier, which permits us to serve our customers through settlement free collaboration with other carriers without the cost of using a third-party network.

## **Supply Sources**

For our video services, we license almost all of our programming and on-demand offerings from broadcast and cable programming networks, as well as DTH content providers. For such licenses, we generally pay a monthly fee on a per channel or per subscriber basis. We generally enter into long-term programming licenses with volume discounts and marketing support. For on-demand programming and streaming services, we generally enter into shorter-term agreements. For our distribution agreements, we seek to include the rights to offer the licensed programming to our customers through multiple delivery platforms and through our apps for smartphones and tablets.

We purchase each type of customer premise equipment from a number of different suppliers with at least two or more suppliers for our high-volume products. Customer premise equipment includes set-top boxes, modems, CI+ modules, DVRs, tuners and similar devices. For each type of equipment, we retain specialists to provide customer support. For our broadband services, we use a variety of suppliers for our network equipment and the various services we offer. Similarly, we use a variety of suppliers for mobile handsets to offer customers in our operations with mobile services.

We license software products, including email and security software, and content, such as news feeds, from several suppliers for our internet services. The agreements for these products require us to pay a per subscriber fee for software licenses and a share of advertising revenue for content licenses. For our fixed-line telephony services, we license software products, such as voicemail, text messaging and caller ID, from a variety of suppliers. For these licenses we seek to enter into long-term contracts, which generally require us to pay based on usage of the services.

The following table presents certain penetration and network data as of December 31, 2014, with respect to the cable systems of our consolidated subsidiaries after giving effect to the UPC Ireland Transfer and the UPC NL Transfer. The table reflects 100% of the data applicable to each of our subsidiaries regardless of our ownership percentage. Percentages are rounded to the nearest whole number.

### Network & Product Penetration Data (%)

	<u>Switzerland</u>	<u>Austria</u>	<u>Poland</u>	<u>Hungary</u>	<u>Czech Republic</u>	<u>Romania</u>	<u>Slovakia</u>
<b>Network Data:</b>							
Two-way homes passed (HP) percentage (1) .....	100	100	97	99	93	95	96
Digital video availability percentage (2) .....	100 (9)	95	97	98	95	95	96
Broadband internet availability percentage (2) .....	100 (9)	100	97	99	95	95	93
Fixed-line telephony availability percentage (2) .....	100 (9)	100	96	99	95	95	93
Bandwidth percentage (3):							
at least 860 MHz .....	100	85	99	20	94	95	97
750 MHz to 859 MHz .....	—	—	— (10)	55	—	— (10)	—
less than 750 MHz .....	—	15	1	25	6	5	3
<b>Product Penetration:</b>							
Cable television penetration (4) .....	63	38	43	41	33	36	36
Digital cable penetration (5) .....	50	70	76	67	80	64	78
HD, DVR & HD DVR penetration (6) .....	89	79	93	42	47	23	35
Broadband internet penetration (7) ....	33	34	37	36	35	19	24
Fixed telephony penetration (7) .....	21	27	21	32	13	14	14
Double-play penetration (8) .....	18	14	23	13	37	17	9
Triple-play penetration (8) .....	31	47	34	35	14	23	23

- (1) Percentage of total HP that are two-way HP.
- (2) Percentage of total HP to which digital video (including digital MMDS), broadband internet or fixed telephony services, as applicable, are made available.
- (3) Percentage of total HP served by a network with the indicated bandwidth.
- (4) Percentage of total HP that subscribe to cable television services (Analog Cable or Digital Cable).
- (5) Percentage of cable television subscribers (Analog Cable and Digital Cable Subscribers) that are Digital Cable Subscribers.
- (6) Percentage of Digital Cable Subscribers with HD, DVR or HD DVR. This percentage would not include subscribers who may use a purchased set-top box or other means to receive our basic digital cable channels without subscribing to any services that would require the payment of recurring monthly fees in addition to the basic analog service fee due to the fact that our basic digital cable channels are not encrypted in certain portions of our footprint.
- (7) Percentage of two-way HP that subscribe to broadband internet or fixed-line telephony services, as applicable.
- (8) Percentage of total customers that subscribe to two services (double-play customers) or three services (triple-play customers) offered by our operations (video, broadband internet and fixed-line telephony).

(9) Assuming the contractual right to serve the building exists in the case of multiple dwelling units.

(10) Less than 1%.

The following table provides information on the products and services available to our cable customers as of December 31, 2014. Percentages are rounded to the nearest whole number.

Video, Broadband Internet & Fixed-Line Telephony and Mobile Services at December 31, 2014							
	Switzerland	Austria	Poland	Hungary	Czech Republic	Romania	Slovakia
<b>Video services (excluding DTH):</b>							
Next Generation Video (1) . . . . .	X		X (5)				
VoD . . . . .	X	X	X	X			
DVR . . . . .	X	X	X	X	X	X	X
HD . . . . .	X	X	X	X	X	X	X
Electronic programming guide . . . . .	X	X	X	X	X	X	X
Number of channels in basic digital tier . . . . .	85	103	129	88	100	141	99
Number of channels in basic analog tier (2) . . . . .	65	30	32 or 42 (6)	29	41	51	47
Number of unique channels in basic digital tier (3) . . . . .	20	70	87 or 97 (6)	55	75	90	51
Number of HD channels . . . . .	90	48	53	24	36	33	26
<b>Broadband internet service:</b>							
Maximum download speed offered (Mbps) . . . . .	250 (4)	250	250	500	240	500	300
Percentage of Two-way Homes Passed with 3.0 speeds of at least 100 Mbps . . . . .	100	100	100	93	98	100	100
<b>Fixed-line telephony and mobile services:</b>							
VoIP Fixed-line . . . . .	X	X	X	X	X	X	X
Mobile (MVNO) . . . . .	X	X	(7)	(8)			

(1) Available on the Horizon TV platform.

(2) Excludes the lifeline tier.

(3) Excludes the channels that are also included in basic analog tier.

(4) Offers 500 Mbps in a limited area.

(5) Launched in select areas in November 2014, with full commercial launch in January 2015.

(6) Depending on location.

(7) Limited to legacy subscribers.

(8) Available in select areas. Following an offer of mobile services in select areas of Hungary, we undertook a full commercial launch of these services in March 2015.

### Operations

Provided below is country-specific information with respect to the broadband communications and DTH services of our subsidiaries.

*Switzerland and Austria.* We operate a cable network in Switzerland under the UPC Cablecom brand (UPC Cablecom) and cable and DSL networks in Austria under the UPC brand (UPC Austria). The DSL services are provided over an unbundled loop or, in certain cases, over a shared access network. Both UPC Cablecom and UPC Austria offer mobile voice and data services as an MVNO. Customers with the necessary equipment and who subscribe to the analog service are also able to access our basic digital service, which is unencrypted in the UPC Cablecom and UPC Austria footprints.



Switzerland. UPC Cablecom's operations are located in 24 of the 26 member states (Cantons) of Switzerland, including major cities such as Bern, Zürich, Lausanne and Geneva. UPC Cablecom's basic video service (digital or analog) is available in any one of three languages (French, German or Italian). At the beginning of 2013, UPC Cablecom launched Horizon TV and at December 31, 2014, it had 223,000 connected subscribers. As a complement to its digital video service, UPC Cablecom also offers apps that allow its subscribers to remotely manage a DVR, view linear channels, replay a linear channel without recording it and access VoD with a laptop, smartphone or tablet anywhere a broadband or WiFi connection is available. Beginning in January 2015, UPC Cablecom's basic digital service is a triple-play package consisting of video, broadband internet and fixed-line telephony services, plus an app to use the fixed-line telephony service on a smartphone. In addition, UPC Cablecom has launched a Community WiFi network throughout its footprint.

In each of its digital cable packages, UPC Cablecom includes the functionality for transaction-based VoD service (depending on location), including catch-up television and pay-per-view services, and HD channels. Fully integrated in the VoD service is the video library MyPrime, which UPC Cablecom launched in September 2014. MyPrime is included in the extended digital tiers for no additional charge. UPC Cablecom's basic digital service is not encrypted. A CI+ module or set-top box in combination with a smart card is, however, required to view any of UPC Cablecom's encrypted digital packages with the customer paying the incremental charge over the digital entry tier's applicable rate.

For 66% of its video subscribers, UPC Cablecom maintains billing relationships with landlords or housing associations, and provides basic video service to the tenants. The landlord or housing association administers the billing for the basic video service with their tenants and manages service terminations for their rental units.

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

Austria. UPC Austria's cable operations are located in regional clusters encompassing the capital city of Vienna, the regional capitals of Graz, Innsbruck and Klagenfurt, two smaller cities and the Vorarlberg region. 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. UPC Austria's DSL operations are available in the majority of Austria, wherever the incumbent telecommunications operator has implemented DSL technology. UPC Austria's video service (digital and analog) is available primarily in the German language. Its premium packages include ethnic channels (such as Serb, Bosnian and Turkish channels), music, adult and international channels. In addition, through an agreement with Sky Deutschland, UPC Austria offers its digital subscribers a number of premium channels, including HD channels, from Sky Deutschland. UPC Austria also offers Horizon Go that allows its customers with double play services of video and broadband internet to access up to 55 to 100 linear channels (depending on tier of service) and VoD programming. UPC Austria offers its broadband internet service over cable and over DSL.

*Central and Eastern Europe.* We also operate cable networks under the UPC brand in Poland (UPC Poland), Hungary (UPC Hungary), the Czech Republic (UPC Czech), Romania (UPC Romania) and Slovakia (UPC Slovakia). VoD service, including catch-up television, is available to our subscribers in Hungary and in major metropolitan areas in Poland. UPC Hungary, UPC Poland and UPC Romania have each launched apps for no charge to subscribers that permit them to view the digital channel programming guide, schedule DVR recordings from any location, and use their smartphones as a television remote control. We also have DTH operations in most of these countries, which we provide through UPC DTH.

Poland. UPC Poland's operations are located in regional clusters encompassing nine of the 10 largest cities in Poland, including the capital city of Warsaw and the cities of Cracow and Katowice. Customers with the necessary equipment and who have a monthly subscription to UPC Poland's analog service are also able to access its basic digital service, which is unencrypted. UPC Poland also offers a catch-up television service and Horizon Go. UPC Poland launched Horizon TV using the cloud in select areas in November 2014 with a full commercial launch in January 2015. At December 31, 2014, UPC Poland had over 1,800 connected Horizon TV

subscribers. The video service MyPrime became available to video subscribers in December 2014. In addition, UPC Poland launched Community WiFi in 2014, which is free to its broadband internet service customers subscribing to download speeds of at least 30 Mbps.

Hungary. UPC Hungary's operations are located in 23 major Hungarian towns and cities, including the capital city of Budapest and the cities of Debrecen, Miskolc, Pécs and Székesfehérvár. For its digital video subscribers, UPC Hungary offers a CI+ module, which in combination with a smart card, allows the subscriber to view the digital service without the need for a set-top box. In each of its digital cable packages, UPC Hungary includes the functionality for transaction-based VoD services. UPC Hungary offers to its subscribers with HD set-top boxes apps for various online services (such as YouTube, Picasa, Flickr and others). It also offers the video service MyPrime and the online streaming service HBO Go. HBO Go is available at no additional charge to UPC Hungary customers who subscribe to the HBO channels. Following an offer of mobile services in select areas, UPC Hungary undertook a full commercial launch of mobile services as an MVNO in March 2015 and Community WiFi, which has approximately 280,000 access points in Hungary. UPC Hungary offers its fixed-line telephony services through circuit-switched fixed-line telephony to subscribers on its twisted copper pair network and through VoIP over its two-way capable cable network.

The Czech Republic. UPC Czech's operations are located in cities and towns throughout the Czech Republic, including Prague, Brno, Ostrava and Plzen. Over 40% of the subscribers to UPC Czech's digital video service receive such service through a set-top box with HD or HD DVR functionality. In November 2014, UPC Czech launched the online video service Horizon Go. It plans to launch Horizon TV based on the cloud in 2015. UPC Czech offers a lifeline tier and basic tier of digital programming, as well as extended tiers and premium packages. Approximately 48% of UPC Czech's digital cable subscribers receive the basic and extended tier services. UPC Czech's analog service is offered only in areas where its digital service is not available and includes a lifeline tier of services.

Romania. UPC Romania's operations are located primarily in three regional clusters, which include nine of the 12 largest cities (each with more than 150,000 inhabitants) in Romania, including the capital city of Bucharest and the cities of Cluj-Napoca, Timisoara, Iasi and Constanta. UPC Romania's video service includes Romanian terrestrial broadcast channels, selected European satellite programming and other programming. In November 2014, UPC Romania launched the online video service Horizon Go. In addition to its standard broadband internet service offerings, UPC Romania also offers a 256 Kbps service at no incremental charge as an inducement for customers to subscribe to certain services. Its Community WiFi service has approximately 240,000 access points in Romania.

Slovakia. UPC Slovakia's operations are located in seven regions in Slovakia, including the five largest cities of Bratislava, Kosice, Presov, Banská Bystrica and Zilina. Besides its video cable services, UPC Slovakia offers video services in certain areas over its MMDS network. UPC Slovakia offers almost all of the Slovakian terrestrial, cable and local channels available, selected European satellite and other programming, and audio channels. The online streaming service HBO Go is available to HBO channel subscribers. Subscribers to UPC Slovakia's digital video services may receive such service through a CI+ module in combination with a smart card without the need for a set-top box. UPC Slovakia's analog service, which is not available to its MMDS subscribers, includes a lifeline tier of service.

UPC DTH. UPC DTH, based in Luxembourg, provides DTH services in the countries of the Czech Republic, Hungary and Slovakia and manages the Romania DTH provider FocusSat. UPC DTH and FocusSat together provide DTH services to over 780,000 customers. UPC DTH offers a lifeline tier and either directly or through FocusSat a basic tier, an extended tier and premium channel options, as well as 25 free-to-air (FTA) television and audio channels. A subscriber to its basic tier may receive 50 to 70 digital video channels depending on the subscriber's location. Its premium channel offerings cover a range of interests (such as movies, adventure, sports, adult and comedy). In 2013, UPC DTH launched a CI+ module offer in the Czech Republic and Slovakia. The CI+ module will enable its subscribers in the Czech Republic and Slovakia to receive its signals without a set-top box. DVRs are also available and a subscriber to the extended tier receives 10 to 14 HD channels depending on the subscriber's location. In 2014, UPC DTH added HBO Go for its HBO customers in Hungary, Czech Republic and Slovakia. For no additional charge, such customers may access their HBO channels anytime, anywhere on multiple devices.

Subscribers to the DTH services may pay either an annual fee and receive an activation card for the lifeline tier of video service or pay a monthly fee for a basic or extended tier of service. UPC DTH provides DTH

services to 20% of our total video subscribers in the Czech Republic, 30% of our total video subscribers in Hungary, 27% of our total video subscribers in Slovakia and, through FocusSat, 28% of our total video subscribers in Romania.

UPC DTH and FocusSat have agreements with Telenor Satellite Broadcasting for the lease of transponder space, including expansion capacity, on the Thor satellites. These agreements will expire on December 31, 2017, unless extended as provided in such agreements. All of UPC DTH's services are on the Thor satellite system. UPC DTH offers both standard definition (SD) and HD services to all of its customers in Hungary, the Czech Republic, Slovakia and, through FocusSat, in Romania.

## **Competition**

The markets for video, broadband internet, fixed-line telephony and mobile services are highly competitive and rapidly evolving. In addition, technological advances and product innovations have increased and are likely to continue to increase the number of alternative providers available to our customers. Consequently, our businesses have faced and are expected to continue to face significant competition in these markets in the countries in which they operate, including as a result of deregulation. The percentage information in this section reflects the data for each country regardless of the extent of our footprint in such country and is based on information from the subscription based website DataXis for the third quarter of 2014. The competition in certain countries in which we operate is described more specifically after the respective competition overview on video, broadband internet, fixed-line telephony and mobile services.

## ***Video Distribution***

Our businesses compete directly with a wide range of providers of communication and entertainment services to consumers. Depending upon the country and market, these may include:

- traditional FTA broadcast television services;
- DTH satellite service providers;
- other fixed-line telecommunications carriers and broadband providers, including the incumbent telephony operators, offering (a) DTH satellite services, (b) IPTV over broadband internet connections using asymmetric digital subscriber line (ADSL) or very high-speed DSL technology (VDSL) or an enhancement to VDSL called "vectoring", (c) IPTV over fiber optic lines where the fiber is to the home, cabinet, or building or to the node networks (fiber-to-the-home/-cabinet/-building/-node is referred to herein as FTTx), or (d) long-term evolution wireless service, the next generation of ultra high-speed mobile data, also called "4G" (referred to herein as LTE) services;
- digital terrestrial television (DTT) broadcasters, which transmit digital signals over the air providing a greater number of channels and better quality than traditional analog broadcasting;
- other cable operators in the same communities that we serve;
- over-the-top video content aggregators utilizing our or our competitors' high-speed internet connections;
- satellite master antenna television systems, commonly known as "SMATVs", which generally serve condominiums, apartment and office complexes and residential developments;
- MMDS operators; and
- 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.

We believe that our deep-fiber access provides us with several competitive advantages in the areas served by our network. For instance, our cable network allows us to concurrently deliver internet access, together with real-time television and VoD content at higher speeds and with less data loss than comparable services of other providers. In addition, our cable infrastructure allows us to provide "triple-play" bundled services of broadband internet, television and fixed-line telephony services without relying on a third-party service provider or network. Our capacity is dimensioned to support peak consumer demand. In serving the business market, many aspects of the network can be leveraged at very low incremental cost given that business demand peaks at a time when consumer demand is low, and peaks at lower levels than consumer demand.



In the countries in which we operate, over 90% of the households have a television. Our principal competition in the provision of video services in our markets has historically been from traditional FTA broadcasters; DTH satellite providers in many markets, such as Austria, the Czech Republic and Slovakia, where we compete with long-established satellite platforms; incumbent telecommunications providers using fiber technology; and cable operators in various markets where portions of our systems have been overbuilt. Mobile broadband has gained a noticeable share of subscribers, and competition from SMATV or MMDS could also be a factor. In addition, as accessibility to video content on the internet increases, over-the-top viewing is a competitive factor. Overall, we are experiencing more and more convergence as customers are increasingly looking to receive all their media and communication services from one provider at attractive prices. As a result, our ability to offer triple-play or quadruple-play bundles is a key marketing concept to continue to attract and retain customers.

Over the last several years, competition has increased significantly from both new entrants and established competitors using advanced technologies, aggressively priced services and exclusive channel offerings. Our competitors are also improving their video platforms with next generation set-top boxes. 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, VDSL, which is either provided directly by the owner of the network or by a third party, is a significant part of the competitive environment in many of our markets as are FTTx networks. In all of our markets, competitive video services are offered by the incumbent telecommunications operator, whose video strategies include DTH, DTT and IPTV over VDSL and FTTx networks. The ability of incumbent operators to offer the triple-play of video, broadband internet and fixed-line telephony services and, in some countries, a quadruple-play with mobile services, is exerting growing competitive pressure on our operations, including the pricing and bundling of our video products. The providers of DTH satellite services, particularly in the Central and Eastern European markets, are also significant competitors. In addition, over-the-top video aggregators are becoming more active in all our markets with their VoD service for television series and movies, catch-up television and linear channels from broadcasters. In some cases, these over-the-top services are provided free-of-charge, or the content library of such services is offered on an unlimited basis for a monthly fee.

Our ability to continue to attract and retain customers will depend on our continued ability to acquire appealing program content and third-party programming services on acceptable financial or other terms. Some competitors, such as Swisscom AG (Swisscom) in Switzerland, have obtained long-term exclusive contracts for certain popular programs, which limits the opportunities for other providers, including our operations, to offer such programs. Other competitors also have obtained long-term exclusive contracts for programs, but our operations have access to certain of such programming through select contracts with these companies. If exclusive content offerings increase through other providers, programming options could be a deciding factor for subscribers on selecting a video service.

Portions of our systems have been overbuilt by FTTx networks, primarily in the Czech Republic, Romania and Slovakia and, to a lesser extent, in Hungary and Switzerland. Based on research of various telecommunication publications, including by the Organization for Economic Cooperation and Development, and internal estimates, approximately 65%, 92%, and 73% of our cable networks in the Czech Republic, Romania and Slovakia, respectively, have been overbuilt by FTTx networks. Also, 12% of our footprint in Hungary and 37% of our footprint in Switzerland are overbuilt by FTTx networks. Although we have extensive FTTx overbuild in Switzerland, connectivity to the FTTx network is not available at all locations. In addition, government and quasi-government entities in certain of the countries in which we operate continue to invest in FTTx networks, creating another source of competition. In order to achieve download speeds of up to 100 Mbps or greater for customers, incumbent telecommunications operators are increasingly adopting VDSL with vectoring and bonding technologies as a more cost efficient solution compared to FTTx initiatives.

Our Central and Eastern European markets are also experiencing significant competition from other cable operators. These cable operators have significantly overbuilt our operations in Poland, Hungary, Romania and Slovakia. Based on research of various telecommunication publications, including the Organization for Economic Cooperation and Development, and internal estimates, approximately 42%, 52%, 95% and 47% of our operations in Poland, Hungary, Romania and Slovakia, respectively, are overbuilt by other cable providers.

In most of our Central and Eastern European markets, we also face intense competition from DTH services. Digi TV, the DTH platform of RCS & RDS S.A. (Digi TV), a Romanian cable, telephony and internet service provider is targeting our analog cable, MMDS and DTH customers with aggressively priced DTH packages, in addition to overbuilding portions of our cable network in Hungary and Romania. In the Czech Republic and

Slovakia, SkyLink, the brand name of M7 Group SA, a European provider of DTH services, is a DTH competitor providing aggressively priced packages of video content. The incumbent telecommunications operator in Romania also operates a competing DTH platform. UPC DTH offers advanced services and functionality, including DVR and premium content, to most of our Central and Eastern European markets. UPC DTH's share of the subscription-based television market is 8% for Hungary, 4% for the Czech Republic, 4% for Slovakia and, through FocusSat, 5% for Romania.

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, VDSL or DTH video packages at a discount to the retail price of the comparable digital cable service and, in some cases, including DVRs as a standard feature.

To meet the challenges in this competitive environment, we compete on value by offering advanced digital services, such as DVR functionality, HD, VoD, catch-up television and multi-media gateways. We seek to compete by accelerating the migration of our customers from analog to digital services, using such advanced digital features and offering attractive content packages and bundles of services at reasonable prices. HD and DVRs are an integral part of our digital services in all of our markets and VoD and catch-up television are an integral part of our digital services in most of our markets. In each of our countries we also tailor our packages to include attractive channel offerings and offer recurring discounts for bundled services and loyalty contracts. Discounts for bundled services are available in all of our operations. In addition, from time to time, digital channel offerings are modified by our operations to improve the quality of our programming. We also use the triple-play bundle as a means of driving video, as well as other products where convenience and price can be leveraged across the portfolio of services. In several of our markets, we have expanded our services to include mobile voice and data. We also continue to explore new technologies that will enhance our customer's television experience. In this regard, to further enhance our digital video services, we have expanded our markets in which Horizon TV is available, including the recent launch of a cloud-based Horizon TV platform in Poland. We have also launched our on-line Horizon Go and MyPrime in a number of markets.

*Switzerland.* We are the largest cable television provider in Switzerland based on the number of video cable subscribers and the sole provider in substantially all of our network area. UPC Cablecom's video cable services are available to approximately 64% of the television households in Switzerland and it serves 42% of the total television market. Our main competitor is Swisscom, the incumbent telecommunications operator, which provides IPTV services over DSL and FTTx networks to approximately 33% of all television households in Switzerland. Swisscom offers VoD services, DVR functionality, and HD channels, as well as the functionality to allow remote access to its video services, and has exclusive rights to distribute certain sports programming. Swisscom's internet speeds available in its bundled offers, include up to 100 Mbps and up to 300 Mbps in areas served by its FTTx network. Swisscom continues to aggressively expand its FTTx network to Switzerland households in our footprint as well as in our partner network footprints. It has built its fiber-to-the-home network in several cities in cooperation with municipality-owned utility companies and, where no cooperation agreement has been reached, Swisscom is building its own fiber-to-the-home network. Outside of urban areas, Swisscom has announced that it will extend its fiber-to-the-node network by introducing vectoring, which allows Swisscom to offer speeds comparable to those offered by UPC Cablecom. Due to a small program offering, competition from terrestrial television in Switzerland is limited, with DTT available primarily along the borders with France and Italy. 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. With respect to subscribers on partner networks, UPC Cablecom competes with other service providers for the contracts to serve these subscribers. To compete effectively, UPC Cablecom offers Horizon TV, which combines television, internet and fixed-line telephony on one device, giving subscribers the ability to personalize their programming. As a complement to this service, UPC Cablecom introduced the video service Horizon Go. It also offers promotional discounts and launched MyPrime in 2014 as an enhancement to its mid-to high-end bundles.

*Austria.* In Austria, we are the largest cable television provider based on the number of video cable subscribers. UPC Austria's video cable service is available to approximately 37% of the television households in Austria and it serves 14% of the total television market. UPC Austria's primary competition is from FTA television received via satellite and DTT services by the public broadcaster. Competition from the VDSL services provided by the incumbent telecommunications operator, Telekom Austria AG (A1) (Telekom Austria), and from DTH satellite services offered by Sky Deutschland also continue to increase. At various times, Telekom Austria offers promotional discounts for its VDSL service, which includes advanced features, such as VoD, when taken as part of either a double- or triple-play bundle. To compete effectively, UPC Austria offers its basic digital service unencrypted. It also offers promotional discounts for new customers and in 2014, realigned its bundle offers. In addition, it launched Horizon Go and increased internet speeds for its core triple-play bundle to a top speed of up to 250 Mbps.

*Central and Eastern Europe.* We are the largest cable television provider in Poland based on the number of video cable subscribers. UPC Poland's video cable services are available to approximately 20% of the television households in Poland and it serves 9% of the total television market. In providing video services, UPC Poland competes primarily with DTH service providers, including the largest DTH providers, Cyfrowy Polsat SA and NC+ platform (owned by the Vivendi Group). Cyfrowy Polsat SA and NC+ serve 27% and 16%, respectively, of the television households in Poland. The DTH service provider Orange Poland, a subsidiary of France Telecom S.A., is another significant competitor. In addition, UPC Poland competes with other cable operators with triple-play services, who have overbuilt portions of UPC Poland's operations. One of these companies is Vectra SA, which offers aggressively priced double- and triple-play bundles. To enhance its competitive position, UPC Poland launched MyPrime as an additional service in its extended tier video services. It also realigned its video offers with additional HD channels and launched Horizon Go. Then in January 2015, after a limited offer in select markets, it launched the Horizon TV cloud platform throughout its footprint.

UPC Hungary's video cable service is available to approximately 42% of the television households in Hungary and it serves 17% of the total television market in Hungary. Our subsidiary, UPC DTH, also provides satellite services in Hungary, in competition with other DTH providers. One of these, Digi TV, is an aggressive competitor. Digi TV's DTH services can reach all of UPC Hungary's cable service area, as well as UPC DTH's service area, and it has overbuilt portions of UPC Hungary's cable service areas with its own cable network. As a DTH provider, Digi TV offers more HD channels, including key sports channels, than UPC DTH. UPC Hungary also faces competition from the incumbent telecommunications company Magyar Telekom, a subsidiary of Deutsche Telekom. Magyar Telekom offers a VDSL service, including a VoD service, to its internet subscribers. With its ability to offer bundled triple-play and quadruple-play services, including its DTH video content, Magyar Telekom is a significant competitor. To meet such competition, UPC Hungary emphasizes its competitively priced bundles, which have been enhanced with increased broadband speeds of up to 500 Mbps with up to 120 Mbps or 240 Mbps included in its core bundle offers. In 2014, it launched the video service MyPrime and for its HBO customers the on-line streaming service HBO Go. Of the television households in Hungary, 8% subscribe to Digi TV's DTH service, 14% subscribe to Digi TV's cable service and 20% subscribe to Magyar Telekom's DTH or VDSL service. UPC DTH serves 7% of the television households in Hungary with its DTH service.

With the discontinuation of FTA analog services in the Czech Republic and Slovakia, DTH services have increased significantly in popularity, with M7 Group SA (SkyLink) being the main provider. This company provides DTH services to approximately 30% and 26% of the television households in the Czech Republic and Slovakia, respectively. As in Hungary, Digi TV is also an aggressive competitor in the Czech Republic and Romania. Digi TV provides DTH services to 5% and 17% of the television households in the Czech Republic and Romania, respectively. In Slovakia, we compete with the DTH service provider, Slovak Telekom a.s., a subsidiary of Deutsche Telekom, which offers exclusive sports channels and is expanding its DTH network to cover not only Slovakia but other Central and Eastern European countries as well. In Slovakia, it serves 20% of the television households. UPC DTH provides DTH services to 2%, 4% and 3% of the television households in the Czech Republic, Romania and Slovakia, respectively. To stay competitive, UPC DTH offers prepaid DTH services in the Czech Republic, as well as a prepaid product through FocusSat in Romania. Also, FocusSat has enhanced the channel offering in Romania, including the addition of non-exclusive broadcasting rights for domestic football league. In Romania, competition also comes from DTH services offered by Rom Telecom SA, the incumbent telecommunications company, with 11% of the total television households.

Of the television households in the Czech Republic, Romania and Slovakia, 10%, 12% and 8%, respectively, subscribe to our video cable service. Our cable services are available to the television households in each of these countries as follows: 30% in the Czech Republic, 33% in Romania and 22% in Slovakia. In addition to its DTH services in Romania, Digi TV continues to overbuild portions of our cable network with its own cable network. UPC Czech competes with the incumbent telephone company's VDSL service and several other operators that provide DTH services and a number of local ISPs that provide IPTV services over FTTx networks. Providers of IPTV services over FTTx networks can reach approximately 65% of the households passed by our cable network in the Czech Republic. Of the television households in Romania, 30% subscribe to Digi TV's cable service. In Slovakia, a number of ISPs make video services available to a majority of the homes passed by our cable networks. In particular, Slovak Telekom and Orange Slovensko a.s., a subsidiary of France Telecom S.A., have overbuilt homes passed by our cable network with their FTTx networks and offer triple-play packages through these networks.

FTA broadcasters are also significant competitors in the Czech Republic and in Slovakia. Subscribers in these countries tend to be more price sensitive than in other European markets. In particular, almost 100% of the

Czech Republic can receive DTT for free or a comprehensive satellite service for a minimal recurring monthly fee. To address such sensitivity and meet competition, our operations in Central and Eastern Europe offer enhanced digital services, such as HD channel offerings and, in certain markets, MyPrime, Horizon Go and expanded VoD services. In addition, all of these operations have realigned their bundle offers to include increased broadband internet speeds in their triple-play bundles ranging from up to 240 Mbps in the Czech Republic to 500 Mbps in Hungary and Romania. Promotional discounts are available, particularly on bundled options. Also, CI+ cards for DTH only products are available in the Czech Republic and in Slovakia.

### ***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 fixed-line broadband internet services using DSL or FTTx and wireless broadband internet services, in a range of product offerings with varying speeds and pricing, as well as interactive computer-based services, data and other non-video services offered to homes and businesses. With technological developments, competition from wireless services using various advanced technologies has become significant. Recently, competitors have started offering high-speed mobile data via LTE wireless networks in certain of our markets. In addition, other wireless technologies, such as WiFi, are becoming more prevalent. We are also seeing intense competition 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, including increasing the maximum speed of our connections, offering varying tiers of service and varying prices and offering a variety of bundled product offerings and a range of value added services. In most of our operations we have launched new bundling strategies, including speeds of 120 Mbps or more at mass market price points and ultra high-speed internet with speeds of generally up to 250 Mbps (240 Mbps in the Czech Republic) and in select markets up to 500 Mbps to compete with VDSL and FTTx initiatives. The focus continues to be on high-end internet products to safeguard our high-end customer base and allow us to become more aggressive at the low- and medium-end of the internet market. By fully utilizing the technical capabilities of Euro DOCSIS 3.0 technology, we can compete with local FTTx initiatives and create a competitive advantage compared to DSL infrastructures on a national level and LTE initiatives as they expand to a national level.

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 fixed-line broadband offerings is further increasing the competitive pressure in this market. Wireless broadband services, such as LTE, are also taking a foothold in a number of countries using high-speed mobile networks and high-speed downlink packet access systems.

*Switzerland and Austria.* In Switzerland, Swisscom is the largest provider of broadband internet services, with an estimated market share of 54% of all broadband internet customers, and is our primary competitor. Swisscom internet customers have access to its video content free of charge through its internet portal. It is also expanding its FTTx network, through which it can offer download speeds of up to 300 Mbps and recently launched its 1 Gbps offer to customers on its new FTTx network. Swisscom FTTx network reaches over 1.0 million homes and it plans to reach over 2.3 million homes by the end of 2015. The next significant competitor is Sunrise Communications AG with 9% of broadband internet customers. Sunrise Communications AG offers download speeds of up to 100 Mbps. UPC Cablecom serves 21% of broadband internet subscribers in Switzerland. UPC Cablecom increased its download speeds to 250 Mbps in early 2014 and seeks to distinguish itself through competitively priced bundled offerings, including digital video, fixed-line telephony services and its ultra high-speed internet services. It is also expanding its Community WiFi network and offers ultra high-speed internet with download speeds of up to 500 Mbps in select markets.

UPC Austria's largest competitor with respect to broadband internet services is the incumbent telecommunications company, Telekom Austria, with approximately 60% of the broadband internet subscribers in Austria. In addition, Telekom Austria is expanding its DSL network and planning to use VDSL technology with vectoring to increase its download speeds to up to 70 Mbps. Currently, it offers download speeds of up to 30 Mbps and up to 100 Mbps in select areas. UPC Austria's share of such market is 19%. The mobile broadband services of Telekom Austria are also a competitive factor. Telekom Austria is the largest mobile broadband provider serving 42% of the mobile broadband subscribers that use LTE services. In addition, UPC Austria faces competition from LLU and other mobile broadband operators. As a result, the competition in the broadband internet market is intense. Competitors in the Austrian broadband internet market are focusing on speed and



pricing to attract customers. UPC Austria uses its ultra high-speed internet services with competitively priced bundles and promotional discounts to encourage customers from other providers to switch to UPC Austria's services.

*Central and Eastern Europe.* In Central and Eastern Europe, our principal competitors are DSL operators and cable companies that are overbuilding our cable network. In Poland, our principal competitors are Orange Poland and Vectra SA, both of which offer download speeds of up to 300 Mbps in parts of UPC Poland's footprint. In Hungary, the primary competitors are the incumbent telecommunications company, Magyar Telekom and Digi TV. In addition, in all of our Central and Eastern European operations we face increased competition from mobile broadband operators. Download speeds are also a competitive factor, with competitors enhancing their networks to increase their available download speeds. In all of our Central and Eastern European markets, we are using our ultra high-speed internet service to attract and retain customers. In addition, promotional discounts are a big part of our internet service offerings, as well as with our competitors.

### ***Fixed-Line Telephony and Mobile Services***

The market for fixed-line telephony services is mature. Changes in market share are driven by the combination of price and quality of services provided and the inclusion of telephony services in bundled offerings. With respect to fixed-line telephony services, our businesses compete against the incumbent telecommunications operator in each country. These operators have substantially more experience in providing fixed-line telephony and mobile services, greater resources to devote to the provision of fixed-line telephony services and long-standing customer relationships. In addition, we compete with other VoIP operators offering service across broadband lines and with mobile telephony providers. Over-the-top telephony is also becoming a competitive factor. In many countries, our businesses also face competition from other cable telephony providers, FTTx-based providers or other indirect access providers.

Competition in both the residential and business fixed-line telephony markets is increasing due to market trends, the offering of carrier pre-select services, number portability, the replacement of fixed-line with mobile telephony, and the growth of VoIP services, as well as continued deregulation of telephony markets and other regulatory action, such as general price competition. Carrier pre-select allows the end user to choose the voice services of operators other than the incumbent while using the incumbent's network. We seek to compete on pricing as well as product innovation, such as telephone apps that allow customers to make and receive calls from their fixed-line call packages on smartphones. We also offer varying plans to meet customer needs and various bundle options with our digital video and internet services. In addition, we offer mobile voice and data services in Switzerland, Austria and in select markets in Hungary. With consumers increasingly moving towards mobile services, we continue to explore opportunities to offer mobile services in our other operations and mobility applications to our other services.

Our fixed-line and mobile telephony businesses are generally small compared to the existing business of the incumbent telephone company. The incumbent telephone companies remain our key competitors but mobile operators and other VoIP operators offering service across broadband lines are also significant competitors in these markets. Generally, we expect telephony markets to remain extremely competitive.

Our fixed-line telephony strategy in Europe is focused around value leadership, and we position our services as "anytime" or "any destination". Our portfolio of calling plans includes a variety of options designed to meet the needs of our subscribers. Such options include unlimited network, national or international calling, unlimited off-peak calling and minute packages, including calls to fixed and mobile phones. We also use our bundled offerings to help promote our telephony services.

In Switzerland, we are the largest VoIP service provider, but Swisscom is the dominant fixed-line telephony service provider. Sunrise Communications AG, which offers carrier pre-select services, is also a strong competitor. Each of these competitors also operate their own mobile telephony service and include their mobile products in bundles with fixed-line services. In Austria, we serve our subscribers with VoIP over our cable network, circuit-switched telephony services and DSL technology service over LLU. To meet the competition for fixed-line services, UPC Cablecom enhanced its portfolio with attractive bundle options as well as standalone plans with free minutes either nationally or internationally and offers mobile services, including a phone app that allows smartphone users make calls on their fixed network plan. The market share of the fixed-line telephony market for UPC Cablecom is 13%.

In our other 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. Given the increased relevance of the mobile market, we have launched mobile services as an MVNO in Austria and plan to expand these services to our other markets. To gain market share, we promote our VoIP telephony service offerings in almost all of our European markets and in some markets we have enhanced our telephony services through unlimited calling options.

## **Regulatory Matters**

### ***Overview***

Video distribution, broadband internet, fixed-line telephony and mobile 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, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

Austria, Belgium, Bulgaria, Croatia, Cyprus, the 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 U.K. 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 without any implementation at the national level. Certain EU rules are also applicable across the European Economic Area, whose Member States are the EU Member States (excluding Croatia) 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 which our businesses operate have been significantly affected by the regulatory framework that has been developed by the EU. Regulation in Switzerland, which is not a Member State of the EU and is not part of the European Economic Area, 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.

### ***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 Regulatory Framework). The key elements of the Regulatory Framework are various legal measures, which we refer to as the Directives, that require Member States to harmonize their laws, as well as certain regulations that have direct effect without any specific adoption at the national level.

The Regulatory Framework primarily seeks open communications services markets within Europe. It harmonizes the rules within the EU 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.

On December 18, 2009, the Official Journal of the EU published revisions to the Regulatory Framework. These revisions should have been transposed into the laws of the Member States before May 25, 2011, although in practice, this process is still ongoing in certain Member States. Despite their limited nature, certain changes to the Regulatory Framework will affect us. For example, some new powers have been given to national regulators, such as the right to mandate access to ducts without finding operators or service providers to have “Significant Market Power” (defined below). 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. Additionally, the revisions to the Regulatory Framework grant enhanced powers to Member States to impose transparency obligations and quality of service requirements on ISPs, which may restrict our flexibility in respect of our broadband services.

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 EU 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 then the EU Commission adopted a new recommendation reducing the list of predefined markets to seven, subject to periodic review. This adjusted recommendation led to a reduction in regulation. Some NRAs, however, continue to maintain their analysis of some of the markets from the original list or perform analysis of markets not listed in the recommendation which requires the NRA to prove that additional requirements, the so called three-criteria test, are met. In October 2014, the EU adjusted the recommendation by removing the telephony markets and combining the wholesale broadband access markets.

NRAs might seek to define us as having Significant Market Power in any of these 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, an 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), which power also applies with respect to market definition, in any market, regardless of whether it is a market predefined by the EU Commission or an additional market defined by an NRA. We have been found to have Significant Market Power in certain markets in which we operate and further findings of Significant Market Power are possible. In particular, we have been found to have Significant Market Power in the termination of calls on our network.

*Video Services.* The regulation of distribution, but not the content, of television services to the public is harmonized by the Regulatory Framework. Member States are allowed to impose on certain operators under their jurisdiction reasonable must carry obligations for the transmission of specified radio and television broadcast channels. Such obligations are required to be based on clearly defined general interest objectives, be proportionate and transparent and be subject to periodic review. We are subject to must carry regulations 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 in certain Member States that are in excess of what we believe to be allowed, and we do not expect the EU Commission or the Member States to curtail such obligations in the foreseeable future.

*Net Neutrality/Traffic Management.* Other current regulatory debates at the EU and national level include net neutrality/traffic management, as well as responsibilities for ISPs on illegal content or activities on the internet. With respect to net neutrality/traffic management, the EU Commission confirmed in April 2011 that no additional EU regulation is needed to preserve net neutrality. The EU Commission made this decision after concluding that the existing provisions of the Regulatory Framework on consumer transparency and the ability of regulators to impose a minimum quality of service on an operator should be given time to be tested by Member States. In December 2011, the Body of European Regulators for Electronic Communications (BEREC), the joint body of European telecommunications regulators, published non-binding guidelines on net neutrality and transparency. BEREC believes that transparency and the ability for end-users to easily switch providers is vital and recommends that operators should provide clear end-user information about service limitations and actual speeds.

While the EU has not imposed net neutrality regulation to date, it does require operators to provide clear and transparent information to customers on traffic management practices and service quality. In addition, new measures have been proposed as part of the EU's Telecoms Single Market proposal, which would prohibit blocking and throttling of internet traffic, with the exception of congestion management. The proposals also support development of specialized, managed services delivering enhanced Quality of Service levels by ISPs, in addition to the continued delivery of best-effort internet services for all. There is significant pressure, however, to restrict the use of specialized services, which could compromise our ability to manage the content streams on our network. Negotiations between Member States are in their infancy and we currently expect these negotiations to be completed in the first half of 2015. The final outcome of this debate and its impact on our businesses is difficult to predict.

On September 11, 2013, the EU Commission proposed a partial reform to the Regulatory Framework in its proposed regulation on the European single market for electronic communications. Under EU law, a regulation, unlike a Directive, is required to be implemented into national law without interpretation by the respective national government. This proposal is a substantial reform to the 2009 Regulatory Framework, notably in how regulatory powers for licensing, spectrum and consumer protection are divided between NRAs, BEREC and the EU Commission. The proposal does not, however, modify the Regulatory Framework for mandating access obligations on operators with Significant Market Power. With respect to broadband services, the proposal permits ISPs to charge content or application service providers for carriage in return for new prohibitions to the use of traffic management to block, slow down or degrade services or applications. There are also modifications to the rules on consumer protection that extend the circumstances under which subscribers can terminate their contracts without cost, which may restrict our flexibility in respect of our bundled service offerings. The proposed regulation is subject to approval by the European Parliament and by Member States in the European Council. While most of the proposals have not obtained the support of Member States in Council, as of January 2015, Member States have indicated they are willing to reach an agreement on reform of the roaming proposals and on a pan-European wide approach to net neutrality. A formal position among the 28 Member States may be reached by the end of February 2015, after which Member States in Council must negotiate their final position with the European Parliament before the measures can become EU law. Final adoption of these measures, if any, is not likely to occur before the second half of 2015.

### ***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). 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, 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 services 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 were obligated to transpose the requirements of AVMS into national law, and this has generally been completed, the practical effect is still not clear. Uncertainty still remains about the proper treatment of VoD from a practical perspective. Thus, 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.

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 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.



Our 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 our operating companies 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.

The EU Commission is imposing more mandatory requirements and encouraging voluntary solutions regarding energy consumption of the telecommunications equipment we provide our customers. We have been participating in discussions and studies regarding energy consumption with 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. We also worked with a large group of companies to create a voluntary agreement on set-top box power consumption as an alternative to regulation. The EU Commission formally recognized this voluntary agreement as a valid alternative to regulation on November 22, 2012. Nevertheless, legislation in this area may be adopted that 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 (the Standby Regulation), 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. Beginning in January 2013, the Standby Regulation imposed further requirements on power management on certain devices we purchase and/or develop, which devices, namely the Horizon TV set-top box and any future set-top boxes, must comply with such requirements, unless it can be argued such further requirements are inappropriate. These additional requirements have necessitated additional software developments for our equipment and reduce the functionality of our equipment assuming the equipment's default setting is maintained.

Furthermore in August 2013, the EU Commission issued an amendment to the Standby Regulation called Networked Standby (No 801/2013), which became effective as of January 1, 2015, with the aim of regulating, among others, the maximum power consumption of networked consumer equipment while in the so-called Networked Standby mode. As is the case with the Standby Regulation, these additional requirements may have an impact on our costs and the customer experience.

As part of the EU's Radio Spectrum Policy Program, spectrum made available through the switch off of analog television has been approved for mobile broadband use beginning January 1, 2013. This spectrum, known as the "digital dividend", is in the 700 – 862 MHz band. The terms under which this spectrum will become available will vary among the European countries in which we operate. Certain uses of this spectrum may interfere with services carried on our cable networks. If this occurs, we may need to: (1) avoid using certain frequencies on our cable networks for certain or all of our services, (2) make some changes to our networks, or (3) change the equipment which we deploy. In approving mobile broadband, however, the Radio Spectrum Policy Program states that the new mobile services must co-exist with existing services, such as cable and DTT, to avoid harmful interference. As a result, we are in on-going discussions with relevant Member States and the EU Commission to be included in LTE mobile trials in order to develop mitigation techniques and to engage NRAs to launch regulatory dialogs with equipment manufacturers and mobile operators to develop co-existing networks. We have also requested Member States and the EU Commission to prepare comprehensive national impact assessments when spectrum conditions are changed to ensure that the costs to prevent interference between the various services are balanced.

### ***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. Dominant providers have to grant access to third parties, including LLU access. But this access regulation is restricted to the copper wire network of the incumbent, Swisscom. Therefore, such unbundling obligations do not apply to UPC 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.

The Federal Council has suggested that the current Telecommunications Act be revised in two steps. First, the Federal Council plans to introduce measures to allow for easier access to the incumbent's network, better consumer protection and some measures to decrease roaming fees. Second, the Federal Council plans to introduce an efficient access regime to the Swisscom network by introducing ex officio rights for the Federal Communications Commission and an ex-ante regime, regulate the roaming prices and improve the consumer and youth protection rules. This second step is not expected to start before 2018. In addition, it is expected that the conditions for a national broadband rollout will be improved by introducing access obligations to the ducts of local utilities.

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. The Federal Government and the Federal Office of Communications can select up to 25 programs that have to be distributed in analog without the cable operator being entitled to compensation. A new Radio and Television ordinance became effective August 1, 2012, which allows cable operators to decrease the number of obligatory channels to be broadcasted in analog. A departmental ordinance was published which eliminates this regime for all foreign broadcasters as of June 1, 2013, and all other such regulation as of January 1, 2015. Additionally, there is no legal obligation to broadcast digital and analog in parallel as long as the digital offer is comparable to analog and does not force customers to incur additional costs.

UPC Cablecom's retail customer prices are subject to review by the Swiss Price Regulator. In October 2012, UPC Cablecom announced an agreement with the Swiss Price Regulator pursuant to which UPC Cablecom will make certain changes to its service offerings in exchange for progressive increases in the price of its basic cable connection. In this regard, (1) effective November 1, 2012, UPC Cablecom began offering a basic tier of digital television channels on an unencrypted basis in its footprint and (2) effective January 3, 2013, for video subscribers who pay the required upfront activation fee, UPC Cablecom has made available, at no additional monthly charge, a 2 Mbps internet connection, which was an increase from the previously-offered 300 Kbps internet connection. In addition, the monthly price for a cable connection increased by CHF 0.90 (\$0.91) effective January 1, 2013 and a further increase of CHF 0.60 (\$0.60) took effect on January 1, 2014. UPC Cablecom is currently disputing whether or not such price regulation is still applicable.

Effective October 1, 2014, the Federal Council proposed a new regulation imposing power thresholds for set-top boxes. There are some exemptions and transition periods which apply in the short term to the set-top boxes we import into Switzerland. The Swiss regulation may not be in line with EU regulation, and it may be reconsidered as Switzerland tries to align itself with EU norms. If, however, such regulation remains in force, it may have an adverse effect on the business of UPC Cablecom as UPC Cablecom may face restrictions regarding the import of set-top boxes.

## **Real Property**

We lease the facilities necessary for the operation of our business, including office space, technical support and engineering space, customer service space, network center space and other property necessary for our operations. We believe that our facilities meet our present needs and that our properties are generally well maintained and suitable for their intended use. We believe that we have sufficient space to satisfy the demand for our products in the foreseeable future, but we maintain flexibility to move certain operations to alternative premises.

## **Employees**

As of December 31, 2014, we, including our consolidated subsidiaries, had an aggregate of approximately 12,108 full-time equivalent employees, certain of whom belong to organized unions and works councils. Certain of our subsidiaries also use contract and temporary employees, which are not included in this number, for various projects. We believe that our employee relations are good.

## **MANAGEMENT AND GOVERNANCE OF UPC HOLDING**

### **Management of UPC Holding**

The managing director of UPC Holding is Liberty Global Europe Management B.V., which is an indirect wholly-owned subsidiary of Liberty Global. The address for the managing director is Boeingavenue 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 Liberty Global 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 Liberty Global Europe Holding B.V. Liberty Global Europe Holding B.V. is in turn wholly-owned through a series of intermediate holding companies by Liberty Global. Liberty Global is a leading international cable company, with operations in 14 countries. Its market-leading television, broadband internet and telephony services are provided through next-generation networks and innovative technology platforms that connected 27 million customers subscribing to 56 million television, broadband internet and telephony services at December 31, 2014. In addition, Liberty Global served 5 million mobile subscribers across nine countries at year-end 2014. Liberty Global's consumer brands include Virgin Media, UPC, Ziggo, Unitymedia, KabelBW, Telenet and VTR. Liberty Global's operations also include Liberty Global Business Services, its commercial division, and Liberty Global Ventures, its investment fund. Liberty Global's ordinary shares are listed on the NASDAQ Global Select Market under the symbol "LBTYA", "LBTYB" and "LBTYK" and Liberty Global had a market capitalization as of February 6, 2015 of approximately \$42.6 billion.

## 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 251438. 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 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 or the Security Agent 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 or the Security Agent, to benefit the holders of the Notes or Qualified Charities (as defined in the Declaration of Trust) or the Trustee or the Security Agent. 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 Loans. 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 Loans 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 Loans 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 Loans 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 Loans 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

### General

UPC Holding has various related-party transactions with certain of Liberty Global's subsidiaries. These related-party transactions are reflected in the related-party revenue, operating expenses, SG&A expenses, allocated share based compensation expense, fees and allocations, net, interest income and interest expense in the December 31, 2014 Consolidated Financial Statements.

In connection with the Corporate Entities Transfer and Liberty Global's internal reorganizations of its broadband and wireless communications businesses in Europe, Liberty Global will be changing the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another, which, as further described below, will impact the calculation of the "consolidated EBITDA" metric specified by UPC Holding's debt agreements. This new methodology (the "**2015 Liberty Global Allocation Methodology**"), which will be implemented during the first quarter of 2015, is intended to ensure that Liberty Global continues to allocate its central and administrative costs to its borrowing groups on a fair and rational basis. The implementation of the 2015 Liberty Global Allocation Methodology will be effected through the Corporate Entities Transfer and will result in future decreases to UPC Holding's operating and SG&A expenses and increases to related-party fees and allocations. Beginning with the first quarter of 2015, Liberty Global Services II and Liberty Global Operations, along with certain other subsidiaries of Liberty Global, will charge fees and allocate costs and expenses to UPC Holding and other Liberty Global subsidiaries, as appropriate. Subject to the specific terms contained in the UPC Holding debt agreements, the implementation of the 2015 Liberty Global Allocation Methodology will impact the calculation of UPC Holding's EBITDA metric as the amount of related-party fees and allocations that is included in UPC Holding's EBITDA metric will change. In this regard, the components of related-party fees and allocations that are deducted to arrive at UPC Holding's EBITDA metric in 2015 and future periods will be based on (i) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (ii) the allocation methodologies in effect during the period and (iii) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amount of related-party fees and allocations that will be deducted to arrive at UPC Holding's EBITDA metric in future periods. For example, to the extent that another of Liberty Global's subsidiary borrowing groups were to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to UPC Holding would decrease (increase).

### Related Party Transactions Impacting UPC Holding's Operating Results

#### General

UPC Holding charges fees and allocates costs and expenses to Liberty Global and certain other Liberty Global subsidiaries and Liberty Global and certain Liberty Global subsidiaries outside of the UPC Holding borrowing group charge fees and allocate costs and expenses to UPC Holding. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) UPC Holding's estimated share of the underlying costs, (ii) UPC Holding's estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. Through June 30, 2014, UPC Holding's related-party operating and SG&A expenses and UPC Holding's related-party fees and allocations generally were based on its estimated share of the applicable estimated costs (including personnel-related and other costs associated with the services provided) incurred by UPC Holding, Liberty Global and the other Liberty Global subsidiaries. The estimated amounts charged were reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The revisions to reflect the actual costs underlying UPC Holding's related-party fees and allocations for 2013, 2012 and 2011 amounted to increases (decreases) of €15.3 million, €2.2 million and (€0.7 million), respectively, in UPC Holding's net billings to Liberty Global and certain other Liberty Global subsidiaries, which amounts were recorded during the first half of 2014, 2013 and 2012, respectively. The revisions to reflect actual costs for UPC Holding's related-party operating and SG&A expenses for 2013, 2012 and 2011 were not material. During the third quarter of 2014, Liberty Global and its subsidiaries began basing the fees charged and amounts allocated among Liberty Global and its subsidiaries on actual costs incurred. As a result, during the third quarter of 2014, UPC Holding recorded a €4.3 million increase to the net fees and allocations charged by UPC Holding to Liberty Global and certain other Liberty Global subsidiaries to reflect the impact of this change in methodology as of January 1, 2014. The impact of this change in methodology on UPC Holding's related-party operating and SG&A expenses was not material. Although UPC Holding believes that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in its consolidated statements of operations are reflective of the costs that it would incur on a standalone basis. Except as noted below, UPC Holding's related-party transactions are generally cash settled.



## ***Revenue***

Related-party revenue consists primarily of (i) interconnect and other network access charges to Virgin Media Inc. (“**Virgin Media**”), (ii) construction and programming services provided to certain non-consolidated affiliates and (iii) programming services provided to Chellomedia B.V. (“**Chellomedia**”) until the sale of substantially all of Chellomedia’s assets by Liberty Global on January 31, 2014. Virgin Media is a subsidiary of Liberty Global that is outside of the UPC Holding borrowing group. Total related-party revenue was €6.9 million, €12.1 million and €11.4 million during 2014, 2013 and 2012, respectively.

## ***Operating Expenses***

Related-party operating expenses consist primarily of (i) programming and digital interactive services provided by Chellomedia until the sale of substantially all of Chellomedia’s assets by Liberty Global on January 31, 2014 and programming services provided by another subsidiary of Liberty Global that is outside of the UPC Holding borrowing group in the aggregate amounts of €18.3 million, €51.9 million and €57.6 million during the years ended December 31, 2014, 2013 and 2012, respectively and (ii) programming and interconnect fees charged by certain of Liberty Global’s affiliates of €7.7 million, €6.3 million and €10.0 million during 2014, 2013 and 2012, respectively. In addition, amounts reflect (a) €12.7 million, €9.9 million and €7.4 million during 2014, 2013 and 2012, respectively, of encryption and other operating expenses charged to Unitymedia KabelBW GmbH (“**Unitymedia KabelBW**”), (b) €7.7 million, €0.2 million and nil during 2014, 2013 and 2012, respectively, of information technology-related expenses charged by Virgin Media and (c) aggregate recharges of network-related and other items to (from) LG Europe and Liberty Global Europe Ltd. (“**LGE Ltd.**”), each a subsidiary of Liberty Global that is outside of the UPC Holding borrowing group, of (€0.7 million), €2.1 million and €1.4 million during 2014, 2013 and 2012, respectively.

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

UPC Holding’s recorded aggregate net SG&A expenses, consist primarily of net cash settled administrative and information technology-related expenses, primarily between UPC Holding, LG Europe, Virgin Media, Unitymedia KabelBW, LGE Ltd. and other subsidiaries of Liberty Global that are outside of the UPC Holding borrowing group that resulted in net charges (credits) of (€10.6 million), €6.8 million and €1.9 million during 2014, 2013 and 2012, respectively.

## ***Allocated Share-Based Compensation***

Liberty Global allocates share-based compensation to UPC Holding associated with the Liberty Global share-based incentive awards held by certain employees of UPC Holding’s subsidiaries. UPC Holding recorded allocated share-based compensation of €28.0 million, €23.8 million and €16.5 million during 2014, 2013 and 2012, respectively.

## ***Fees and Allocations, Net***

Fees and allocations, net, represent the aggregate net effect of charges between subsidiaries of UPC Holding and various Liberty Global subsidiaries that are outside of the UPC Holding borrowing group, including (i) charges to Unitymedia KabelBW of €106.1 million, €76.4 million and €53.7 million during 2014, 2013 and 2012, respectively, which were partially loan settled, (ii) net charges to (from) Liberty Global and certain other Liberty Global subsidiaries of (€41.6 million), (€11.0 million) and €10.3 million during 2014, 2013 and 2012, respectively, which were partially loan settled, (iii) aggregate net charges from LG Europe and LGE Ltd. of €40.0 million, €68.7 million and €61.6 million during 2014, 2013 and 2012, respectively and (iv) charges to VTR Finance B.V. of €2.8 million, nil and nil during 2014, 2013 and 2012, respectively. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to or by UPC Holding’s subsidiaries and, in the case of charges to Unitymedia KabelBW, also include charges related to marketing and other services that support Unitymedia KabelBW’s broadband communications operations, including the use of the UPC trademark.

During the first three quarters of 2014, UPC Holding allocated technology-based costs from UPC Holding to other Liberty Global subsidiaries based on each subsidiary’s estimated proportionate share of these costs. During the fourth quarter of 2014, UPC Holding changed the approach used to determine the amounts to be charged by UPC Holding for technology services to other Liberty Global subsidiaries to a royalty-based method that was made retroactively effective to January 1, 2014. During 2014, the €41.0 million proportional share of the technology-based costs UPC Holding charged to other subsidiaries was €24.4 million more than the royalty-based technology fees UPC Holding charged under the new approach. Accordingly, the €24.4 million portion of

UPC Holding's related-party receivables that was attributable to this excess amount is reflected as a deemed distribution of technology-related services. These technology-based charges are payable quarterly and are cash settled unless otherwise determined by UPC Germany and Unitymedia KabelBW. Subsequent to the Corporate Entities Transfer and the 2015 Liberty Global Allocation Methodology, UPC Holding will begin to receive technology-based charges from other Liberty Global subsidiaries. The charges under the new royalty-based fees are expected to escalate in future periods. Any excess of these charges over UPC Holding's estimated proportionate share of the underlying technology-based costs will be classified as management fees and added back to arrive at the consolidated EBITDA figure used in its leverage covenant calculations.

### ***Interest Expense***

Related-party interest expense represents interest accrued on the UPC Holding Subordinated Shareholder Loans, as discussed below. The interest expense is not paid in cash, but accrued and included in other long-term liabilities during the year and then added to the UPC Holding Subordinated Shareholder Loans balance at the end of the year. UPC Holding recorded related-party interest expense of €884.3 million, €863.6 million and €848.5 million during 2014, 2013 and 2012, respectively.

### ***Interest Income***

Related-party interest income relates to (i) a loan receivable (the UPC Broadband France Loan Receivable) from VTR GlobalCom SpA ("**VTR**"), a subsidiary of Liberty Global that is outside of the UPC Holding borrowing group, to a subsidiary of UPC Holding, UPC Broadband France SAS and (ii) during the 2013 and 2012 periods, a loan receivable from Unitymedia Hessen GmbH & Co. KG ("**Unitymedia Hessen**"), a subsidiary of Liberty Global that is outside of the UPC Holding borrowing group, which was repaid during the second quarter of 2013. The UPC Broadband France Loan Receivable was effectively repaid in January 2014. UPC Holding recorded related-party interest income of €0.2 million, €8.9 million and €10.6 million during 2014, 2013 and 2012, respectively.

### ***UPC Holding Subordinated Shareholder Loans***

UPC Holding and LGE Financing are parties to a master (loan) agreement under which LGE Financing from time to time provides unsecured shareholder loans. The UPC Holding Subordinated Shareholder Loans are scheduled to be repaid in 2030 and are subordinated in right of payment to the prior payment in full of the UPCH 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 marshaling 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 UPC Holding Subordinated Shareholder Loans is a fixed rate of 9.79%. The net increase in the UPC Holding Subordinated Shareholder Loans balance during 2014 includes (a) cash borrowings of €4,185.0 million, (b) cash payments of €3,522.4 million, (c) a €2,450.0 million non-cash decrease related to the consideration received associated with the extraction of VTR, certain of its parent entities and all of its subsidiary entities, (d) a €1,005.3 million non-cash increase related to the repayment of outstanding indebtedness under UPC Holding's Facilities R, S and AE, (e) additions of €878.2 million in non-cash accrued interest and (f) a €38.8 million non-cash decrease related to the settlement of related-party charges and allocations. The net increase in the Shareholder Loan balance during 2013 includes (1) cash borrowings of €2,435.9 million, (2) cash payments of €2,309.3 million, (3) additions of €861.0 million in non-cash accrued interest, (4) a €40.0 million non-cash decrease related to the settlement of related-party charges and allocations and (5) an increase of €35.5 million in non-cash settlement of related-party capital additions. The net increase in the Shareholder Loan balance during 2012 includes (I) cash payments of €2,272.6 million, (II) cash borrowings of €1,265.0 million, (III) additions of €847.8 million in non-cash accrued interest, (IV) an increase of €110.3 million in non-cash settlement of related-party capital additions and (V) a €68.0 million non-cash increase related to the settlement of related-party charges and allocations. During the three-year period ended December 31, 2014, none of the debt repayments were payments of interest.

### ***UPC Equipment Related-Party Loan***

At December 31, 2014, UPC Holding owed €78.4 million under a loan agreement (the "**UPC Equipment Note**") between a subsidiary of Liberty Global and UPC Equipment B.V. ("**UPC Equipment**"), an unrestricted subsidiary of UPC Broadband Holding, as contemplated by the UPC Broadband Holding Bank Facility. The interest rate on this loan was 9.29% at December 31, 2014. Subsequent to December 31, 2014, certain leasing transactions related to the UPC Equipment Note were unwound, which resulted in an early termination fee of €87.0 million payable by UPC Equipment. This early termination fee was funded through the UPC Equipment

Note and paid to Unitymedia International GmbH (“**UMI**”) and, in turn, UMI repaid in full the UMI Loan, as discussed below, and loaned the remaining cash amount to Unitymedia Hessen.

### **UMI Related-Party Loan**

At December 31, 2014, UPC Holding owed €27.5 million under a loan agreement (the “**UMI Loan**”) between Unitymedia Hessen and UMI. The interest rate on this loan was 2.47% at December 31, 2014. Subsequent to December 31, 2014, as discussed above, UMI used an €87.0 million early termination fee it received from UPC Equipment to repay in full the UMI Loan, and loan the remaining cash amount to Unitymedia Hessen. UMI was formed for the purpose of acquiring and legally owning certain customer premises equipment assets to be leased to certain UPC Holding subsidiaries, including certain purchase and leaseback transactions that were initiated in December 2011. Although UPC Holding has no equity or voting interest in UMI, the transactions between UMI and certain of UPC Holding subsidiaries creates a variable interest in UMI for which UPC Holding and certain of its subsidiaries are the primary beneficiary, as contemplated by U.S. GAAP. As such, UPC Holding is required by the provisions of U.S. GAAP to consolidate UMI.

### **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 ultimate Dutch parent company as one taxpayer for Dutch tax purposes. Intercompany tax allocations between members of the Dutch Fiscal Unity are not subject to tax-sharing agreements and no cash payments are made between the companies related to the Dutch tax attributes. Furthermore, UMI has entered into a tax integration agreement and a profit-sharing agreement with its immediate parent, Unitymedia Hessen, who is primarily liable for the related tax obligations. As a result, UMI’s income is fully attributed to Unitymedia Hessen and no provision for income taxes has been made in UPC Holding’s consolidated financial statements for UMI on a separate return basis. The income taxes of subsidiaries other than UMI that are not included within the Dutch fiscal unity are included in UPC Holding’s consolidated 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.



## 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 from time to time, including 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, June 9, 2009, and October 15, 2013, 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.

Each of the Finco Accession Agreements 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. For a list of the amendments that the Issuer will give advance consent to at the time it enters into the Finco Accession Agreements, see schedule 3 to the form of the Facility AL Finco Accession Agreement, attached as Annex B to this Offering Memorandum.

### Structure

The details of borrowings under the UPC Broadband Holding Bank Facility as of December 31, 2014 are summarized in table below. This table does not give effect to the Early 2015 Refinancings. See “*General Description of UPC Holding’s Business, the Issuer and the Offering—Recent Developments of UPC Holding*”.

Facility	Maturity	Interest rate	December 31, 2014		
			Facility amount (in borrowing currency) (a)	Unused borrowing capacity (b)	Carrying value (c)
				in millions	
V (d) .....	January 15, 2020	7.625%	€ 500.0	€ —	€ 500.0
Y (d) .....	July 1, 2020	6.375%	€ 750.0	—	750.0
Z (d) .....	July 1, 2020	6.625%	\$1,000.0	—	826.4
AC (d) .....	November 15, 2021	7.250%	\$ 750.0	—	619.8
AD (d) .....	January 15, 2022	6.875%	\$ 750.0	—	619.8
AG .....	March 31, 2021	EURIBOR +3.75%	€1,554.4	—	1,551.4
AH .....	June 30, 2021	LIBOR +2.50% (e)	\$1,305.0	—	1,076.0
AI .....	April 30, 2019	EURIBOR +3.25%	€1,046.2	1,046.2	—
Elimination of Facilities V, Y, Z AC and AD in consolidation (d) .....				—	(3,316.0)
<b>Total</b> .....			<b>€1,046.2</b>	<b>€1,046.2</b>	<b>€ 2,627.4</b>

(a) Except as described in (d) below, amounts represent total third-party facility amounts at December 31, 2014 without giving effect to the impact of discounts.

(b) At December 31, 2014, our availability under the UPC Broadband Holding Bank Facility was limited to €906.7 million. When the December 31, 2014 compliance reporting requirements have been completed, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €889.1 million. Facility AI has a fee on unused commitments of 1.3% per year.

- (c) The carrying value of Facilities AG and AH include the impact of discounts.
- (d) The UPCB Notes were issued by certain special purpose entities (the UPCB SPEs) that were created for the primary purpose of facilitating the offering of UPCB Notes. The proceeds from the UPCB Notes were used to fund additional Facilities V, Y, Z, AC and AD (each a UPCB SPE Funded Facility), with UPC Financing, a wholly-owned subsidiary of UPC Holding, as the borrower. Each UPCB SPE is dependent on payments from UPC Financing under the applicable UPCB SPE Funded Facility in order to service its payment obligations under each respective UPCB SPE Note. Although UPC Financing has no equity or voting interest in any of the UPCB SPEs, each of the UPCB SPE Funded Facility loans creates a variable interest in the respective UPCB SPE 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 and Liberty Global, are required by the provisions of U.S. GAAP to consolidate the UPCB SPEs. As a result, the amounts outstanding under Facilities V, Y, Z, AC and AD are eliminated in our consolidated financial statements.
- (e) Facility AH has a LIBOR floor of 0.75%.

For a description of recent changes to the UPC Broadband Holding Bank Facility since December 31, 2014, see “*General Description of UPC Holding’s Business, the Issuer and the Offering—Recent Developments of UPC Holding*”.

### ***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 (in relation to any loan drawn under any facility in euros) or LIBOR (in relation to any loan drawn under any facility in U.S. dollars or any currency of a country in which a member of the Borrower Group is incorporated and/or carries out its business and whose functional currency is other than euros) and any mandatory cost (calculated in accordance with the historic 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 and Subordinated Shareholder Loans have also been granted.

### ***Prepayment***

In addition to scheduled repayments of principal, the UPC Broadband Holding Bank Facility must be prepaid (each facility to the extent and in such proportion as described therein) 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.

**Borrowers:** UPC Broadband Holding and UPC Financing together with any member of the Borrower Group (as defined below) which becomes an “Additional Borrower”.

**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 Western Europe Holding 2 B.V. (formerly known as UPC Nederland B.V.), UPC Poland Holding B.V., UPC Broadband B.V., UPC Broadband Ireland B.V., UPC Chile Holding B.V.; UPC Internet 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”.

<b>Borrower Group:</b>	<p>Borrower Group means:</p> <p>(a) UPC Broadband Holding and its subsidiaries from time to time excluding “Unrestricted Subsidiaries”; and</p> <p>(b) UPC Financing.</p> <p>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.</p>
<b>Facility Agent and Security Agent:</b>	The Bank of Nova Scotia.
<b>Majority Lenders:</b>	<p>Lenders whose undrawn commitments and participations in outstanding advances under the UPC Broadband Holding Bank Facility exceed 66<sup>2</sup>/<sub>3</sub>% of the aggregate undrawn commitments and outstanding advances.</p> <p>If such commitments or participations in advances are denominated in a currency other than euro they are translated into euros.</p>
<b>Material Adverse Effect:</b>	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”).
<b>Additional Facilities:</b>	<p>There have been numerous accessions of “Additional Facilities” under the UPC Broadband Holding Bank Facility previously and there are currently 6 Additional Facilities outstanding. Such Additional Facilities are the only facilities outstanding under the UPC Broadband Holding Bank Facility. For further details, please refer to “—<i>Structure</i>”.</p> <p>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.</p> <p>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 a member of the Borrower Group is incorporated or does business.</p> <p>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.</p> <p>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.</p>
<b>Purpose:</b>	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.
<b>Final Maturity Date:</b>	Maturity dates are set out in each relevant Additional Facility Accession Agreement. There are currently Additional Facilities with maturities extending until January 15, 2022.

<b>Interest:</b>	<p>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:</p>
	<ul style="list-style-type: none"> <li>(a) the applicable margin;</li> <li>(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</li> <li>(c) mandatory costs (calculated in accordance with the historic standard LMA calculations and formulae).</li> </ul>
	<p>The margin for each Additional Facility is set out in the relevant Additional Facility Accession Agreement.</p>
	<p>There is nothing in the UPC Broadband Holding Bank Facility which restricts an Additional Facility from having a fixed interest rate. Additional Facility AK and Additional Facility AL which are the Additional Facilities to be lent by the Issuer, will have a fixed interest rate.</p>
	<p>Interest is payable on the last day of each interest period but not less than semi-annually.</p>
	<p>Default margin for unpaid amounts shall be 2% above the standard margin level.</p>
<b>Repayment:</b>	<p>The repayment profile of each Additional Facility is set out in the relevant Additional Facility Accession Agreement.</p>
<b>Mandatory Prepayment:</b>	<p>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:</p>
	<ul style="list-style-type: none"> <li>(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: <ul style="list-style-type: none"> <li>(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, LLC) ("UGCE Inc.") and ceasing to exercise management control over UGCE Inc.; or</li> <li>(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</li> <li>(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</li> <li>(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</li> <li>(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</li> </ul> </li> </ul> <p>(any of the events described (i) to (v) above being a "Change of Control").</p>



- (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 (which shall be reduced by the aggregate amount of all cash and cash equivalent investments held by any member of the Borrower Group as stated in the relevant accounts) 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 permitted acquisitions and capital expenditure). Any amount not reinvested within 12 months will be applied in prepayment of the Additional Facilities; or
  - (iii) where 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 re-borrowed.

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.

**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.

**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).

**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 Western Europe Holding 2 B.V. (formerly known as UPC Nederland B.V.);
  - (vii) UPC Central Europe Holding B.V.;
  - (viii) UPC Czech Holding B.V.;
  - (ix) UPC Romania Holding B.V.;
  - (x) UPC Poland Holding B.V.;
  - (xi) UPC Switzerland Holding B.V.;
  - (xii) UPC Chile Holding B.V.;
  - (xiii) UPC Broadband Ireland B.V.; and
  - (xiv) UPC Broadband B.V.
- (b) Share pledges in respect of the share capital of each additional Obligor;
- (c) Share pledges over any subsidiary of an additional Obligor (other than shares not owned by it or its subsidiaries) required to maintain security coverage over shares in holding companies of members of the group that carry on business in a particular jurisdiction;
- (d) Pledge by each of UPC Holding and UPC Holding II B.V. of its partnership interest in UPC Financing;

- (e) Pledge of inter-company loans from Obligors to other members of the Borrower Group;
- (f) Pledge of the Subordinated Shareholder Loans made to members of the Borrower Group;
- (g) Bank account pledge between UPC Broadband Holding and ABN AMRO Bank N.V. (previously called Fortis Bank (Nederland) B.V.);
- (h) Deed of transfer and pledge between, among others, TD Bank Europe Limited, The Bank of Nova Scotia and UPC Broadband Holding; and
- (i) Pledge of receivables in respect of certain receivables of members of the Borrower Group.

**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.

**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) 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;
  - (iv) annual and quarterly compliance certificates in an agreed format; and
  - (v) details of the principal terms of any senior hedging or high yield hedging arrangements;
- (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 the UPC Holding 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;
- (x) 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.

**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) ratio of total debt to annualized EBITDA to be no more than 5.75:1.

For the purposes of (a) and (e) above, senior debt and total debt shall be reduced by the aggregate amount of all cash and cash equivalent investments held by any member of the Borrower Group.

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.

**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 the UPC Holding 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.

**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.

**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.

At any time on or after a voluntary cancellation or prepayment notice has been given but prior to the cancellation or prepayment date, the Facility Agent may disregard any undrawn commitment of a Lender which is due to be cancelled or the outstanding advances of a Lender which are due to be prepaid, as applicable, when determining whether sufficient Lenders have consented to an amendment or waiver. If a prepayment is not made on the specified prepayment date, the Lender's right to vote shall be reinstated with retroactive effect.

**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.

**Law:** English.

**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 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 UPC Broadband Holding Bank Facility) will benefit from the security granted in connection with the UPC Broadband Holding Bank Facility and the lenders of any such additional facility will accede to the January Security Deed.

### €600 million 6<sup>3</sup>/<sub>8</sub>% Senior Notes

On September 21, 2012, we issued the 6<sup>3</sup>/<sub>8</sub>% Notes. The 6<sup>3</sup>/<sub>8</sub>% Notes mature on September 15, 2022. The 6<sup>3</sup>/<sub>8</sub>% Notes benefit from the intercreditor arrangements described below. The 6<sup>3</sup>/<sub>8</sub>% 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 6<sup>3</sup>/<sub>8</sub>% Notes are secured by a fourth ranking pledge over the shares of UPC Holding. In addition, the 6<sup>3</sup>/<sub>8</sub>% 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 6<sup>3</sup>/<sub>8</sub>% Notes.

At any time prior to September 17, 2017, we may redeem some or all of the 6<sup>3</sup>/<sub>8</sub>% Notes by paying a specified “make-whole” premium.

On or after September 15, 2017, we may redeem some or all of the 6<sup>3</sup>/<sub>8</sub>% 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 September 15, 2015, we may redeem up to 40% of the 6<sup>3</sup>/<sub>8</sub>% Notes (at a redemption price of 106.375% of the principal amount) with the net proceeds from one or more specified equity offerings.

We may redeem all of the 6<sup>3</sup>/<sub>8</sub>% 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 6<sup>3</sup>/<sub>8</sub>% Notes at a redemption price of 101%.

### **€450 million 6<sup>3</sup>/<sub>4</sub>% Senior Notes and CHF 350 million 6<sup>3</sup>/<sub>4</sub>% Senior Notes**

On March 26, 2013, we issued the 6<sup>3</sup>/<sub>4</sub>% Notes. The 6<sup>3</sup>/<sub>4</sub>% Notes mature on March 15, 2023. The 6<sup>3</sup>/<sub>4</sub>% Notes benefit from the intercreditor arrangements described below. The 6<sup>3</sup>/<sub>4</sub>% 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 6<sup>3</sup>/<sub>4</sub>% Notes are secured by a fifth ranking pledge over the shares of UPC Holding. In addition, the 6<sup>3</sup>/<sub>4</sub>% 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 6<sup>3</sup>/<sub>4</sub>% Notes.

At any time prior to March 15, 2018, we may redeem some or all of the 6<sup>3</sup>/<sub>4</sub>% Notes by paying a specified “make-whole” premium.

On or after March 15, 2018, we may redeem some or all of the 6<sup>3</sup>/<sub>4</sub>% 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 March 15, 2016, we may redeem up to 40% of the 6<sup>3</sup>/<sub>4</sub>% Notes (at a redemption price of 106.750% of the principal amount) with the net proceeds from one or more specified equity offerings.

We may redeem all of the 6<sup>3</sup>/<sub>4</sub>% 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 6<sup>3</sup>/<sub>4</sub>% Notes at a redemption price of 101%.

### **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 6<sup>3</sup>/<sub>8</sub>% 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 will be redeemed as part of the Refinancing. See “General Description of UPC Holdings Business, the Issuer and the Offering—Recent Developments of UPC Holding”.



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.

### **UPCB III Senior Secured Notes and Facility Z under the UPC Broadband Holding Bank Facility**

On February 16, 2011, UPCB Finance III Limited, a special purpose financing company created for the primary purpose of issuing senior notes and owned 100% by a charitable trust, issued \$1.0 billion (€826.5 million equivalent) principal amount of 6<sup>5</sup>/<sub>8</sub>% senior secured notes (the “UPCB III Senior Secured Notes”) resulting in gross proceeds of \$1.0 billion. UPCB Finance III Limited used the proceeds from the UPCB III Senior Secured Notes to fund a new Facility Z 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 Z to reduce outstanding amounts under Facilities P and T under the UPC Broadband Holding Bank Facility.

UPCB Finance III Limited is dependent on payments from UPC Financing under Facility Z in order to service its payment obligations under the UPCB III Senior Secured Notes. Although UPC Financing has no equity or voting interest in UPCB Finance III Limited, the Facility Z loan creates a variable interest in UPCB Finance III 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 III Limited following the issuance of the UPCB III Senior Secured Notes. Accordingly, the amounts outstanding under Facility Z are eliminated within UPC Holding’s consolidated financial statements.

The UPCB III Senior Secured Notes have been issued pursuant to an indenture, dated February 16, 2011. Facility Z is made pursuant to an Additional Facility Z Accession Agreement (the “Facility Z Accession Agreement”). Pursuant to the Facility Z Accession Agreement, the call provisions, maturity and applicable interest rate for Facility Z are the same as those of the UPCB III Senior Secured Notes. UPCB Finance III 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 III Senior Secured Notes and the security interests over (i) all of the issued shares of UPCB Finance III Limited and (ii) Facility Z, granted to secure UPCB Finance III’s obligations under the UPCB III Senior Secured Notes, the holders of the UPCB III Senior Secured Notes are provided indirectly with the benefits, rights, protections and covenants, granted to UPCB Finance III Limited as a lender under the UPC Broadband Holding Bank Facility.

UPCB Finance III Limited is prohibited from incurring any additional indebtedness, subject to certain exceptions under the indenture governing the UPCB III Senior Secured Notes.

The UPCB III 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 Z), UPCB Finance III Limited will redeem an aggregate principal amount of the UPCB III Senior Secured Notes equal to the amount of Facility Z 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 III 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 III Limited will redeem an aggregate principal amount of the UPCB III



Senior Secured Notes equal to the principal amount of Facility Z prepaid at the redemption prices set forth in the indenture governing the UPCB III Senior Secured Notes, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

The UPCB III Senior Secured Notes will be redeemed as part of the Refinancing. See “*General Description of UPC Holdings Business, the Issuer and the Offering—Recent Developments of UPC Holding*”.

#### **UPCB V Senior Secured Notes and Facility AC under the UPC Broadband Holding Bank Facility**

On November 16, 2011, UPCB Finance V 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 (€619.8 million equivalent) principal amount of 7<sup>1</sup>/<sub>4</sub>% senior secured notes (the “UPCB V Senior Secured Notes”) resulting in gross proceeds of \$750.0 million. UPCB Finance V Limited used the proceeds from the UPCB V Senior Secured Notes to fund a new Facility AC under the UPC Broadband Holding Bank Facility, with UPC Financing, an indirectly wholly-owned subsidiary of UPC Holding, as the borrower. UPC Financing used part of the proceeds from Facility AC to reduce outstanding amounts under Facility AA under the UPC Broadband Holding Bank Facility with the remainder being used for general corporate purposes.

UPCB Finance V Limited is dependent on payments from UPC Financing under Facility AC in order to service its payment obligations under the UPCB V Senior Secured Notes. Although UPC Financing has no equity or voting interest in UPCB Finance V Limited, the Facility AC loan creates a variable interest in UPCB Finance V 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 V Limited following the issuance of the UPCB V Senior Secured Notes. Accordingly, the amounts outstanding under Facility AC are eliminated within UPC Holding’s consolidated financial statements.

The UPCB V Senior Secured Notes have been issued pursuant to an indenture, dated November 16, 2011. Facility AC is made pursuant to an Additional Facility AC Accession Agreement (the “Facility AC Accession Agreement”). Pursuant to the Facility AC Accession Agreement, the call provisions, maturity and applicable interest rate for Facility AC are the same as those of the UPCB V Senior Secured Notes. UPCB Finance V 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 V Senior Secured Notes and the security interests over (i) all of the issued shares of UPCB Finance V Limited and (ii) Facility AC, granted to secure UPCB Finance V’s obligations under the UPCB V Senior Secured Notes, the holders of the UPCB V Senior Secured Notes are provided indirectly with the benefits, rights, protections and covenants, granted to UPCB Finance V Limited as a lender under the UPC Broadband Holding Bank Facility.

UPCB Finance V Limited is prohibited from incurring any additional indebtedness, subject to certain exceptions under the indenture governing the UPCB V Senior Secured Notes.

The UPCB V Senior Secured Notes are non-callable until November 15, 2016. At any time prior to November 15, 2016, upon the occurrence of an Early Redemption Event (being a voluntary prepayment of all or a portion of Facility AC), UPCB Finance V Limited will redeem an aggregate principal amount of the UPCB V Senior Secured Notes equal to the amount of Facility AC 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 November 15, 2016, plus (2) all required remaining scheduled interest payments due through November 15, 2016, computed using the discount rate specified in the indenture, over (b) the principal amount of the UPCB V 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 November 15, 2016, upon the occurrence of an Early Redemption Event (as defined in the indenture), UPCB Finance V Limited will redeem an aggregate principal amount of the UPCB V Senior Secured Notes equal to the principal amount of Facility AC prepaid at the redemption prices set forth in the indenture governing the UPCB V Senior Secured Notes, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

## **UPCB VI Senior Secured Notes and Facility AD under the UPC Broadband Holding Bank Facility**

On February 7, 2012, UPCB Finance VI 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 (€619.8 million equivalent) principal amount of 6<sup>7</sup>/<sub>8</sub>% senior secured notes (the “UPCB VI Senior Secured Notes”) resulting in gross proceeds of \$750.0 million. UPCB Finance VI Limited used the proceeds from the UPCB VI Senior Secured Notes to fund a new Facility AD 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 AD to reduce outstanding amounts under Facilities M, N and O under the UPC Broadband Holding Bank Facility.

UPCB Finance VI Limited is dependent on payments from UPC Financing under Facility AD in order to service its payment obligations under the UPCB VI Senior Secured Notes. Although UPC Financing has no equity or voting interest in UPCB Finance VI Limited, the Facility AD loan creates a variable interest in UPCB Finance VI 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 VI Limited following the issuance of the UPCB VI Senior Secured Notes. Accordingly, the amounts outstanding under Facility AD are eliminated within UPC Holding’s consolidated financial statements.

The UPCB VI Senior Secured Notes have been issued pursuant to an indenture, dated February 7, 2012. Facility AD is made pursuant to an Additional Facility AD Accession Agreement (the “Facility AD Accession Agreement”). Pursuant to the Facility AD Accession Agreement, the call provisions, maturity and applicable interest rate for Facility AD are the same as those of the UPCB VI Senior Secured Notes. UPCB Finance VI 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 VI Senior Secured Notes and the security interests over (i) all of the issued shares of UPCB Finance VI Limited and (ii) Facility AD, granted to secure UPCB Finance VI’s obligations under the UPCB VI Senior Secured Notes, the holders of the UPCB VI Senior Secured Notes are provided indirectly with the benefits, rights, protections and covenants, granted to UPCB Finance VI Limited as a lender under the UPC Broadband Holding Bank Facility.

UPCB Finance VI Limited is prohibited from incurring any additional indebtedness, subject to certain exceptions under the indenture governing the UPCB VI Senior Secured Notes.

The UPCB VI Senior Secured Notes are non-callable until January 15, 2017. At any time prior to January 15, 2017, upon the occurrence of an Early Redemption Event (being a voluntary prepayment of all or a portion of Facility AD), UPCB Finance VI Limited will redeem an aggregate principal amount of the UPCB VI Senior Secured Notes equal to the amount of Facility AD 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 15, 2017, plus (2) all required remaining scheduled interest payments due through January 15, 2017, computed using the discount rate specified in the indenture, over (b) the principal amount of the UPCB VI 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, 2017, upon the occurrence of an Early Redemption Event (as defined in the indenture), UPCB Finance VI Limited will redeem an aggregate principal amount of the UPCB VI Senior Secured Notes equal to the principal amount of Facility AD prepaid at the redemption prices set forth in the indenture governing the UPCB VI Senior Secured Notes, plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date.

## **Euro Notes offered in the Concurrent Euro Notes Offering and Facility AK under the UPC Broadband Holding Bank Facility**

For a description of the Euro Notes (which will be governed by the same Indenture governing the Dollar Notes) and Facility AK under the UPC Broadband Holding Bank Facility, see “*Description of the Notes*”.

## **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 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 €250.0 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 UPC Holding Facility (if applicable), the 9<sup>7</sup>/<sub>8</sub>% Notes, the 6<sup>3</sup>/<sub>8</sub>% Notes, and the 6<sup>3</sup>/<sub>4</sub>% Notes currently benefit from a first, second, third, and fourth ranking pledges respectively over all the shares of UPC Holding.

The Intercreditor Agreement provides that the following order of priority shall apply to the satisfaction of our obligations with respect to the security:

- first, the UPC Holding Facility (if applicable), the 9<sup>7</sup>/<sub>8</sub>% Notes, the 6<sup>3</sup>/<sub>8</sub>% Notes, the 6<sup>3</sup>/<sub>4</sub>% 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 the UPC Holding Facility, the 9<sup>7</sup>/<sub>8</sub>% Notes, the 6<sup>3</sup>/<sub>8</sub>% Notes, and the 6<sup>3</sup>/<sub>4</sub>% 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.

#### **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 Shareholder 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 us. The interest rate was 9.79% for the year ended December 31, 2014 and is reviewed on an annual basis.

As of December 31, 2014, €9.8 billion of UPC Holding Subordinated Shareholder Loans were outstanding. The UPC Holding Subordinated Shareholder Loans, as amended on August 3, 2010, mature on March 1, 2030 and, subject to the terms of the indentures for the UPCH Notes, may be repaid by us at any time prior to maturity. In addition, subject to the terms of the indentures of the UPCH Notes, interest on the UPC Holding Subordinated Shareholder 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 Shareholder Loans**

Until the UPCH Notes are discharged, we will not be permitted to make any payment on the UPC Holding Subordinated Shareholder Loans other than as provided under the indentures for the UPCH Notes. In addition,

we will not be permitted to take any prohibited action that would cause the UPC Holding Subordinated Shareholder Loans to not constitute Subordinated Shareholder Loans under the indenture for the UPCH Notes. The UPC Holding Subordinated Shareholder Loans:

- (1) are without prejudice to the ability of UPC Holding to make voluntary prepayments not prohibited by the indentures 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 indentures 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 Shareholder Loans if (i) a payment default on the UPCH Notes occurs and is continuing or (ii) any other default under the indentures 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 one such notice may be given during any 360 day period).

LGE Financing, as lender of the UPC Holding Subordinated Shareholder Loans, will also agree under the UPC Holding Subordinated Shareholder Loans not to take any prohibited action with respect to the UPC Holding Subordinated Shareholder Loans, including actions that would cause the UPC Holding Subordinated Shareholder Loans not to constitute Subordinated Shareholder Loans under the indentures for the UPCH Notes. The provisions of the UPC Holding Subordinated Shareholder Loans will result in the UPC Holding Subordinated Shareholder Loans constituting Subordinated Shareholder Loans for purposes of the indentures 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 Shareholder Loans, or any other subordinated creditor of UPC Broadband receives in respect or on account of any liabilities under the UPC Holding Subordinated Shareholder Loans or any other indebtedness subordinated pursuant to the terms of the UPC Holding Subordinated Shareholder Loans a payment or distribution other than in accordance with the terms of the indentures 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 indentures for the UPCH Notes for application in accordance with the applicable provisions of the security documents and the indentures for the UPCH Notes. UPC Holding is permitted under the terms of the indentures 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 December 31, 2014, UPC Broadband Holding had outstanding intercompany loans payable to UPC Holding of €6.7 billion. 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 IV Limited (the “**Issuer**”) will issue \$800 million of its 5.375% senior secured notes due 2025 (the “**Dollar Notes**”) and will concurrently issue €416.5 million (or more) of its senior secured notes due 2027 (the “**Euro Notes**”, together with the Dollar Note (as the context may require), the “**Notes**”) under an indenture (the “**Indenture**”) to be entered into between, among others, the Issuer, The Bank of New York Mellon, London Branch, as trustee (the “**Trustee**”) and 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 Agreements, 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 Agreements, 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 Agreements, the Deed of Covenant and the Notes Security Documents are available as described below under “—*Additional Information*”. The UPC Broadband Holding Bank Facility is attached as Annex A to this Offering Memorandum. Forms of each 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 of the Dollar Notes hereby and the Concurrent Euro Notes Offering**

In connection with the offering of the Dollar Notes hereby and the Concurrent Euro Notes Offering, the Issuer will enter into two Finco Accession Agreements 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 (i) an additional facility under the UPC Broadband Holding Bank Facility in a principal amount equal to the aggregate principal amount of the Euro Notes issued in the offering and (ii) an additional facility under the UPC Broadband Holding Bank Facility in a principal amount equal to the aggregate principal amount of the Dollar Notes issued in the offering. On the Issue Date, the Issuer will advance the net proceeds of the issuance of the Euro Notes and the Dollar Notes, together with the fees payable to it by UPC Financing under the Fee Letter (as defined herein), to UPC Financing pursuant to the relevant 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 each 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 on the basis described in this Description of the Notes and to receive principal and interest on the Finco Loans, which it will in turn use to make payments on the Notes. For a description of procedures under the Indenture and the Finco Accession Agreements 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 or the Finco Accession Agreements*”.

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 net proceeds of the offering of the Notes (together with the fees payable to the Issuer from UPC Financing under the Fee Letter) will be used by the Issuer to fund (i) a loan (the “**Finco Loan AK**”) borrowed under an additional facility (the “**Finco Facility AK**”) under the UPC Broadband Holding Bank Facility, and (ii) a loan (the “**Finco Loan AL**”, together with the Finco Loan AK, the “**Finco Loans**”) borrowed under an additional facility (the “**Finco Facility AL**”, together with the Finco Facility AK, the “**Finco Facilities**”) 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 Euro 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 AK. The principal amount of the Dollar 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 AL.

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 one or both Finco Loans 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*”.

### ***The Finco Loans***

The net proceeds from the issuance of the Notes (together with the fees payable to the Issuer by UPC Financing under the Fee Letter) will be used by the Issuer to fund the Finco Loans pursuant to the Finco Facilities under the UPC Broadband Holding Bank Facility. As of December 31, 2014, as adjusted to give effect to (i) the borrowing of the Finco Loans and the application of the proceeds therefrom as described in “*Use of Proceeds*”, (ii) the Early 2015 Refinancings, and (iii) the Refinancing, €3,736.0 million carrying amount of indebtedness would have been outstanding under the UPC Broadband Holding Bank Facility on a non-eliminated basis, which includes amounts outstanding under Facilities AC, AD and the Finco Loans that are eliminated

through the consolidation of the lenders thereof within UPC Holding's consolidated financial statements. See "*Capitalization*". This amount also includes €1.2 billion, or 32% of the aggregate principal amount outstanding under the UPC Broadband Holding Bank Facility on a non-eliminated basis, representing the Finco Loans, which is eliminated through the consolidation of the Issuer within UPC Holding's consolidated financial statements.

### ***Certain Transaction Documents***

*Finco Accession Agreements.* In connection with the Finco Loan AK, the Issuer and UPC Financing will enter into an accession agreement (the "**Finco Accession Agreement AK**") and connection with the Finco Loan AL, the Issuer and UPC Financing will enter into an accession agreement (the "**Finco Accession Agreement AL**", together with the Finco Accession Agreement AK, the "**Finco Accession Agreements**"), pursuant to each of which the Issuer will accede to the UPC Broadband Holding Bank Facility as a UPCB Lender. The Finco Accession Agreement AK will set out the principal economic terms of the Finco Facility AK and the Finco Accession Agreement AL will set out the principal economic terms of the Finco Facility AL. The form of the Facility AL 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 Agreements, 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 Loans will be secured by the assets of the UPCB Group granted to the UPCB Security Agent to secure the UPCB Loans.

Each 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 relevant Finco Loan, including the maturity date of, the rate of interest accruing on, and the interest periods applicable to the relevant Finco Loan. In addition, each Finco Accession Agreement will provide for the payment of certain premiums in connection with certain voluntary and mandatory prepayments of the relevant Finco Loan that will enable the Issuer to pay the premiums applicable to redemptions of the Notes, as described below under "*—Redemption and Repurchase*". Each 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*". Each 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 Loans so that the principal amount of the Finco Loan AK equals the aggregate principal amount of the Euro Notes issued in this offering and the principal amount of the Finco Loan AL equals the aggregate principal amount of the Dollar 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 amended and restated expenses agreement (the "**UPC Expenses Agreement**"), Liberty Global B.V. (formerly known as Liberty Global Europe B.V.) ("**LGE**"), an affiliate 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 Agreements, 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 Loans advanced in connection with the offering of the Notes as described below under “—*Finco Accession Agreements 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 Loans 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 and, for so long as the Issuer remains eligible under applicable U.S. Treasury Regulations to elect its classification for U.S. Federal tax purposes, will take any action reasonably necessary to maintain its status as a pass-through entity for U.S. Federal tax purposes.

## **Finco Accession Agreements and the UPC Broadband Holding Bank Facility**

The net proceeds from the issuance of the Euro Notes and the Dollar Notes, respectively, together with fees payable to the Issuer by UPC Financing pursuant to the Fee Letter, will be used by the Issuer to (i) fund the Finco Loan AK, denominated in euro, to UPC Financing under the Finco Facility AK and (ii) fund the Finco Loan AL, denominated in U.S. dollars, to UPC Financing under the Finco Facility AL.

Under the terms of the UPC Broadband Holding Bank Facility and the Finco Accession Agreements, 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 Agreements;
- (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 Agreements 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 Euro Notes are issued at a price less than par, the Finco Loan AK will be advanced at its face amount and in the event the Dollar Notes are issued at a price less than par, the Finco Loan AL will be advanced at its face amount. The difference between the cash proceeds received by the Issuer in respect of the issue of the Euro Notes or the Dollar Notes, as applicable, and the face amount of the relevant 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 Euro Notes and the Dollar 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 or the Finco Accession Agreements*”.

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 (and effective as of the date of) the Finco Accession Agreements, provide its consent as a UPCB Lender, to any and all of the amendments set forth in Schedule 3 to each of the Finco Accession Agreements (the form of the Facility AL Finco Accession Agreement is set forth in Annex B to

this Offering Memorandum (the “UPC Broadband Holding Bank Facility Amendments”) (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). As a result, the Issuer will not solicit votes (or other consents) from the holders of the Notes with respect to the UPC Broadband Holding Bank Facility Amendments. In addition, the Issuer will not be entitled to receive, and will expressly waive under the Finco Accession Agreements, 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 UPC Broadband Holding Bank Facility Amendments. The UPC Broadband Holding Bank Facility Amendments include material modifications to certain affirmative and negative covenants, financial maintenance covenants and related definitions, representations and warranties, events of default, mandatory prepayment provisions and administrative provisions. The UPC Broadband Holding Bank Facility Amendments are generally less restrictive and provide greater flexibility to the UPCB Group than the provisions currently included in the UPC Broadband Holding Bank Facility. Specifically, the UPC Broadband Holding Bank Facility Amendments include, among other provisions, the following (capitalized terms used in the following description have the meanings currently provided in the UPC Broadband Holding Bank Facility, without giving effect to the UPC Broadband Holding Bank Facility Amendments):

- amendments to the definition of Business to include the provision, creation and distribution of content and any business or provision of services which are substantially similar to that of any member of the Wider Group on the amendment and restatement date;
- amendments to the definition of Financial Indebtedness to exclude certain forms of indebtedness, including cash-collateralized indebtedness, indebtedness in the nature of equity, deposits or prepayments received by any member of the Borrower Group from a customer or subscriber, finance or capital lease obligations, indebtedness resulting from the transfer of receivables in connection with a securitization, parallel debt obligations, pension obligations, payment obligations in relation to earn outs and deferred payments for assets acquired or services supplied;
- amendments to the definition of Majority Lenders to reduce the relevant thresholds specified from 66⅔ per cent. or more to more than 50% and to exclude the available commitments of defaulting lenders for the purposes of amendments or waivers;
- amendments to include a definition of Super Majority Lenders so that amendments and waivers in respect of the release of any guarantee or security only require the consent of Lenders representing 90% of Commitments in place of requiring the consent of all the Lenders;
- 
- amendments to the Additional Facilities provisions to make clear that Additional Facilities can be drawn as revolving credit facilities that facilitate revolving loans, the issuance of documentary credits, bilateral ancillary facilities and the rollover of a revolving credit facility on a cashless basis;
- amendments to the Change of Control provisions, including to (i) permit a distribution or other transfer of UPC Broadband Holdco and its subsidiaries to Liberty Global plc or another direct Subsidiary of Liberty Global plc in certain circumstances, (ii) permit a spin-off of the group to shareholders of Liberty Global plc, (iii) extend the time period for making any required mandatory prepayment arising from a Change of Control to 30 Business Days after the date of notice from the Facility Agent, (iv) remove the transfer by UGC of 50% or more of the issued share capital of UGCE Inc. and the ceasing of control of UGCE Inc. by UGC from being a Change of Control event and (v) provide that a Change of Control event will occur if Liberty Global Europe Financing B.V., in place of UGCE Inc., ceases to own 50% or more of the voting rights attached to the capital of, or otherwise Control, UPC Broadband Holdco;
- amendments to the mandatory prepayment provisions to delete references to mandatory prepayment from Excess Cash Flow and Relevant Convertible Preference Shares;
- amendments to (i) exclude disposal proceeds other than in respect of the general basket for disposals from being subject to the requirement to mandatorily prepay disposal proceeds, to only require a prepayment from the relevant disposal proceeds to ensure compliance with the Senior Debt to EBITDA financial covenant and to remove the requirement to deposit disposal proceeds in a blocked account, (ii) include a de minimis threshold for disposal proceeds prepayments in an amount equal to the greater of €250,000,000 and 5% of total assets and (iii) increase the reinvestment period for disposal proceeds from 12 to 18 months (provided that there is a contract to reinvest within 12 months);
- amendments to include an ability to designate an Affiliate of the Parent and such Affiliate’s Subsidiaries as members of the Borrower Group provided financial reporting is moved to a common holding company of the Parent and such Affiliate;

- amendments to the financial maintenance covenants and related definitions, including (i) additional add backs to the definition of EBITDA, (ii) additional provisions related to pro forma covenant calculations, including giving effect to anticipated expense and cost reductions, (iii) additional exclusions from the definition of Senior Debt, including an exclusion for drawings under any revolving credit facility in an amount not to exceed 0.25x Annualised EBITDA, borrowings from holders of equity to the extent advanced pro rata and repayable on liquidation, shareholder loans, and borrowings of acquired companies which will be discharged in 6 months, (iv) to amend the Senior Debt to Annualised EBITDA ratio so that it may not be greater than 4.50:1.00, (v) to remove the EBITDA to Total Cash Interest covenant, (vi) to remove the EBITDA to Senior Debt Service covenant, (vii) to remove the EBITDA to Senior Interest covenant and (viii) to amend the Total Debt to Annualised EBITDA covenant so that it may not be greater than 5.50:1.00;
- amendments to the cure provisions to (i) permit the financial ratios set out in the financial covenants provisions to be remedied by deeming that cure proceeds can be added to Annualised EBITDA or applied to reduce Total Debt at the discretion of UPC Broadband, (ii) remove any requirement to repay or prepay the cure proceeds and (iii) include a cure period of 15 Business Days;
- amendments to reflect that UPC Broadband is required to ensure that the Obligors constitute 80% of the Borrower Group's Annualised EBITDA tested on a consolidated basis at a level below UPC Broadband Holding;
- amendments to other negative covenants, including (i) allowing certain transactions in respect of project companies and asset securitization subsidiaries (including permitting members of the Borrowing Group to provide credit support of up to 25% of indebtedness of an asset securitization subsidiary without such credit support counting as debt), certain content transactions and certain asset pass-through transactions, (ii) adding flexibility to engage in acquisitions and joint ventures, (iii) adding flexibility to make certain disposals (including allowing disposals of non-core assets and assets the fair market value of which does not exceed the greater of €50,000,000 and 1% of total assets), grant security, make loans and enter into certain guarantees and (iv) allowing certain additional ordinary course transactions, intra-group transactions, changes to corporate form and reorganizations;
- amendments to the event of default provisions, including (i) to include a 3 Business Day grace period for non-payments of principal and a 5 Business Day grace period for non-payment of other amounts, (ii) to add certain carve outs to the cross default event of default, (iii) to delete the events of default relating to seizure, environmental matters, material contracts and ERISA, (iv) to increase the cross-default threshold from €15.0 million to €75.0 million, and (v) to provide that the commencement of negotiations with Finance Parties and contested proceedings that are frivolous or vexatious will not trigger an insolvency event of default;
- amendments to allow members of the Borrower Group to become Borrowers in respect of a Facility if (i) it would not be materially adverse to the interests of any Lender under that Facility as determined by that Lender (acting reasonably), (ii) if the Majority Lenders consent, (iii) such member of the Group is incorporated in the same jurisdiction as an existing Borrower under that Facility or (iv) each Lender in respect of any proposed Facility agrees.
- amendments to widen the circumstances in which UPC Broadband can replace an Agent or Security Agent;
- amendments to the amendment provisions, including (i) to introduce a class exception where amendments which only relate to the rights or obligations of a particular utilisation or facility and do not materially and adversely affect the rights or interests of Lenders in respect of other utilisations or facilities only require the consent of the relevant proportion of Lenders participating in such utilisation or facility, (ii) to permit the Facility Agent to make technical, minor, operational and OID amendments without consent from any Lenders, (iii) to include a new provision requiring that Lenders respond to requests for amendments and waivers within 10 Business Days after which their Commitments shall be excluded from the calculation to determine whether the requisite level of Lender consent has been obtained in order to effect an amendment or waiver, (iv) to permit the release of guarantees and security under the Finance Documents with the consent of affected Lenders whose undrawn Commitments and participations are greater than 90% of all undrawn Commitments and participations and (v) to require the consent of affected Lenders and not all Lenders in respect of entrenched matters;
- amendments to the provisions relating to the incurrence of Financial Indebtedness, including (i) removing certain conditions to the incurrence of acquired indebtedness (including indebtedness incurred in contemplation of an acquisition), (ii) allowing certain vendor financing and sale and leaseback transactions provided the Senior Net Debt to Annualized EBITDA ratio is less than or equal

to 4.50:1.0, (iii) allowing certain other types of indebtedness and/or increasing the existing amount of certain types of permitted indebtedness, (iv) providing for the reclassification of indebtedness, (v) permitting subordinated unsecured guarantees in respect of any debt of Holding Companies of UPC Broadband, (vi) permitting Financial Indebtedness in connection with Senior Secured Notes, and (vii) providing for a general basket of permitted Financial Indebtedness of €250,000,000 and 5% of total assets;

- amendments to the restricted payment covenant to expand the definition of Permitted Payments, including (i) allowing payments from time to time in an amount of up to 0.25x Annualised EBITDA, (ii) allowing certain additional payments and/or increasing the existing amount of certain types of Permitted Payments and (iii) providing for the reclassification of Permitted Payments;
- amendments to the financial reporting covenant, including allowing UPC Broadband to prepare its financial statements in accordance with either IFRS or U.S. GAAP, at its election and the filing on a public register or publishing on the Borrower's or Liberty Global's website of financial statements to be deemed as being supplied to the Facility Agent;
- amendments related to the entities that constitute the "Borrower Group" and that are subject to the restrictive covenants, including the exclusion of certain types of subsidiaries from the definition of "Borrower Group";
- amendments to reduce the time period for delivery of notices in connection with voluntary prepayments and cancellations of Facilities from 5 Business Days to 3 Business Days;
- amendments to clarify that additional facility accession agreements may take the form set out in the schedule to the UPC Broadband Holding Bank Facility with such amendments as may be agreed between UPC Broadband Holding and the relevant Lenders;
- amendments to certain other provisions, including provisions relating to LIBOR/EURIBOR and market disruption, mandatory costs, increase of commitments, prepayment notices, interest periods, cash and cash equivalent investment definitions, representations, qualifying lender representations, increased costs, taxes, FATCA, impaired agents, certain funds acquisitions, defaulting lenders, replacement of lenders, assignments and indemnities;
- amendments to certain other provisions to conform the UPC Broadband Holding Bank Facility to specified precedent credit facility agreements of Liberty Global plc and its subsidiaries;
- amendments to provide that, subject to certain thresholds being met, no Obligor nor any other member of the Borrower Group is required to provide any Security or guarantee other than Security over the shares that it holds in any Obligor, Security over loans from obligors to other members of the Borrower Group, Security over certain Subordinated Shareholder Loans and a guarantee from the Obligors and to include a provision to authorise the Security Agent to release any other Security or guarantees other than the aforementioned;
- amendments to permit the issuance of notes and incurrence of additional term or revolving debt or operational expenditure facilities which rank pari passu with the rights of the Lenders and shall be capable of being secured by the transaction security, provided that such debt is Permitted Financial Indebtedness;
- amendments to permit certain loans, including, (i) loans to employees in the ordinary course of employment or to fund the exercise of share options or purchase of capital stock of up to €10,000,000 in aggregate, (ii) loans to a member of the Wider Group to be used for payments or for guarantees in relation to any senior unsecured notes or to make Permitted Payments, and (iii) loans and guarantees under a general basket of up to an aggregate of the greater of €100,000,000 and 2% of total assets;
- amendments to the permitted security interest provision to (i) permit the Borrower to secure Financial Indebtedness on a pari passu or junior-ranking basis provided that the Senior Debt to Annualised EBITDA ratio on a pro forma basis would not be greater than 4.50:1.00 and (ii) provide that the Borrower may secure Financial Indebtedness under a general basket of up to the greater of €250,000,000 and 5% of total assets;
- amendments to provide that (i) the maintenance covenants shall only be for the benefit of those Lenders under Additional Facilities that are (x) stated to have the benefit of such maintenance covenants or (y) do not contain a statement that they do not have the benefit of such maintenance covenants, in each case, in the relevant Additional Facility Accession Agreement (which would exclude the Issuer, as the Additional Facility AL Lender, from the benefit of the maintenance covenants as the Facility AL Finco Accession Agreement includes a statement that the maintenance covenants shall not be for the benefit of the Additional Facility AL Lender on and from the Amendment Effective Date), (ii) a new definition of "Composite Maintenance Covenant Instructing



Group” is included which shall consist of a Lender or Lenders whose Additional Facility Commitments in respect of Additional Facilities that benefit from the maintenance covenants amount in aggregate to more than 50% of the total Additional Facility Commitments in respect of Additional Facilities that benefit from the maintenance covenants, (iii) following a breach of a maintenance covenant, subject to the expiry of the cure period, (a) the Composite Maintenance Covenant Instructing Group may instruct the Facility Agent to take acceleration action, (b) there shall be a drawstop in relation to future Advances and (c) there shall be an Event of Default continuing for the purposes of the operative covenants, (iv) an Event of Default will be triggered if the Composite Maintenance Covenant Instructing Group give such an instruction and (iv) amendments and waivers of the maintenance covenant and cure clauses and the related acceleration clause can only be made with the consent of UPC Broadband and the Composite Maintenance Covenant Instructing Group and shall not require the consent of any other Finance Party; and

- amendment to provide that any revolving credit facility commitments may also be utilized in currencies other than euro provided that such currencies are available to the relevant Lenders.

The above description is intended to summarise certain material amendments included in each Finco Accession Agreement but is not complete and exhaustive and does not restate the proposed amendments listed in schedule 3 of each Finco Accession Agreement in their entirety. Given the significant nature of these amendment, you should read the full list of amendments set out in schedule 3 of the Facility AL Finco Accession Agreement listed in Annex B of this Offering Memorandum in their entirety before investing in the Notes. See *“Risk Factors—By investing in the Dollar Notes you will have provided advanced consent to the UPC Broadband Holding Bank Facility Amendments which will automatically become effective without any further consent from holders of the Dollar Notes upon UPC Broadband Holding obtaining the consent of either the Majority Lenders (as defined in the UPC Broadband Holding Bank Facility) or, with respect to certain amendments, all UPCB Lenders”*.

As a result, the Issuer will not solicit votes (or other consents) from the holders of Euro Notes and the Dollar 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 each 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

Each 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 relevant series of 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 relevant series of 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 relevant Finco Loan (including all rights of the Issuer as a UPCB Lender under the UPC Broadband Holding Bank Facility and the relevant 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 (the "**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, any Paying Agent, any 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 Agreements.

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 \$800 million in aggregate principal amount of Dollar Notes, and will concurrently issue €416.5 million (or more) in aggregate principal amount of Euro Notes in the Concurrent Euro Notes Offering. The Issuer may issue Additional Euro Notes (the "**Additional Euro Notes**") and Additional Dollar Notes (the "**Additional Dollar Notes**", together with the Additional Euro Notes, the "**Additional Notes**") under the Indenture from time to time after the Concurrent Euro Notes Offering and this offering, as applicable. Any issuance of Additional Notes will be subject to all of the covenants in the Indenture. The Euro Notes and any Additional Euro 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. The Dollar Notes and any Additional Dollar 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 Euro Notes in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Euro Notes will mature on January 15, 2027. The Issuer will issue Dollar Notes in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. The Dollar Notes will mature on January 15, 2025.

Interest on the Euro Notes will accrue at the rate to be specified at the pricing of the Euro Notes and interest on the Dollar Notes will accrue at the rate of 5.375% per annum. Interest will be payable semi-annually in arrears on each January 15 and July 15, commencing on January 15, 2016.

Interest on overdue principal and interest then due will accrue at a rate that is 1.0% 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 for so long as the Notes are Global Notes to the holders of Book-Entry Interests in the Notes at the close of business (in the relevant clearing system) on the Clearing System Business Day immediately before the due date for such payment, where **“Clearing System Business Day”** means a day on which each clearing system for which the Global Note is being held is open for business, or to the extent Definitive Registered Notes have been issued, to the holders of record of the Notes on the immediately preceding preceding January 1 and July 1. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Principal, premium, if any, interest, and Additional Amounts, if any, on the Notes issued in certificated non-global form (**“Definitive Registered Notes”**) will be payable at the office of the Principal Paying Agent in London, England, in respect of the Euro Notes, and at the office of the Paying Agent in New York, New York, in respect of the Dollar Notes, except that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the holders of Definitive Registered Notes as such address appears in the register for Definitive Registered Notes. Such holders must surrender their Definitive Registered Notes to a Paying Agent to collect principal payments.

If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the holders thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

### **Paying Agent and Registrar for the Notes**

The Issuer will maintain one or more paying agents (each, a **“Paying Agent”**) for the Notes in each of (a) London, England (the **“Principal Paying Agent”**) and (b) the Borough of Manhattan, City of New York. The Bank of New York Mellon, London Branch will initially act as Paying Agent in London and The Bank of New York Mellon will initially act as Paying Agent in New York.

The Issuer will also maintain one or more registrars (each, a **“Registrar”**) for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on its Global Exchange Market and the rules of the Irish Stock Exchange so require. The Issuer will also maintain a transfer agent. The initial Registrar for the Euro Notes will be The Bank of New York Mellon (Luxembourg) S.A. in Luxembourg and the initial Registrar for the Dollar Notes will be The Bank of New York Mellon. The initial transfer agents with respect to the Euro Notes will be The Bank of New York Mellon, London Branch and The Bank of New York Mellon (Luxembourg) S.A. and the initial transfer agent with respect to the Dollar Notes will be The Bank of New York Mellon. The Registrar will maintain a register on behalf of the Issuer for so long as the Notes remain outstanding reflecting ownership of Definitive Registered Notes outstanding from time to time. The Paying Agents will make payments on, and the transfer agents will facilitate transfer of, Definitive Registered Notes on behalf of the Issuer. In the event that the Notes are no longer listed, the Issuer or its agent will maintain a register reflecting ownership of the Notes. The Issuer may change a Paying Agent, Registrar or transfer agent for the Notes without prior notice to the holders of Notes, and the Issuer may act as Paying Agent, Registrar or transfer agent for the Notes.



In 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.

## **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 denominated in euros will, on the Issue Date, be deposited with and registered in the name of a common depositary, for the accounts of Euroclear and Clearstream.

The 144A Global Notes denominated in dollars 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 denominated in euros will, on the issue date, be deposited with and registered in the name of a common depositary, for the accounts of Euroclear and Clearstream.

The Regulation S Global Notes denominated in dollars will, on the Issue Date, be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of interests in the Global Notes (“**Book-Entry Interests**”) will be limited to persons that have accounts with DTC, Euroclear and Clearstream, as applicable, or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under “*Transfer Restrictions*”. In addition, transfers of Book-Entry Interests between participants in DTC, participants in Euroclear or participants in Clearstream, as applicable, will be effected by DTC, Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream 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 “*Transfer Restrictions*” and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred.

Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only (i) in the case of Euro Notes, in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof and (ii) in the case of Dollar Notes, in minimum denominations of \$200,000 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 DTC, Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under “*Transfer Restrictions*”.

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, (i) in the case of Euro Notes, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof and (ii) in the case of Dollar Notes, in minimum denominations of \$200,000 principal amount, and integral multiples of \$1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at DTC, Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Note in registered form:

- (1) for a period of 15 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.

The Issuer, the Trustee and the Paying Agents will be entitled to treat the registered holder as the owner of it for all purposes.

### **Security Agent**

The Bank of New York Mellon, London Branch 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 each Finco Loan and 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 such Finco Loan bears to the aggregate principal amount of all outstanding UPCB Loans (the “**Available Disposal Proceeds**”) will be available for prepayment of such 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 (i) a principal amount of the Finco Loan AK equal to the lesser of (a) the amount of the Available Disposal Proceeds and (b) the aggregate principal amount of the Euro 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 and (ii) a principal amount of the Finco Loan AL equal to the lesser of (a) the amount of the Available Disposal Proceeds and (b) the aggregate principal amount of the Dollar Notes tendered in an Asset Sale Offer to be made by the Issuer following receipt of notice from UPC Broadband Holding as set forth below; or
- (2) prepay the Finco Loans pro rata in an amount equal to the Available Disposal Proceeds, in which case the Issuer will redeem (i) an aggregate principal amount of the Euro Notes equal to the amount of the Finco Loan AK prepaid and (ii) an aggregate principal amount of the Dollar Notes equal to the amount of the Finco Loan AL 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 the Finco Loans pro rata based on the aggregate principal amount of the relevant series of Notes tendered in such Asset Sale Offer 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 Loans, together with all accrued and unpaid interest on the relevant 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 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 (or, in the case of Notes issued in global form, based on the procedures of the applicable depository).

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 Loans 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 Loans in an amount equal to the Available Disposal Proceeds, plus accrued and unpaid interest on the Finco Loans at the applicable prepayment price for any voluntary prepayment 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. Any prepayments pursuant to this provision shall be pro rata across the Finco Loans.

Following receipt of prepayment of the Finco Loan described in the preceding paragraph, the Issuer will promptly redeem an aggregate principal amount of the relevant series of Notes 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 Finco Loan AK and Finco Loan AL 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 Euro Notes and the Dollar 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 such 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.

### ***Optional Redemption***

In the event that all or any portion of Finco Loan AK or Finco Loan AL, as the case may be, 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 relevant Finco Accession Agreement, the relevant 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 relevant series of Notes upon early redemption, as described below.

In each case below, any such redemption and notice may, in the Issuer’s discretion, be subject to satisfaction of one or more conditions precedent. If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

### ***Dollar Notes***

#### ***Redemption prior to January 15, 2020***

At any time prior to January 15, 2020, upon the occurrence of any Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Dollar Notes equal to the principal amount of the Finco Loan AL prepaid in such Early Redemption Event (not to exceed an amount equal to 10% of the original aggregate principal amount of the Dollar Notes (including Additional Dollar Notes, if any) during each twelve-month period commencing on the Issue Date), upon not less than 10 days nor more than 60 days’ notice, at a redemption price equal to 103% of the principal amount of the Dollar Notes redeemed plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of such Notes on the relevant record date to receive interest due on the relevant interest payment date. Prior to January 15, 2020, to the extent that during any twelve-month period commencing on the Issue Date, the principal amount of the Finco Loan AL 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 Dollar Notes (any such amount, the “**Excess Dollar Early Redemption Proceeds**”), the Issuer will apply the Excess Dollar Early Redemption Proceeds to redemption of the Dollar Notes as described below under “—Optional Redemption—Redemption prior to January 15, 2020 *with Excess Dollar Early Redemption Proceeds*”.

#### ***Redemption prior to January 15, 2020 with Excess Dollar Early Redemption Proceeds***

At any time prior to January 15, 2020, upon the occurrence of an Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Dollar Notes equal to the principal amount of the Finco Loan AL prepaid with any Excess Dollar Early Redemption Proceeds in such Early Redemption Event, upon not less than 10 days nor more than 60 days’ notice, at a redemption price equal to 100% of the principal amount of the Dollar

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 such Dollar Notes on the relevant record date to receive interest due on the relevant interest payment date.

*Redemption on or after January 15, 2020*

On or after January 15, 2020, upon the occurrence of an Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Dollar Notes equal to the principal amount of the Finco Loan AL prepaid in such Early Redemption Event, upon not less than 10 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 Dollar 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 January 15 of the years set out below:

	<b>Redemption Price</b>
	<b>Dollar Notes</b>
2020 .....	102.688%
2021 .....	101.792%
2022 .....	100.896%
2023 and thereafter .....	100.000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Dollar Notes or portions thereof called for redemption on the applicable redemption date.

**Euro Notes**

*Redemption prior to January 15, 2021*

At any time prior to January 15, 2021, upon the occurrence of any Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Euro Notes equal to the principal amount of the Finco Loan AK prepaid in such Early Redemption Event (not to exceed an amount equal to 10% of the original aggregate principal amount of the Euro Notes (including Additional Euro Notes, if any) during each twelve-month period commencing on the Issue Date), upon not less than 10 days nor more than 60 days' notice, at a redemption price equal to 103% of the principal amount of the Euro Notes redeemed plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of such Euro Notes on the relevant record date to receive interest due on the relevant interest payment date. Prior to January 15, 2021, to the extent that during any twelve-month period commencing on the Issue Date, the principal amount of the Finco Loan AK 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 Euro Notes (any such amount, the "**Excess Euro Early Redemption Proceeds**"), the Issuer will apply the Excess Euro Early Redemption Proceeds to redemption of the Euro Notes as described below under "*Optional Redemption—Redemption prior to January 15, 2021 with Excess Early Redemption Proceeds*".

*Redemption prior to January 15, 2021 with Excess Euro Early Redemption Proceeds*

At any time prior to January 15, 2021, upon the occurrence of an Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Euro Notes equal to the principal amount of the Finco Loan AK prepaid with any Excess Euro Early Redemption Proceeds in such Early Redemption Event upon not less than 10 days nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Euro 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 such Euro Notes on the relevant record date to receive interest due on the relevant interest payment date.

*Redemption on or after January 15, 2021*

On or after January 15, 2021, upon the occurrence of an Early Redemption Event, the Issuer will redeem an aggregate principal amount of the Euro Notes equal to the principal amount of the Finco Loan AK prepaid in such Early Redemption Event, upon not less than 10 days nor more than 60 days' notice, at the following



redemption prices (expressed as a percentage of principal amount) to be specified at the pricing of the Euro Notes, plus accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date (subject to the rights of holders of the Euro Notes on the relevant record date to receive interest due on the relevant interest payment date).

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Euro Notes or portions thereof called for redemption on the applicable redemption date.

***Redemption prior to January 15, 2018 with Equity Offering Early Redemption Proceeds***

At any time prior to January 15, 2018, upon the occurrence of an Early Redemption Event with the Net Cash Proceeds of one or more Equity Offerings (the “Equity Offering Early Redemption Proceeds”), the Issuer will redeem (i) up to 40% of the aggregate principal amount of the Euro Notes equal to the principal amount of the Finco Loan AK prepaid with any Equity Offering Early Redemption Proceeds in such Early Redemption Event, upon not less than 10 days nor more than 60 days’ notice, at a redemption price (expressed as a percentage of the principal amount of the Euro Notes) to be specified at the pricing of the Euro 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 such Notes on the relevant record date to receive interest due on the relevant interest payment date and/or (ii) up to 40% of the aggregate principal amount of the Dollar Notes equal to the principal amount of the Finco Loan AL prepaid with any Equity Offering Early Redemption Proceeds in such Early Redemption Event, upon not less than 10 days nor more than 60 days’ notice, at a redemption price of 105.375% of the principal amount of the Dollar 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 such Notes on the relevant record date to receive interest due on the relevant interest payment date; in each case, provided that:

- (1) at least 50% of the principal amount of each of the Euro Notes and the Dollar Notes (which includes Additional Notes, if any), as applicable, issued under the Indenture remains outstanding immediately after any such redemption; and
- (2) such redemption is made not more than 180 days after the consummation of any such Equity Offering.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

***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 Euro Notes and/or Dollar Notes to exchange their Euro Notes and/or Dollar Notes, as applicable, 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 Euro Notes and/or Dollar 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 Euro Notes and/or Dollar Notes, as applicable, 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 corresponding Finco Loan AK and/or Finco Loan AL, as applicable, 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 such corresponding 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 Euro Notes and/or Dollar 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 AK and/or Finco Loan AL, as applicable, 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 Euro Notes and/or Dollar Notes issued under the Indenture not exchanged in the UPC Exchange Transaction on the date of the prepayment of the corresponding Finco Loan AK and/or Finco Loan AL, as applicable, 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 Loans 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 relevant series of 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 to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "*—Selection and Notice*"), at a redemption price equal to 100% of the 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 relevant series of 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 is 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 a Relevant Tax Jurisdiction (as defined below) affecting taxation; or
- (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 by taking reasonable measures available. For this purpose, reasonable measures shall 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 relevant series of 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 Relevant 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 relevant series of 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 such 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 the relevant series 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 UPOCH 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 Loans held by the Issuer, the Issuer shall make a contemporaneous offer to purchase the relevant series of Notes on substantially similar terms as the offer to purchase UPCB Loans; *provided that* (1) in no event will holders of such Notes be required to participate in any such offer, (2) the consideration offered to holders of such 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 UPOCH 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 or any series of Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form, based on the procedures of the applicable depository) 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 Euro Notes of €100,000 can be redeemed in part and no Dollar Notes of \$200,000 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 DTC, Euroclear or Clearstream, as applicable, notices may be given by delivery of the relevant notices to DTC, Euroclear or Clearstream, as applicable 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 Notes will also be published by the Companies Announcement Office of the Irish Stock Exchange and, in connection with any redemption, the Issuer (or UPC Broadband Holding 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 or with respect to the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, (including interest or penalties to the extent resulting from a failure by the Issuer to timely pay amounts due) duties, assessments or governmental charges of whatever nature ("**Taxes**") unless the withholding or deduction of such Taxes is then required by law or by the official interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) the Cayman Islands, The Netherlands or any political subdivision or governmental authority thereof or therein having power to tax;
- (2) any jurisdiction from or through which payment on the Notes is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or
- (3) any other jurisdiction in which a Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a “**Relevant 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) equals 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, *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) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption is required under the applicable law of the Relevant 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 or similar tax, assessment or other governmental charge;
- (f) any Taxes withheld or deducted imposed on a payment required to be withheld or deducted pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive;
- (g) any Taxes which could have been avoided by the presentation (where presentation is required) of the relevant Note to another paying agent in a member state of the European Union;
- (h) all United States backup withholding taxes;
- (i) any withholding or deduction imposed pursuant to (a) Sections 1471 through 1474 of the United States Internal Revenue Code of 1986 (as amended), as of the date of the Indenture (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof, (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of (a) above, or (c) any agreement pursuant to the implementation of (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction; and

- (j) any combination of items (a) through (i) above.

Such Additional Amounts will also not be payable where, had the beneficial owner of the Note been the holder of the Note, it would not have been entitled to payment of Additional Amounts by reason of any of clauses (a) to (j) inclusive above.

The 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 or \$1,000 principal amount of the Euro Notes or Dollar Notes, as applicable. 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.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable (unless such obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if the Payor will be obligated to pay Additional Amounts with respect to such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders on the payment date. Each such Officer's Certificate shall be relied upon until receipt of a further Officer's Certificate addressing such matters. The Trustee shall be entitled to rely solely on each such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever mentioned in the Indenture, the Notes or this description of the Notes, in any context: (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes, (3) interest, or (4) any other amount payable on or with respect to the Notes, such reference 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 Payor will pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies (including interest and penalties to the extent resulting from a failure by the Issuer to timely pay amounts due) which arise in any jurisdiction from the execution, delivery or registration of any Notes or any other document or instrument referred to therein (other than a transfer of the Notes), or the receipt of any payments with respect to the Notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction or any jurisdiction in which a Paying Agent is located, other than those resulting from, or required to be paid in connection with, the enforcement of the Notes, the Collateral or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

The foregoing obligations regarding withholding taxes will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized or any political subdivision or taxing authority or agency thereof or therein.

## **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 Loans and the Finco Accession Agreements (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 Loans, 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 Loans, the Finco Accession Agreements, 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 either Finco Loan for application towards amounts payable under the relevant series of 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.

### *Minimum Period for Consents under Loan Documents*

In the event that the Issuer, as a UPCB Lender under each Finco Loan, 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 relevant series of 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 the relevant series 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 or the Finco Accession Agreements*” 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 the relevant series 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 (or the relevant series of 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 the Required Consent Provisions or to (a) any such amendment, waiver or supplement that does not adversely affect the rights of the Issuer or the holders of the relevant series of 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 Euro Notes and/or Dollar Notes, as the case may be, 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 relevant series of 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 (*provided*, however, that to the extent any reports are filed on the SEC’s website, UPC Holding’s website or UPC Broadband Holding’s website or Liberty Global’s website, such reports shall be deemed to be furnished to the Trustee and the holders). 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 or UPC Broadband Holding will provide to the Trustee (*provided*, however, that to the extent any reports are filed on the SEC’s website, UPC Holding’s website or UPC Broadband Holding’s or Liberty Global’s website, such reports shall be deemed to be furnished to the Trustee and the holders), 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 or UPC Broadband Holding 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 or UPC Broadband Holding 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 relevant 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 in any payment of interest or Additional Amounts on any Note when due, which has continued for 30 days;
- (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 the Existence of the Issuer*” or “—*Certain Covenants—Minimum Period for Consents under Loan Documents*”;
- (4) failure by the Issuer for 60 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 60 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 Agreement AK or the Finco Accession Agreement AL.

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 Agreements) 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, (i) the holders of at least 25% in aggregate principal amount of the then outstanding Euro Notes may declare all the Euro Notes to be due and payable immediately and (ii) the holders of at least 25% in aggregate principal amount of the then outstanding Dollar Notes may declare all the Dollar 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 Euro Notes and/or the Dollar Notes, as the case may be, 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 each 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 relevant Finco Loan following an Event of Default under the Indenture, including any subsequent assignment, transfer or novation of the relevant Finco Loan, subject to minimum transfer amount of €100,000 (in the case of Finco Loan AK) or \$200,000 (in the case of Finco Loan AL) 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 Euro Notes and/or Dollar Notes, as the case may be, 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 relevant series of 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 Euro Notes and or Dollar Notes, as the case may be, 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 the relevant series of Notes for UPCB Exchange Loans as described below) with respect to the Indenture or the relevant series of 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 Euro Notes and/or Dollar Notes, as applicable, 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 Euro Notes and/or Dollar Notes, as applicable, 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 Euro Notes and/or Dollar Notes, as the case may be, by notice to the Trustee may, on behalf of the holders of all of the relevant series of 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 relevant series of 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 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 Paying Agent, the Registrar and the holders of the relevant series of Notes may take any further steps to recover any sum still unpaid in respect of such 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 the relevant 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 relevant 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 €100,000 (in the case of Euro Notes) or \$200,000 (in the case of Dollar Notes).

UPC Broadband Holding 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 relevant 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 Paying Agent and the Registrar and each Noteholder will agree that its rights against the Issuer under the Indenture and the relevant series of 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, such Notes or the Note Security Documents except as expressly permitted by the provisions of the Indenture, the relevant series of Notes and the Note Security Documents. Each of the Trustee, the Security Agent, the 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 Agreements***

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 Agreements 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 Issuer or 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 each 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:

$$\frac{(\text{OLC} + \text{BC} + \text{OBC})}{\text{OL}} \quad \text{Threshold Amount}$$

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 each 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 each 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 Agreements and the UPC Broadband Holding Bank Facility applicable only to the Finco Loans 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); *provided, however*, that any provision or term of a Finco Accession Agreement and the UPC Broadband Holding Bank Facility applicable only to Finco Loan AK or Finco Loan AL may be amended or supplemented with the consent of the holders of at least a majority in the aggregate principal amount of the Euro Notes or the Dollar Notes (and not the consent of at least a majority in principal amount of all Notes outstanding), as the case may be.

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Euro Notes (in respect of the Finco Accession Agreement AK) or the Dollar Notes (in respect of the Finco Accession Agreement AL) (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the relevant series of Notes), an amendment, supplement or waiver of the Finco Accession Agreement AK or the Finco Accession Agreement AL, as applicable, 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 relevant Finco Loan;
- (2) reduce any amounts payable in respect of any prepayment of the relevant Finco Loan;
- (3) reduce the principal of or extend the Stated Maturity of the relevant Finco Loan;
- (4) make the relevant Finco Loan payable in currency other than that stated in the relevant Finco Accession Agreement; or
- (5) modify the payment terms of the relevant 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); *provided, however* that if any amendment, waiver or other modification will only affect the Euro Notes or the Dollar Notes, only the consent of the holders of at least

a majority in principal amount of the then outstanding Euro Notes or Dollar Notes, (and not the consent of at least a majority of all Notes then outstanding), as the case may be, will be required.

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (*provided, however*, that if any amendment, waiver or other modification will only affect the Euro Notes or the Dollar Notes, the consent of the holders of at least 90% of the aggregate principal amount of the then outstanding Euro Notes or Dollar Notes (and not the consent of at least 90% of the aggregate principal amount of all Notes then outstanding), as the case may be, shall be required) (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 UPCH Exchange Loans in accordance with "*—Events of Default and Remedies—Exchange of Notes for UPCH 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 (*provided*, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the U.S. Internal Revenue Code of 1986 (as amended));
- (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 in any material respect, 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 UPCH Lenders in an offer to purchase or otherwise acquire UPCH Loans by any member of the UPCH Group made in compliance with the requirements set out under "*Open Market Purchases of UPCH Loans*";
- (7) to release any Lien on the Collateral in accordance with the terms of the Indenture and the Notes Security Documents;
- (8) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof; or
- (9) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation to facilitate the issuance and administration

of the Notes; provided, however, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of holders to transfer Notes.

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, the Notes Security Document, the Deed of Covenant, the Fee Letter and the UPC Expenses Agreement will be discharged and will cease to be of further effect as to all Notes issued thereunder, or as to the Euro Notes or Dollar Notes, as applicable when:

- (1) either:
  - (a) all Notes (or all Euro Notes or Dollar Notes, as applicable) that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the relevant Paying Agent or Registrar for cancellation; or
  - (b) (i) all Notes (or all Euro Notes or Dollar Notes, as applicable) that have not been delivered to the relevant Paying Agent or Registrar for cancellation (A) have become due and payable by reason of the mailing or delivery of a notice of redemption or otherwise or (B) will become due and payable within one year and (ii) the Issuer 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, with respect to the Euro Notes, cash, Cash Equivalents, European Government Obligations or a combination thereof, in each case, denominated in euro and, with respect to the Dollar Notes, cash, Cash Equivalents, U.S. Government Obligations or a combination thereof, in each case, denominated in U.S. dollars, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to a Paying Agent or Registrar for cancellation for principal, premium and Additional Amounts (if any) and accrued interest to the date of maturity or redemption;
- (2) the Issuer or a third party acting on behalf of the Issuer has paid or caused to be paid all other amounts payable by it under the Indenture with respect to the Notes; and
- (3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes (or all Euro Notes or Dollar Notes, as applicable) 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 euros (in the case of Euro Notes) and in dollars (in the case of Dollar Notes) (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. 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 Euro Notes and/or Dollar 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 relevant 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 relevant 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 Agreements, 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.

### **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, in the case of the Euro Notes, the Euro Applicable Premium and, in the case of the Dollar Notes, the Dollar Applicable Premium.

“**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.

“**Bund Rate**” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

- (1) “**Comparable German Bund Issue**” means the German *Bundesanleihe* security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such relevant date to January 15, 2021, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Euro Notes and of a maturity most nearly equal to January 15, 2021; *provided, however*, that, if the period from such relevant date to January 15, 2021, is not equal to the fixed maturity of the German *Bundesanleihe* security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German *Bundesanleihe* securities for which such yields are given, except that if the period from such relevant date to January 15, 2021, is less than one year, a fixed maturity of one year shall be used;
- (2) “**Comparable German Bund Price**” means, with respect to any relevant date, the average of all Reference German **Bund** Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;
- (3) “**Reference German Bund Dealer**” means any dealer of German *Bundesanleihe* securities appointed by the Issuer in good faith; and
- (4) “**Reference German Bund Dealer Quotations**” means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Issuer in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m. Frankfurt am Main, Germany, time on a day no earlier than the third Business Day preceding the date of the delivery of the redemption notice in respect of such redemption date.

“**Business Day**” means each day that is not a Saturday, Sunday or other day on which banking institutions in Dublin, Ireland, New York, New York, London, England or the Cayman Islands are authorized or required by law to close.

“**Capital Stock**” of any Person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of interests in (however designated) equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

“**Cash Equivalents**” means:

- (1) securities issued or directly and fully guaranteed or insured by the United States Government or a member state of the European Union as of January 1, 2004 (each a “**Qualified Country**”) or any agency or instrumentality thereof (provided that the full faith and credit of such Qualified Country is pledged in support thereof), having maturities of not more than one year from the date of acquisition;
- (2) marketable general obligations issued by any political subdivision of any Qualified Country or any public instrumentality thereof maturing within one year from the date of acquisition (provided that the full faith and credit of the Qualified Country is pledged in support thereof) and, at the time of acquisition, having a credit rating of “A2” or better from either Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc.;
- (3) certificates of deposit, time deposits, eurodollar time deposits, bank deposits or bankers’ acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to any Credit Facility or by any bank or trust company (x) the long-term debt of which is rated at the time of acquisition thereof at least “A-” or the equivalent thereof by Standard & Poor’s Ratings



Services, or “A-” or the equivalent thereof by Moody’s Investors Service, Inc. (or if at the time neither is issuing comparable ratings, then a comparable rating of another nationally recognized rating agency);

- (4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1), (2) and (3) entered into with any bank meeting the qualifications specified in clause (3) above;
- (5) commercial paper rated at the time of acquisition thereof at least “A-2” or the equivalent thereof by Standard & Poor’s Ratings Services or “P-2” or the equivalent thereof by Moody’s Investors Service, Inc., or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof; and
- (6) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (5) above.

“**Clearstream**” means Clearstream Banking, *societe anonyme*.

“**Collateral**” has the meaning set forth above under “—Security”.

“**Concurrent Euro Notes Offering**” means the concurrent offering of the Euro Notes by the Issuer, as further described in the offering memorandum dated on or around April 1, 2015 relating to the Euro Notes.

“**continuing**” means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

“**Credit Facility**” means, one or more debt facilities or arrangements (including, without limitation, the facilities made available under the UPC Broadband Holding Bank Facility) or commercial paper facilities with banks or other institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions or investors and whether provided under the UPC Broadband Holding Bank Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement or instrument (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

“**Default**” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“**Disqualified Stock**” means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of UPC Broadband Holding, UPC Financing or a Subsidiary of UPC Broadband Holding); or
- (3) is redeemable at the option of the holder of the Capital Stock in whole or in part, in each case on or prior to the earlier of the date (a) of the Stated Maturity of the Notes or (b) on which there are no Notes outstanding, *provided* that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof

prior to such date will be deemed to be Disqualified Stock; *provided, further* that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require UPC Broadband Holding to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (each defined in a substantially identical manner to the corresponding definitions in the UPC Broadband Holding Bank Facility) shall not constitute Disqualified Stock if the terms of such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) provide that UPC Broadband Holding may not repurchase or redeem any such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) pursuant to such provision prior to compliance by UPC Broadband Holding with any provisions of the UPC Broadband Holding Bank Facility.

“**dollar**” or “**\$**” means the lawful currency of the United States of America.

“**Dollar Applicable Premium**” means with respect to a Dollar Note at any redemption date prior to January 15, 2020, the excess of (1) the present value at such redemption date of (a) the redemption price of such Dollar Note on January 15, 2020 (such redemption price being described under “—*Optional Redemption of the Finco Loans—Redemption on or after January 15, 2020*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Dollar Note through January 15, 2020 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate plus 50 basis points over (2) the principal amount of such Dollar Note on such redemption date.

“**DTC**” means The Depository Trust Company.

“**Equity Offering**” means a sale of (1) Capital Stock of UPC Broadband Holding or UPC Financing (other than Disqualified Stock), (2) Capital Stock the proceeds of which are contributed as equity share capital to UPC Broadband Holding or UPC Financing or as Subordinated Shareholder Loans or (3) Subordinated Shareholder Loans.

“**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.

“**Euro Applicable Premium**” means with respect to a Euro Note at any redemption date prior to January 15, 2021, the excess of (1) the present value at such redemption date of (a) the redemption price of such Euro Note on January 15, 2021 (such redemption price being described under “—*Optional Redemption of the Finco Loans—Redemption on or after January 15, 2021*” exclusive of any accrued and unpaid interest) plus (b) all required remaining scheduled interest payments due on such Euro Note through January 15, 2021 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate plus 50 basis points over (2) the principal amount of such Euro Note on such redemption date.

“**European Union**” means the European Union 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.

“**European Government Obligations**” means any security that is (1) a direct obligation of Ireland, Belgium, the Netherlands, France, The Federal Republic of Germany or any other country that is a member of the European Monetary Union on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

“**Financial Indebtedness**” has the meaning ascribed thereto in the UPC Broadband Holding Bank Facility as in effect on the Issue Date.

“**Finco Accession Agreements**” means the Finco Accession Agreement AK and the Finco Accession Agreement AL.

**“Finco Accession Agreement AK”** means the €416.5 million (or more) 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.

**“Finco Accession Agreement AL”** means the \$800 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 of America (**“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; *provided* that at any date after the Issue Date the Issuer may make an irrevocable election to establish that **“U.S. GAAP”** shall mean U.S. GAAP as in effect on a date that is on or prior to the date of such election. 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) 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 (2) 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. Thereafter, the Issuer may, at its option, elect to apply GAAP or IFRS and compute all ratios, computations and other determinations based on GAAP or IFRS, as applicable, all on the basis of the foregoing provisions of this definition of GAAP.

**“guarantee”** means 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 the date of first issuance of the Notes.

**“Issuer”** means UPCB Finance IV Limited and any successor (by merger, consolidation, transfer, conversion of legal form or otherwise) to all or substantially all of its assets.

**“Liberty Global”** means Liberty Global plc, with or without its consolidated subsidiaries, as the context requires.

**“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.

**“Net Cash Proceeds”** means, with respect to any issuance or sale of Capital Stock, Subordinated Shareholder Loans and other capital contributions, the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

**“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”** of any Person means the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, Deputy Chief Financial Officer, the President, any Vice President, any Managing Director, any Director, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary, or any authorized signatory of such Person.

**“Officer’s Certificate”** means a certificate signed by one or more Officers.

**“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 Additional 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 thereof or other entity.

**“Security Agent”** means The Bank of New York Mellon, London Branch, 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 Declaration of Trust dated February 2, 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.

**“Subordinated Shareholder Loans”** shall have the meaning ascribed to such term in the UPC Broadband Holding Bank Facility.

**“Treasury Rate”** means the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available on a day no earlier than two Business Days prior to the date of the delivery of the redemption notice in respect of such redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to January 15, 2020; provided, however, that if the period from the redemption date to January 15, 2020 is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from the redemption date to January 15, 2020 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, June 9, 2009, and October 15, 2013) 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 relevant series of 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 Euro Notes will receive €1,000 in principal amount of UPC Qualified Notes and for each \$1,000 in principal amount of Notes tendered and accepted, each holder tendering such Dollar 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 Euro Notes and/or Dollar 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. To the extent that the provisions of any applicable securities laws or regulations conflict with the requirements set forth in this definition, each of the Issuer and UPC Broadband Holding or UPC Financing will comply with the securities laws and regulations and will not be deemed to have breached such requirements by virtue thereof. Notwithstanding the foregoing, the Issuer and UPC Broadband Holding or UPC Financing shall be permitted in the UPC Exchange Transaction to exclude holders of Notes in any jurisdiction where the UPC Exchange Transaction would require the Issuer and UPC Broadband Holding or UPC Financing to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, United States federal securities laws and the laws of the European Union or its member states), if either the Issuer or UPC Broadband Holding or UPC Financing in its sole discretion determines (acting in good faith) (A) that such filing would be materially burdensome (it being understood that it would not be materially burdensome to submit the disclosure document(s) used in other jurisdictions to the securities or financial services authorities in any jurisdiction in accordance with the passporting provisions of the Prospectus Directive 2003/71/EC or similar regulations); or (B) that such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

**“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 terms and conditions of such senior notes and the indenture governing such senior notes shall be as disclosed in the relevant offering memorandum related to the UPC Exchange Transaction.

**“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. Government Obligations”** means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

**“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

Each series of Notes sold outside the United States to non-U.S. persons pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the “**Regulation S Global Notes**”). The Regulation S Global Notes representing the Dollar Notes (the “**Dollar Regulation S Global Notes**”) will be deposited upon issuance with The Bank of New York Mellon as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. The Regulation S Global Notes representing the Euro Notes (the “**Euro Regulation S Global Notes**”) will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Each series of Notes sold within the United States to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act, in a private transaction in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) thereof will initially be represented by one or more global notes in registered form without interest coupons attached (the “**144A Global Notes**” and, together with the Regulation S Global Notes, the “**Global Notes**”). The 144A Global Notes representing the Dollar Notes (the “**Dollar 144A Global Notes**”) will be deposited upon issuance with The Bank of New York Mellon as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. The 144A Global Notes representing the Euro Notes (the “**Euro 144A Global Notes**”) will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

The Dollar 144A Global Notes and the Dollar Regulation S Global Notes are collectively referred to herein as the “**Dollar Global Notes**”. The Euro 144A Global Notes and the Euro Regulation S Global Notes are collectively referred to herein as the “**Euro Global Notes**”.

Ownership of interests in the 144A Global Notes (“**144A Book-Entry Interests**”) and ownership of interests in the Regulation S Global Notes (the “**Regulation S Book-Entry Interest**”, and together with the 144A Book-Entry Interests, the “**Book-Entry Interests**”) will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear and Clearstream and their participants. The Book-Entry Interests in the Euro Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof and the Book-Entry Interests in the Dollar Global Notes will be issued only in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, DTC, Euroclear and/or Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, “holders” of Book-Entry Interests will not be considered the owners or “holders” of the Notes for any purpose. Only the registered holder of a Note will be treated as the owner of such Note.

So long as the Notes are held in global form, DTC, Euroclear and/or Clearstream, as applicable, (or their respective nominees) will be considered the sole holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC, Euroclear and/or Clearstream and indirect participants must rely on the procedures of DTC, Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the Indenture.

Neither the Issuer nor the Trustee under the Indenture or any of the Issuer’s respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.



## **Issuance of Definitive Registered Notes**

Under the terms of the relevant Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the “**Definitive Registered Notes**”):

- (1) if DTC (with respect to the Dollar Global Notes), or Euroclear and/or Clearstream (with respect to the Euro Global Notes) notify the Issuer that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days;
- (2) if the Issuer, at its option, notifies the Trustee in writing that it elects to exchange in whole, but not in part, the Global Note for Definitive Registered Notes;
- (3) in whole, but not in part, if the Issuer or DTC (with respect to the Dollar Global Notes), or Euroclear and/or Clearstream (with respect to the Euro Global Notes) so request following an Event of Default under the Indenture; or
- (4) if the owner of a Book-Entry Interest requests such exchange in writing delivered through DTC, Euroclear and/or Clearstream or to the Issuer following an Event of Default under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (3), its current procedure is to request that the Issuer issues or causes to be issued the relevant Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC, Euroclear and/or Clearstream, or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in “*Transfer Restrictions*”, unless that legend is not required by the Indenture or applicable law.

The Issuer, the Trustee, the Paying Agents and the Registrars shall treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer or the Registrar on its behalf, and such registration is a means of evidencing title to the Notes.

The Issuer shall not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in DTC, Euroclear and/or Clearstream, as applicable.

## **Redemption of Global Notes**

In the event any Global Note, or any portion thereof, is redeemed, DTC, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note, subject to any applicable withholding taxes. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof), subject to any applicable withholding taxes. The Issuer understands that under existing practices of DTC, Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, Euroclear and Clearstream will credit their respective participants’ accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000, in the case of the Euro Global Notes, or \$200,000, in the case of the Dollar Global Notes, in principal amount at maturity, or less, may be redeemed in part.

## **Payments on Global Notes**

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the common depository for Euroclear and/or Clearstream (in the case of the Euro Global Notes) and to DTC or its nominee (in the case of the Dollar Global Notes), which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.e., DTC, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- DTC, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in “street name”.

### **Currency and Payment for the Global Notes**

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Euro Global Notes will be paid to holders of interest in such Notes (the “**Euroclear/Clearstream Holders**”) through Euroclear and/or Clearstream in euro. The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar Global Notes will be paid to holders of interest in such Notes (the “**DTC Holders**”) through DTC in dollars.

### **Action by Owners of Book-Entry Interests**

DTC, Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, each of DTC, Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

### **Transfers**

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC and in accordance with the provisions of the relevant Indenture and will not be entitled to Definitive Registered Notes except for as provided in “*Book-Entry, Delivery and Form of Notes—Issuance of Definitive Registered Notes*”.

The Global Notes will bear a legend to the effect set forth in “*Transfer Restrictions*”. Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in “*Transfer Restrictions*”.

144A Book-Entry Interests may be transferred to a person who takes delivery in the form of Regulation S Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the relevant Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act. Prior to 40 days after the date of initial issuance of the Notes, ownership of Regulation S Book-Entry Interests will be limited to persons that have accounts with DTC, Euroclear or Clearstream or persons who hold interests through DTC, Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such periods unless such resale or transfer is made pursuant to Rule 144A. Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the relevant Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Transfer Restrictions*” and in accordance with any applicable securities laws of any other jurisdiction.

Subject to the foregoing, and as set forth in “*Transfer Restrictions*”, Book-Entry Interests may be transferred and exchanged as described under “*Description of the Notes—Transfer and Exchange*”. Any Book-Entry Interest in a Global Note that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination and series will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as that person retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under “*Description of the Notes—Transfer and Exchange*” and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to the Notes. See “*Transfer Restrictions*”.

This paragraph refers to transfers and exchanges with respect to Dollar Global Notes only. Transfers involving an exchange of a Regulation S Book-Entry Interest for 144A Book-Entry Interest in a Dollar Global Note will be done by DTC by means of an instruction through the DTC Deposit/Withdrawal Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Regulation S Global Note and a corresponding increase in the principal amount of the corresponding 144A Global Note. The policies and practices of DTC may prohibit transfers of unrestricted Book-Entry Interests in the Regulation S Global Note prior to the expiration of the 40 days after the date of initial issuance of the Notes. Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

#### **Information concerning DTC, Euroclear and Clearstream**

All Book-Entry Interests will be subject to the operations and procedures of DTC, Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures.

DTC advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (that DTC’s direct participants deposit with DTC). DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants’ accounts. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because DTC, Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC, Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the DTC, Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through DTC, Euroclear or Clearstream participants.

### **Initial Settlement**

Initial settlement for the Notes will be made in euro and U.S. dollars. Book-Entry Interests owned through DTC, Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC, Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

### **Secondary Market Trading, Global Clearance and Settlement under the Book-Entry System**

Application will be made to the Irish Stock Exchange for the Notes represented by the Global Notes to be listed on the Official List of the Irish Stock Exchange and to be admitted for trading on the Global Exchange Market thereof. The Global Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in the Notes will, therefore, be required by DTC to be settled in immediately available funds. We expect that secondary trading in any certificated Notes will also be settled in immediately available funds. Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers between participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be done through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream by the common depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream by the counterparty in such system in accordance with the rules and regulations and within the established deadlines of such system (Brussels time). Euroclear or Clearstream will, if the transaction meets its settlement requirements, deliver instructions to the common depository to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Notes from DTC, and making and receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depository.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received by Euroclear and Clearstream as a result of a sale of an interest in a Global Note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

The Book-Entry Interests will trade through participants of DTC and Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. Neither the Issuer, the Registrar, the Trustee or any Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

## TRANSFER RESTRICTIONS

Notwithstanding anything in this Offering Memorandum to the contrary, for purposes of this “*Transfer Restrictions*” section, any reference to “Notes” or “Note” shall be construed as a reference to “Dollar Notes” or “Dollar Note”, respectively.

The Notes have not been registered under the U.S. Securities Act or any other applicable securities laws and, unless so registered, the Notes may not be offered, sold, pledged or otherwise transferred within the U.S. or to or for the account of any U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws. The Notes are being offered and sold and issued (1) in the United States, to “qualified institutional buyers” as defined in Rule 144A under the U.S. Securities Act, and (2) outside the United States, to persons other than “U.S. persons” as defined in Rule 902 under the U.S. Securities Act in offshore transactions in compliance with Regulation S under the U.S. Securities Act.

By purchasing the Notes, you will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the U.S. Securities Act are used herein as defined therein):

- (1) You are not an “affiliate” (as defined in Rule 144 under the U.S. Securities Act) of the Issuer 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 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 HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED,



PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS IN THE CASE OF RULE 144A NOTES: ONE YEAR AND IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATES OF THE ISSUER WERE THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ACCEPTING THIS NOTE (OR AN INTEREST IN THE NOTE REPRESENTED HEREBY) EACH ACQUIRER AND EACH TRANSFEREE IS DEEMED TO REPRESENT, WARRANT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) EITHER (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN IT WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), (I) 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, (II) AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER PLAN OR ARRANGEMENT TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, (THE "CODE"), APPLIES, (III) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA)) BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S AND/OR PLAN'S INVESTMENT IN SUCH ENTITY (EACH OF (I), (II) AND (III), A "BENEFIT PLAN INVESTOR"), OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR THE PROHIBITED TRANSACTION PROVISIONS OF ERISA AND/OR SECTION 4975 OF THE CODE ("SIMILAR LAWS"), AND NO PART OF THE ASSETS USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR ANY SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF

A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAWS); AND (2) NEITHER THE ISSUER NOR ANY OF ITS AFFILIATES IS A “FIDUCIARY” (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975 OF THE CODE OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF “FIDUCIARY” UNDER SIMILAR LAWS) WITH RESPECT TO THE ACQUIRER OR TRANSFEREE IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THIS NOTE, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THIS NOTE, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE ACQUIRER OR TRANSFEREE IN CONNECTION WITH THIS NOTE AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THIS NOTE.

- (c) The following legend shall also be included, if applicable:

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT (“OID”) WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE.

Holders may obtain information regarding the amount of any OID, the issue price, the Issue Date and the yield to maturity relating to the Notes by contacting the Treasurer, UPC Holding B.V., Boeing Avenue 53, Schiphol-Rijk, 1119 PE, The Netherlands, +31 (0)20 778 2964.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

- (1) You acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth herein have been complied with.
- (2) You acknowledge that:
  - (a) the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify the Issuer and the Initial Purchasers promptly in writing; and
  - (b) if you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:
    - (i) you have sole investment discretion; and
    - (ii) you have full power to make, and make, the foregoing acknowledgments, representations and agreements.
- (3) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.
- (4) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth hereunder.

### European Economic Area

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

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



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

For the purposes of this provision, the expression an “offer of the Notes to the public” in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC as amended, including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State.

## **ERISA Considerations**

By acquiring the Notes, or any interest therein, you will be deemed to have further represented, warranted and agreed, at the time of the acquisition and throughout the period you hold the Notes or any interest therein, 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), (I) an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”)), that is subject to the provisions of part 4 of subtitle B of Title I of ERISA, (II) an individual retirement account or other plan or arrangement to which Section 4975 of the Code, applies, or (III) any entity whose underlying assets include “plan assets” (within the meaning of 29 C.F.R. Section 2510.3–101 (as modified by Section 3(42) of ERISA)) by reason of any such plan’s investment in such entity (each of (I), (II) and (III), a “Benefit Plan Investor”) or (IV) 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 Benefit Plan Investor or any such governmental, church or non-U.S. plan, or (ii) your acquisition, holding and disposition of such Note, or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a non-exempt violation of any Similar Laws); and (B) neither the Issuer nor any of its affiliates is a “Fiduciary” (within the meaning of Section 3(21) of ERISA or Section 4975 of the Code or, with respect to a governmental, church or non-U.S. plan, any definition of “fiduciary” under Similar Laws) with respect to you, as the purchaser or holder, in connection with your purchase or holding of the Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of you, as the purchaser or holder, in connection with the Notes and the transactions contemplated with respect to the Notes.

## 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 obtained an undertaking as to tax concessions from the Governor in Cabinet of the Cayman Islands substantially in the following form:

In accordance with Section 6 of The Tax Concessions Law (1999 Revision) the Governor in Cabinet undertakes with the Issuer:

- (a) 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
- (b) 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
  - (i) on or in respect of the shares debentures or other obligations of the Issuer; or
  - (ii) 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 8<sup>th</sup> day of February 2011.

### EU Directive on the Taxation of Savings Income

Under the Council Directive 2003/48/EC (the “EU Savings Tax Directive”) each Member State of the EU (a “Member State”) is required to provide to the tax authorities of another Member State details of interest payments 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, Austria may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at a current rate of 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.

On March 24, 2014, the Council of the EU adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from January 1, 2017. The changes will expand the range of payments covered by the EU Savings Tax Directive, in particular to include additional types of income payable on securities. The directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the EU.

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.

### **Certain U.S. Federal Income Tax Considerations**

The following is a description of certain U.S. federal income tax considerations relevant to the acquisition, ownership, and disposition of the Notes by a U.S. Holder (as defined below). This description only applies to Notes held as capital assets (generally, property held for investment) and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as:

- banks or other financial institutions;
- insurance companies;
- real estate investment trusts, individual retirement accounts or other tax deferred accounts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- persons that will own the Notes through partnerships or other pass-through entities;
- dealers or traders in securities or currencies;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- certain former citizens and long-term residents of the United States;
- U.S. Holders that use a mark-to-market method of accounting; or
- U.S. Holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, and disposition of the Notes and does not address the 3.8% Medicare tax on net investment income that can also apply to certain U.S. holders' capital gains and interest in respect of the Notes. This description also does not address the U.S. federal income tax treatment of holders that do not acquire the Notes as part of the initial distribution at their initial issue price (generally, the first price to the public at which a substantial amount of the Notes is sold for money). Each prospective purchaser should consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, holding and disposing of the Notes.

This description is based on the U.S. Internal Revenue Code of 1986 (as amended) ("Code"), U.S. Treasury Regulations promulgated thereunder ("Treasury Regulations"), administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change or differing interpretations (possibly with retroactive effect), which could affect the tax considerations described herein. No opinion of counsel or ruling from the Internal Revenue Service ("IRS") has been or will be given with respect to any of the considerations discussed herein. No assurances can be given that the IRS would not assert, or that a court would not sustain, a position different from any of the tax considerations discussed below.

For purposes of this description, a U.S. Holder is a beneficial owner of the Notes who for U.S. federal income tax purposes is:

- a citizen or individual resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any State thereof, including the District of Columbia;

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences.

The discussion below assumes that the Notes are treated as indebtedness for U.S. federal income tax purposes, except as otherwise described.

Persons considering the purchase, ownership or disposition of Notes should consult their own tax advisors concerning the U.S. federal income tax considerations related to their particular situations as well as any considerations arising under the laws of any other taxing jurisdiction.

### ***Characterization of the Issuer***

The Issuer will file IRS Form 8832, electing to be treated as an entity disregarded from its sole owner for U.S. federal income tax purposes, to be effective on or prior to the issuance of the Notes.

### ***Redemptions and Additional Amounts***

In certain circumstances (see “*Description of the Notes—Redemption and Repurchase*”, “*Description of the Notes—Withholding Taxes*”, and “*Description of the Notes—Certain Covenants—Payments for Consent*”), the Issuer may be obligated to make payments in excess of stated interest and the adjusted issue price of the Notes (“Additional Amounts”) or redeem the Notes in advance of their expected maturity. The Issuer believes that the Notes should not be treated as contingent payment debt instruments because of the possibility of such payments or redemptions. This position is based in part on assumptions regarding the likelihood, as of the date of issuance of the Notes, of such payments or redemptions. Assuming such position is respected, any amounts paid to a U.S. Holder pursuant to such redemption would be taxable as described below in “*—Sale, Exchange, Retirement or Taxable Disposition*” and any payments of Additional Amounts should be taxable as additional ordinary income when received or accrued, in accordance with such holder’s method of accounting for U.S. federal income tax purposes. The IRS, however, may take a position contrary to the position described above, which could affect the amount, timing and character of a U.S. Holder’s income with respect to the Notes. A U.S. Holder that desires to take the position that the Notes are subject to the contingent payment debt instrument rules should consult with its tax advisor, including regarding the manner in which to disclose such position as required by applicable U.S. Treasury Regulations; the IRS may disagree with such holder’s contrary position. U.S. Holders should consult their tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof. This discussion assumes that the Notes are not treated as contingent payment debt instruments.

### ***Payments and Accruals of Stated Interest***

Stated interest paid on the Notes generally will be treated as “qualified stated interest.” Payments of qualified stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder’s method of accounting for U.S. federal income tax purposes, as detailed below. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer), or that is treated as constructively received, at least annually at a single fixed rate.

In the case of the Euro Notes, stated interest paid in euros will be included in a U.S. Holder’s gross income in an amount equal to the U.S. dollar value of the euros, including the amount of any withholding tax thereon, regardless of whether the euros are converted into U.S. dollars. Generally, a U.S. Holder that uses the cash method of tax accounting will determine such U.S. dollar value using the spot rate of exchange on the date of receipt. A cash method U.S. Holder generally will not realize foreign currency gain or loss on the receipt of the interest payment but may have foreign currency gain or loss attributable to the actual disposition of the euros

received. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. dollar value of accrued interest income using the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year). Alternatively, an accrual basis U.S. Holder may make an election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS) to translate accrued interest income at the spot rate of exchange on the last day of the accrual period (or the last day of the portion of the accrual period within each taxable year in the case of a partial accrual period) or the spot rate on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date the payment is received differs from the rate used in translating the accrual of that interest. The amount of foreign currency gain or loss to be recognized by such U.S. Holder will be an amount equal to the difference between the U.S. dollar value of the euro interest payment (determined on the basis of the spot rate on the date the interest income is received) in respect of the accrual period and the U.S. dollar value of the interest income that has accrued during the accrual period (as determined above) regardless of whether the payment is converted to U.S. dollars. This foreign currency gain or loss will be ordinary income or loss and generally will not be treated as an adjustment to interest income or expense. Foreign currency gain or loss generally will be U.S. source provided that the residence of a taxpayer is considered to be the United States for purposes of the rules regarding foreign currency gain or loss.

Interest including original issue discount (“OID”), if any, included in a U.S. Holder’s gross income with respect to the Notes will be treated as foreign source income for U.S. federal income tax purposes. The limitation on non-U.S. taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific “baskets” of income. For this purpose, interest generally should constitute “passive category income”, or in the case of certain U.S. Holders, “general category income”. Any non-U.S. withholding tax paid by a U.S. Holder at the rate applicable to the U.S. Holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits.

### ***Original Issue Discount***

A Note may be treated as issued with OID for U.S. federal income tax purposes. An obligation generally is treated as having been issued with OID for U.S. federal income tax purposes if its “stated redemption price at maturity” exceeds its issue price by at least the “OID de minimis amount”. The OID de minimis amount equals 1/4 of 1% of the debt instrument’s stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity. The “stated redemption price at maturity” of a Note is the sum of all payments required to be made on the Note other than qualified stated interest payments.

If a Note is issued with OID, a U.S. Holder generally will be required to include OID in income before the receipt of the associated cash payment, regardless of such U.S. Holder’s accounting method for tax purposes. The amount of OID a U.S. Holder should include in income is the sum of the “daily portions” of the OID for the Note for each day during the taxable year (or portion of the taxable year) in which the Note is held by such U.S. Holder. The daily portion is determined by allocating a pro rata portion of the OID for each day of the accrual period. An accrual period may be of any length and the accrual periods may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first day of an accrual period or on the final day of an accrual period. The amount of OID allocable to an accrual period is equal to the difference between (1) the product of the “adjusted issue price” of the Note at the beginning of the accrual period and its yield to maturity (computed generally on a constant yield method and compounded at the end of each accrual period, taking into account the length of the particular accrual period) and (2) the amount of any qualified stated interest allocable to the accrual period. The “adjusted issue price” of a Note at the beginning of any accrual period is the sum of the issue price of the Note plus the amount of OID allocable to all prior accrual periods reduced by any payments received on the Note that were not qualified stated interest.

Under these rules, a U.S. Holder generally will have to include in income increasingly greater amounts of OID in successive accrual periods. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Under the Treasury Regulations, a holder of a Note with OID may elect to include in gross income all interest that accrues on the Note using the constant yield method. Once made with respect to the Note, the election cannot be revoked without the consent of the IRS. A U.S. Holder considering an election under these rules should consult its own tax advisor.



U.S. Holders may obtain information regarding the amount of OID, if any, the issue price, the issue date and yield to maturity by contacting the Treasurer, UPC Holding B.V., Boeing Avenue 53, Schiphol-Rijk, 1119 PE, The Netherlands, +31 (0)20 778 2964.

Any OID on a Euro Note generally will be determined for any accrual period in euros and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder. Upon receipt of an amount attributable to OID (whether in connection with a sale or disposition of such a Note or otherwise), a U.S. Holder generally will recognize foreign currency gain or loss in an amount determined in the same manner as stated interest received by an accrual basis holder, as described above. Holders are urged to consult their own tax advisors regarding the interplay between the application of the OID and foreign currency exchange gain or loss rules. For these purposes, all receipts on a Note will be viewed first, as payments of stated interest payable on the Note; second, as receipts of previously accrued OID (to the extent thereof), with payments considered made for the earlier accrual periods first; and, third, as receipts of principal.

The rules regarding OID are complex. U.S. Holders are urged to consult their own tax advisors regarding the application of these rules to their particular situations.

### ***Possible Effects of the UPC Exchange Transaction***

In connection with the UPC Exchange Transaction, holders that elect to participate in the exchange will receive UPC Qualified Notes with a new issuer. This change may be viewed as giving rise to a significant modification of the Notes, though there may be arguments to the contrary. If the change in issuer is treated as a significant modification, U.S. Holders will recognize gain or loss as described under “Sale, Exchange, Retirement or Other Taxable Disposition.” The amount deemed to be realized in such a taxable exchange would be the issue price of the UPC Qualified Notes, which would be the fair market value of the UPC Qualified Notes as of the date of the deemed exchange if, as seems likely, the UPC Qualified Notes are treated as publicly traded for U.S. federal income tax purposes. In addition, a U.S. Holder could be treated as acquiring the UPC Qualified Notes with OID. This would occur if the issue price of the UPC Qualified Notes as of the date of the deemed exchange (based on the fair market value of the UPC Qualified Notes if the UPC Qualified Notes are treated as publicly traded for U.S. federal income tax purposes) was less than the stated principal amount of the UPC Qualified Notes by at least the OID de minimis amount (as described above). If the UPC Qualified Notes are issued with OID, a U.S. Holder may be required to include such excess in income as OID, as it accrues, in accordance with a constant yield method based on a compounding of interest before the receipt of cash payments attributable to this income for U.S. federal income tax purposes. Except as noted above in this paragraph, the U.S. federal income tax considerations related to owning a UPC Qualified Note should generally be the same as the U.S. federal income tax considerations related to owning a Note.

### ***Sale, Exchange, Retirement or Other Taxable Disposition***

A U.S. Holder generally will recognize gain or loss on the sale, exchange, retirement or other taxable disposition of a Note equal to the difference, if any, between the amount realized on such sale, exchange, retirement or other taxable disposition (other than any amount received in respect of accrued and unpaid interest which will be subject to tax in the manner described above in “—Payments and Accruals of Stated Interest” to the extent not previously included in income), and the U.S. Holder’s adjusted tax basis in such Note.

A U.S. Holder’s adjusted tax basis in a Note generally will be its U.S. dollar cost increased by the amount of any OID previously included in income and decreased by payments other than stated interest made with respect to the Note. If a U.S. Holder purchases a Euro Note with euros, the U.S. dollar cost of the Euro Note generally will be the U.S. dollar value of the purchase price on the date of purchase calculated at the spot rate of exchange on that date. The amount realized upon the disposition of a Euro Note generally will be the U.S. dollar value of the amount received on the date of the disposition calculated at the spot rate of exchange on that date. However, if the Euro Note is traded on an established securities market, a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder) should determine the U.S. dollar value of the cost of or amount received on the Euro Note, as applicable, by translating the amount paid or received at the spot rate of exchange on the settlement date of the purchase or disposition, as applicable. The election available to accrual basis U.S. Holders in respect of the purchase and disposition of Euro Notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Subject to the foreign currency rules discussed below in the case of a Euro Note, any gain or loss recognized on the sale, exchange, retirement, or other taxable disposition of a Note will be capital gain or loss, and will be

long-term capital gain or loss if the Note has been held for more than one year. Long-term capital gain of a non-corporate U.S. Holder generally is taxed at preferential rates. The ability of a U.S. Holder to offset capital losses against ordinary income is limited. Any gain or loss recognized on the sale, exchange, retirement or other taxable disposition of a Note generally will be treated as gain or loss from sources within the United States.

In the case of a Euro Note, gain or loss recognized by a U.S. Holder on the sale, exchange, retirement or other taxable disposition of a Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in foreign currency exchange rates during the period in which the U.S. Holder held such Note. Such foreign currency gain or loss will equal the difference between (i) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the date of the sale, exchange, retirement or other taxable disposition and (ii) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the date of purchase of the Note. If the Note is traded on an established securities market, with respect to a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder), such foreign currency gain or loss will equal the difference between (x) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the settlement date of the disposition and (y) the U.S. dollar value of the U.S. Holder's euro purchase price for the Note calculated at the spot rate of exchange on the settlement date of the purchase of the Note. The realization of any foreign currency gain or loss, including foreign currency gain or loss with respect to amounts attributable to accrued and unpaid stated interest and any OID, will be limited to the amount of overall gain or loss realized on the disposition of the Notes.

### ***Exchange of Amounts in Other than U.S. Dollars***

If a U.S. Holder receives euros as interest on a Euro Note or on the sale, exchange, retirement or other taxable disposition of a Euro Note, such U.S. Holder's tax basis in the euros will equal the U.S. dollar value when the euros are received. If a U.S. Holder purchased a Euro Note with previously owned non-U.S. currency, gain or loss on such currency will be recognized in an amount equal to the difference, if any, between the U.S. Holder's tax basis in such currency and the spot rate on the date of purchase of the Euro Note. Any such gain or loss generally will be treated as ordinary income or loss from sources within the United States provided that the residence of the U.S. Holder is considered to be the United States for purposes of the rule governing foreign currency transactions.

### ***Reportable Transaction Reporting***

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any non-U.S. currency received as interest or as proceeds from the sale, exchange, retirement or other taxable disposition of the Notes.

### ***Additional Notes***

The Issuer may issue "Additional Notes" (as defined 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 not be fungible for U.S. federal income tax purposes with 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 that the Notes may not be treated as indebtedness of the Issuer, but even if an alternative characterization were to apply, a U.S. Holder should, in general, be taxed in a manner similar to that described above with respect to such holder's share of interest and any disposition of the Notes. U.S. Holders are urged to consult their tax advisors in this regard.



### ***U.S. Backup Withholding Tax and Information Reporting***

Backup withholding and information reporting requirements may apply to certain payments of principal of, and interest and accruals of OID, if any, on, an obligation and to proceeds of the sale, exchange, retirement or other taxable disposition of an obligation, to certain U.S. Holders. The payor will be required to withhold backup withholding tax on payments made within the United States, or by a U.S. payor or U.S. middleman or certain of their affiliates, on a Note to, or from gross proceeds of the sale or disposition of a Note paid to, a U.S. Holder if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's U.S. federal income tax liability. A holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for a refund with the IRS and furnishing any required information in a timely manner.

Certain U.S. Holders are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in custodial accounts maintained by certain financial institutions). U.S. Holders are urged to consult their own tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Notes.

### ***FATCA***

Sections 1471-1474 of the Code and the U.S. Treasury and IRS guidance issued thereunder ("FATCA") generally may impose withholding at a rate of 30% on payments made to any foreign entity on debt obligations generating U.S. source interest or certain other debt obligations generating non-U.S. source interest issued by a foreign financial institution that (i) enters into certain agreements with the IRS or (ii) becomes subject to provisions of local law intended to implement an intergovernmental agreement entered into pursuant to FATCA, in each case to the extent such payments are attributable to U.S. source income, unless the foreign entity receiving such payments complies with various U.S. information reporting and/or due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with such foreign entity) or otherwise qualifies for an exemption. Withholding on payments on debt obligations issued by foreign financial institutions, including on debt obligations generating non-U.S. source interest, will not occur before 2017. Notwithstanding the foregoing, even if payments on the Notes are treated as or are paid from a foreign financial institution, including in the event the Issuer is treated as a foreign financial institution, and such payments are treated as "foreign passthru payments," the Notes will be grandfathered because no final regulations defining a "foreign passthru payment" have been issued and therefore are not subject to the FATCA rules (including the withholding rules) described above. If, however, the Notes are modified at a time when the grandfathering rules are no longer available (i.e., more than six months after the date final regulations define a "foreign passthru payment"), withholding can apply and holders and beneficial owners of the Notes will not be entitled to receive any additional amounts to compensate them for such withholding. In addition, if Additional Notes are issued after the expiration of the grandfathering period, have the same CUSIP or ISIN as the Notes issued hereby, and are subject to withholding under FATCA, then withholding agents may treat all notes, including the Notes issued hereby, as subject to withholding under FATCA. The intergovernmental agreement between the Cayman Islands and the United States (see below) modifies the requirements in this paragraph and an intergovernmental agreement between the United States and a foreign country where a holder or intermediary is located may further modify such requirements. Holders should consult their tax advisors regarding the possible implications of this legislation on their investment in the Notes.

**The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.**

### ***Cayman Islands Tax Information Authority Law***

The Cayman Islands have entered into a Model 1 intergovernmental agreement (the "US IGA") with the United States and have entered into a similar intergovernmental agreement (the "UK IGA") with the United Kingdom (together with the US IGA, the "IGAs"). The Issuer will be required to comply with the Cayman Islands Tax Information Authority Law (2014 Revision)(as amended) together with regulations and guidance notes made pursuant to such Law that give effect to the IGAs. To the extent the Issuer is classified as a Cayman Islands Financial Institution and cannot be treated as a Non-Reporting Cayman Islands Financial Institution (as

defined in the IGAs) by taking advantage of one of the categories set out in Annex II to the IGAs (for example by being a Sponsored Investment Entity (as defined in the IGAs)), the Issuer will be a “Reporting Cayman Islands Financial Institution” (as defined in the IGAs). Although the FATCA classification of the Issuer is not entirely clear, the Issuer has registered with the IRS and obtained a Global Intermediary Identification Number (for the purposes of the US IGA only) and intends to report to the Cayman Islands Tax Information Authority any payments made to (i) Specified US Persons with respect to US Reportable Accounts and (ii) Specified UK Persons with respect to UK Reportable Accounts (each such term as defined in the relevant IGA). The Cayman Islands Tax Information Authority will exchange such information with the IRS or HMRC as the case may be under the terms of the relevant IGA. Under the terms of the US IGA, withholding will not be imposed on payments made to the Issuer unless the IRS has specifically listed the Issuer as a non-participating financial institution, or on payments made by the Issuer to the holders of Notes unless the Issuer has otherwise assumed responsibility for withholding under United States tax law.

## CERTAIN EMPLOYEE BENEFIT PLAN CONSIDERATIONS

Notwithstanding anything in this Offering Memorandum to the contrary, for purposes of this “*Certain Employee Benefit Plan Considerations*” section, any reference to “Notes” or “Note” shall be construed as a reference to “Dollar Notes” or “Dollar Note”, respectively.

The U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes certain fiduciary standards and certain other requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, including, without limitation, entities such as collective investment funds, certain insurance company separate accounts, certain insurance company general accounts, and entities whose underlying assets are treated as being subject to ERISA (collectively, “**ERISA Plans**”), and on those persons who are fiduciaries with respect to ERISA Plans. Any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan under ERISA. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan and the applicable provisions of ERISA, the Code or any Similar Laws (as defined below).

Section 406 of ERISA and Section 4975 of 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 who are “parties in interest” within the meaning of Section 3(14) of ERISA, or “disqualified persons”, within the meaning of Section 4975 of the Code, having certain relationships to Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and/or other liabilities under ERISA and the Code, and the transaction may have to be rescinded.

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if the Notes are acquired with the assets of a Plan with respect to which the Issuer, the Initial Purchasers or the Trustee, or any of their respective affiliates, is a party in interest or a disqualified person. Even if none of the Issuer, the Initial Purchasers or the Trustee is a party in interest or a disqualified person, a prohibited transaction may arise if the fiduciary authorizing the investment has an interest in or affiliation with any of the foregoing parties that may affect his, her or its judgment as a fiduciary. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption (“**PTCE**”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14, as amended (relating to transactions effected by “independent qualified professional asset managers”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 95-60 (relating to investments by insurance company general accounts), and PTCE 96-23, as amended (relating to transactions effected by in-house asset managers), (collectively, the “**Investor-Based Exemptions**”). There is also a statutory exemption that may be available under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code to a party in interest that is a service provider to a Plan investing in the Notes for adequate consideration, provided such service provider is not (i) the fiduciary with respect to the Plan’s assets used to acquire the Notes or an affiliate of such fiduciary or (ii) an affiliate of the employer sponsoring the Plan (the “**Service Provider Exemption**”). Adequate consideration means fair market as determined in good faith by the Plan fiduciary pursuant to regulations to be promulgated by the U.S. Department of Labor. However, there can be no assurance that any of these Investor-Based Exemptions or the Service Provider Exemption or any other administrative or statutory exemption will be available with respect to any particular transaction involving the Notes.

“Governmental plans” (as defined in Section 3(32) of ERISA), certain “church plans” (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Code) and certain non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to U.S. federal, state, local, non-U.S. or other laws or regulations (such as the prohibited transaction rules of Section 503 of the Code) that are substantially similar to the foregoing provisions of ERISA or the Code (“**Similar Laws**”).

The purchase of the Notes using the assets of a Plan might be deemed to be a violation of the prohibited transaction rules of Section 406 of ERISA and/or Section 4975 of the Code for which no exemption may be

available. Accordingly, the Notes may not be purchased using the assets of any Plan if the Issuer, the Initial Purchasers, the Trustee or their respective affiliates is the sponsor of, or Fiduciary to, such Plan in the absence of an applicable exemption.

EACH ACQUIRER AND EACH TRANSFEREE OF A NOTE OR ANY INTEREST THEREIN WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTE OR ANY INTEREST THEREIN THAT (1) EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST THEREIN IT WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF) (I) AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF ERISA, THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER PLAN OR ARRANGEMENT TO WHICH SECTION 4975 OF THE CODE APPLIES, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA)) BY REASON OF ANY SUCH PLAN’S INVESTMENT IN SUCH ENTITY (EACH OF (I), (II) AND (III), A “BENEFIT PLAN INVESTOR”) OR (IV) 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 NOTE OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR ANY SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE OR ANY INTEREST THEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, OR NON-U.S. PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAWS); AND (2) NEITHER THE ISSUER NOR ANY OF ITS AFFILIATES IS A “FIDUCIARY” (WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975 OF THE CODE OR, WITH RESPECT TO A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY DEFINITION OF “FIDUCIARY” UNDER SIMILAR LAWS) WITH RESPECT TO THE ACQUIRER OR TRANSFEREE IN CONNECTION WITH ANY PURCHASE OR HOLDING OF THE NOTE, OR AS A RESULT OF ANY EXERCISE BY THE ISSUER OR ANY OF ITS AFFILIATES OF ANY RIGHTS IN CONNECTION WITH THE NOTE, AND NO ADVICE PROVIDED BY THE ISSUER OR ANY OF ITS AFFILIATES HAS FORMED A PRIMARY BASIS FOR ANY INVESTMENT DECISION BY OR ON BEHALF OF THE ACQUIRER OR TRANSFEREE IN CONNECTION WITH THE NOTE AND THE TRANSACTIONS CONTEMPLATED WITH RESPECT TO THE NOTE.

THE ISSUER, THE INITIAL PURCHASERS AND THE TRUSTEE, AND THEIR RESPECTIVE AFFILIATES, SHALL BE ENTITLED TO CONCLUSIVELY RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS BY ACQUIRERS AND TRANSFEREES OF ANY NOTES WITHOUT FURTHER INQUIRY.

The transfer of any Note or any interest therein to a Plan or a governmental, church or non-U.S. plan that is subject to any Similar Laws is in no respect a representation by the Issuer, the Initial Purchasers or the Trustee, or any of their respective affiliates, that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular such plan; that the Investor-Based Exemptions or the Service Provider Exemption described above, or any other prohibited transaction exemption, would apply to such an investment by such plans in general or any particular such plan; or that such an investment is appropriate for such plans generally or any particular such plan.

The discussion of ERISA and Section 4975 of the Code contained in this Offering Memorandum, is, of necessity, general, and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

Any Plan or employee benefit plan not subject to ERISA or Section 4975 of the Code, and any fiduciary thereof, proposing to participate in the offers and acquire 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

Notwithstanding anything in this Offering Memorandum to the contrary, for purposes of this “*Plan of Distribution*” section, (i) any reference to “Notes” or “Note” shall be construed as a reference to “Dollar Notes” or “Dollar Note”, respectively and (i) any reference to “Initial Purchasers” or “Initial Purchaser” shall be construed as a reference to “Dollar Initial Purchasers” or “Dollar Initial Purchaser”, respectively.

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 as of the date of this Offering Memorandum (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, Dollar Notes in an aggregate principal amount of \$800 million.

The Initial Purchasers initially propose to offer each of the Notes for resale at the issue price that appears on the cover of this Offering Memorandum. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

In the purchase agreement, the Issuer, UPC Holding and UPC Broadband Holding have agreed that:

- subject to certain exceptions, including but not limited to (i) one or more additional facilities or debt securities, the proceeds of which are used to fund one or more additional facilities, under the UPC Broadband Holding Bank Facility, (ii) the issuance of any debt securities by UPC Holding or (iii) any issuance of Additional Notes (as defined in the Indenture), the Issuer, UPC Holding and UPC Broadband Holding will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities Exchange Commission a registration statement under the U.S. Securities Act relating to any debt securities, which are substantially similar to the Notes offered hereby, issued by the Issuer, having a maturity of more than one year from the date of issue of the Notes, without the prior consent of J.P. Morgan Securities LLC with respect to the Dollar Notes and J.P. Morgan Securities plc with respect to the Euro Notes, for a period of 30 days after the Time of Sale (as defined in the Purchase Agreement); 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.

Certain of the Initial Purchasers are not broker-dealers registered with the SEC, and therefore may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that any such Initial Purchaser intends to effect sales of the Notes in the United States, it will do so only through one or more affiliated U.S. registered broker dealers, or otherwise as permitted by applicable U.S. law.

### **Selling Restrictions**

#### ***United States***

Each purchaser of Notes offered by this Offering Memorandum, in making its purchase, will be deemed to have made the acknowledgements, representations and agreements as described under “*Transfer Restrictions*”.

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to non U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. For a description of certain further restrictions on resale or transfer of the Notes, see “*Transfer Restrictions*”.

The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

#### ***United Kingdom***

In the purchase agreement, each Initial Purchaser has also represented and agreed that:

- (i) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and



- (ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to such Initial Purchaser.

Each Initial Purchaser has also agreed in the purchase agreement that it has complied with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Memorandum, and will, subject to certain provisions in the purchase agreement, obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force.

This Offering Memorandum is directed solely at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as “relevant persons”). This Offering Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

### ***European Economic Area***

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

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

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “Prospectus Directive” means Directive 2003/71/EC as amended including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

### ***The Netherlands***

Each Initial Purchaser has represented and agreed that the Notes (including rights representing an interest in each global note that represents the Notes) may only be offered or sold to qualified investors (*gekwalficeerde beleggers*) as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

### ***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 will apply to list the Notes on the Official List of the Irish Stock Exchange and for the

admission for trading on the Global Exchange Market thereof. The Initial Purchasers have advised the Issuer 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 ten business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as “T+10”). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the sixth business day will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with the offering of the Notes, the Stabilizing Managers may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Stabilizing Managers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, including securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, various consulting, financial advisory, investment banking, commercial lending and capital markets services for UPC Holding and Liberty Global, for which they received or will receive customary fees and expenses. Certain of the Initial Purchasers or their respective affiliates have arranged and made loans to subsidiaries of Liberty Global or UPC Holding in the past. Certain of the Initial Purchasers or their affiliates that have a lending relationship with, and/or own outstanding debt securities of, UPC Holding and/or its affiliates have hedged, and are likely to hedge in the future, their credit exposure to UPC Holding and/or its affiliates consistent with their risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes. In addition, certain of the Initial Purchasers or their affiliates provide UPC Holding and/or its affiliates, from time to time, with hedging services, and may act as counterparties to certain hedging agreements entered into by UPC Holding and/or its affiliates and such parties will receive customary fees and commissions for their services in such capacities.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investment and securities activities may involve securities and/or instruments of the Issuer. The Initial Purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Certain of the Initial Purchasers and/or their respective affiliates are lenders under facilities of the UPC Broadband Holding Bank Facility certain of which will be repaid with the proceeds from the offering of the Notes and are parties to certain hedging arrangements with UPC Holding and/or its subsidiaries. See “*Use of Proceeds*”. In addition, certain of the Initial Purchasers or their respective affiliates are party to certain hedging arrangements and may be counterparties to certain cross-currency swap contracts that we may enter into with respect to the Dollar Notes.



## **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) Ltd., Cayman Islands, as to matters of the law of the Cayman Islands; and by Nauta Dutilh, London, England, as to matters of Dutch 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 Law Debenture Corporate Services Inc. 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, 2014 and 2013, and the consolidated statements of operations, comprehensive loss, owners' deficit, and cash flows for the years ended December 31, 2014, 2013 and 2012 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.

## **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 resolutions of 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 Dollar Notes and is not itself seeking admission of the Dollar Notes to the Global Exchange Market of the Irish Stock Exchange.

The listing of the Dollar Notes on the Irish Stock Exchange's Global Exchange Market will be expressed in 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 Dollar Notes are listed on the Irish Stock Exchange's Global Exchange Market:

- (1) the memorandum and articles of association of the Issuer;
- (2) the December 31, 2014 Consolidated Financial Statements;
- (3) the December 31, 2014 financial statements of the Issuer;
- (4) the Indenture;
- (5) the purchase agreement;
- (6) [Reserved];
- (7) the Facility AL Finco Accession Agreement;
- (8) the Notes Security Documents;
- (9) the Fee Letter;
- (10) the Expenses Agreement;
- (11) the Deed of Covenant;
- (12) the UPC Broadband Holding Bank Facility; and
- (13) 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 Dollar Notes will be published by the Companies Announcement Office of the Irish Stock Exchange.

The net proceeds of the offering of the Dollar Notes and the concurrent offering of the Euro Notes together with the fees payable to the Issuer by UPC Financing under the Fee Letter are expected to be €1,150.4 million (equivalent).

The total expenses to be incurred with regard to the admission to trading are approximately €9,250.

### **Clearing Information**

The Dollar Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of DTC. The ISIN number for the Dollar Notes sold pursuant to Regulation S is USG9300MAA02 and the ISIN number for the Dollar Notes sold pursuant to Rule 144A is US90320MAA36. The CUSIP number for the Dollar Notes sold pursuant to Regulation S is G9300MAA0 and the CUSIP number for the Dollar Notes sold pursuant to Rule 144A is US90320MAA3.

### **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 251438. 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 shares of U.S. \$1.00 par value 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 or the Security Agent 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 or the Security Agent, to benefit the holders of the Notes or Qualified Charities (as defined in the Declaration of Trust) or the Trustee or the Security Agent. 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 administration agreement dated February 2, 2011 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 (a) by giving at least three months' notice in writing to the other parties (being, as applicable, the Issuer or the Administrator and, in each case, LG Europe); (b) at any time if the other party commits any breach of its obligations under the Administration Agreement and (i) such breach is not capable of remedy; or (ii) such party fails, where such breach is capable of remedy, within thirty days of receipt of notice served by the other party requiring it so to do, to remedy such breach; or (c) at any time by giving notice in writing to the other party (with a copy to any applicable rating agencies at any time within twelve months of the date of such notice) if the other party goes into liquidation or is dissolved (except as a voluntary liquidation or dissolution for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the party otherwise entitled to serve notice) or commits any other act of bankruptcy under applicable laws.

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 issuance of the Notes has been authorized pursuant to resolutions of the board of directors of the Issuer passed on March 27, 2015.

### ***Corporate Governance***

The Issuer is a special purpose financing company which engages in limited activities, and it is managed by its directors, currently Cleveland Stuart and Laura Chisholm.

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.

The Issuer may finance itself in any manner permitted under the Indenture including through issuance of the Notes.

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 which are permitted under the Indenture.

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), and will be available from the Principal Paying Agent. The Issuer will not prepare interim financial statements.

There has been no material adverse change in the financial position or prospects of the Issuer since December 31, 2014.

### **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. KPMG Accountants N.V. are members of the Koninklijke Nederlandse Beroepsorganisatie van Accountants.

### **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 Schiphol-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 December 31, 2014 and no material adverse change in the prospects of UPC Financing since December 31, 2014.

## **Offering Memorandum**

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in the financial position of UPC Financing or UPC Holding since December 31, 2014; 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 iv of this Offering Memorandum) accept responsibility for 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”	An asymmetric digital subscriber line is a system for high-speed data transmission over existing telephone cables. The telephone cable is effectively divided into three bands: the downstream band from the service provider to the end customer; the upstream band from the end customer to the service provider; and a voice band through which (using a splitter) telephone calls (analog or via ISDN) can be made.
“Analog”	Comes from the word “analogous” which means “similar to” in telephone transmission, the signal being transmitted (voice, video or image) is “analogous” to the original signal.
“Backbone”	A backbone refers to the principal data routes, between large, interconnected networks or within a large operator’s network.
“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.
“Bundle/ bundling”	Bundling is a marketing strategy that involves offering several products for sale as one combined product.
“Digital”	The use of a binary code to represent information in telecommunications recording and computing. Analog signals, such as voice or music, are encoded digitally by sampling the voice or music analog signals many times a second and assigning a number to each sample. Recording or transmitting information digitally has two major benefits: First, digital signals can be reproduced more precisely so digital transmission is “cleaner” than analog transmission and the electronic circuitry necessary to handle digital is becoming cheaper and more powerful; and second, digital signals require less transmission capacity than analog signals.
“DSL”	Digital Subscriber Line is a generic name for a range of digital technologies relating to the transmission of internet and data signals from the telecommunications service provider’s central office to the end customer’s premises over the standard copper wire used for voice services.
“DTH”	Direct-to-home, which refers to satellite television broadcasts intended for home reception.
“DTT”	Digital terrestrial television.
“DVR”	Digital video recorder is a device that allows end users to digitally record television programming for later playback.
“EuroDOCSIS”	Data Over Cable Service Interface Specification (DOCSIS) is an international standard that defines the communications and operation support interface requirements for a data over cable system. It permits the addition of high-speed data transfer to an existing cable TV system. Cable companies use the EuroDOCSIS standard to improve speeds they can offer. The EuroDOCSIS 3.0 broadband technology allows speed levels of 200 Mbps and beyond.
“Free-to-air”	Transmission of content for which television viewers are not required to pay a fee for receiving transmissions.
“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.

<u>Term</u>	<u>Definition</u>
“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.
“IP”	Internet Protocol is a protocol used for communicating data across a packet-switched network. It is used for transmitting data over the internet and other similar networks. The data is broken down into data packets, each data packet is assigned an individual address, then the data packets are transmitted independently and finally reassembled at the destination.
“IPTV”	Internet Protocol Television is the transmission of television content using IP over a network infrastructure, such as a broadband connection.
“Local loop infrastructure”	The local loop is the physical link between the first demarcation point of the customer’s premises and the delivery point into the network of the provider renting the local loop. The local loop is referred to as the “last mile”.
“Mbps”	Megabits per second; a unit of data transfer rate equal to 1,000,000 bits per second. The bandwidths of broadband networks are often indicated in Mb/s.
“MHz”	Megahertz (or one million hertz) is the basic measure of frequency and represents one million cycles per second.
“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.
“Over-the-top (OTT)”	Over-the-top video content providers, which deliver television signals as a video stream on top of third parties’ broadband internet access services.
“RGU”	Revenue Generating Unit.
“Triple Play”	Offering of digital television, broadband internet and telephony services packaged in a bundle.
“Unbundled local loop”	The twisted-pair connection between the local exchange and the home.
“VDSL”	Very high bit rate DSL, a DSL technology that provides a faster data transfer rate than asymmetric digital subscriber line (ADSL) and ADSL2+ technologies. In most occasions VDSL2 technology is used, which extends the capacity of the underlying VDSL system by further utilizing the frequency spectrum and extending transfer speeds for the downstream band to up to 50 Mbps.
“Vectoring”	Also known as VDSL2 vectoring, a transmission method that employs the coordination of line signals for reduction of crosstalk levels and improvement of performance, extending transfer speeds for the downstream band to up to 100 Mbps.
“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.

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#### UPC HOLDING B.V.

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**UPCB Finance IV Limited**

**Special Purpose  
Financial Statements  
December 31, 2014**

## **Independent Auditors' Report**

The Board of Directors  
UPCB Finance IV Limited:

### **Report on the Financial Statements**

We have audited the accompanying special purpose financial statements of UPCB Finance IV Limited, which comprise the balance sheets as of December 31, 2014 and 2013, and the related notes to the financial statements including the notes on the statement of operations and statement of cash flows.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the special purpose financial statements referred to above present fairly in all material respects, the financial position of UPCB Finance IV Limited as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years ended December 31, 2014, 2013 and 2012, in accordance with U.S. generally accepted accounting principles.

Amstelveen, The Netherlands

March 19, 2015

KPMG Accountants N.V.

**UPCB Finance IV Limited**

**Balance Sheets**

		<b>December 31,</b>	
		<b>2014</b>	<b>2013</b>
		<u></u>	<u></u>
<b>ASSETS</b>			
Current assets:			
Cash .....	\$	250	\$ 250
Total current assets .....		<u>250</u>	<u>250</u>
Total assets .....	\$	<u><u>250</u></u>	<u><u>250</u></u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
Shareholder's equity (note 3):			
Common stock (par value \$1.00; authorized 50,000 shares; issued and outstanding 250 shares) .....	\$	250	\$ 250
Total shareholder's equity .....		<u>250</u>	<u>250</u>
Total liabilities & shareholder's equity .....	\$	<u><u>250</u></u>	<u><u>250</u></u>

The accompanying notes are an integral part of these financial statements.



**UPCB Finance IV Limited**  
**Notes to Financial Statements**  
**December 31, 2014, 2013 and 2012**

**(1) Basis of Presentation**

UPCB Finance IV Limited (the Company or UPCB Finance IV) was incorporated on February 1, 2011 under the laws of the Cayman Islands. The Company is a special purpose entity 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 (UPC Financing), a subsidiary of UPC Holding B.V. (UPC Holding). This includes, but is not limited to, 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.

These financial statements reflect our evaluation of the accounting treatment and disclosures of subsequent events through March 19, 2015, the date the financial statements were issued.

**(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.

***Functional Currency***

The reporting currency of our Company is the United States dollar.

***Cash***

Cash and cash equivalents are stated in the balance sheet at nominal value, and consist of demand deposits with banks or other financial institutions.

***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 December 31, 2014. In this regard, general and administrative costs associated with the formation and administration of the Company are the responsibility of Liberty Global B.V., a subsidiary of Liberty Global plc, and, as such, are not presented in these financial statements.

***Statement of Cash Flows***

These financial statements do not include a statement of cash flows because the Company has no cash flows for the years ended December 31, 2014, 2013 and 2012.

**(3) Shareholder's Equity**

The Company has authorized share capital of 50,000 ordinary shares with \$1.00 par value. As of February 1, 2011 (incorporation date), one share was issued and outstanding, which was held by Mapcal Limited.

**UPCB Finance IV Limited**  
**Notes to Financial Statements — (Continued)**  
**December 31, 2014, 2013 and 2012**

On February 1, 2011, Mapcal Limited transferred its one share of common stock to MaplesFS Limited, formerly known as Maples Finance Limited, making MaplesFS Limited the sole shareholder of the Company as of February 1, 2011. MaplesFS Limited subsequently paid the outstanding \$1 receivable to the Company on February 3, 2011.

On February 2, 2011, the Company issued an additional 249 shares of common stock at par value to MaplesFS Limited in exchange for cash.

Since February 2011, no other equity transactions have occurred.

**(4) Income Taxes**

There are no laws enacted in the Cayman Islands imposing any tax to be levied on the profits, income, gains or appreciations of the Company and the Company has received an undertaking from the Governor in Cabinet in the Cayman Islands exempting it from all local taxes on profits, income, gains or appreciations for twenty years from February 8, 2011. Accordingly, no provision for income taxes has been recorded by the Company, or reflected in these financial statements.

**UPC Holding B.V.**  
**Consolidated Financial Statements**  
**December 31, 2014**

## **Independent Auditors' Report**

The Board of Directors  
UPC Holding B.V.:

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of UPC Holding B.V. (a B.V. registered in the Netherlands) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive loss, owners' deficit, and cash flows for the years ended December 31, 2014, 2013 and 2012, and the related notes to the consolidated financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of UPC Holding B.V. and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years ended December 31, 2014, 2013 and 2012, in accordance with U.S. generally accepted accounting principles.

#### ***Emphasis of Matter***

As disclosed in note 1 and note 4, the consolidated balance sheet as of December 31, 2013, the consolidated statements of operations, comprehensive loss, owners' deficit and cash flow for the years ended December 31, 2013, and 2012 and the related notes to the consolidated financial statements have been adjusted to give retrospective effect to a transaction accounted for as a common control transfer. Our conclusion is not modified with respect to this matter.

Amstelveen, the Netherlands  
March 20, 2015

KPMG Accountants N.V.

**UPC HOLDING B.V.**  
**CONSOLIDATED BALANCE SHEETS**

	<b>December 31,</b>	
	<b>2014</b>	<b>2013 (a)</b>
	<b>in millions</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents . . . . .	€ 59.6	€ 466.2
Trade receivables, net . . . . .	335.8	341.8
Related-party receivables (note 12) . . . . .	167.2	239.7
Derivative instruments (note 5) . . . . .	311.8	147.2
Prepaid expenses . . . . .	17.0	15.9
Deferred income taxes (note 9) . . . . .	10.8	17.3
Other current assets . . . . .	82.6	40.0
Total current assets . . . . .	984.8	1,268.1
Property and equipment, net (note 7) . . . . .	3,802.5	3,744.8
Goodwill (note 7) . . . . .	5,139.0	5,118.5
Intangible assets subject to amortization, net (note 7) . . . . .	164.8	222.2
Other assets, net (notes 5, 9 and 12) . . . . .	483.1	666.4
Total assets . . . . .	€ 10,574.2	€ 11,020.0

(a) As retrospectively revised — see note 4.

The accompanying notes are an integral part of these consolidated financial statements.

**UPC HOLDING B.V.**  
**CONSOLIDATED BALANCE SHEETS — (Continued)**

	<b>December 31,</b>	
	<b>2014</b>	<b>2013 (a)</b>
	<b>in millions</b>	
<b>LIABILITIES AND OWNERS' DEFICIT</b>		
Current liabilities:		
Accounts payable (note 12) . . . . .	€ 291.1	€ 280.3
Deferred revenue and advance payments from subscribers and others . . . . .	412.1	407.2
Derivative instruments (note 5) . . . . .	663.0	367.9
Current portion of debt and capital lease obligations (note 8) . . . . .	362.3	311.7
Accrued interest . . . . .	166.2	179.1
Other accrued and current liabilities (notes 9 and 12) . . . . .	760.2	986.5
Total current liabilities . . . . .	2,654.9	2,532.7
Long-term debt and capital lease obligations (note 8):		
Third-party . . . . .	7,938.3	9,442.4
Related-party (note 12) . . . . .	9,858.6	9,770.1
Derivative instruments (note 5) . . . . .	844.0	1,157.1
Other long-term liabilities (notes 9 and 12) . . . . .	267.0	215.1
Total liabilities . . . . .	21,562.8	23,117.4
Commitments and contingencies (notes 5, 8, 9 and 14)		
Owners' deficit (notes 10 and 13):		
Parent's deficit:		
Distributions and accumulated losses in excess of contributions . . . . .	(11,537.5)	(12,627.2)
Accumulated other comprehensive earnings, net of taxes . . . . .	527.1	508.9
Total parent's deficit . . . . .	(11,010.4)	(12,118.3)
Noncontrolling interests . . . . .	21.8	20.9
Total owners' deficit . . . . .	(10,988.6)	(12,097.4)
Total liabilities and owners' deficit . . . . .	€ 10,574.2	€ 11,020.0

(a) As retrospectively revised — 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,		
	2014	2013 (a)	2012 (a)
	<u>in millions</u>		
Revenue (notes 12 and 15) .....	€ 3,614.2	€ 3,574.5	€ 3,553.4
Operating costs and expenses:			
Operating (other than depreciation and amortization) (including share-based compensation) (notes 11 and 12) .....	1,232.5	1,242.5	1,219.5
Selling, general and administrative (SG&A) (including share-based compensation) (notes 11 and 12) .....	665.3	623.3	592.6
Related-party fees and allocations, net (note 12) .....	(27.3)	3.3	(2.4)
Depreciation and amortization .....	885.0	864.0	896.8
Impairment, restructuring and other operating items, net .....	6.0	2.4	7.0
	<u>2,761.5</u>	<u>2,735.5</u>	<u>2,713.5</u>
Operating income .....	<u>852.7</u>	<u>839.0</u>	<u>839.9</u>
Non-operating income (expense):			
Interest expense:			
Third-party .....	(511.1)	(593.0)	(593.7)
Related-party (note 12) .....	(884.3)	(863.6)	(848.5)
Interest income (note 12) .....	1.0	10.0	13.2
Realized and unrealized gains (losses) on derivative instruments, net (note 5) .....	103.1	(62.4)	(515.9)
Foreign currency transaction gains (losses), net .....	(456.5)	78.4	166.1
Losses on debt modification and extinguishment, net (note 8) .....	(42.0)	(75.3)	(12.7)
Other income, net .....	2.4	9.8	2.1
	<u>(1,787.4)</u>	<u>(1,496.1)</u>	<u>(1,789.4)</u>
Loss before income taxes .....	<u>(934.7)</u>	<u>(657.1)</u>	<u>(949.5)</u>
Income tax expense (note 9) .....	<u>(89.8)</u>	<u>(69.5)</u>	<u>(73.0)</u>
Net loss .....	<u>(1,024.5)</u>	<u>(726.6)</u>	<u>(1,022.5)</u>
Net earnings attributable to noncontrolling interests .....	<u>(9.5)</u>	<u>(9.3)</u>	<u>(9.4)</u>
Net loss attributable to parent .....	<u>€ (1,034.0)</u>	<u>€ (735.9)</u>	<u>€ (1,031.9)</u>

(a) As retrospectively revised — 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,		
	2014	2013 (a)	2012 (a)
	<u>in millions</u>		
Net loss .....	€ (1,024.5)	€ (726.6)	€ (1,022.5)
Other comprehensive earnings (loss), net of taxes (note 13):			
Foreign currency translation adjustments .....	43.8	(27.6)	9.4
Other .....	(25.2)	10.2	9.0
Other comprehensive earnings (loss) .....	18.6	(17.4)	18.4
Comprehensive loss .....	(1,005.9)	(744.0)	(1,004.1)
Comprehensive earnings attributable to noncontrolling interests .....	(9.9)	(9.0)	(9.4)
Comprehensive loss attributable to parent .....	<u>€ (1,015.8)</u>	<u>€ (753.0)</u>	<u>€ (1,013.5)</u>

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(a) As retrospectively revised — 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 earnings, net of taxes	Total parent's deficit	Non- controlling interests	Total owners' deficit
	in millions				
Balance at January 1, 2012 (a) . . . . .	€ (10,510.1)	€ 507.6	€ (10,002.5)	€ 20.1	€ (9,982.4)
Net loss . . . . .	(1,031.9)	—	(1,031.9)	9.4	(1,022.5)
Other comprehensive earnings, net of taxes (note 13) . . . . .	—	18.4	18.4	—	18.4
Deemed contribution from another subsidiary of Liberty Global (note 10) . . . . .	69.9	—	69.9	—	69.9
Capital charge in connection with exercise of share-based incentive awards (notes 11 and 12) . . . . .	(25.7)	—	(25.7)	—	(25.7)
Share-based compensation (note 11) . . . . .	15.2	—	15.2	—	15.2
Property and equipment contributed by parent company (notes 7 and 12) . . . . .	10.2	—	10.2	—	10.2
Distributions by subsidiaries to noncontrolling interest owners . . . .	—	—	—	(8.7)	(8.7)
Other, net . . . . .	6.7	—	6.7	—	6.7
Balance at December 31, 2012 (a) . . . . .	<u>€ (11,465.7)</u>	<u>€ 526.0</u>	<u>€ (10,939.7)</u>	<u>€ 20.8</u>	<u>€ (10,918.9)</u>

(a) As retrospectively revised — 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, net of taxes	Total parent's deficit	Non- controlling interests	Total owners' deficit	
			in millions			
Balance at January 1, 2013 (a) . . . . .	€ (11,465.7)	€ 526.0	€ (10,939.7)	€ 20.8	€ (10,918.9)	
Net loss . . . . .	(735.9)	—	(735.9)	9.3	(726.6)	
Other comprehensive loss, net of taxes (note 13) . . . . .	—	(17.1)	(17.1)	(0.3)	(17.4)	
Deemed distribution to another subsidiary of Liberty Global (note 10) . . . . .	(525.0)	—	(525.0)	—	(525.0)	
Deemed contribution from another subsidiary of Liberty Global (note 10) . . . . .	96.7	—	96.7	—	96.7	
Capital charge in connection with exercise of share-based incentive awards (notes 11 and 12) . . . . .	(35.8)	—	(35.8)	—	(35.8)	
Property and equipment contributed by parent company (notes 7 and 12) . . . . .	22.6	—	22.6	—	22.6	
Share-based compensation (note 11) . . . . .	21.7	—	21.7	—	21.7	
Distributions by subsidiaries to noncontrolling interest owners . . . . .	—	—	—	(8.9)	(8.9)	
Other, net . . . . .	(5.8)	—	(5.8)	—	(5.8)	
Balance at December 31, 2013 (a) . .	<u>€ (12,627.2)</u>	<u>€ 508.9</u>	<u>€ (12,118.3)</u>	<u>€ 20.9</u>	<u>€ (12,097.4)</u>	

(a) As retrospectively revised — 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, net of taxes	Total parent's deficit	Non- controlling interests	Total owners' deficit
	in millions				
Balance at January 1, 2014 (a) . . . . .	€ (12,627.2)	€ 508.9	€ (12,118.3)	€ 20.9	€ (12,097.4)
Net loss . . . . .	(1,034.0)	—	(1,034.0)	9.5	(1,024.5)
Other comprehensive earnings, net of taxes (note 13) . . . . .	—	18.2	18.2	0.4	18.6
Consideration received in connection with the VTR Extraction (note 4) . .	2,450.0	—	2,450.0	—	2,450.0
Deemed distribution to another subsidiary of Liberty Global (note 10) . . . . .	(325.6)	—	(325.6)	—	(325.6)
Share-based compensation (note 11) . . . . .	27.6	—	27.6	—	27.6
Capital charge in connection with the exercise of share-based incentive awards (notes 11 and 12) . . . . .	(27.6)	—	(27.6)	—	(27.6)
Deemed distribution of technology- related services (note 12) . . . . .	(24.4)	—	(24.4)	—	(24.4)
Property and equipment contributed by parent company (notes 7 and 12) . . . . .	18.6	—	18.6	—	18.6
Distributions by subsidiaries to noncontrolling interest owners . . . .	—	—	—	(9.0)	(9.0)
Other, net . . . . .	5.1	—	5.1	—	5.1
Balance at December 31, 2014 . . . . .	€ <u>(11,537.5)</u>	€ <u>527.1</u>	€ <u>(11,010.4)</u>	€ <u>21.8</u>	€ <u>(10,988.6)</u>

(a) As retrospectively revised — 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,		
	2014	2013 (a)	2012 (a)
	in millions		
Cash flows from operating activities:			
Net loss	€ (1,024.5)	€ (726.6)	€ (1,022.5)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Share-based compensation expense	28.0	23.9	16.6
Related-party fees and allocations, net	(27.3)	3.3	(2.4)
Depreciation and amortization	885.0	864.0	896.8
Impairment, restructuring and other operating items, net	6.0	2.4	7.0
Non-cash interest on related-party loans	884.3	863.6	848.5
Amortization of deferred financing costs and non-cash interest accretion	12.9	17.3	21.0
Realized and unrealized losses (gains) on derivative instruments, net	(103.1)	62.4	515.9
Foreign currency transaction losses (gains), net	456.5	(78.4)	(166.1)
Losses on debt modification and extinguishment, net	42.0	75.3	12.7
Deferred income tax expense	4.1	4.8	55.1
Changes in operating assets and liabilities, net of the effects of acquisitions and dispositions:			
Receivables and other operating assets	662.0	696.5	618.1
Payables and accruals	(810.1)	(861.4)	(802.5)
Net cash provided by operating activities	1,015.8	947.1	998.2
Cash flows from investing activities:			
Capital expenditures	(464.4)	(667.8)	(571.6)
Sale of related-party receivable	323.3	—	—
Cash paid in connection with acquisitions, net of cash acquired	(58.0)	(5.8)	(41.6)
Other investing activities, net	2.4	11.8	(1.4)
Net cash used by investing activities	€ (196.7)	€ (661.8)	€ (614.6)

(a) As retrospectively revised — see note 4.

The accompanying notes are an integral part of these consolidated financial statements.

UPC HOLDING B.V.

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

	Year ended December 31,		
	2014	2013 (a)	2012 (a)
	in millions		
Cash flows from financing activities:			
Repayments and repurchases of third-party debt and capital lease obligations . . . . .	€ (1,381.2)	€ (301.1)	€ (913.9)
Borrowings of third-party debt . . . . .	290.7	345.3	1,413.7
Borrowings (repayments) of related-party debt, net . . . . .	691.3	185.5	(992.4)
Deemed contributions from (deemed distributions to) other Liberty Global subsidiaries, net . . . . .	(325.6)	(428.3)	69.9
Cash received (repaid) related to an advance from a related-party . . . . .	(418.4)	436.0	—
Payments of financing costs and debt premiums . . . . .	(16.5)	(60.9)	(17.7)
Net cash paid related to derivative instruments . . . . .	(19.2)	(3.0)	(54.6)
Distributions by subsidiaries to noncontrolling interest owners . . . . .	(9.0)	(8.9)	(9.0)
Change in cash collateral . . . . .	(51.3)	—	49.6
Other financing activities, net . . . . .	12.2	(14.9)	(9.0)
Net cash provided (used) by financing activities . . . . .	(1,227.0)	149.7	(463.4)
Effect of exchange rate changes on cash . . . . .	1.3	(0.4)	5.7
Net increase (decrease) in cash and cash equivalents . . . . .	(406.6)	434.6	(74.1)
Cash and cash equivalents:			
Beginning of year . . . . .	466.2	31.6	105.7
End of year . . . . .	€ 59.6	€ 466.2	€ 31.6
Cash paid for interest . . . . .	€ 506.6	€ 548.5	€ 552.6
Net cash paid for taxes . . . . .	€ 13.8	€ 18.2	€ 12.9

(a) As retrospectively revised — see note 4.

The accompanying notes are an integral part of these consolidated financial statements.

**UPC HOLDING B.V.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2014, 2013 and 2012**

**(1) Basis of Presentation**

UPC Holding B.V. (UPC Holding) is a wholly-owned subsidiary of Liberty Global plc (Liberty Global), the successor to Liberty Global, Inc. In these notes, 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.

As of December 31, 2014, we provided (i) video, broadband internet and fixed-line telephony services in nine European countries and (ii) mobile services in five European countries. We also provide direct-to-home satellite (DTH) services to customers in the Czech Republic, Hungary, Romania and Slovakia through a Luxembourg-based organization that we refer to as “UPC DTH”.

During the first quarter of 2015, Liberty Global undertook various financing transactions in connection with certain internal reorganizations of its broadband and wireless communications businesses in Europe. These internal reorganizations include (i) the UPC Ireland Transfer, (ii) the UPC NL Transfer and (iii) the Corporate Entities Transfer, each as defined and described in note 16. No effect has been given to these transactions in these consolidated financial statements. Beginning with our quarterly report for the three months ending March 31, 2015, we will account for the UPC Ireland Transfer, the UPC NL Transfer and the Corporate Entities Transfer as common control transfers at carryover basis and, accordingly, our consolidated financial statements will be retrospectively revised to give effect to these transactions for all reported periods.

On January 26, 2014, Liberty Global’s board of directors approved a share split in the form of a share dividend (the 2014 Share Dividend), which constitutes a bonus issue under Liberty Global’s articles of association and English law, of one Liberty Global Class C ordinary share on each outstanding Liberty Global Class A, Class B and Class C ordinary share as of the February 14, 2014 record date. The distribution date for the 2014 Share Dividend was March 3, 2014. All Liberty Global share and per share amounts presented herein have been retroactively adjusted to give effect to the 2014 Share Dividend.

During the first quarter of 2014, Liberty Global created a new credit pool consisting of both its Chilean distribution and mobile assets. As a result, VTR GlobalCom SpA (VTR), certain of its parent entities and all of its subsidiary entities (collectively, the VTR Entities) were extracted from UPC Holding in January 2014 (the VTR Extraction). We have accounted for the VTR Extraction as a common control transfer at carryover basis and, accordingly, our consolidated financial statements have been retrospectively revised to give effect to the VTR Extraction for all periods presented. As such, all of the financial and operating data included in this report exclude the VTR Entities for all periods presented.

Unless otherwise indicated, ownership percentages and convenience translations into euros are calculated as of December 31, 2014.

These consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through March 20, 2015, the date of issuance.

**(2) Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace existing revenue recognition accounting principles generally accepted in the United States (U.S. GAAP) when it becomes effective, currently scheduled for January 1, 2017. Early application is not permitted. This new standard permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.



**UPC HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2014, 2013 and 2012**

**(3) Summary of Significant Accounting Policies**

***Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming and copyright costs, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, share-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 money market funds and other investments that are readily convertible into cash and have maturities of three months or less at the time of acquisition. We record money market 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.

Restricted cash consists of cash held in restricted accounts, including 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. Our restricted cash balances, which are included in other current assets in our consolidated balance sheets, aggregated €52.9 million and €0.2 million, at December 31, 2014 and 2013, respectively.

Our significant non-cash investing and financing activities are disclosed in our consolidated statements of owners' deficit and in notes 4, 7 and 8.

***Trade Receivables***

Our trade receivables are reported net of an allowance for doubtful accounts. Such allowance aggregated €24.0 million and €29.5 million at December 31, 2014 and 2013, 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.

**UPC HOLDING B.V.**  
**Notes to Consolidated Financial Statements — (Continued)**  
**December 31, 2014, 2013 and 2012**

***Financial Instruments***

Due to the short maturities of cash and cash equivalents, restricted cash, short-term liquid investments, trade and other receivables, other current assets, accounts payable, accrued liabilities, subscriber advance payments and deposits and other current liabilities, their respective carrying values approximate their respective fair values. For information concerning the fair values of our derivatives and debt, see notes 5 and 8, respectively. For information concerning how we arrive at certain of our fair value measurements, see note 6.

***Derivative Instruments***

All derivative instruments, whether designated as hedging relationships or not, are recorded on the balance sheet at fair value. If the derivative instrument is not designated as a hedge, changes in the fair value of the derivative instrument are recognized in earnings or loss. If the derivative instrument is designated as a fair value hedge, the changes in the fair value of the derivative instrument and of the hedged item attributable to the hedged risk are recognized in earnings or loss. If the derivative instrument is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative instrument are recorded in other comprehensive earnings or loss and subsequently reclassified into our consolidated statements 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 or loss. We generally do not apply hedge accounting to our derivative instruments. For information regarding our derivative instruments, including our policy for classifying cash flows related to derivative instruments in our consolidated statements of cash flows, see note 5.

***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. We capitalize costs associated with the construction of new cable transmission and distribution facilities and the installation of new cable services. Capitalized construction and installation costs include materials, labor and other directly attributable costs. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities, such as reconnecting customer locations where a drop already exists, disconnecting customer locations and repairing or maintaining drops, are expensed as incurred. Interest capitalized with respect to construction activities was not material during any of the periods presented.

Capitalized internal-use software is included as a component of property and equipment. We capitalize internal and external costs directly associated with the development of internal-use software. We also capitalize costs associated with the purchase of software licenses. Maintenance and training costs, as well as costs incurred during the preliminary stage of an internal-use software development project, are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the underlying asset. Equipment under capital leases is amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. Useful lives used to depreciate our property and equipment are assessed periodically and are adjusted when warranted. The useful lives of cable distribution systems that are undergoing a rebuild are adjusted such that property and equipment to be retired will be fully depreciated by the time the rebuild is completed. For additional information regarding the useful lives of our property and equipment, see note 7.

Additions, replacements and improvements that extend the asset life are capitalized. Repairs and maintenance are charged to operations.

We recognize a liability for asset retirement obligations in the period in which it is incurred if sufficient information is available to make a reasonable estimate of fair values. Asset retirement obligations may arise from the loss of rights of way that we obtain from local municipalities or other relevant authorities. Under certain circumstances, the authorities could require us to remove our network equipment from an area if, for example, we were to discontinue using the equipment for an extended period of time or the authorities were to decide not to renew our access rights. However, because the rights of way are integral to our ability to deliver broadband

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communications services to our customers, we expect to conduct our business in a manner that will allow us to maintain these rights for the foreseeable future. In addition, we have no reason to believe that the authorities will not renew our rights of way and, historically, renewals have been granted. We also have obligations in lease agreements to restore the property to its original condition or remove our property at the end of the lease term. Sufficient information is not available to estimate the fair value of our asset retirement obligations in certain of our lease arrangements. This is the case for long-term lease arrangements in which the underlying leased property is integral to our operations, there is not an acceptable alternative to the leased property and we have the ability to indefinitely renew the lease. Accordingly, for most of our rights of way and certain lease agreements, the possibility is remote that we will incur significant removal costs in the foreseeable future and, as such, we do not have sufficient information to make a reasonable estimate of fair value for these asset retirement obligations.

As of December 31, 2014 and 2013, the recorded value of our asset retirement obligations was €14.9 million and €16.8 million, respectively.

***Intangible Assets***

Our primary intangible assets relate to goodwill, customer relationships and trade names. Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired in a business combination. Customer relationships and trade names were originally recorded at their fair values in connection with business combinations.

Goodwill is not amortized, but instead is tested for impairment at least annually. Intangible assets with finite lives are amortized on a straight-line basis over their respective estimated useful lives to their estimated residual values, and reviewed for impairment.

For additional information regarding the useful lives of our intangible assets, see note 7.

***Impairment of Property and Equipment and Intangible Assets***

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

We evaluate goodwill for impairment at least annually on October 1 and whenever other facts and circumstances indicate that the carrying amount of goodwill may not be recoverable. For impairment evaluations, we first make a qualitative assessment to determine if goodwill may be impaired. If it is more-likely-than-not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). 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.

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***Income Taxes***

Income taxes are accounted for under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. Net deferred tax assets are then reduced by a valuation allowance if we believe it is more-likely-than-not such net deferred tax assets will not be realized. Certain of our valuation allowances and tax uncertainties are associated with entities that we acquired in business combinations. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. 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 ultimate Dutch parent company, Liberty Global Holding B.V. (Liberty Global Holding), and certain other non-UPC Holding subsidiaries. The Dutch fiscal unity combines individual tax paying Dutch entities and their ultimate Dutch 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. For additional information on our income taxes, see note 9.

***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 and equity method investee. Assets and liabilities of foreign subsidiaries (including intercompany balances for which settlement is not anticipated in the foreseeable future) are translated at the spot rate in effect at the applicable reporting date. With the exception of certain material transactions, the amounts reported in our consolidated statements of operations 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 or loss in our consolidated statements of owners' deficit. With the exception of certain material transactions, the cash flows from our operations in foreign countries are translated at the average rate for the applicable period in our consolidated statements of cash flows. The impacts of material transactions generally are recorded at the applicable spot rates in our consolidated statements of operations and cash flows. The effect of exchange rates on cash balances held in foreign currencies are separately reported in our consolidated statements 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 sheets related to these non-functional currency transactions result in transaction gains and losses that are reflected in our consolidated statements of operations as unrealized (based on the applicable period end exchange rates) or realized upon settlement of the transactions.

***Revenue Recognition***

*Service Revenue — Cable Networks.* We recognize revenue from the provision of video, broadband internet and fixed-line telephony services over our cable network to customers in the period the related services are provided. Installation revenue (including reconnect fees) related to services provided over our cable network is recognized as revenue in the period during which the installation occurs to the extent these fees are equal to or less than direct selling costs, which costs are expensed as incurred. To the extent installation revenue exceeds direct selling costs, the excess revenue is deferred and amortized over the average expected subscriber life.

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*Sale of Multiple Products and Services.* We sell video, broadband internet and fixed-line telephony services to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Revenue from bundled packages generally is allocated proportionally to the individual services based on the relative standalone price for each respective service.

*Mobile Revenue — General.* Arrangement consideration from mobile contracts is allocated to the airtime service element and the handset service element based on the relative standalone prices of each element. The amount of arrangement consideration allocated to the handset is limited to the amount that is not contingent upon the delivery of future airtime services. We offer handsets under a subsidized contract model, whereby upfront revenue recognition is limited to the upfront cash collected from the customer as the remaining fees to be received from the customer, including fees that may be associated with the handset, are contingent upon delivering future airtime services.

*Mobile Revenue — Airtime Services.* We recognize revenue from mobile services in the period the related services are provided.

*Mobile Revenue — Handset Revenue.* Arrangement consideration allocated to handsets is recognized as revenue when the goods have been delivered and title has passed.

*Business-to-Business (B2B) Revenue.* We defer upfront installation and certain nonrecurring fees received on B2B contracts where we maintain ownership of the installed equipment. The deferred fees are amortized into revenue on a straight-line basis over the term of the arrangement or the expected period of performance.

*Promotional Discounts.* For subscriber promotions, such as discounted or free services during an introductory period, revenue is recognized only to the extent of the discounted monthly fees charged to the subscriber, if any.

*Subscriber Advance Payments and Deposits.* Payments received in advance for the services we provide are deferred and recognized as revenue when the associated services are provided.

*Sales, Use and Other Value-Added Taxes (VAT).* Revenue is recorded net of applicable sales, use and other value-added taxes.

***Share-based Compensation***

We recognize all share-based payments from Liberty Global to employees of our subsidiaries, including grants of employee share incentive awards based on their grant-date fair values and Liberty Global's estimates of forfeitures. We recognize the fair value of outstanding awards as a charge to operations over the vesting period.

We use the straight-line method to recognize share-based compensation expense for Liberty Global's outstanding share awards to employees of our subsidiaries that do not contain a performance condition and the accelerated expense attribution method for our outstanding share awards that contain a performance condition and vest on a graded basis.

Liberty Global has calculated the expected life of options and share appreciation rights (SARs) granted by Liberty Global to employees based on historical exercise trends. The expected volatility for Liberty Global options and SARs is generally based on a combination of (i) historical volatilities of Liberty Global ordinary shares for a period equal to the expected average life of the Liberty Global awards and (ii) volatilities implied from publicly traded Liberty Global options.

For additional information regarding our share-based compensation, see note 11.

***Litigation Costs***

Legal fees and related litigation costs are expensed as incurred.

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**(4) Common Control Transfer**

As further described in note 1, we completed the VTR Extraction in January 2014. We have accounted for this common control transfer at carryover basis and the applicable prior period information has been retrospectively revised to give effect to this transaction for all periods presented.

Consideration received for the transfer of all outstanding shares of the VTR Entities to Liberty Global Holding, a subsidiary of Liberty Global that is outside of UPC Holding, was €2,450.0 million. This amount, which was settled through the Shareholder Loan (as defined and described in note 8), was recorded as a capital transaction during the first quarter of 2014.

The following table sets forth the retrospective effects of this common control transfer on our December 31, 2013 consolidated balance sheet:

	As previously reported	Common control adjustments	As retrospectively revised
in millions			
Current assets . . . . .	€ 1,389.9	€ (121.8)	€ 1,268.1
Property and equipment, net . . . . .	€ 4,170.8	€ (426.0)	€ 3,744.8
Goodwill . . . . .	€ 5,487.1	€ (368.6)	€ 5,118.5
Total assets . . . . .	€ 11,744.4	€ (724.4)	€ 11,020.0
Current liabilities . . . . .	€ 2,277.1	€ 255.6	€ 2,532.7
Long-term debt and capital lease obligations . . . . .	€ 19,212.9	€ (0.4)	€ 19,212.5
Total liabilities . . . . .	€ 22,866.0	€ 251.4	€ 23,117.4
Parent's deficit . . . . .	€ (11,280.4)	€ (837.9)	€ (12,118.3)
Owners' deficit . . . . .	€ (11,121.6)	€ (975.8)	€ (12,097.4)
Total liabilities and owners' deficit . . . . .	€ 11,744.4	€ (724.4)	€ 11,020.0

The following table sets forth the retrospective effects of this common control transfer on our operating results for the years ended December 31, 2013 and 2012.

	Year ended December 31, 2013			Year ended December 31, 2012		
	As previously reported	Common control adjustments	As retrospectively revised	As previously reported	Common control adjustments	As retrospectively revised
in millions						
Revenue . . . . .	€ 4,298.2	€ (723.7)	€ 3,574.5	€ 4,271.6	€ (718.2)	€ 3,553.4
Operating expenses . . . . .	€ 1,534.9	€ (292.4)	€ 1,242.5	€ 1,508.6	€ (289.1)	€ 1,219.5
SG&A expenses . . . . .	€ 734.8	€ (111.5)	€ 623.3	€ 706.9	€ (114.3)	€ 592.6
Depreciation and amortization expense . . . . .	€ 994.1	€ (130.1)	€ 864.0	€ 1,037.3	€ (140.5)	€ 896.8
Non-operating expense, net . . . . .	€ (1,530.8)	€ 34.7	€ (1,496.1)	€ (1,812.3)	€ 22.9	€ (1,789.4)
Income tax expense . . . . .	€ (97.1)	€ 27.6	€ (69.5)	€ (86.2)	€ 13.2	€ (73.0)
Net loss . . . . .	€ (602.5)	€ (124.1)	€ (726.6)	€ (885.5)	€ (137.0)	€ (1,022.5)
Net loss attributable to parent . . . . .	€ (637.0)	€ (98.9)	€ (735.9)	€ (922.4)	€ (109.5)	€ (1,031.9)



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**(5) Derivative Instruments**

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity. In this regard, through our subsidiaries, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the euro (€), the United States (U.S.) dollar (\$), the British pound sterling (£), the Swiss franc (CHF), the Chilean peso (CLP), the Czech koruna (CZK), the Hungarian forint (HUF), the Polish zloty (PLN) and the Romanian lei (RON). We generally do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of most of our derivative instruments are recorded in realized and unrealized gains or 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, 2014			December 31, 2013		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b) . . . . .	€ 310.2	€ 356.2	€ 666.4	€ 145.1	€ 206.3	€ 351.4
Foreign currency forward contracts . . . . .	1.2	—	1.2	1.3	—	1.3
Other . . . . .	0.4	0.7	1.1	0.8	0.7	1.5
Total . . . . .	€ 311.8	€ 356.9	€ 668.7	€ 147.2	€ 207.0	€ 354.2
Liabilities:						
Cross-currency and interest rate derivative contracts (b) . . . . .	€ 662.4	€ 844.0	€ 1,506.4	€ 364.9	€ 1,148.0	€ 1,512.9
Foreign currency forward contracts . . . . .	0.4	—	0.4	2.9	8.7	11.6
Other . . . . .	0.2	—	0.2	0.1	0.4	0.5
Total . . . . .	€ 663.0	€ 844.0	€ 1,507.0	€ 367.9	€ 1,157.1	€ 1,525.0

- (a) Our long-term derivative assets are included in other assets, net, in our consolidated balance sheets.
- (b) We consider credit risk in our fair value assessments. As of December 31, 2014 and 2013, (i) the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating €7.6 million and €3.3 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 €33.6 million and €77.1 million, respectively. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our subsidiaries' debt instruments, as applicable. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net losses of €47.7 million, €19.2 million and €57.6 million during 2014, 2013 and 2012, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our consolidated statements of operations. For further information concerning our fair value measurements, see note 6.



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

	Year ended December 31,		
	2014	2013	2012
	in millions		
Cross-currency and interest rate derivative contracts .....	€ 92.6	€ (53.7)	€ (518.4)
Foreign currency forward contracts .....	10.5	(9.7)	(0.3)
Other .....	—	1.0	2.8
Total .....	<u>€ 103.1</u>	<u>€ (62.4)</u>	<u>€ (515.9)</u>

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. The classification of these cash outflows are as follows:

	Year ended December 31,		
	2014	2013	2012
	in millions		
Operating activities .....	€ (210.4)	€ (197.5)	€ (246.3)
Financing activities .....	(19.2)	(3.0)	(54.6)
Total .....	<u>€ (229.6)</u>	<u>€ (200.5)</u>	<u>€ (300.9)</u>

***Counterparty Credit Risk***

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under our derivative instruments. At December 31, 2014, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €427.9 million.

We have entered into derivative instruments under master agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements under each of these master agreements are limited to the derivative instruments governed by the relevant master agreement and are independent of similar arrangements.

Under our derivative contracts, it is generally only the non-defaulting party that has a contractual option to exercise early termination rights upon the default of the other counterparty and to set off other liabilities against sums due upon such termination. However, in an insolvency of a derivative counterparty, under the laws of certain jurisdictions, the defaulting counterparty or its insolvency representatives may be able to compel the termination of one or more derivative contracts and trigger early termination payment liabilities payable by us, reflecting any mark-to-market value of the contracts for the counterparty. Alternatively, or in addition, the insolvency laws of certain jurisdictions may require the mandatory set-off of amounts due under such derivative contracts against present and future liabilities owed to us under other contracts between us and the relevant counterparty. Accordingly, it is possible that we may be subject to obligations to make payments, or may have present or future liabilities owed to us partially or fully discharged by set-off as a result of such obligations, in the event of the insolvency of a derivative counterparty, even though it is the counterparty that is in default and not us. To the extent that we are required to make such payments, our ability to do so will depend on our liquidity and capital resources at the time. In an insolvency of a defaulting counterparty, we will be an unsecured creditor in respect of any amount owed to us by the defaulting counterparty, except to the extent of the value of any collateral we have obtained from that counterparty.

In addition, where a counterparty is in financial difficulty, under the laws of certain jurisdictions, the relevant regulators may be able to (i) compel the termination of one or more derivative instruments, determine

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the settlement amount and/or compel, without any payment, the partial or full discharge of liabilities arising from such early termination that are payable by the relevant counterparty or (ii) transfer the derivative instruments to an alternative counterparty.

**Details of our Derivative Instruments**

In the following tables, we present the details of the various categories of our subsidiaries' derivative instruments. 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. In addition, for derivative instruments that were in effect as of December 31, 2014, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to December 31, 2014, we present a range of dates that represents the period covered by the applicable derivative instruments.

***Cross-currency and Interest Rate Derivative Contracts***

*Cross-currency Swaps:*

The terms of our outstanding cross-currency swap contracts at December 31, 2014, which are held by our subsidiary, UPC Broadband Holding B.V. (UPC Broadband Holding), are as follows:

<b>Final maturity date</b>	<b>Notional amount due from counterparty</b>	<b>Notional amount due to counterparty</b>	<b>Interest rate due from counterparty</b>	<b>Interest rate due to counterparty</b>
	<b>in millions</b>			
July 2018 .....	\$ 525.0	€ 396.3	6 mo. LIBOR + 1.99%	6.25%
January 2020 .....	\$ 327.5	€ 249.5	6 mo. LIBOR + 4.92%	7.52%
January 2015 — July 2021 .....	\$ 312.0	€ 240.0	6 mo. LIBOR + 2.50%	6 mo. EURIBOR + 2.87%
January 2015 .....	\$ 300.0	€ 226.5	6 mo. LIBOR + 1.75%	5.78%
October 2020 .....	\$ 300.0	€ 219.1	6 mo. LIBOR + 3.00%	6 mo. EURIBOR + 3.04%
January 2017 — July 2021 .....	\$ 262.1	€ 194.1	6 mo. LIBOR + 2.50%	6 mo. EURIBOR + 2.51%
November 2019 .....	\$ 250.0	€ 181.5	7.25%	7.74%
November 2021 .....	\$ 250.0	€ 181.4	7.25%	7.50%
July 2018 .....	\$ 200.0	€ 151.0	6 mo. LIBOR + 3.00%	7.31%
January 2020 .....	\$ 197.5	€ 150.5	6 mo. LIBOR + 4.92%	6 mo. EURIBOR + 4.91%
July 2021 .....	\$ 128.0	€ 97.2	6 mo. LIBOR + 2.50%	6 mo. EURIBOR + 2.90%
January 2015 — July 2018 .....	\$ 100.0	€ 75.4	6 mo. LIBOR + 1.75%	5.77%
December 2016 .....	\$ 340.0	CHF 370.9	6 mo. LIBOR + 3.50%	6 mo. CHF LIBOR + 4.01%
January 2017 — July 2021 .....	\$ 300.0	CHF 278.3	6 mo. LIBOR + 2.50%	6 mo. CHF LIBOR + 2.46%
November 2019 .....	\$ 250.0	CHF 226.8	7.25%	6 mo. CHF LIBOR + 5.01%
January 2020 .....	\$ 225.0	CHF 206.3	6 mo. LIBOR + 4.81%	5.44%
January 2015 — July 2021 .....	\$ 200.0	CHF 186.0	6 mo. LIBOR + 2.50%	6 mo. CHF LIBOR + 2.55%
January 2015 .....	\$ 171.5	CHF 187.1	6 mo. LIBOR + 2.75%	6 mo. CHF LIBOR + 2.95%
July 2020 .....	\$ 201.5	RON 489.3	6 mo. LIBOR + 3.50%	11.34%
January 2015 .....	€ 898.4	CHF 1,466.0	6 mo. EURIBOR + 1.68%	6 mo. CHF LIBOR + 1.94%
January 2015 — January 2021 ...	€ 720.8	CHF 877.0	6 mo. EURIBOR + 2.50%	6 mo. CHF LIBOR + 2.62%
January 2015 — September 2022 .....	€ 383.8	CHF 477.0	6 mo. EURIBOR + 2.00%	6 mo. CHF LIBOR + 2.22%
January 2015 — January 2017 ...	€ 360.4	CHF 589.0	6 mo. EURIBOR + 3.75%	6 mo. CHF LIBOR + 3.94%
April 2018 .....	€ 285.1	CHF 346.7	10.51%	9.87%
January 2020 .....	€ 175.0	CHF 258.6	7.63%	6.76%
January 2015 — July 2021 .....	€ 161.4	CHF 187.1	6 mo. EURIBOR + 2.35%	6 mo. CHF LIBOR + 2.76%
July 2020 .....	€ 107.4	CHF 129.0	6 mo. EURIBOR + 3.00%	6 mo. CHF LIBOR + 3.28%
January 2017 .....	€ 75.0	CHF 110.9	7.63%	6.98%
December 2015 .....	€ 69.1	CLP 53,000.0	3.50%	5.75%
January 2015 .....	€ 365.8	CZK 10,521.8	5.48%	5.99%
January 2015 — January 2020 ...	€ 318.9	CZK 8,818.7	5.58%	5.44%
January 2015 — January 2017 ...	€ 60.0	CZK 1,703.1	5.50%	6.99%
July 2017 .....	€ 39.6	CZK 1,000.0	3.00%	3.75%
January 2015 .....	€ 260.0	HUF 75,570.0	5.50%	9.40%

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<b>Final maturity date</b>	<b>Notional amount due from counterparty</b>	<b>Notional amount due to counterparty</b>	<b>Interest rate due from counterparty</b>	<b>Interest rate due to counterparty</b>
	<b>in millions</b>			
January 2015 — January 2017 . . .	€ 260.0	HUF 75,570.0	5.50%	10.56%
December 2016 . . . . .	€ 150.0	HUF 43,367.5	5.50%	9.20%
July 2018 . . . . .	€ 78.0	HUF 19,500.0	5.50%	9.15%
January 2015 . . . . .	€ 400.5	PLN 1,605.6	5.50%	7.50%
January 2015 — January 2017 . . .	€ 245.0	PLN 1,000.6	5.50%	9.03%
September 2016 . . . . .	€ 200.0	PLN 892.7	6.00%	8.19%
January 2015 — January 2020 . . .	€ 144.6	PLN 605.0	5.50%	7.98%
July 2017 . . . . .	€ 82.0	PLN 318.0	3.00%	5.60%
December 2015 . . . . .	CLP 53,000.0	€ 69.1	5.75%	3.50%

*Interest Rate Swaps:*

The terms of our outstanding interest rate swap contracts at December 31, 2014, which are held by UPC Broadband Holding, are as follows:

<b>Final maturity date</b>	<b>Notional amount</b>	<b>Interest rate due from counterparty</b>	<b>Interest rate due to counterparty</b>
	<b>in millions</b>		
July 2020 . . . . .	\$ 1,000.0	6.63%	6 mo. LIBOR + 3.03%
January 2022 . . . . .	\$ 750.0	6.88%	6 mo. LIBOR + 4.89%
January 2015 . . . . .	€ 1,554.0	1 mo. EURIBOR+3.75%	6 mo. EURIBOR + 3.56%
January 2015 — January 2016 . . . . .	€ 1,554.0	1 mo. EURIBOR+3.75%	6 mo. EURIBOR + 3.58%
January 2015 . . . . .	€ 1,364.8	6 mo. EURIBOR	3.44%
July 2020 . . . . .	€ 750.0	6.38%	6 mo. EURIBOR + 3.16%
January 2015 — January 2021 . . . . .	€ 750.0	6 mo. EURIBOR	2.57%
January 2015 — December 2016 . . . . .	€ 500.0	6 mo. EURIBOR	4.32%
January 2015 — January 2023 . . . . .	€ 290.0	6 mo. EURIBOR	2.79%
December 2015 . . . . .	€ 263.3	6 mo. EURIBOR	3.97%
January 2023 . . . . .	€ 210.0	6 mo. EURIBOR	2.88%
January 2015 — January 2018 . . . . .	€ 175.0	6 mo. EURIBOR	3.74%
January 2015 — July 2020 . . . . .	€ 171.3	6 mo. EURIBOR	3.95%
July 2020 . . . . .	€ 171.3	6 mo. EURIBOR	4.32%
January 2015 — November 2021 . . . . .	€ 107.0	6 mo. EURIBOR	2.89%
January 2015 . . . . .	CHF 2,380.0	6 mo. CHF LIBOR	2.81%
January 2015 — January 2022 . . . . .	CHF 711.5	6 mo. CHF LIBOR	1.89%
January 2015 — January 2021 . . . . .	CHF 500.0	6 mo. CHF LIBOR	1.65%
January 2015 — January 2018 . . . . .	CHF 400.0	6 mo. CHF LIBOR	2.51%
January 2015 — December 2016 . . . . .	CHF 370.9	6 mo. CHF LIBOR	3.82%
January 2015 — November 2019 . . . . .	CHF 226.8	6 mo. CHFLIBOR + 5.01%	6.88%

*Interest Rate Cap*

Our sold interest rate cap contract with respect to EURIBOR at December 31, 2014, which is held by UPC Broadband Holding, is detailed below:

<b>Final maturity date</b>	<b>Notional amount</b>	<b>EURIBOR cap rate</b>
	<b>in millions</b>	
Interest rate cap sold (a):		
January 2015 — January 2020 . . . . .	€ 735.0	7.00%

- (a) Our sold interest rate cap requires that we make payments to the counterparty when EURIBOR exceeds the EURIBOR cap rate.

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***Interest Rate Collars***

Our interest rate collar contracts, which are held by UPC Broadband Holding, establish floor and cap rates with respect to EURIBOR on the indicated notional amount at December 31, 2014, as detailed below:

<u>Final maturity date</u>	<u>Notional amount</u>	<u>EURIBOR floor rate (a)</u> in millions	<u>EURIBOR cap rate (b)</u>
January 2015 — January 2020 .....	€ 1,135.0	1.00%	3.54%

- (a) We make payments to the counterparty when EURIBOR is less than the EURIBOR floor rate.
- (b) We receive payments from the counterparty when EURIBOR is greater than the EURIBOR cap rate.

***Foreign Currency Forwards***

The following table summarizes our outstanding foreign currency forward contracts, which are held by UPC Broadband Holding, at December 31, 2014:

<u>Maturity Dates</u>	<u>Currency purchased forward</u>	<u>Currency sold forward</u>
	in millions	
January 2015 — March 2015 .....	\$ 0.8	CZK 14.9
January 2015 — December 2015 .....	€ 63.8	CHF 76.0
January 2015 — March 2015 .....	€ 4.5	CZK 123.3
January 2015 — March 2015 .....	€ 4.1	HUF 1,275.0
January 2015 — March 2015 .....	€ 12.0	PLN 51.0
January 2015 — March 2015 .....	£ 1.2	€ 1.4
January 2015 .....	CHF 67.0	€ 55.7
January 2015 .....	CZK 300.0	€ 10.9
January 2015 .....	HUF 7,400.0	€ 23.6
January 2015 .....	PLN 90.0	€ 20.9
January 2015 .....	RON 31.0	€ 6.9

**(6) Fair Value Measurements**

We use the fair value method to account for our derivative instruments. The reported fair values of these derivative instruments as of December 31, 2014 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. We expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities in or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During 2014, no such transfers were made.

All of our Level 2 inputs (interest rate futures and swap rates) 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. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and

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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.

As further described in note 5, we have entered into various derivative instruments to manage our interest rate and foreign currency exchange risk. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes most interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 5.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of reporting units, customer relationship intangible assets, property and equipment and the implied value of goodwill. The valuation of private reporting units is based at least in part on discounted cash flow analyses. With the exception of certain inputs for our weighted average cost of capital and discount rate calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges, and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. We did not perform significant nonrecurring fair value measurements during 2014 or 2013.

At December 31, 2014 and 2013, all of our derivative instruments fell under Level 2 of the fair value hierarchy.

**(7) Long-lived Assets**

***Property and Equipment, Net***

The details of our property and equipment and the related accumulated depreciation are set forth below:

	Estimated useful life at December 31, 2014	December 31,	
		2014	2013
		in millions	
Distribution systems . . . . .	4 to 30 years	€ 5,258.1	€ 4,908.3
Customer premises equipment . . . . .	3 to 5 years	1,631.8	1,592.3
Support equipment, buildings and land . . . . .	3 to 50 years	938.8	841.2
		7,828.7	7,341.8
Accumulated depreciation . . . . .		(4,026.2)	(3,597.0)
Total property and equipment, net . . . . .		€ 3,802.5	€ 3,744.8

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Depreciation expense related to our property and equipment was €800.4 million, €771.2 million and €785.7 million during 2014, 2013 and 2012, respectively.

At December 31, 2014 and 2013, the amount of property and equipment, net, recorded under capital leases was €36.2 million and €36.3 million, respectively. Most of these amounts relate to assets included in our distribution systems category. Depreciation of assets under capital leases is included in depreciation and amortization in our consolidated statements of operations.

During 2014, 2013 and 2012, we recorded non-cash increases to our property and equipment related to (i) certain vendor financing arrangements of €332.6 million, €177.0 million and €160.6 million, respectively, and (ii) assets acquired under capital leases of €0.9 million, €1.5 million and €1.9 million, respectively. Furthermore, during 2014, 2013 and 2012 we recorded non-cash increases to our property and equipment of €18.6 million, €22.6 million and €10.2 million respectively, related to assets acquired on our behalf pursuant to vendor financing and capital lease arrangements of Liberty Global B.V. (LG B.V.), a subsidiary of Liberty Global that is outside of UPC Holding. For additional information, see notes 8 and 12.

***Goodwill***

Changes in the carrying amount of our goodwill during 2014 are set forth below:

	January 1, 2014	Acquisitions and related adjustments	Foreign currency translation adjustments	December 31, 2014
	in millions			
Switzerland/Austria .....	€ 2,923.3	€ 1.0	€ 44.1	€ 2,968.4
The Netherlands .....	914.3	—	—	914.3
Ireland .....	178.5	1.7	—	180.2
Total Western Europe .....	4,016.1	2.7	44.1	4,062.9
Central and Eastern Europe .....	1,102.4	6.3	(32.6)	1,076.1
Total .....	€ 5,118.5	€ 9.0	€ 11.5	€ 5,139.0

If, among other factors, (i) our enterprise value or Liberty Global's equity value were to decline significantly, or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of our goodwill, and to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

At December 31, 2014 and 2013 and based on exchange rates as of those dates, our accumulated goodwill impairments were €173.3 million and €173.8 million, respectively. These amounts represent accumulated impairments related to our broadband communications operations in Romania, which operations are included within our Central and Eastern Europe segment.

Changes in the carrying amount of our goodwill during 2013 are set forth below:

	January 1, 2013	Acquisitions and related adjustments	Foreign currency translation adjustments	December 31, 2013
	in millions			
Switzerland/Austria .....	€ 2,957.9	€ 0.4	€ (35.0)	€ 2,923.3
The Netherlands .....	914.3	—	—	914.3
Ireland .....	178.5	—	—	178.5
Total Western Europe .....	4,050.7	0.4	(35.0)	4,016.1
Central and Eastern Europe .....	1,143.9	—	(41.5)	1,102.4
Total .....	€ 5,194.6	€ 0.4	€ (76.5)	€ 5,118.5



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***Intangible Assets Subject to Amortization, Net***

The details of our intangible assets subject to amortization are set forth below:

	Estimated useful life at December 31, 2014	December 31, 2014			December 31, 2013		
		Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
in millions							
Customer relationships . . . .	4 to 10 years	€ 805.6	€ (643.7)	€ 161.9	€ 887.8	€ (667.7)	€ 220.1
Other . . . . .	3 years	5.0	(2.1)	2.9	19.1	(17.0)	2.1
Total . . . . .		€ 810.6	€ (645.8)	€ 164.8	€ 906.9	€ (684.7)	€ 222.2

Amortization of intangible assets with finite useful lives was €84.6 million, €92.8 million and €111.1 million during 2014, 2013 and 2012, respectively. Based on our amortizable intangible asset balances at December 31, 2014, we expect that amortization expense will be as follows for the next five years and thereafter. The euro equivalents of such amortization expense amounts as of December 31, 2014 are presented below (in millions):

2015 . . . . .	€ 61.4
2016 . . . . .	29.7
2017 . . . . .	27.8
2018 . . . . .	24.4
2019 . . . . .	6.4
Thereafter . . . . .	15.1
Total . . . . .	€ 164.8

**(8) Debt and Capital Lease Obligations**

The euro equivalents of the components of our consolidated debt and capital lease obligations are as follows:

		December 31, 2014					
	Weighted average interest rate (a)	Unused borrowing capacity (b)	Estimated fair value (c)		Carrying value (d)		
			December 31,		December 31,		
			2014	2013	2014	2013	
in millions							
Third-party debt:							
Parent — UPC Holding Senior							
Notes . . . . .	7.16%	€ —	€ 2,151.7	€ 2,391.3	€ 1,976.6	€ 2,247.5	
Subsidiaries:							
UPC Broadband Holding							
Bank Facility . . . . .	3.56%	1,046.2	2,608.6	4,146.6	2,627.4	4,113.0	
UPCB SPE Notes . . . . .	6.88%	—	3,536.3	3,289.9	3,313.5	3,060.0	
Vendor financing							
and other (e) . . . . .	3.50%	—	360.3	309.9	360.3	309.9	
Total third-party debt . . . . .	5.75%	1,046.2	€ 8,656.9	€ 10,137.7	8,277.8	9,730.4	



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	<u>December 31, 2014</u>					
	<u>Weighted average interest rate (a)</u>	<u>Unused borrowing capacity (b)</u>	<u>Estimated fair value (c)</u>		<u>Carrying value (d)</u>	
			<u>December 31,</u>		<u>December 31,</u>	
			<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>in millions</u>					
Related-party debt (note 12):						
Shareholder Loan (f) . . . . .	9.79%	—	(g)	(g)	9,752.7	9,695.4
Other (h) . . . . .	7.52%	—	(g)	(g)	105.9	74.7
Total related-party debt . . . . .	9.77%	—			9,858.6	9,770.1
Total debt . . . . .	7.93%	€ 1,046.2			18,136.4	19,500.5
Capital lease obligations . . . . .					22.8	23.7
Total debt and capital lease obligations . . . . .					18,159.2	19,524.2
Current maturities . . . . .					(362.3)	(311.7)
Long-term debt and capital lease obligations . . . . .					€ 17,796.9	€ 19,212.5

- (a) Represents the weighted average interest rate in effect at December 31, 2014 for all borrowings outstanding pursuant to each debt instrument including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts or commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 7.8% at December 31, 2014. For information concerning our derivative instruments, see note 5.
- (b) Unused borrowing capacity represents the maximum availability under the UPC Broadband Holding Bank Facility (as defined and described below) at December 31, 2014 without regard to covenant compliance calculations or other conditions precedent to borrowing. At December 31, 2014, our availability under the UPC Broadband Holding Bank Facility was limited to €906.7 million. When the relevant December 31, 2014 compliance reporting requirements have been completed and assuming no changes from December 31, 2014 borrowing levels, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €889.1 million. For information concerning transactions completed subsequent to December 31, 2014 that could have an impact on unused borrowing capacity, see note 16.
- (c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information concerning fair value hierarchies, see note 6.
- (d) Amounts include the impact of discounts, where applicable.
- (e) Primarily represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions. These obligations are generally due within one year. At December 31, 2014 and 2013, the amounts owed pursuant to these arrangements include €4.6 million and €137.7 million, respectively, related to third-party vendor financing obligations for which we and LG B.V. are co-obligors. We expect to cash settle the co-obligor obligations with LG B.V. in advance of when we and LG B.V. are required to settle the obligations with the applicable third parties. Our cash payments to LG B.V. will be reflected as cash capital expenditures in our consolidated statements of cash flows and any cash payments made prior to the settlement of the related co-obligor obligation will be reflected in our related-party accounts receivable from LG B.V. in our consolidated balance sheets. In addition, the December 31, 2014 and 2013 amounts include €30.3 million and €17.8 million, respectively, of VAT that was paid on our behalf by the vendor. Repayments of vendor financing obligations other than the co-obligor obligations are included in repayments and repurchases of debt and capital lease obligations in our consolidated statements of cash flows.

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- (f) UPC Holding has an unsecured shareholder loan (the Shareholder Loan) with its immediate parent, Liberty Global Europe Financing BV (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 marshaling 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 a fixed rate of 9.79%. The net increase in the Shareholder Loan balance during 2014 includes (a) cash borrowings of €4,185.0 million, (b) cash payments of €3,522.4 million, (c) a €2,450.0 million non-cash decrease related to the consideration received associated with the VTR Extraction, (d) a €1,005.3 million non-cash increase related to the repayment of outstanding indebtedness under Facilities R, S and AE (as described below), (e) additions of €878.2 million in non-cash accrued interest and (f) a €38.8 million non-cash decrease related to the settlement of related-party charges and allocations. The net increase in the Shareholder Loan balance during 2013 includes (1) cash borrowings of €2,435.9 million, (2) cash payments of €2,309.3 million, (3) additions of €861.0 million in non-cash accrued interest, (4) a €40.0 million non-cash decrease related to the settlement of related-party charges and allocations and (5) an increase of €35.5 million in non-cash settlement of related-party capital additions. The net increase in the Shareholder Loan balance during 2012 includes (I) cash payments of €2,272.6 million, (II) cash borrowings of €1,265.0 million, (III) additions of €847.8 million in non-cash accrued interest, (IV) an increase of €110.3 million in non-cash settlement of related-party capital additions and (V) a €68.0 million non-cash increase related to the settlement of related-party charges and allocations. During the three-year period ended December 31, 2014, none of the debt repayments were payments of interest. For information concerning transactions completed subsequent to December 31, 2014 that impacted the Shareholder Loan, see note 16.
- (g) The fair values are not subject to reasonable estimation due to the related-party nature of these loans.
- (h) Represents borrowings under (i) a loan agreement (the UPC Equipment Note) between a subsidiary of Liberty Global and our subsidiary, UPC Equipment B.V. (UPC Equipment) and (ii) a loan agreement (the UMI Loan) between Unitymedia Hessen GmbH & Co. KG (Unitymedia Hessen), a subsidiary of Liberty Global that is outside of UPC Holding, and Unitymedia International GmbH (UMI). UMI, UPC Equipment, and UPC International Operations B.V. (UPC International and together with UPC Equipment, the UPC Leasing Entities), UPC Equipment's immediate parent entity, were formed for the purpose of acquiring and legally owning certain customer premises equipment assets to be leased to our subsidiary, UPC Nederland B.V. (UPC Nederland), including certain assets that were the subject of sale and leaseback transactions that were initiated in December 2011. Although UPC Holding has no equity or voting interest in UMI, the transactions between (a) UMI and the UPC Leasing Entities and (b) UPC Nederland and, to a much lesser extent, certain of our other subsidiaries, create a variable interest in UMI for which we are the primary beneficiary, as contemplated by U.S. GAAP. As such, UPC Holding is required by the provisions of U.S. GAAP to consolidate UMI. The UPC Equipment Note (€78.4 million principal balance at December 31, 2014) bore interest at 9.29% as of December 31, 2014. The UMI Loan (€27.5 million principal balance at December 31, 2014) bore interest at 2.47% as of December 31, 2014. The net increase in the aggregate balance of the UPC Equipment Note and the UMI Loan during 2014 includes (1) cash borrowings of €67.3 million, (2) cash payments of €38.7 million and (3) the non-cash transfer of €2.6 million in accrued interest to the loan balance. The net increase in the aggregate balance of the UPC Equipment Note and the UMI Loan during 2013 includes (A) cash borrowings of €69.5 million, (B) cash payments of €10.6 million and (C) the non-cash transfer of €0.6 million in non-cash accrued interest to the loan balance. Subsequent to December 31, 2014 and in connection with the UPC NL Transfer (as defined and described in note 16), the leasing transactions between UPC Nederland, UMI and the UPC Leasing Entities were unwound, which resulted in an early termination fee of €87.0 million payable by UPC Equipment. This early termination fee was funded through the UPC Equipment Note and paid to UMI and, in turn, UMI repaid in full the UMI Loan and loaned the remaining cash amount to Unitymedia Hessen.

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***UPC Broadband Holding Bank Facility***

The UPC Broadband Holding Bank Facility, as amended from time to time, 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 (i) €50.0 million or more in the aggregate of (a) Liberty Global Europe LLC (the indirect parent of Liberty Global Europe Holding BV, Liberty Global Europe), (b) any other company of which UPC Broadband Holding is a subsidiary and which is a subsidiary of Liberty Global Europe and (c) UPC Holding II BV (a subsidiary of UPC Holding) and (ii) €15.0 million or more in the aggregate of any member of the UPC Broadband Holding borrower group, 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 Liberty Global) through loans, advances or dividends provided that UPC Broadband Holding maintains compliance with applicable covenants. If a change of control occurs, as specified 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 (after deducting cash and cash equivalent investments) to annualized EBITDA, (ii) EBITDA to total cash interest, (iii) EBITDA to senior debt service, (iv) EBITDA to senior interest and (v) total debt (after deducting cash and cash equivalent investments) to annualized EBITDA, each term as specified 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 UPC Broadband Holding borrower group, each term as specified 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.

The UPC Broadband Holding Bank Facility includes a mandatory prepayment requirement of four times annualized EBITDA 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, as specified in the UPC Broadband Holding Bank Facility. 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 €100.0 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.

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The details of our borrowings under the UPC Broadband Holding Bank Facility as of December 31, 2014 are summarized in the following table:

<b>Facility</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>Facility amount (in borrowing currency) (a)</b>	<b>Unused borrowing capacity (b)</b>	<b>Carrying value (c)</b>
in millions					
V (d) . . . . .	January 15, 2020	7.625%	€ 500.0	€ —	€ 500.0
Y (d) . . . . .	July 1, 2020	6.375%	€ 750.0	—	750.0
Z (d) . . . . .	July 1, 2020	6.625%	\$ 1,000.0	—	826.4
AC (d) . . . . .	November 15, 2021	7.250%	\$ 750.0	—	619.8
AD (d) . . . . .	January 15, 2022	6.875%	\$ 750.0	—	619.8
AG . . . . .	March 31, 2021	EURIBOR + 3.75%	€ 1,554.4	—	1,551.4
AH . . . . .	June 30, 2021	LIBOR + 2.50% (e)	\$ 1,305.0	—	1,076.0
AI (f) . . . . .	April 30, 2019	EURIBOR + 3.25%	€ 1,046.2	1,046.2	—
Elimination of Facilities V, Y, Z, AC and AD in consolidation (d) . . . . .				—	(3,316.0)
Total . . . . .				€ 1,046.2	€ 2,627.4

- (a) Except as described in (d) below, amounts represent total third-party facility amounts at December 31, 2014 without giving effect to the impact of discounts.
- (b) At December 31, 2014, our availability under the UPC Broadband Holding Bank Facility was limited to €906.7 million. When the relevant December 31, 2014 compliance reporting requirements have been completed, we anticipate that our availability under the UPC Broadband Holding Bank Facility will be limited to €889.1 million. Facility AI has a fee on unused commitments of 1.3% per year.
- (c) The carrying values of Facilities AG and AH include the impact of discounts.
- (d) As further discussed in the below description of the UPCB SPE Notes, the amounts outstanding under Facilities V, Y, Z, AC and AD are eliminated in our consolidated financial statements.
- (e) Facility AH has a LIBOR floor of 0.75%.
- (f) On November 19, 2014, the existing redrawable term loan Facility AI was increased by €30.0 million by a new lender.

In January 2014, VTR Finance B.V. (VTR Finance), a subsidiary of Liberty Global that is outside of UPC Holding, issued \$1,400.0 million (€1,157.0 million) principal amount of senior secured notes in connection with the VTR Extraction. The net proceeds from such senior secured notes of €1,005.3 million, together with an additional €244.5 million of cash that was borrowed from another subsidiary of Liberty Global that is outside of UPC Holding and €9.3 million of cash associated with the settlement of related derivatives, were used to repay in full Facilities R, S and AE under the UPC Broadband Holding Bank Facility. In connection with this transaction, we recognized a loss on debt modification and extinguishment of €5.3 million related to the write-off of deferred financing costs.

During the first quarter of 2014, the full amount outstanding under Facility AF was repaid with funds provided through the Shareholder Loan. In connection with this transaction, we recognized a loss on debt modification and extinguishment of €6.7 million, which includes (i) a €3.5 million write-off of an unamortized discount and (ii) a €3.2 million write-off of deferred financing costs.

*Refinancing Transactions.* During 2014, 2013 and 2012, we completed a number of refinancing transactions that generally resulted in additional borrowings or extended maturities under the UPC Broadband Holding Bank Facility. In connection with these transactions, we recognized losses on debt modification and

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extinguishment, net, of €12.0 million, €9.0 million and €12.8 million during 2014, 2013 and 2012, respectively. These losses include (i) write-offs of deferred financing costs and unamortized discounts of €12.0 million, €3.2 million, and €11.3 million, respectively, and (ii) the payment of nil, €5.8 million and €1.5 million of third-party debt modification costs, respectively.

For information regarding certain financing transactions subsequent to December 31, 2014 that impact the UPC Broadband Holding Bank Facility, see note 16.

***UPC Holding Senior Notes***

**2014 Transactions.** During April 2014, we used funds provided through the Shareholder Loan to fully redeem UPC Holding's \$400.0 million (€330.6 million) principal amount of 9.875% senior notes due 2018 (the UPC Holding 9.875% Senior Notes). In connection with this transaction, we recognized a loss on debt modification and extinguishment of €30.0 million, which includes (i) the payment of €14.3 million of redemption premium, (ii) the write-off of €12.5 million of unamortized discount and (iii) the write-off of €3.2 million of deferred financing costs.

**2013 Transactions.** On March 26, 2013, UPC Holding issued (i) €450.0 million principal amount of 6.75% senior notes (the UPC Holding 6.75% Euro Senior Notes) and (ii) CHF 350.0 million (€285.6 million) principal amount of 6.75% senior notes (the UPC Holding 6.75% CHF Senior Notes and, together with the UPC Holding 6.75% Euro Senior Notes, the UPC Holding 6.75% Senior Notes).

On April 25, 2013, the net proceeds from the issuance of the UPC Holding 6.75% Senior Notes were used to redeem in full (a) UPC Holding's €300.0 million principal amount of 8.0% senior notes due 2016 (the UPC Holding 8.0% Senior Notes) and (b) UPC Holding's €400.0 million principal amount of 9.75% senior notes due 2018 (the UPC Holding 9.75% Senior Notes). Our obligations with respect to the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes were legally discharged with the trustee on March 26, 2013 and March 27, 2013, respectively, in connection with the issuance of the UPC Holding 6.75% Senior Notes. The trustee, in turn, paid all amounts due to the holders of the UPC Holding 8.0% Senior Notes and UPC Holding 9.75% Senior Notes on April 25, 2013. We incurred aggregate debt extinguishment losses of €65.9 million during the first quarter of 2013, which includes (i) €27.5 million of redemption premium related to the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes, (ii) the write-off of €18.9 million of unamortized discount related to the UPC Holding 9.75% Senior Notes, (iii) the write-off of €14.7 million of deferred financing costs associated with the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes and (iv) €4.8 million of aggregate interest incurred on the UPC Holding 8.0% Senior Notes and the UPC Holding 9.75% Senior Notes between the respective dates that we and the trustee were legally discharged, as described above.

We collectively refer to the UPC Holding 6.75% Senior Notes, UPC Holding's €600.0 million principal amount of 6.375% senior notes due 2022 (the UPC Holding 6.375% Senior Notes) and UPC Holding's €640.0 million principal amount of 8.375% senior notes due 2020 (the UPC Holding 8.375% Senior Notes) as the "UPC Holding Senior Notes."

The details of the UPC Holding Senior Notes as of December 31, 2014 are summarized in the following table:

UPC Holding Senior Notes	Maturity	Outstanding principal amount		Estimated fair value	Carrying value (a)
		Borrowing currency	Euro equivalent		
		in millions			
UPC Holding 8.375% Senior Notes . . . .	August 15, 2020	€ 640.0	€ 640.0	€ 688.8	€ 640.0
UPC Holding 6.375% Senior Notes . . . .	September 15, 2022	€ 600.0	600.0	650.2	595.5
UPC Holding 6.75% Euro Senior Notes . . . . .	March 15, 2023	€ 450.0	450.0	493.6	450.0
UPC Holding 6.75% CHF Senior Notes . . . . .	March 15, 2023	CHF 350.0	291.1	319.1	291.1
Total . . . . .			€ 1,981.1	€ 2,151.7	€ 1,976.6



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(a) Amounts include the impact of discounts, where applicable.

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 (on a shared basis) by pledges of the shares of UPC Holding. The UPC Holding Senior Notes contain certain customary incurrence-based covenants. For example, the ability to raise certain additional debt and make certain distributions or loans to other subsidiaries of Liberty Global is subject to a consolidated leverage ratio test, as specified in the applicable indenture. 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 specified in the applicable indenture), including UPC Broadband Holding, is an event of default under the UPC Holding Senior Notes.

At any time prior to August 15, 2015, in the case of the UPC Holding 8.375% Senior Notes, September 15, 2017, in the case of the UPC Holding 6.375% Senior Notes, and March 15, 2018, in the case of the UPC Holding 6.75% Senior Notes, UPC Holding may redeem some or all of such UPC Holding Senior Notes by paying a “make-whole” premium, which is the present value of all scheduled interest payments until August 15, 2015, September 15, 2017 or March 15, 2018 (as applicable) using the discount rate (as specified in the applicable indenture) as of the redemption date, plus 50 basis points.

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 (as specified in the applicable indenture), if any, to the applicable redemption date, if redeemed during the twelve-month period commencing on August 15, in the case of the UPC Holding 8.375% Senior Notes, September 15, in the case of the UPC Holding 6.375% Senior Notes, and March 15, in the case of the UPC Holding 6.75% Senior Notes, of the years set forth below:

<u>Year</u>	<u>Redemption price</u>		
	<u>UPC Holding 8.375% Senior Notes</u>	<u>UPC Holding 6.375% Senior Notes</u>	<u>UPC Holding 6.75% Senior Notes</u>
2015 .....	104.188%	N.A.	N.A.
2016 .....	102.792%	N.A.	N.A.
2017 .....	101.396%	103.188%	N.A.
2018 .....	100.000%	102.125%	103.375%
2019 .....	100.000%	101.063%	102.250%
2020 .....	100.000%	100.000%	101.125%
2021 and thereafter .....	N.A.	100.000%	100.000%

If all or substantially all of the assets of UPC Holding and certain of its subsidiaries are disposed of or any other change of control (as specified in the applicable indenture) is triggered, UPC Holding must offer to repurchase all of the relevant UPC Holding Senior Notes at a redemption price of 101% of the principal amount of such UPC Holding Senior Notes.

For information regarding certain financing transactions completed subsequent to December 31, 2014 that impact the UPC Holding Senior Notes, see note 16.

***UPCB SPE Notes***

UPCB Finance Limited (UPCB Finance I), UPCB Finance II Limited (UPCB Finance II), UPCB Finance III Limited (UPCB Finance III), UPCB Finance V Limited (UPCB Finance V) and UPCB Finance VI Limited (UPCB Finance VI and, together with UPCB Finance I, UPCB Finance II, UPCB Finance III and UPCB Finance V, the UPCB SPEs) are all special purpose financing entities that are owned 100% by charitable trusts. The UPCB SPEs were created for the primary purposes of facilitating the offerings of €500.0 million principal

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amount of 7.625% senior secured notes (the UPCB Finance I Notes), €750.0 million principal amount of 6.375% senior secured notes (the UPCB Finance II Notes), \$1.0 billion (€826.5 million) principal amount of 6.625% senior secured notes (the UPCB Finance III Notes), \$750.0 million (€619.8 million) principal amount of 7.25% senior secured notes (the UPCB Finance V Notes) and \$750.0 million (€619.8 million) principal amount of 6.875% senior secured notes (the UPCB Finance VI Notes and, together with the UPCB Finance I Notes, the UPCB Finance II Notes, the UPCB Finance III Notes and the UPCB Finance V Notes, the UPCB SPE Notes), respectively. The UPCB Finance I Notes, the UPCB Finance II Notes, the UPCB Finance III Notes, the UPCB Finance V Notes and the UPCB Finance VI Notes were issued on January 20, 2010, January 31, 2011, February 16, 2011, November 16, 2011 and February 7, 2012, respectively.

The UPCB Finance I Notes were issued at an original issue discount of 0.862%, resulting in cash proceeds before commissions and fees of €495.7 million. The UPCB Finance II Notes, UPCB Finance III Notes, UPCB Finance V Notes and UPCB Finance VI Notes were each issued at par. UPCB Finance I, UPCB Finance II, UPCB Finance III, UPCB Finance V and UPCB Finance VI used the proceeds from the (i) UPCB Finance I Notes and available cash, (ii) UPCB Finance II Notes, (iii) UPCB Finance III Notes, (iv) UPCB Finance V Notes and (v) UPCB Finance VI Notes to fund new additional Facilities V, Y, Z, AC and AD, respectively, (each, a UPCB SPE Funded Facility, and together, the Funded Facilities) under the UPC Broadband Holding Bank Facility, with UPC Financing Partnership (UPC Financing) as the borrower. The proceeds from the Funded Facilities generally were used to repay amounts outstanding under the UPC Broadband Holding Bank Facility.

Each UPCB SPE is dependent on payments from UPC Financing under the applicable UPCB SPE Funded Facility in order to service its payment obligations under each respective UPCB SPE Note. Although UPC Financing has no equity or voting interest in any of the UPCB SPEs, each of the UPCB SPE Funded Facility loans creates a variable interest in the respective UPCB SPE 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 and Liberty Global, are required by the provisions of U.S. GAAP to consolidate the UPCB SPEs. As a result, the amounts outstanding under the Funded Facilities are eliminated in Liberty Global's and UPC Holding's consolidated financial statements.

Pursuant to the respective indentures for the UPCB SPE Notes (the UPCB SPE Indentures) and the respective accession agreements for the Funded Facilities, the call provisions, maturity and applicable interest rate for each UPCB SPE Funded Facility are the same as those of the related UPCB SPE Notes. The UPCB SPEs, as lenders under the UPC Broadband Holding Bank Facility, are treated the same as the other lenders under the UPC Broadband Holding Bank Facility, with benefits, rights and protections similar to those afforded to the other lenders. Through the covenants in the applicable UPCB SPE Indentures and the applicable security interests over (i) all of the issued shares of the relevant UPCB SPE and (ii) the relevant UPCB SPE's rights under the applicable UPCB SPE Funded Facility granted to secure the relevant UPCB SPE's obligations under the relevant UPCB SPE Notes, the holders of the UPCB SPE Notes are provided indirectly with the benefits, rights, protections and covenants granted to the UPCB SPEs as lenders under the UPC Broadband Holding Bank Facility.

The UPCB SPEs are prohibited from incurring any additional indebtedness, subject to certain exceptions under the UPCB SPE Indentures.

The details of the UPCB SPE Notes as of December 31, 2014 are summarized in the following table:

UPCB SPEs	Maturity	Interest rate	Outstanding principal amount		Estimated fair value	Carrying value (a)
			Borrowing currency	Euro equivalent		
in millions						
UPCB Finance I Notes . . . .	January 15, 2020	7.625%	€ 500.0	€ 500.0	€ 522.2	€ 497.4
UPCB Finance II Notes . . . .	July 1, 2020	6.375%	€ 750.0	750.0	788.4	750.0
UPCB Finance III Notes . . .	July 1, 2020	6.625%	\$1,000.0	826.5	871.4	826.5
UPCB Finance V Notes . . . .	November 15, 2021	7.250%	\$ 750.0	619.8	679.1	619.8
UPCB Finance VI Notes . . .	January 15, 2022	6.875%	\$ 750.0	619.8	675.2	619.8
Total . . . . .				€ 3,316.1	€ 3,536.3	€ 3,313.5



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(a) Amounts include the impact of discounts, where applicable.

Subject to the circumstances described below, the UPCB Finance II Notes and the UPCB Finance III Notes are non-callable until July 1, 2015, the UPCB Finance V Notes are non-callable until November 15, 2016 and the UPCB Finance VI Notes are non-callable until January 15, 2017 (each a UPCB SPE Notes Call Date). If, however, at any time prior to the applicable UPCB SPE Notes Call Date, all or a portion of the loans under the related UPCB SPE Funded Facility are voluntarily prepaid (an Early Redemption Event), then the applicable UPCB SPE will be required to redeem an aggregate principal amount of its UPCB SPE Notes equal to the aggregate principal amount of loans so prepaid under the related UPCB SPE Funded Facility. In general, the redemption price payable will equal the sum of (i) 100% of the principal amount of the applicable UPCB SPE Notes to be redeemed, (ii) the excess of (a) the present value at such redemption date of (1) the redemption price of such UPCB SPE Notes on the applicable UPCB SPE Notes Call Date, as determined in accordance with the table below, plus (2) all required remaining scheduled interest payments thereon due through the applicable UPCB SPE Notes Call Date (excluding accrued and unpaid interest to such redemption date), computed using the discount rate specified in the applicable UPCB SPE Indenture, over (b) the principal amount of such UPCB SPE Notes to be redeemed and (iii) accrued but unpaid interest thereon and additional amounts (as specified in the applicable UPCB SPE Indenture), if any, to the applicable redemption date (the Make-Whole Redemption Price). However, in the case of an Early Redemption Event with respect to Facility Z, AC or AD occurring prior to the applicable UPCB SPE Notes Call Date, the redemption price payable upon redemption of an aggregate principal amount of the relevant UPCB SPE Notes not exceeding 10% of the original aggregate principal amount of such UPCB SPE Notes during each twelve-month period commencing on February 16, 2011, in the case of Facility Z, November 16, 2011, in the case of Facility AC, or February 7, 2012, in the case of Facility AD, will equal 103% of the principal amount of the relevant UPCB SPE Notes redeemed plus accrued and unpaid interest thereon and additional amounts, if any, to the applicable redemption date. The redemption price payable for any principal amount of such UPCB SPE Notes redeemed in excess of the 10% limitation will be the Make-Whole Redemption Price.

Upon the occurrence of an Early Redemption Event on or after the applicable UPCB SPE Notes Call Date, the applicable UPCB SPE will redeem an aggregate principal amount of its UPCB SPE Notes equal to the principal amount of the related UPCB SPE Funded Facility prepaid at the following redemption prices (expressed as a percentage of the principal amount), plus accrued and unpaid interest and additional amounts, (as specified in the applicable UPCB SPE Indenture), if any, to the applicable redemption date, if redeemed during the twelve-month period commencing on January 15, in the case of the UPCB Finance I Notes and the UPCB Finance VI Notes, July 1, in the case of the UPCB Finance II Notes and the UPCB Finance III Notes, and November 15, in the case of the UPCB Finance V Notes, of the years set forth below:

<u>Year</u>	<u>Redemption Price</u>				
	<u>UPCB Finance I Notes</u>	<u>UPCB Finance II Notes</u>	<u>UPCB Finance III Notes</u>	<u>UPCB Finance V Notes</u>	<u>UPCB Finance VI Notes</u>
2015 .....	103.813%	103.188%	103.313%	N.A.	N.A.
2016 .....	102.542%	102.125%	102.208%	103.625%	N.A.
2017 .....	101.271%	101.063%	101.104%	102.417%	103.438%
2018 .....	100.000%	100.000%	100.000%	101.208%	102.292%
2019 .....	100.000%	100.000%	100.000%	100.000%	101.146%
2020 and thereafter .....	100.000%	100.000%	100.000%	100.000%	100.000%

For information regarding certain financing transactions completed subsequent to December 31, 2014 that impact the UPCB SPE Notes, see note 16.

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***Maturities of Debt and Capital Lease Obligations***

Maturities of our debt and capital lease obligations as of December 31, 2014 are presented below and such amounts represent euro equivalents based on December 31, 2014 exchange rates:

*Debt:*

	<u>Third-party debt (a)</u>	<u>Shareholder Loan and related- party debt</u>	<u>Total</u>
	<u>in millions</u>		
Year ending December 31:			
2015 .....	€ 360.3	€ —	€ 360.3
2016 .....	—	27.5	27.5
2017 .....	—	—	—
2018 .....	—	—	—
2019 .....	—	—	—
Thereafter .....	7,930.1	9,831.1	17,761.2
Total debt maturities .....	8,290.4	9,858.6	18,149.0
Unamortized discount .....	(12.6)	—	(12.6)
Total debt .....	<u>€ 8,277.8</u>	<u>€ 9,858.6</u>	<u>€ 18,136.4</u>
Current portion .....	<u>€ 360.3</u>	<u>€ —</u>	<u>€ 360.3</u>
Noncurrent portion .....	<u>€ 7,917.5</u>	<u>€ 9,858.6</u>	<u>€ 17,776.1</u>

- (a) Amounts include the UPCB SPE Notes issued by the UPCB SPEs. As described above, the UPCB SPEs are consolidated by UPC Holding.

*Capital lease obligations (in millions):*

Year ending December 31:	
2015 .....	€ 3.7
2016 .....	3.6
2017 .....	3.5
2018 .....	2.8
2019 .....	2.4
Thereafter .....	18.0
Total principal and interest payments .....	34.0
Amounts representing interest .....	(11.2)
Present value of net minimum lease payments .....	<u>€ 22.8</u>
Current portion .....	<u>€ 2.0</u>
Noncurrent portion .....	<u>€ 20.8</u>

***Non-cash Refinancing Transactions***

During 2014, 2013 and 2012, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating €1,005.3 million, €3,020.9 million and €666.6 million, respectively.

**(9) Income Taxes**

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

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combines individual tax-paying Dutch entities and their ultimate Dutch parent company as one taxpayer for Dutch tax purposes. Intercompany tax allocations between members of the Dutch Fiscal Unity are not subject to tax-sharing agreements and no cash payments are made between the companies related to the Dutch tax attributes. Furthermore, UMI has entered into a tax integration agreement and a profit-sharing agreement with its immediate parent, Unitymedia Hessen, who is primarily liable for the related tax obligations. As a result, UMI's income is fully attributed to Unitymedia Hessen and no provision for income taxes has been made in our consolidated financial statements for UMI on a separate return basis. The income taxes of subsidiaries other than UMI that are not included within the Dutch fiscal unity are included in our consolidated 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 domestic (Dutch fiscal unity) and foreign components of our loss before income taxes are as follows:

	<b>Year ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>in millions</b>		
Domestic .....	€ (1,157.2)	€ (814.8)	€ (1,082.2)
Foreign .....	222.5	157.7	132.7
Total .....	<u>€ (934.7)</u>	<u>€ (657.1)</u>	<u>€ (949.5)</u>

Income tax expense consists of:

	<b>Current</b>	<b>Deferred</b>	<b>Total</b>
	<b>in millions</b>		
Year ended December 31, 2014:			
Domestic .....	€ —	€ —	€ —
Foreign .....	(85.7)	(4.1)	(89.8)
Total .....	<u>€ (85.7)</u>	<u>€ (4.1)</u>	<u>€ (89.8)</u>
Year ended December 31, 2013:			
Domestic .....	€ —	€ (0.5)	€ (0.5)
Foreign .....	(64.7)	(4.3)	(69.0)
Total .....	<u>€ (64.7)</u>	<u>€ (4.8)</u>	<u>€ (69.5)</u>
Year ended December 31, 2012:			
Domestic .....	€ —	€ 0.6	€ 0.6
Foreign .....	(17.9)	(55.7)	(73.6)
Total .....	<u>€ (17.9)</u>	<u>€ (55.1)</u>	<u>€ (73.0)</u>

Income tax expense attributable to our loss before income taxes differs from the amounts computed using the Dutch income tax rate of 25.0%, as a result of the following:

	<b>Year ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>in millions</b>		
Computed "expected" tax benefit .....	€ 233.7	€ 164.3	€ 237.4
Non-deductible or non-taxable interest and other expenses (a) .....	(257.8)	(217.7)	(186.6)
Change in valuation allowances .....	(64.3)	(4.9)	(96.1)
Basis and other differences in the treatment of items associated with investments in subsidiaries and affiliates .....	0.5	0.9	(11.2)
Non-deductible or non-taxable foreign currency exchange results .....	(0.1)	(3.7)	(6.5)
Other, net .....	(1.8)	(8.4)	(10.0)
Total income tax expense .....	<u>€ (89.8)</u>	<u>€ (69.5)</u>	<u>€ (73.0)</u>

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- (a) On January 1, 2013, a change in tax legislation was enacted restricting the deductibility of interest expense in the Netherlands. This change resulted in no net impact to our current or deferred income taxes during 2013 as the increases in non-deductible interest were fully offset by decreases in our valuation allowances.

The current and non-current components of our deferred tax assets (liabilities) are as follows:

	<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>in millions</b>	
Current deferred tax assets	€ 10.8	€ 17.3
Non-current deferred tax assets (a)	20.2	14.2
Current deferred tax liabilities (a)	(0.2)	(0.5)
Non-current deferred tax liabilities (a)	(101.2)	(93.9)
Net deferred tax liability	<u>€ (70.4)</u>	<u>€ (62.9)</u>

- (a) Our current deferred tax liabilities are included in other accrued and current liabilities and our non-current deferred tax assets and liabilities are included in other assets, net, and other long-term liabilities, respectively, in our consolidated balance sheets.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>in millions</b>	
<b>Deferred tax assets:</b>		
Net operating loss and other carryforwards	€ 1,144.2	€ 1,119.0
Derivative instruments	209.8	293.0
Property and equipment, net	157.5	173.7
Debt	145.4	47.6
Intangible assets	100.6	108.7
Other future deductible amounts	22.9	23.9
Deferred tax assets	1,780.4	1,765.9
Valuation allowance	(1,683.2)	(1,632.6)
Deferred tax assets, net of valuation allowance	<u>97.2</u>	<u>133.3</u>
<b>Deferred tax liabilities:</b>		
Property and equipment, net	(79.9)	(67.3)
Intangible assets	(54.5)	(63.7)
Debt	—	(32.6)
Other future taxable amounts	(33.2)	(32.6)
Deferred tax liabilities	<u>(167.6)</u>	<u>(196.2)</u>
Net deferred tax liability	<u>€ (70.4)</u>	<u>€ (62.9)</u>

Our deferred income tax valuation allowance increased €50.6 million during 2014. This increase reflects the net effect of (i) the net tax expense related to our continuing operations of €64.3 million, (ii) foreign currency translation adjustments, (iii) the expiration of net operating losses and (iv) other individually insignificant items.

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The significant components of our tax loss carryforwards and related tax assets at December 31, 2014 are as follows:

<u>Country</u>	<u>Tax loss carryforward</u>	<u>Related tax asset</u>	<u>Expiration date</u>
	<b>in millions</b>		
The Netherlands .....	€ 2,693.3	€ 673.3	2017-2023
Luxembourg .....	688.5	201.2	Indefinite
France .....	483.5	166.5	Indefinite
Ireland .....	385.1	48.1	Indefinite
Hungary .....	173.4	33.0	2025
Romania .....	69.6	11.1	2016-2021
Poland .....	52.3	9.9	2015-2019
Slovakia .....	3.1	0.7	2015-2017
Austria .....	1.6	0.4	Indefinite
Total .....	€ 4,550.4	€ 1,144.2	

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. Most of the tax losses shown in the above table are not expected to be realized, including certain losses that 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 Holding 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 Holding.

Although we intend to take reasonable tax planning measures to limit our tax exposures, no assurance can be given that we will be able to do so.

We and our subsidiaries file consolidated and standalone income tax returns in various jurisdictions. In the normal course of business, our income tax filings are subject to review by various taxing authorities. In connection with such reviews, disputes could arise with the taxing authorities over the interpretation or application of certain income tax rules related to our business in that tax jurisdiction. Such disputes may result in future tax and interest and penalty assessments by these taxing authorities. The ultimate resolution of tax contingencies will take place upon the earlier of (i) the settlement date with the applicable taxing authorities in either cash or agreement of income tax positions or (ii) the date when the tax authorities are statutorily prohibited from adjusting the company's tax computations.

In general, tax returns filed by our company or our subsidiaries for years prior to 2008 are no longer subject to examination by tax authorities.

The changes in our unrecognized tax benefits are summarized below:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<b>in millions</b>		
Balance at January 1 .....	€ 16.4	€ 16.8	€ 17.8
Additions based on tax positions related to the current year .....	9.0	1.5	4.2
Additions for tax positions of prior years .....	4.7	4.2	2.1
Lapse of statute of limitations .....	(1.5)	(0.6)	(3.8)
Reductions for tax positions of prior years .....	(1.0)	(5.3)	(4.3)
Foreign currency translation .....	(0.2)	(0.2)	0.8
Balance at December 31 .....	€ 27.4	€ 16.4	€ 16.8

No assurance can be given that any of these tax benefits will be recognized or realized.

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As of December 31, 2014, our unrecognized tax benefits included €17.5 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.

No assurance can be given as to the nature or impact of any changes in our unrecognized tax positions during 2015.

**(10) Owners' Deficit**

***General***

UPC Holding is a private limited liability company under Dutch law. The authorized share capital of our company equals one hundred thousand euros (€100,000), divided into one thousand shares with a nominal value of one hundred euros (€100) each. As of December 31, 2014 and 2013, 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 shares must first offer such shares to co-shareholders in a written notification to the management board, stating the number of shares to be transferred, and the management board is required to notify the co-shareholders within two weeks. Co-shareholders then have two weeks to notify the management board of a decision to purchase the shares. If the company itself is a co-shareholder, it can only be entitled to act as an interested party with the consent of the 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.

***Deemed Distributions***

In January 2014, we made a capital contribution of €325.6 million to VTR, which was used to acquire a loan receivable (the UPC Broadband France Loan Receivable) from VTR to our subsidiary, UPC Broadband France SAS, and pay related accrued interest. In December 2013, we made a capital contribution of €525.0 million to VTR Finance. As a result of the change in reporting entities associated with the VTR Extraction, we have accounted for these transactions as a deemed distributions in our consolidated statements of owners' deficit and cash flows.

***Deemed Contributions***

During the years ended December 31, 2013 and 2012, VTR made aggregate cash distributions to our company of €96.7 million and €69.9 million, respectively. As a result of the change in reporting entities associated with the VTR Extraction, we have accounted for these transactions as deemed contributions in our consolidated statements of owners' deficit and cash flows.

**(11) Share-based Compensation**

Our share-based compensation primarily represents amounts allocated to our company by Liberty Global. The amounts allocated by Liberty Global to our company represent the share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. Share-based compensation expense allocated to our company by Liberty Global is reflected as a decrease to parent's deficit.

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The following table summarizes our share-based compensation expense:

	Year ended December 31,		
	2014	2013	2012
	in millions		
Liberty Global shares:			
Performance-based incentive awards (a) . . . . .	€ 14.9	€ 13.8	€ 7.3
Other share-based incentive awards . . . . .	13.1	10.0	9.2
Total Liberty Global shares . . . . .	28.0	23.8	16.5
Other . . . . .	—	0.1	0.1
Total . . . . .	€ 28.0	€ 23.9	€ 16.6
Included in:			
Operating expense . . . . .	€ 0.1	€ 0.1	€ 0.1
SG&A expense . . . . .	27.9	23.8	16.5
Total . . . . .	€ 28.0	€ 23.9	€ 16.6

- 
- (a) Includes share-based compensation expense related to (i) Liberty Global performance-based restricted share units (PSUs) for all years presented and (ii) a challenge performance award plan issued on June 24, 2013 for certain executive officers and key employees of Liberty Global, including certain employees of our subsidiaries (the Challenge Performance Awards). The Challenge Performance Awards include performance-based share appreciation rights (PSARs) and PSUs.

The following table provides certain information related to share-based compensation not yet recognized for Liberty Global share-based incentive awards held by employees of our subsidiaries as of December 31, 2014:

	Liberty Global ordinary shares (a)	Liberty Global performance- based awards (b)
Total compensation expense not yet recognized (in millions) . . . . .	€ 27.1	€ 18.8
Weighted average period remaining for expense recognition (in years) . . .	2.6	1.4

- 
- (a) Amounts relate to awards granted or assumed by Liberty Global under (i) the Liberty Global 2014 Incentive Plan and (ii) the Liberty Global, Inc. 2005 Incentive Plan (as amended and restated June 7, 2013) (the Liberty Global 2005 Incentive Plan), each as further described below. No further awards will be granted under the Liberty Global 2005 Incentive Plan.
- (b) Amounts relate to (i) the Challenge Performance Awards and (ii) PSUs.



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The following table summarizes certain information related to Liberty Global share-based incentive awards granted to, and exercised by, employees of our subsidiaries:

	Year ended December 31,		
	2014	2013	2012
Assumptions used to estimate fair value of options, SARs and PSARs granted:			
Risk-free interest rate	0.99 - 1.31%	0.36 - 1.14%	0.37 - 0.66%
Expected life	3.2 - 3.9 years	3.2 - 4.0 years	3.3 - 3.9 years
Expected volatility	26.2 - 26.5%	26.5 - 29.0%	28.0 - 40.4%
Expected dividend yield	none	none	none
Weighted average grant-date fair value per share of awards granted:			
SARs	\$ 8.06	\$ 7.14	\$ 6.42
PSARs	\$ —	\$ 8.32	\$ —
Restricted share units (RSUs)	\$ 39.73	\$ 35.84	\$ 24.63
PSUs	\$ 39.99	\$ 35.15	\$ 25.05
Total intrinsic value of awards exercised (in millions):			
Options	€ 0.5	€ 2.3	—
SARs	€ 9.2	€ 12.2	€ 12.8
PSARs	€ 0.2	€ —	—
Cash received by Liberty Global from exercise of options (in millions)	€ 0.3	€ 1.1	—

**Share Incentive Plans — Liberty Global Ordinary Shares**

*Incentive Plans*

As of December 31, 2014, Liberty Global was authorized to grant incentive awards under the Liberty Global 2014 Incentive Plan. Generally, the compensation committee of Liberty Global's board of directors may grant non-qualified share options, SARs, restricted shares, RSUs, cash awards, performance awards or any combination of the foregoing under any of these incentive plans (collectively, awards). Ordinary shares issuable pursuant to awards made under these incentive plans will be made available from either authorized but unissued shares or shares that have been issued but reacquired by Liberty Global. Awards may be granted at or above fair value in any class of ordinary shares. The maximum number of Liberty Global shares with respect to which awards may be issued under the Liberty Global 2014 Incentive Plan is 100 million (of which no more than 50 million shares may consist of Class B ordinary shares), subject to anti-dilution and other adjustment provisions in the respective plan. As of December 31, 2014, the Liberty Global 2014 Incentive Plan had 89,582,279 ordinary shares available for grant.

Awards (other than performance-based awards) under (i) the Liberty Global 2014 Incentive Plan and (ii) the Liberty Global 2005 Incentive Plan generally (a) 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 (b) expire seven years after the grant date. These awards may be granted at or above fair value in any class of ordinary shares. No further awards will be granted under the Liberty Global 2005 Incentive Plan.

*Performance Awards*

The following is a summary of the material terms and conditions with respect to Liberty Global's performance-based awards for certain executive officers and key employees.

*Liberty Global PSUs.* PSUs are granted to executive officers and key employees annually based on a target annual equity value for each executive and key employee, of which approximately two-thirds would be delivered in the form of an annual award of PSUs and approximately one-third in the form of an annual award of SARs. Each PSU represents the right to receive one Class A or Class C ordinary share, as applicable, subject to performance and vesting. Generally, the performance period for the PSUs covers a two-year period and the performance target is based on the achievement of a specified compound annual growth rate (CAGR) in a

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consolidated operating cash flow metric (as defined in the applicable underlying agreement), 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 two-year performance period. A performance range of 75% to 125% of the target OCF CAGR generally results in award recipients earning 50% to 150% of their respective PSUs, subject to reduction or forfeiture based on individual performance. The PSUs generally vest 50% on each of March 31 and September 30 of the year following the end of the performance period.

*Liberty Global Challenge Performance Awards.* Effective June 24, 2013, Liberty Global's compensation committee approved the Challenge Performance Awards, which consisted solely of PSARs for Liberty Global's senior executive officers and a combination of PSARs and PSUs for other executive officers and key employees. Each PSU represents the right to receive one Class A ordinary share or one Class C ordinary share of Liberty Global, as applicable, subject to performance and vesting. The performance criteria for the Challenge Performance Awards will be based on the participant's performance and achievement of individual goals in each of the years 2013, 2014 and 2015. Subject to forfeitures and the satisfaction of performance conditions, 100% of each participant's Challenge Performance Awards will vest on June 24, 2016. The PSARs have a term of seven years and base prices equal to the respective market closing prices of the applicable class on the grant date.

***Share-based Award Activity — Liberty Global Ordinary Shares***

The following tables summarize the share-based award activity during 2014 with respect to Liberty Global ordinary shares held by employees of our subsidiaries:

<b>Options — Class A ordinary shares</b>	<b>Number of shares</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining contractual term</b>	<b>Aggregate intrinsic value</b>
			<b>in years</b>	<b>in millions</b>
Outstanding at January 1, 2014	—	\$ —		
Transfers	46,499	\$ 19.50		
Exercised	(6,984)	\$ 18.91		
Outstanding at December 31, 2014 (a)	39,515	\$ 19.60	6.7	\$ 1.2
Exercisable at December 31, 2014	10,134	\$ 17.77	5.9	\$ 0.3

<b>Options — Class C ordinary shares</b>	<b>Number of shares</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining contractual term</b>	<b>Aggregate intrinsic value</b>
			<b>in years</b>	<b>in millions</b>
Outstanding at January 1, 2014	—	\$ —		
Transfers	114,959	\$ 18.22		
Exercised	(16,836)	\$ 17.62		
Outstanding at December 31, 2014 (a)	98,123	\$ 18.32	6.7	\$ 2.9
Exercisable at December 31, 2014	24,886	\$ 16.65	5.9	\$ 0.8

- (a) The euro equivalent amounts for the aggregate intrinsic value for outstanding Liberty Global Class A and Class C options are €1.0 million and €2.4 million, respectively.

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<b>SARs — Class A ordinary shares</b>	<b>Number of shares</b>	<b>Weighted average base price</b>	<b>Weighted average remaining contractual term in years</b>	<b>Aggregate intrinsic value in millions</b>
Outstanding at January 1, 2014 .....	1,064,866	\$ 27.09		
Granted .....	625,168	\$ 40.94		
Forfeited .....	(85,843)	\$ 33.37		
Exercised .....	(187,932)	\$ 28.07		
Transfers .....	42,354	\$ 19.67		
Outstanding at December 31, 2014 (a) .....	1,458,613	\$ 32.24	4.9	\$26.2
Exercisable at December 31, 2014 .....	556,047	\$ 24.07	3.6	\$14.5

<b>SARs — Class C ordinary shares</b>	<b>Number of shares</b>	<b>Weighted average base price</b>	<b>Weighted average remaining contractual term in years</b>	<b>Aggregate intrinsic value in millions</b>
Outstanding at January 1, 2014 .....	3,169,178	\$ 26.08		
Granted .....	1,250,336	\$ 39.13		
Forfeited .....	(229,300)	\$ 15.22		
Exercised .....	(535,655)	\$ 26.55		
Transfers .....	127,062	\$ 17.48		
Outstanding at December 31, 2014 (a) .....	3,781,621	\$ 29.72	4.7	\$ 70.3
Exercisable at December 31, 2014 .....	1,595,069	\$ 22.83	3.6	\$ 40.6

(a) The euro equivalent amounts for the aggregate intrinsic value for outstanding Liberty Global Class A and Class C SARs are €21.7 million and €58.1 million, respectively.

<b>PSARs — Class A ordinary shares</b>	<b>Number of shares</b>	<b>Weighted average base price</b>	<b>Weighted average remaining contractual term in years</b>	<b>Aggregate intrinsic value in millions</b>
Outstanding at January 1, 2014 .....	442,500	\$ 35.03		
Forfeited .....	(29,376)	\$ 35.03		
Exercised .....	(3,125)	\$ 35.03		
Transfers .....	7,500	\$ 35.03		
Outstanding at December 31, 2014 (a) .....	417,499	\$ 35.03	5.4	\$ 6.3
Exercisable at December 31, 2014 .....	7,499	\$ 35.03	1.8	\$ 0.1

<b>PSARs — Class C ordinary shares</b>	<b>Number of shares</b>	<b>Weighted average base price</b>	<b>Weighted average remaining contractual term in years</b>	<b>Aggregate intrinsic value in millions</b>
Outstanding at January 1, 2014 .....	1,327,500	\$ 33.41		
Forfeited .....	(88,127)	\$ 33.41		
Exercised .....	(9,375)	\$ 33.41		
Transfers .....	22,500	\$ 33.41		
Outstanding at December 31, 2014 (a) .....	1,252,498	\$ 33.41	5.4	\$ 18.7
Exercisable at December 31, 2014 .....	22,498	\$ 33.41	1.8	\$ 0.3

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- (a) The euro equivalent amounts for the aggregate intrinsic value for outstanding Liberty Global Class A and Class C PSARs are €5.2 million and €15.5 million, respectively.

<b>RSUs — Class A ordinary shares</b>	<b>Number of shares</b>	<b>Weighted average grant-date fair value per share</b>	<b>Weighted average remaining contractual term</b>
			<b>in years</b>
Outstanding at January 1, 2014	95,705	\$ 29.59	
Granted	64,928	\$ 40.94	
Forfeited	(8,413)	\$ 32.36	
Released from restrictions	(57,006)	\$ 30.42	
Transfers	40,284	\$ 37.87	
Outstanding at December 31, 2014	135,498	\$ 37.06	3.6
<b>RSUs — Class C ordinary shares</b>	<b>Number of shares</b>	<b>Weighted average grant-date fair value per share</b>	<b>Weighted average remaining contractual term</b>
			<b>in years</b>
Outstanding at January 1, 2014	287,115	\$ 27.77	
Granted	129,856	\$ 39.12	
Forfeited	(23,457)	\$ 29.92	
Released from restrictions	(159,024)	\$ 27.92	
Transfers	101,714	\$ 35.23	
Outstanding at December 31, 2014	336,204	\$ 34.10	3.5
<b>PSUs — Class A ordinary shares</b>	<b>Number of shares</b>	<b>Weighted average grant-date fair value per share</b>	<b>Weighted average remaining contractual term</b>
			<b>in years</b>
Outstanding at January 1, 2014	247,933	\$ 31.65	
Granted	135,682	\$ 41.08	
Performance adjustment (a)	(40,389)	\$ 26.12	
Forfeited	(26,542)	\$ 38.54	
Released from restrictions	(80,782)	\$ 26.26	
Transfers	3,507	\$ 37.15	
Outstanding at December 31, 2014	239,409	\$ 41.34	1.4
<b>PSUs — Class C ordinary shares</b>	<b>Number of shares</b>	<b>Weighted average grant-date fair value per share</b>	<b>Weighted average remaining contractual term</b>
			<b>in years</b>
Outstanding at January 1, 2014	743,799	\$ 29.72	
Granted	271,364	\$ 39.44	
Performance adjustment (a)	(121,167)	\$ 24.69	
Forfeited	(70,232)	\$ 35.86	
Released from restrictions	(242,346)	\$ 24.81	
Transfers	10,521	\$ 34.60	
Outstanding at December 31, 2014	591,939	\$ 36.71	1.3

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- (a) Represents the reduction in PSUs associated with the first quarter 2014 determination that 66.3% of the PSUs that were granted in 2012 (the 2012 PSUs) had been earned. As of December 31, 2014, all of the earned 2012 PSUs have been released from restrictions.

**(12) Related-party Transactions**

Our related-party transactions are as follows:

	Year ended December 31,		
	2014	2013	2012
	in millions		
Revenue .....	€ 6.9	€ 12.1	€ 11.4
Operating expenses .....	(21.7)	(46.4)	(58.8)
SG&A expenses .....	10.6	(6.8)	(1.9)
Allocated share-based compensation expense .....	(28.0)	(23.8)	(16.5)
Fees and allocations, net .....	27.3	(3.3)	2.4
Included in operating income .....	(4.9)	(68.2)	(63.4)
Interest expense .....	(884.3)	(863.6)	(848.5)
Interest income .....	0.2	8.9	10.6
Included in net loss .....	€ (889.0)	€ (922.9)	€ (901.3)
Property and equipment additions, net .....	€ (84.1)	€ 136.7	€ 78.9

*General.* UPC Holding charges fees and allocates costs and expenses to Liberty Global and certain other Liberty Global subsidiaries and Liberty Global and certain Liberty Global subsidiaries outside of UPC Holding charge fees and allocate costs and expenses to UPC Holding. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) our estimated share of the underlying costs, (ii) our estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. Through June 30, 2014, our related-party operating and SG&A expenses and our related-party fees and allocations generally were based on our company's estimated share of the applicable estimated costs (including personnel-related and other costs associated with the services provided) incurred by our company, Liberty Global and the other applicable Liberty Global subsidiaries. The estimated amounts charged were reviewed and revised on an annual basis, with any differences between the revised and estimated amounts recorded in the period identified, generally the first quarter of the following year. The revisions to reflect the actual costs underlying our related-party fees and allocations for 2013, 2012 and 2011 amounted to increases (decreases) of €15.3 million, €2.2 million and (€0.7 million), respectively, in our net billings to Liberty Global and certain other Liberty Global subsidiaries, which amounts were recorded during the first half of 2014, 2013 and 2012, respectively. The revisions to reflect actual costs for our related-party operating and SG&A expenses for 2013, 2012 and 2011 were not material. During the third quarter of 2014, Liberty Global and its subsidiaries began basing the fees charged and amounts allocated among Liberty Global and its subsidiaries on actual costs incurred. As a result, during the third quarter of 2014, we recorded a €4.3 million increase to the net fees and allocations charged by our company to Liberty Global and certain other Liberty Global subsidiaries to reflect the impact of this change in methodology as of January 1, 2014. The impact of this change in methodology on our related-party operating and SG&A expenses was not material. Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our consolidated statements of operations are reflective of the costs that we would incur on a standalone basis. Except as noted below, our related-party transactions are generally cash settled.

For information regarding certain transactions subsequent to December 31, 2014 that impact our related-party fees and allocations, see note 16.

*Revenue.* Amounts consist primarily of interconnect and other network access charges to Virgin Media Inc. (Virgin Media), construction and programming services provided to certain non-consolidated affiliates, and

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programming services provided to Chellomedia B.V. (Chellomedia) until the sale of substantially all of Chellomedia's assets by Liberty Global on January 31, 2014. Virgin Media is a subsidiary of Liberty Global that is outside of UPC Holding.

*Operating expenses.* Amounts consist of (i) programming and digital interactive services provided by Chellomedia until the sale of substantially all of Chellomedia's assets by Liberty Global on January 31, 2014 and programming services provided by another subsidiary of Liberty Global that is outside of UPC Holding in the aggregate amounts of €18.3 million, €51.9 million and €57.6 million during 2014, 2013 and 2012, respectively, and (ii) programming and interconnect fees charged by certain of Liberty Global's affiliates of €7.7 million, €6.3 million and €10.0 million during 2014, 2013 and 2012, respectively. In addition, amounts reflect (a) €12.7 million, €9.9 million and €7.4 million during 2014, 2013 and 2012, respectively, of encryption and other operating expenses charged to Unitymedia KabelBW GmbH (Unitymedia KabelBW), (b) €7.7 million, €0.2 million and nil during 2014, 2013 and 2012, respectively, of information technology-related expenses charged by Virgin Media and (c) aggregate recharges of network-related and other items to (from) LG B.V. and Liberty Global Europe Ltd. (LGE Ltd.), a subsidiary of Liberty Global that is outside of UPC Holding, of (€0.7 million), €2.1 million and €1.4 million during 2014, 2013 and 2012, respectively.

*SG&A expenses.* Amounts consist primarily of net cash settled administrative and information technology-related expenses, primarily between our company, LG B.V., Virgin Media, Unitymedia KabelBW, LGE Ltd. and other subsidiaries of Liberty Global that are outside of UPC Holding that resulted in net charges (credits) of (€10.6 million), €6.8 million and €1.9 million during 2014, 2013 and 2012, respectively.

*Allocated share-based compensation expense.* As further described in note 11, Liberty Global allocates share-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 Liberty Global subsidiaries that are outside of UPC Holding, including (i) charges to Unitymedia KabelBW of €106.1 million, €76.4 million and €53.7 million during 2014, 2013 and 2012, respectively, which were partially loan settled, (ii) net charges to (from) Liberty Global and certain other Liberty Global subsidiaries of (€41.6 million), (€11.0 million) and €10.3 million during 2014, 2013 and 2012, respectively, which were partially loan settled, (iii) aggregate net charges from LG B.V. and LGE Ltd. of €40.0 million, €68.7 million and €61.6 million during 2014, 2013 and 2012, respectively and (iv) charges to VTR Finance of €2.8 million, nil and nil during 2014, 2013 and 2012, 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 KabelBW, also include charges related to marketing and other services that support Unitymedia KabelBW's broadband communications operations, including the use of the UPC trademark.

During the first three quarters of 2014, we allocated technology-based costs from our company to other Liberty Global subsidiaries based on each subsidiaries' estimated proportionate share of these costs. During the fourth quarter of 2014, we changed the approach used to determine the amounts to be charged by our company for technology services to other Liberty Global subsidiaries to a royalty-based method that was made retroactively effective to January 1, 2014. During 2014, the €41.0 million proportional share of the technology-based costs we charged to other subsidiaries was €24.4 million more than the royalty-based technology fees we charged under the new approach. Accordingly, the €24.4 million portion of our related-party receivables that was attributable to this excess amount is reflected as a deemed distribution of technology-related services in our consolidated statement of owners' deficit. These technology-based charges are payable quarterly and are cash settled unless otherwise determined by UPC Germany and Unitymedia KabelBW. In connection with the Corporate Entities Transfer and the implementation of the 2015 Liberty Global Allocation Methodology (each as defined and described in note 16), our company will receive technology-based charges from other Liberty Global subsidiaries beginning in the first quarter of 2015. The charges under the new royalty-based fees are expected to escalate in future periods. Any excess of these charges over our estimated proportionate share of the underlying technology-based costs will be classified as management fees and added back to arrive at the consolidated EBITDA figure used in our leverage covenant calculations.



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*Interest expense.* Amounts primarily include interest accrued on the Shareholder Loan. Interest expense is accrued and included in other long-term liabilities during the year, and then added to the Shareholder Loan balance at the end of the year. For additional information, see note 8.

*Interest income.* Amounts represent interest income related to (i) the UPC Broadband France Loan Receivable, which, as described in note 10, was effectively settled in January 2014, and (ii) during the 2013 and 2012 periods, our loan receivable from Unitymedia Hessen, which was repaid during the second quarter of 2013.

*Property and equipment additions, net.* These amounts (i) primarily represent the carrying values of customer premises and network-related equipment acquired from other Liberty Global subsidiaries, including LG B.V., net of the carrying values of equipment transferred to other Liberty Global subsidiaries outside of UPC Holding, and (ii) are generally cash settled.

The following table provides details of our related-party balances:

	<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>in millions</b>	
Related-party receivables (a) .....	€ 167.2	€ 239.7
Other noncurrent assets (b) .....	€ 0.1	€ 319.0
Accounts payable .....	€ 92.3	€ 92.4
Accrued liabilities (c) .....	99.5	479.1
Shareholder Loan (note 8) .....	9,752.7	9,695.4
Other related-party debt (note 8) .....	105.9	74.7
Other long-term liabilities (d) .....	8.4	2.6
<b>Total .....</b>	<b>€10,058.8</b>	<b>€10,344.2</b>

- 
- (a) Primarily includes various non-interest bearing related-party receivables, including certain amounts associated with the settlement of our co-obligor vendor financing obligations with LG B.V., as further described in note 8. With the exception of amounts related to our co-obligor vendor financing obligations with LG B.V., these receivables are typically cash settled on a monthly basis.
- (b) The December 31, 2013 amount represents the noncurrent portion the UPC Broadband France Loan Receivable. For additional information, see note 10.
- (c) The 2013 amount includes a non-interest bearing advance from another subsidiary of Liberty Global that is outside of UPC Holding, payable on demand. During 2014, this advance was repaid in full.
- (d) Primarily includes related-party accrued interest. For additional information, see note 8.

During 2014, 2013 and 2012, we recorded aggregate capital charges of €27.6 million, €35.8 million and €25.7 million, respectively, in our consolidated statements of owners' deficit in connection with the exercise of Liberty Global SARs and options and the vesting of Liberty Global restricted share awards held by employees of our subsidiaries. These capital charges, which generally are loan settled, are based on the fair value of the underlying Liberty Global shares on the exercise or vesting date, as applicable. These capital charges, which we and Liberty Global have agreed will not exceed the cumulative amount of share-based compensation allocated to our company by Liberty Global, are based on the fair value of the underlying Liberty Global shares on the exercise or vesting date, as applicable.

LG B.V. leases certain property and equipment on our behalf, which is then contributed by LG B.V. to our company. During 2014, 2013 and 2012, LG B.V.'s carrying values in such property and equipment of €18.6 million, €22.6 million and €10.2 million, respectively, have been reflected as decreases to parent's deficit in our consolidated statements of owners' deficit.



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For information concerning transactions completed subsequent to December 31, 2014 that impact our related-party transactions, see note 16.

**(13) Accumulated Other Comprehensive Earnings**

Accumulated other comprehensive earnings included in our consolidated balance sheets and statements of owners' deficit reflect the aggregate impact of foreign currency translation adjustments and pension related adjustments. The changes in the components of accumulated other comprehensive earnings, net of taxes, are summarized as below. Except as noted below, we were not required to provide income taxes on amounts recorded in other comprehensive earnings (loss) for the periods presented in the table below.

<b>Parent</b>					
	<b>Foreign currency translation adjustments</b>	<b>Pension related adjustments (a)</b>	<b>Accumulated other comprehensive earnings</b>	<b>Non- controlling interests</b>	<b>Total accumulated other comprehensive earnings</b>
	<b>in millions</b>				
Balance at January 1, 2012 . . . . .	€ 518.2	€ (10.6)	€ 507.6	€ 0.7	€ 508.3
Other comprehensive earnings . . .	9.5	8.9	18.4	—	18.4
Balance at December 31, 2012 . . . . .	527.7	(1.7)	526.0	0.7	526.7
Other comprehensive loss . . . . .	(27.4)	10.3	(17.1)	(0.3)	(17.4)
Balance at December 31, 2013 . . . . .	500.3	8.6	508.9	0.4	509.3
Other comprehensive earnings . . .	43.4	(25.2)	18.2	0.4	18.6
Balance at December 31, 2014 . . . . .	€ 543.7	€ (16.6)	€ 527.1	€ 0.8	€ 527.9

- (a) The pension related adjustments included in other comprehensive earnings (loss) are net of income tax benefit (expense) of €3.8 million, (€2.2 million) and (€2.9 million) for the years ended December 31, 2014, 2013 and 2012, respectively.

**(14) Commitments and Contingencies**

***Commitments***

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to non-cancelable operating leases, purchases of customer premises and other equipment, network and connectivity commitments, programming contracts and other items. The euro equivalents of such commitments as of December 31, 2014 are presented below:

<b>Payments due during:</b>							
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Thereafter</b>	<b>Total</b>
	<b>in millions</b>						
Operating leases . . . . .	€ 49.3	€ 39.3	€ 32.6	€ 27.7	€ 24.2	€ 121.6	€ 294.7
Purchase commitments . . . . .	228.9	27.0	7.8	—	—	—	263.7
Network and connectivity commitments . . . . .	60.5	33.1	22.7	8.4	8.6	12.0	145.3
Programming commitments . . . . .	43.0	28.8	16.9	8.8	4.0	—	101.5
Other commitments . . . . .	77.7	53.0	45.1	31.3	9.4	22.2	238.7
Total (a) . . . . .	€ 459.4	€ 181.2	€ 125.1	€ 76.2	€ 46.2	€ 155.8	€ 1,043.9

- (a) The commitments reflected in this table do not reflect any liabilities that are included in our December 31, 2014 consolidated balance sheet.

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Purchase commitments include unconditional purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us, including €18.0 million associated with related-party purchase obligations.

Network and connectivity commitments include commitments associated with (i) satellite carriage services provided to our company and (ii) commitments associated with our mobile virtual network operator (MVNO) agreements. The amounts reflected in the table with respect to certain of our MVNO commitments represent fixed minimum amounts payable under these agreements and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during 2014, 2013 and 2012, the programming and copyright costs incurred by our broadband communications and DTH operations aggregated €421.6 million, €410.2 million, and €402.0 million respectively.

Other commitments relate primarily to (i) obligations associated with information technology and other service agreements and (ii) certain fixed minimum contractual commitments associated with our agreements with municipal authorities. Commitments arising from acquisition agreements are not reflected in the above table.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during 2014, 2013 and 2012, see note 5.

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 communication systems. Such amounts are not included in the above table because they are not fixed or determinable.

Rental expense under non-cancelable operating lease arrangements amounted to €81.0 million, €76.1 million and €71.1 million during 2014, 2013 and 2012, 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 of our matching contributions under the various defined contribution employee benefit plans was €20.3 million, €19.0 million and €16.5 million during 2014, 2013 and 2012, respectively.

***Guarantees and Other Credit Enhancements***

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

***Legal and Regulatory Proceedings and Other Contingencies***

*Netherlands Regulatory Developments.* In December 2011, the Autoriteit Consument & Markt (ACM), completed a market assessment of the television market in the Netherlands, concluding that there were no grounds for regulation of that market. On December 22, 2011, referring to its final assessment of the television

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market, ACM rejected previously filed requests from a number of providers to perform a new market analysis of the television market. This decision by ACM was appealed by such providers to the Dutch Supreme Administrative Court. On November 5, 2012, the Dutch Supreme Administrative Court rejected the appeals against ACM's decision.

In May 2012, the Dutch Parliament adopted laws that provide, among other matters, the power to ACM to impose an obligation for the mandatory resale of television services and to the Commissariaat voor de Media to supervise such resale obligation. These laws became effective on January 1, 2013, notwithstanding the above-described November 5, 2012 decision of the Dutch Supreme Administrative Court. On January 29, 2014, a Dutch civil court, in a proceeding initiated by UPC Nederland, declared the resale obligation laws non-binding because they infringe European Union (EU) law. The Dutch Government did not appeal the January 2014 decision, and the resale obligation laws were formally withdrawn on November 26, 2014. We consider the withdrawal of the resale obligation laws to be the final resolution of this matter.

*Financial Transactions Tax.* Eleven countries in the EU, including Austria and Slovakia, are participating in an enhanced cooperation procedure to introduce a financial transactions tax (FTT). Under the draft language of the FTT proposal, a wide range of financial transactions could be taxed at rates of at least 0.01% for derivative transactions based on the notional amount and 0.1% for other covered financial transactions based on the underlying transaction price. Each of the individual countries would be permitted to determine an exact rate, which could be higher than the proposed rates of 0.01% and 0.1%. Any implementation of the FTT could have a global impact because it would apply to all financial transactions where a financial institution is involved (including unregulated entities that engage in certain types of covered activity) and either of the parties (whether the financial institution or its counterparty) is in one of the eleven participating countries. Although ongoing debate in the relevant countries demonstrates continued momentum around the FTT, uncertainty remains as to when the FTT would be implemented and the breadth of its application. Based on our understanding of the current status of the potential FTT, we do not expect that any implementation of the FTT would occur before 2016. Any imposition of the FTT could increase banking fees and introduce taxes on internal transactions that we currently perform. Due to the uncertainty regarding the FTT, we are currently unable to estimate the financial impact that the FTT could have on our results of operations, cash flows or financial position.

*Other Regulatory Issues.* Video distribution, broadband internet, fixed-line telephony, mobile 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, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

*Other.* In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property and other tax issues and (iii) disputes over interconnection, programming, copyright and carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

**(15) Segment Reporting**

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

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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 share-based compensation, related-party fees and allocations, depreciation and amortization and impairment, restructuring and other operating items). Other operating items include (a) gains and losses on the disposition of long-lived assets, (b) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (c) 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 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 (1) readily view operating trends, (2) perform analytical comparisons and benchmarking between segments and (3) 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 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 or 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 before income taxes is presented below.

During the fourth quarter of 2014, we began presenting (i) our operations in Switzerland and Austria as one combined operating segment and (ii) the operations of UPC DTH as part of our Central and Eastern Europe operating segment. These changes were made as a result of Liberty Global's internal changes in organizational structures, changes in how these segments are evaluated and monitored by Liberty Global's chief operating decision maker and the integration of certain functions within these reportable segments. Previously, (a) our operations in Switzerland were a separate reportable segment, (b) our operations in Ireland and Austria were combined into one reportable segment, "Other Western Europe," and (c) the operations of UPC DTH were included in our central and other category. Segment information for all periods presented has been revised to reflect the above-described changes. For information regarding certain transactions that were completed subsequent to December 31, 2014, that impact our segments, see note 16.

As of December 31, 2014, our reportable segments are as follows:

- Switzerland/Austria
- The Netherlands
- Ireland
- Central and Eastern Europe

All of the reportable segments set forth above derive their revenue primarily from broadband communications services, including video, broadband internet and fixed-line telephony services. All of our reportable segments also provide B2B services and certain of our reportable segments provide mobile services. At December 31, 2014, we provided broadband communications services in nine European countries and DTH services to customers in the Czech Republic, Hungary, Romania and Slovakia through UPC DTH. In addition to UPC DTH, our Central and Eastern Europe segment includes our broadband communications operations in the Czech Republic, Hungary, Poland, Romania and Slovakia. Our central and other category includes (a) costs associated with certain centralized functions, including billing systems, network operations, technology, marketing, facilities, finance and other administrative functions, and (b) intersegment eliminations.

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*Performance Measures of Our Reportable Segments*

	Year ended December 31,					
	2014		2013 (a)		2012 (a)	
	Revenue	Operating cash flow	Revenue	Operating cash flow	Revenue	Operating cash flow
	in millions					
Switzerland/Austria .....	€ 1,390.1	€ 794.9	€ 1,330.0	€ 756.8	€ 1,307.6	€ 728.3
The Netherlands .....	923.4	537.9	935.3	543.1	955.6	573.1
Ireland .....	352.8	171.4	349.0	163.8	331.5	147.0
Total Western Europe .....	2,666.3	1,504.2	2,614.3	1,463.7	2,594.7	1,448.4
Central and Eastern Europe .....	948.0	438.4	957.5	439.9	957.3	457.8
Central and other .....	(0.1)	(198.2)	2.7	(171.0)	1.4	(148.3)
Total .....	€ 3,614.2	€ 1,744.4	€ 3,574.5	€ 1,732.6	€ 3,553.4	€ 1,757.9

(a) As retrospectively revised — see note 4.

The following table provides a reconciliation of total segment operating cash flow to loss before income taxes:

	Year ended December 31,		
	2014	2013 (a)	2012 (a)
	in millions		
Total segment operating cash flow .....	€ 1,744.4	€ 1,732.6	€ 1,757.9
Share-based compensation expense .....	(28.0)	(23.9)	(16.6)
Related-party fees and allocations, net .....	27.3	(3.3)	2.4
Depreciation and amortization .....	(885.0)	(864.0)	(896.8)
Impairment, restructuring and other operating items, net .....	(6.0)	(2.4)	(7.0)
Operating income .....	852.7	839.0	839.9
Interest expense:			
Third-party .....	(511.1)	(593.0)	(593.7)
Related-party .....	(884.3)	(863.6)	(848.5)
Interest income .....	1.0	10.0	13.2
Realized and unrealized gains (losses) on derivative instruments, net .....	103.1	(62.4)	(515.9)
Foreign currency transaction gains (losses), net .....	(456.5)	78.4	166.1
Losses on debt modification and extinguishment, net .....	(42.0)	(75.3)	(12.7)
Other income, net .....	2.4	9.8	2.1
Loss before income taxes .....	€ (934.7)	€ (657.1)	€ (949.5)

(a) As retrospectively revised — see note 4.

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***Balance Sheet Data of our Reportable Segments***

Selected balance sheet data of our reportable segments is set forth below:

	<b>Long-lived assets</b>		<b>Total assets</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2014</b>	<b>2013 (a)</b>	<b>2014</b>	<b>2013 (a)</b>
<b>in millions</b>				
Switzerland/Austria .....	€ 4,380.9	€ 4,323.6	€ 4,675.2	€ 4,610.0
The Netherlands .....	1,785.2	1,810.5	2,000.5	2,049.0
Ireland .....	542.1	545.0	587.1	587.8
Total Western Europe .....	6,708.2	6,679.1	7,262.8	7,246.8
Central and Eastern Europe .....	2,033.0	2,102.2	2,110.6	2,185.2
Central and other .....	365.1	304.2	1,200.8	1,588.0
Total .....	€ 9,106.3	€ 9,085.5	€ 10,574.2	€ 11,020.0

(a) As retrospectively revised — see note 4.

***Property and Equipment Additions of our Reportable Segments***

The property and equipment additions of our reportable segments (including capital additions financed under vendor financing or capital lease arrangements) are presented below and reconciled to the capital expenditure amounts included in our consolidated statements of cash flows. For additional information concerning capital additions financed under vendor financing and capital lease arrangements, see note 7.

	<b>Year ended December 31,</b>		
	<b>2014</b>	<b>2013 (a)</b>	<b>2012 (a)</b>
<b>in millions</b>			
Switzerland/Austria .....	€ 246.8	€ 230.7	€ 173.2
The Netherlands .....	159.2	182.8	172.3
Ireland .....	56.0	54.4	112.7
Total Western Europe .....	462.0	467.9	458.2
Central and Eastern Europe .....	201.4	204.4	176.7
Central and other .....	170.8	172.7	120.2
Property and equipment additions .....	834.2	845.0	755.1
Assets acquired under capital-related vendor financing arrangements .....	(332.6)	(177.0)	(160.6)
Assets acquired under capital leases .....	(0.9)	(1.5)	(1.9)
Assets contributed by parent company .....	(18.6)	(22.6)	(10.2)
Changes in current liabilities related to capital expenditures (including related-party amounts) .....	(17.7)	23.9	(10.8)
Total capital expenditures .....	€ 464.4	€ 667.8	€ 571.6

(a) As retrospectively revised — see note 4.



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***Revenue by Major Category***

Our revenue by major category is set forth below:

	Year ended December 31,		
	2014	2013 (a)	2012 (a)
	in millions		
Subscription revenue (b):			
Video .....	€ 1,750.8	€ 1,723.5	€ 1,755.6
Broadband internet .....	983.0	955.2	901.9
Fixed-line telephony .....	471.3	466.2	464.4
Cable subscription revenue .....	3,205.1	3,144.9	3,121.9
Mobile subscription revenue .....	2.0	1.4	1.9
Total subscription revenue .....	3,207.1	3,146.3	3,123.8
B2B revenue (c) .....	259.8	253.9	263.9
Other revenue (d) .....	147.3	174.3	165.7
Total revenue .....	€ 3,614.2	€ 3,574.5	€ 3,553.4

- (a) As retrospectively revised — see note 4.
- (b) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (c) B2B revenue includes revenue from business broadband internet, video, voice, wireless and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small office and home office (SOHO) subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated €77.3 million, €58.2 million and €41.0 million, respectively, is included in cable subscription revenue.
- (d) Other revenue includes, among other items, installation, late fee, carriage fee and interconnect revenue.

***Geographic Segments***

The revenue of our geographic segments is set forth below:

	Year ended December 31,		
	2014	2013 (a)	2012 (a)
	in millions		
Switzerland .....	€ 1,065.2	€ 1,002.5	€ 979.6
The Netherlands .....	923.4	935.3	955.6
Poland .....	353.7	346.6	349.8
Ireland .....	352.8	349.0	331.5
Austria .....	324.9	327.5	328.0
Hungary .....	189.8	193.6	193.1
The Czech Republic .....	145.7	165.4	176.1
Romania .....	112.1	105.6	101.1
Slovakia .....	47.3	47.9	47.4
Other (b) .....	99.3	101.1	91.2
Total .....	€ 3,614.2	€ 3,574.5	€ 3,553.4



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- (a) As retrospectively revised — see note 4.
- (b) Primarily represents revenue of UPC DTH from customers located in the Czech Republic, Hungary, Romania and Slovakia.

The long-lived assets of our geographic segments are set forth below:

	<b>December 31,</b>	
	<b>2014</b>	<b>2013 (a)</b>
	<b>in millions</b>	
Switzerland .....	€ 3,486.7	€ 3,441.7
The Netherlands .....	1,785.2	1,810.5
Austria .....	894.2	881.9
Poland .....	812.8	854.6
Ireland .....	542.1	545.0
The Czech Republic .....	479.7	492.9
Hungary .....	442.8	464.6
Romania .....	161.5	152.0
Slovakia .....	91.3	95.0
Other (b) .....	410.0	347.3
Total .....	<u>€ 9,106.3</u>	<u>€ 9,085.5</u>

- (a) As retrospectively revised — see note 4.
- (b) Primarily represents long-lived assets of our central operations, which are located in the Netherlands.

**(16) Subsequent Events**

***Overview***

During the first quarter of 2015, Liberty Global undertook the financing transactions described below in connection with certain internal reorganizations of its broadband and wireless communications businesses in Europe. These internal reorganizations include:

- the transfer on February 12, 2015 of UPC Broadband Ireland Ltd. (UPC Ireland) and its subsidiaries from our company to certain other subsidiaries of Liberty Global outside of UPC Holding (the UPC Ireland Transfer);
- the transfer on March 5, 2015 of UPC Nederland and its subsidiaries to another subsidiary of Liberty Global outside of UPC Holding (the UPC NL Transfer); and
- the transfer on March 19, 2015 of Liberty Global Services II B.V. (Liberty Global Services II) and Liberty Global Operations B.V. (Liberty Global Operations) from our company to certain other subsidiaries of Liberty Global that are outside of UPC Holding (the Corporate Entities Transfer). Liberty Global Services II and Liberty Global Operations incur central and other administrative costs.

***UPC Ireland Transfer***

The UPC Ireland Transfer comprised the transfer of (i) 100% of the shares of UPC Ireland and (ii) a €634.3 million note receivable, for total consideration of €1,722.0 million. This amount was settled through (a) a €1,175.7 million cash payment and (b) a €546.3 million non-cash reduction to the Shareholder Loan. The cash

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consideration from the UPC Ireland Transfer, together with additional cash of €181.0 million that was funded through the Shareholder Loan, was used to (1) redeem the full principal amount of the UPC Holding 8.375% Senior Notes, together with accrued and unpaid interest and related redemption premium, (2) prepay in full the €500.0 million outstanding principal amount of Facility V under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and the redemption premium related to the UPCB Finance I Notes, to UPCB Finance I and, in turn UPCB Finance I used such proceeds to fully redeem the UPCB Finance I Notes and (3) prepay €115.0 million principal amount, together with accrued and unpaid interest, of the €460.0 million borrowings outstanding under Facility AI, which was drawn subsequent to December 31, 2014.

***UPC NL Transfer***

The UPC NL Transfer comprised the transfer of 100% of the shares of UPC Nederland for total consideration of €5,371.8 million, all of which was settled through a non-cash reduction to the Shareholder Loan. In connection with the UPC NL Transfer (i) certain lenders under the existing Facility AG under the UPC Broadband Holding Bank Facility completed a non-cash roll of €684.2 million of their Facility AG commitments into a new euro-denominated term loan (Facility AJ) under the UPC Broadband Holding Bank Facility and (ii) the lenders under Facility AJ increased their commitments to €689.2 million and rolled these commitments into a new euro denominated term loan facility borrowed by another subsidiary of Liberty Global outside of UPC Holding.

In addition, we borrowed cash of €1,465.6 million under the Shareholder Loan to prepay (i) the remaining outstanding principal amount of Facility AG under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest, and (ii) €560.0 million of the outstanding principal amount of Facility Y under the UPC Broadband Holding Bank Facility, together with accrued and unpaid interest and the redemption premium related to the UPCB Finance II Notes, to UPCB Finance II and, in turn UPCB Finance II used such proceeds to redeem €560.0 million of the outstanding principal amount of the UPCB Finance II Notes.

***Corporate Entities Transfer***

The Corporate Entities Transfer comprised the distribution of 100% of the shares of (i) Liberty Global Services II and (ii) Liberty Global Operations to LGE Financing.

In connection with the Corporate Entities Transfer and the Liberty Global internal reorganizations mentioned above, Liberty Global will be changing the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another, which, as further described below, will impact the calculation of the “EBITDA” metric specified by our debt agreements. This new methodology (the 2015 Liberty Global Allocation Methodology), which will be implemented during the first quarter of 2015, is intended to ensure that Liberty Global continues to allocate its central and administrative costs to its borrowing groups on a fair and rational basis. The implementation of the 2015 Liberty Global Allocation Methodology will be effected through the Corporate Entities Transfer and will result in future decreases to our operating and SG&A expenses and increases to our related-party fees and allocations. Beginning with the first quarter of 2015, Liberty Global Services II and Liberty Global Operations, along with certain other subsidiaries of Liberty Global, will charge fees and allocate costs and expenses to our company and other Liberty Global subsidiaries, as appropriate. Subject to the specific terms contained in our debt agreements, the implementation of the 2015 Liberty Global Allocation Methodology will impact the calculation of the EBITDA metric for our company as the amount of related-party fees and allocations that is included in our EBITDA metric will change. In this regard, the components of related-party fees and allocations that are deducted to arrive at our EBITDA metric in 2015 and future periods will be based on (i) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (ii) the allocation methodologies in effect during the period and (iii) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amount of related-party fees and allocations that will be deducted to arrive at our EBITDA metric in future periods. For example, to the extent that another of Liberty Global’s subsidiary borrowing groups were to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to our company would decrease (increase).

**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, 9 June 2009 and 15 October 2013**

**For**

**UPC BROADBAND HOLDING B.V.  
as Borrower**

**with**

**THE BANK OF NOVA SCOTIA  
acting as Facility Agent**

**ALLEN & OVERY**  
Allen & Overy LLP

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**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, further amended pursuant to amendment letters dated 11 December 2006, 16 April 2007, 30 April 2009 and 9 June 2009 and 15 October 2013 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) **THE BANK OF NOVA SCOTIA** as facility agent (the **Facility Agent**); and
- (4) **THE BANK OF NOVA SCOTIA** 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 Existing Facility Agent.

**Acceptable Bank** means:

- (a) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of A- or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or A3 or higher by Moody's Investors Service Limited or a comparable rating from an internationally recognised credit rating agency; or
- (b) any bank or financial institution approved by 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 earlier of (i) five (5) years following the date of such Acquisition and (ii) 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 earlier of (i) five (5) years following the date of such Acquisition and (ii) 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** means, at any time, cash in hand or at bank and (in the latter case) credited to an account in the name of any member of the Borrower Group with an Acceptable Bank and to which a member of the Borrower Group is alone (or together with other members of the Borrower Group) beneficially entitled and for so long as:

- (a) that cash is repayable on demand;
- (b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Borrower Group or of any other person whatsoever or on the satisfaction of any other condition;
- (c) there is no Security Interest over that cash except for any created under any Security Document or any Permitted Security Interest constituted by a netting or set-off arrangement entered into by members of the Borrower Group in the ordinary course of their banking arrangements; and
- (d) the cash is freely and immediately available to be applied in repayment or prepayment of a Facility.

**Cash Equivalent Investments** means at any time:

- (a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, any member state of the European Economic Area, any Participating Member State or any country in which a member of the Borrower Group is incorporated and/or carries out its business, or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) commercial paper not convertible or exchangeable to any other security:
  - (i) for which a recognised trading market exists;
  - (ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Economic Area, any Participating Member State or any country in which a member of the Borrower Group is incorporated and/or carries out its business;
  - (iii) which matures within one year after the relevant date of calculation; and
  - (iv) which has a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investors Service Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- (d) sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an Acceptable Bank (or their dematerialised equivalent);
- (e) any investment in money market funds which (i) have a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investors Service Limited, (ii) which invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above or (f) and (g) below and (iii) can be turned into cash on not more than 30 days' notice;
- (f) marketable general obligations issued by any political subdivision of the United States of America, the United Kingdom, any member state of the European Economic Area, any Participating Member State or any country in which a member of the Borrower Group is

incorporated and/or carries out its business, or by an instrumentality thereof maturing within one year from the date of acquisition (provided that the full faith and credit of the United States of America, the United Kingdom, any member state of the European Economic Area, any Participating Member State or such country is pledged in support thereof) and, at the time of acquisition, having a credit rating of A- or higher from either Standard & Poor's Rating Services or Fitch Ratings Ltd or A3 or higher by Moody's Investors Service Limited;

- (g) repurchase obligations with a term of not more than seven days from underlying securities of the types described in (b), (e) and (f) entered into with an Acceptable Bank; or
- (h) any other debt security approved by the Majority Lenders,

in each case, to which any member of the Borrower Group is alone (or together with other members of the Borrower Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Borrower Group or subject to any Security Interest (other than Security Interest arising under the Security Documents).

**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.

**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  $66\frac{2}{3}$  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 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 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);
    - (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;

For the purposes of this paragraph (b)(iv), Senior Debt shall be determined as defined under Clause 17.1 (Financial definitions) and then adjusted by (Y) making the additions and subtractions permitted under paragraph (b)(iv)(A) above and (Z) reducing Senior Debt by the aggregate amount of all Cash and Cash Equivalent Investments held by any member of the Borrower Group at that time as stated on the consolidated financial statements of the Borrower Group on the last day of the Relevant Ratio Period after giving effect to any increase or decrease in those amounts since that date.

- (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;
  - (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 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);
    - (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 case 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 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 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.

For the purposes of this paragraph (b)(iv), Senior Debt shall be determined as defined under Clause 17.1 (Financial definitions) and then adjusted by (Y) making the additions and subtractions permitted under paragraph (b)(iv)(A) above and (Z) reducing Senior Debt by the aggregate amount of all Cash and Cash Equivalent Investments held by any member of the Borrower Group at that time as stated on the consolidated financial statements of the Borrower Group on the last day of the Relevant Ratio Period after giving effect to any increase or decrease in those amounts since that date.

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) above and securing indebtedness (other than indebtedness in relation to an Acquisition) not exceeding €100,000,000 (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 (which shall, for the purpose of this paragraph, be determined as defined under Clause 17.1 (Financial definitions) except that it shall also be reduced by the aggregate amount of all Cash and Cash Equivalent Investments held by any member of the Borrower Group at that time as stated on the consolidated financial statements of the Borrower Group most recently provided) 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 comprise (i) the European Union from time to time or as of a specified date as selected by the Borrower, being a date more recent than the Effective Date and (ii) Norway 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 Obligor 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 Obligor's 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 Obligor's 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)	(2)
<b>current repayment dates</b>	<b>cumulative amount</b>
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

- (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 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*.
- (b) If, at any time on or after the date of issuance of a Cancellation Notice in accordance with either paragraph (a) above or Clause 7.3(a) (Voluntary prepayment) below but prior to the cancellation or prepayment date specified therein (any such Cancellation Notice being an "Active Cancellation Notice"), the Facility Agent is required to determine whether sufficient Lenders have consented to an amendment and/or waiver of any term of the Finance Documents pursuant to Clause 25 (Amendments and Waivers) then the Facility Agent, in making that determination, shall:
- (i) disregard any undrawn Additional Facility Commitment of any Lender which is due to be cancelled pursuant to any Active Cancellation Notice in existence at that time; and
  - (ii) disregard the outstanding Advances of any Lender which are due to be prepaid in accordance with any Active Cancellation Notice in existence at that time, provided that,

notwithstanding the irrevocable nature of an Active Cancellation Notice, to the extent that any such prepayment is not made on the date specified in the corresponding Active Cancellation Notice then the amount of the relevant outstanding Advances shall not be disregarded and the rights of the applicable Lender(s) to participate in the relevant voting process shall be fully reinstated with retroactive effect from the date of the corresponding Active Cancellation Notice.

### **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 (which shall, for the purposes of this paragraph, be determined as defined under Clause 17.1 (Financial definitions) except that it shall also be reduced by the aggregate amount of all Cash and Cash Equivalent Investments held by any member of the Borrower Group at that time as stated on the consolidated financial statements of the Borrower Group most recently delivered) 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 than 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) 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);
- (d) 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.;
- (e) 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.;
- (f) 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
- (g) 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) above 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 Partycypacyjna 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 of 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 Acquisition, 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;
  - (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:
    - II. (i) 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 (provided that, for the purposes of this sub-clause (C), Senior Debt and Total Debt shall each be determined as defined under Clause 17.1 (Financial definitions) except that each shall also be reduced by the aggregate amount of all Cash and Cash Equivalent Investments held by any member of the Borrower Group as stated on the consolidated financial statements of the Borrower Group on the last day of the Latest Ratio Period after giving effect to any increase or decrease in those amounts since that date) and

(ii) in the event of a Committed Acquisition Designation, adding any net increase in Senior Debt or Total Debt (respectively) of the Borrower Group or subtracting any net reduction in the Senior Debt or Total Debt (respectively) of the Borrower Group that is expected to occur as a result of the incurrence or repayment of Financial Indebtedness in connection with the relevant Committed Acquisition on a pro forma basis; and

III. Annualised EBITDA of the Borrower Group used in such calculations by:

- (i) 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; and
- (ii) in the event of a Committed Acquisition Designation, adding the Annualised EBITDA of the Target in respect of the relevant Committed Acquisition for the Latest Ratio Period on a pro forma basis,

those financial ratios would not be breached; and.

(D) in the event of a Committed Acquisition Designation, the requirement not to exceed the Remaining Percentage in relation to such disposal set out at the start of this paragraph (b)(xvi) must also be satisfied on the earlier of (1) the date on which the relevant Committed Acquisition is completed and (2) the date falling 12 months after the date of such disposal, provided that the Remaining Percentage shall be recalculated on such date to test whether the requirement set out above is satisfied.

(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 (except where the Borrower has completed a Committed Acquisition Designation on or prior to the date of completion of a disposal, in which case paragraph (z) below applies);
- (y) the Remaining Percentage can never be more than 17.5%, except in respect of a disposal of the French Group; and

(z) where the Borrower has completed a Committed Acquisition Designation any determination as to whether the related disposal complies with the Remaining Percentage requirement in paragraph (b)(xvi) above shall be determined by deducting B from A, where:

(i) **A** equals 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 for the latest Ratio Period; and

(ii) **B** equals 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 Target which is the subject of that Committed Acquisition for the latest Ratio Period (based on the then available historical financial information of the Target) (at the time of such disposal) and based on the actual financial information of the Target (at the time of completion of the relevant Committed Acquisition).

(d) For the purposes of paragraphs (b)(xvi) and (c) above:

**Annualised EBITDA** and **EBITDA** have the meaning given to them in Clause 17.1 (Financial definitions) except that when calculating EBITDA in relation to a person or asset that is being (or has been) acquired (including in connection with a Committed Acquisition) or disposed of, any amounts will be calculated based on the most recently available financial information on a pro forma basis and 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.

**Committed Acquisition** means an Acquisition to be undertaken by a member of the Borrower Group which has been notified by the Borrower to the Facility Agent in writing on or before the 5th (fifth) Business Day preceding completion of a disposal made under paragraph (b)(xvi) above as a “Committed Acquisition” that the Borrower in good faith expects to constitute a Permitted Acquisition when consummated and in respect of which the Borrower or another member of the Borrower Group, as purchaser, has contractually committed or agreed to complete that Acquisition within 12 months of the date of that disposal (the delivery of such a notice by the Borrower being a **Committed Acquisition Designation**).

**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)(xvi) 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 Obligators; 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 €100,000,000 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:

<u>Test Dates</u>	<u>Ratio</u>
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:

<u>Test Dates</u>	<u>Ratio</u>
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:

<u>Test Dates</u>	<u>Ratio</u>
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:

<u>Test Dates</u>	<u>Ratio</u>
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**

- (a) 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.
- (b) For the purposes of Clause 17.2(a) and 17.2(e), Senior Debt and Total Debt for any Ratio Period will be calculated on the basis of Senior Debt or Total Debt, as applicable, outstanding on the last day of that Ratio Period but shall, in each case, be reduced by the aggregate amount of all Cash and Cash Equivalent Investments held by any member of the Borrower Group at that time as stated on the consolidated financial statements of the Borrower Group for 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 Obligor 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 uncanceled 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 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:

Scotiabank  
201 Bishopsgate  
6<sup>th</sup> Floor  
London EC2M 3NS

Contact: Rory McCarthy

E-mail: rory.mccarthy@scotiabank.com

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: Gerrit-Jan Bakker  
Facsimile: +31 207 78 8105; and  
E-mail: gjbakker@libertyglobal.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 Liberty Global Europe Ltd, 38 Hans Crescent, fifth floor, London SW1X 0LZ 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**

<b>Name</b>	<b>Address</b>
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 Western Europe Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Luxembourg 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



Name	Address
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
UPC Switzerland Holding B.V.	Boeing Avenue 53 1119 PE Schiphol Rijk Amsterdam The Netherlands
UPC Chile Holding 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 it 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.<sup>1</sup>
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.

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<sup>1</sup> 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 16<sup>th</sup> 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	)	Director
[PROPOSED OBLIGOR]	)	
acting by	)	Director/Secretary
and	)	

---

\* 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 16<sup>th</sup> 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**

<b><i>Borrower:</i></b> <b><i>Amount:</i></b> <b><i>Agent:</i></b>
--

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

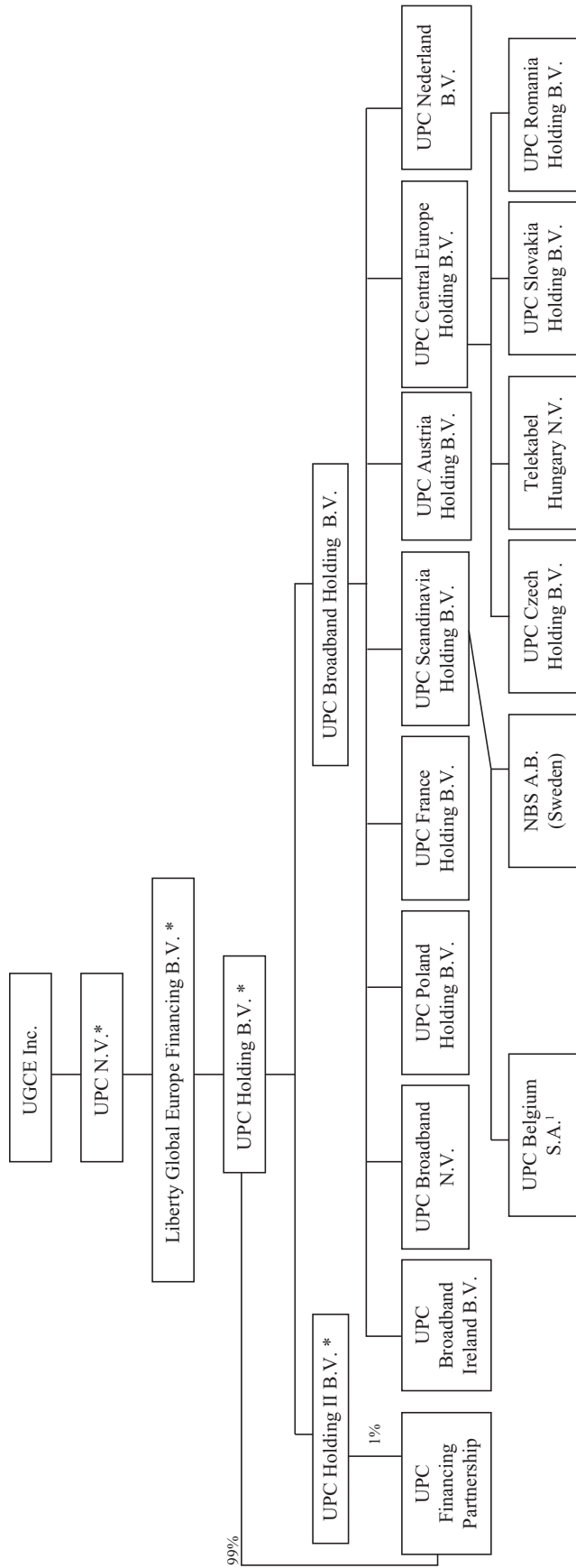
### SECURITY DOCUMENTS

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.; and
  - (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.
  - (o) UPC Broadband in respect of 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.
  - i) 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; and
  - (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 Österreichische 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**  
**FORM OF THE FINANCIAL ACCESSION AGREEMENT**



## FORM OF THE FACILITY AL FINCO ACCESSION AGREEMENT

### \$800,000,000 Additional Facility AL 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 IV Limited (the *Additional Facility AL Lender*)

Date: [ ], 2015

**UPC Broadband Holding B.V. (formerly known as UPC Distribution Holding B.V.)—Term Credit Agreement dated 16 January 2004 as amended from time to time (the *Credit Agreement*)**

1. In this Agreement:

***Facility AL*** means the \$800,000,000 term loan facility made available under this Agreement.

***Facility AL Advance*** means the dollar denominated advance made to UPC Financing by the Additional Facility AL Lender under Facility AL.

***Facility AL Commitment*** means, in relation to the Additional Facility AL Lender, the amount in dollars set opposite its name under the heading “Facility AL Commitment” in Schedule 1 to this Agreement, to the extent not cancelled, transferred, or reduced under the Credit Agreement.

***Indenture*** means the indenture, dated on or about the date of this Agreement, among, *inter alios*, the Additional Facility AL Lender, as issuer, The Bank of New York Mellon, London Branch, as trustee, transfer agent and principal paying agent.

***Liberty Global Reference Agreement*** means any or all of (i) the credit agreement dated 7 June 2013 between (among others) Virgin Media Investment Holdings Limited as borrower and The Bank of Nova Scotia as facility agent; (ii) the credit agreement dated 27 January 2014 between (among others) Ziggo B.V. as borrower and The Bank of Nova Scotia as facility agent (in each case as amended from time to time up to the date of this Agreement); (iii) the credit agreement dated 28 September 2006 between (among others) All3Media Finance Limited as borrower and The Royal Bank of Scotland plc as facility agent (in each case as amended from time to time up to the date of this Agreement); and (iv) the credit agreement dated 5 March 2015 between (among others) Ziggo Secured Finance B.V. as SPV borrower and The Bank of Nova Scotia as facility agent (in each case as amended from time to time up to the date of this Agreement).

***Notes*** means the \$800,000,000 aggregate principal amount of 5¾% senior secured notes due 2025 and issued on or about the date of this Agreement by the Additional Facility AL Lender pursuant to 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 AL 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 AL Lender (the *Effective Date*).
5. The Additional Facility AL Lender agrees:
  - (a) to become a party to and to be bound by the terms of the Credit Agreement as a 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 AL Lender (for the purpose of the definition of Additional Facility Commitment in Clause 1.1 (Definitions) of the Credit Agreement) is its Facility AL Commitment.
7. The Borrower in relation to Facility AL is UPC Financing.
8. (a) Provided that any upsizing of Facility AL permitted under this Clause 8 will not breach any term of the Credit Agreement, Facility AL may be upsized by any amount, by the signing of one or more further Additional Facility AL Accession Agreements, that specify (along with the other terms specified therein) UPC Financing as the sole Borrower and which specify Additional Facility AL Commitments denominated in dollar, to be drawn in dollar, with the same Final Maturity Date and Margin as specified in this Additional Facility AL Accession Agreement.
- (b) For the purposes of this Clause 8 (unless otherwise specified), references to Facility AL Advances shall include Advances made under any such further Additional Facility AL Accession Agreement.
- (c) Where any Facility AL Advance has not already been consolidated with any other Facility AL Advance, on the last day of any Interest Period for such Facility AL Advance, that Facility AL Advance will be consolidated with any other Facility AL Advance which has an Interest Period ending on the same day as that Facility AL Advance, and all such Facility AL Advances will then be treated as one Advance.
9. Facility AL may be drawn by one Advance on the date of this Agreement and such date will constitute the Availability Period for Facility AL. No more than one Request may be made in respect of Facility AL under the Credit Agreement and such Request may only be in a principal amount of the Additional Facility Commitment in relation to Facility AL as set out in Clause 6 above.
10. The Facility AL 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 AL is 15 January, 2025. Any outstanding Advance under Facility AL shall be repaid in full on the Final Maturity Date.
12. The interest rate for Facility AL will be a fixed rate of 5.375 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 (if applicable), where, in order to achieve the fixed rate referred to above, the applicable Margin will be, with respect to any Interest Period:
- (a) 5.375 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 (if applicable) for such Interest Period.

For the avoidance of doubt, for the purpose of this calculation, the applicable Margin may be a negative number. Further, the interest rate for Facility AL will never exceed 5.375 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 AL 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 AL pursuant to Clause 7.4(a)(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 AL Lender) in an amount equal to 1 per cent. of the principal amount of the outstanding Facility AL Advance. Such payment shall be due and payable by UPC Broadband to the Facility Agent (for the account of the Additional Facility AL Lender) on the actual date of such mandatory prepayment.

15. Subject to Clause 18 of this Agreement, at any time prior to 15 January, 2020, upon the occurrence of any voluntary prepayment of the Facility AL 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 AL 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 AL Lender) in an amount (the **Prepayment Premium**) equal to 3% of the principal amount of the Facility AL Advance being prepaid, plus accrued and unpaid interest then due on the amount of the Facility AL 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 AL Lender) on the actual date of such prepayment. Prior to 15 January, 2020, to the extent that during any twelve-month period commencing on the date of this Agreement, the principal amount of the Facility AL 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 AL 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 AL Advance as described in Clause 16 below.
16. (a) Subject to Clause 18 of this Agreement, at any time prior to 15 January, 2020, upon the occurrence of a voluntary prepayment of all or any part of the outstanding Facility AL 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 AL 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 AL Lender) on the actual date of such prepayment.

For the purposes of this Clause 16:

**Make-Whole Amount** means, with respect to Facility AL on any date on which all or any part of the outstanding Facility AL 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:

- (i) 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 AL Lender) if all or such portion of the outstanding Facility AL Advance were prepaid pursuant to Clause 7.3 (Voluntary prepayment) of the Credit Agreement on 15 January, 2020 (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 AL Advance through 15 January, 2020 (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
- (ii) the principal amount of the outstanding Facility AL 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 data selected by the Issuer in good faith)) most nearly equal to the period from the Redemption Date to 15 January, 2020; provided, however, that if the period from the Redemption Date to 15 January, 2020 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 15 January, 2020 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.

Such Payment of the Make-Whole Amount shall be due and payable by UPC Broadband to the Facility Agent (for the account of the Additional Facility AL Lender) on the actual date of such payment.

(b) Subject to Clause 18 of this Agreement, on or after 15 January, 2020, upon the occurrence of a voluntary prepayment of all or any part of the outstanding Facility AL 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 AL Lender) an amount (the **Additional Amount**) equal to the relevant percentage set out in the table below of the principal amount of the Facility AL Advance being prepaid on the due date of such prepayment, if prepaid during the twelve month period beginning on 15 January of the years indicated below:

<u>Year</u>	<u>Relevant Percentage</u>
2020 .....	102.688%
2021 .....	101.792%
2022 .....	100.896%
2023 and thereafter .....	0.000%

Such Payment of the Additional Amount shall be due and payable by UPC Broadband to the Facility Agent (for the account of the Additional Facility AL Lender) on the actual date of such prepayment.

17. Subject to Clause 18 of this Agreement, at any time prior to 15 January, 2018, upon the occurrence of any voluntary prepayment of the Facility AL Advance by UPC Broadband pursuant to Clause 7.3 (Voluntary prepayment) of the Credit Agreement with the Net Cash Proceeds of one or more Equity Offerings (the **Equity Offering Early Redemption Proceeds**) in an amount not to exceed 40% of the original principal amount of the Facility AL Advance, UPC Broadband shall make a payment to the Facility Agent (for the account of the Additional Facility AL Lender) in an amount (the **Equity Claw Prepayment Premium**) equal to % of the principal amount of the Facility AL Advance being prepaid, plus accrued and unpaid interest then due on the amount of the Facility AL 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 AL Lender) on the actual date of such prepayment.

For the purposes of this clause 17:

**Capital Stock** of any person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of interests in (however designated) equity of such person, including any preferred stock, but excluding any debt securities convertible into such equity.

**Disqualified Stock** means, with respect to any person, any Capital Stock of such person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of UPC Broadband, UPC Financing or a Subsidiary of UPC Broadband); or
- (3) is redeemable at the option of the holder of the Capital Stock in whole or in part, in each case on or prior to the earlier of the date (a) of the stated maturity of Facility AL or (b) on which there are no amounts outstanding under Facility AL, provided that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock; *provided, further* that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require UPC Broadband to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (each defined in a substantially identical manner to the corresponding definitions in the Credit Agreement) shall not constitute Disqualified Stock if the terms of such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) provide that UPC Broadband may not repurchase or redeem any such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) pursuant to such provision prior to compliance by UPC Broadband with any provisions of the Credit Agreement.

**Equity Offering** means a sale of (1) Capital Stock of UPC Broadband or UPC Financing (other than Disqualified Stock), (2) Capital Stock the proceeds of which are contributed as equity share capital to UPC Broadband or UPC Financing or as Subordinated Shareholder Loans or (3) Subordinated Shareholder Loans.

**Net Cash Proceeds** means, with respect to any issuance or sale of Capital Stock, Subordinated Shareholder Loans and other capital contributions, the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

18. Notwithstanding Clauses 15, 16 and 17 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 AL 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.
19. The Additional Facility AL Lender acknowledges that the Borrower may discharge all or part of the Facility AL 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 AL 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 AL 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 AL Advance in connection with the UPC Exchange Transaction and agree to discuss and negotiate any such amendments in good faith at the relevant time.
20. For the purposes of any amendment or waiver, consent or other modification (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 AL Lender hereby consents to:
  - (a) any and all of the items set out in Schedule 3 (Amendments, waivers, consents and other modifications) of this Agreement; and
  - (b) any consequential amendment, waiver, consent or other modification, whether effected by one instrument or through a series of amendments, to the Credit Agreement or any other Finance Document to be made either to implement the changes envisaged in Schedule 3 (Amendments, waivers, consents and other modifications) of this Agreement or to conform any Finance Document to Schedule 3 (Amendments, waivers, consents and other modifications) of this Agreement; and/or
  - (c) any other amendment, waiver, consent or modification, whether effected by one instrument or through a series of amendments, to the Credit Agreement or any other Finance Document to be made to conform any Finance Document to any Liberty Global Reference Agreement (provided that any amendment, waiver, consent or modification to conform the Credit Agreement or any other Finance Document to the Liberty Global Reference Agreement referred to at paragraph (iv) of that definition, shall be limited to those that are mechanical in nature unless specifically referenced in Schedule 3 (Amendments, waivers, consents and other modifications) of this Agreement),

and this Agreement shall constitute the Additional Facility AL Lender's irrevocable and unconditional written consent in respect of such amendments or waivers to the Finance Documents for the purposes of Clause 25 (Amendments and Waivers) of the Credit Agreement without any further action required on the part of any Party.

21. The Additional Facility AL Lender hereby acknowledges and agrees that the Facility Agent may, but shall not be required to, send to the Additional Facility AL Lender any further formal amendment request in connection with all, or any of the proposed amendments set out under Clause 20 above and the Facility Agent shall be authorised to consent on behalf of the Additional Facility AL Lender, as a Lender under one or more Additional Facilities, to any such proposed amendments set out under Clause 20 above, and such



consent shall be taken into account in calculating whether the Majority Lenders, or the relevant requisite Lenders, have consented to the relevant amendments and/or waivers or other modifications to the Finance Documents in accordance with Clause 25 (Amendments and Waivers) of the Credit Agreement.

22. The Additional Facility AL 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.
23. In the event that the amendments to the Credit Agreement referred to at paragraph 78 (*Benefit of Maintenance Covenant*) of Schedule 3 (*Amendments, waivers, consents and other modifications*) become effective in accordance with clauses 20 and 21 above, on and from the Amendment Effective Date the maintenance covenants at Clause 17.2 (*Financial ratios*) of the Credit Agreement shall not be for the benefit of the Additional Facility AL Lender and the Additional Facility AL Lender acknowledges and agrees that it shall not form part of the "Composite Maintenance Covenant Instructing Group" in respect of its Facility AL Commitment.
24. In the event that the Additional Facility AL Lender is eligible or required to vote (or otherwise consent) with respect to any matter (other than the matters specified in Clause 20 above) arising from time to time under the Credit Agreement or this Agreement the Facility Agent will apply the votes of the Additional Facility AL Lender in accordance with a written direction to be provided by the Additional Facility AL Lender or the Trustee (on behalf of the Additional Facility AL Lender). The Additional Facility AL 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.
25. 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.
26. 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.
27. The Additional Facility AL 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.
28. The Additional Facility AL 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 Facility AL. The Additional Facility AL Lender, the Borrower and the Facility Agent acknowledge and agree that (a) the Facility AL Advance shall be made by the Additional Facility AL Lender directly to the Borrower to an account notified by the Borrower to the Additional Facility AL Lender, rather than through the Facility Agent, and (b) in respect of any other payments of principal, interest or other amounts due under Facility AL, (i) the Borrower shall make payments payable by it to the Additional Facility AL Lender directly to the Additional Facility AL Lender (or to such account as the Additional Facility AL Lender may specify), and (ii) the Additional Facility AL 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 AL 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 28 when due, and the Borrower agrees that it shall promptly notify the Facility Agent if the Additional Facility AL Lender fails to make any payment under subclause (b)(ii) of this Clause 28 when due.

29. UPC Broadband agrees that it will not request or require the transfer of all of the rights and obligations of the Additional Facility AL Lender pursuant to any provision of the Credit Agreement following the effectiveness of any amendment or amendment and restatement of the Credit Agreement in accordance with Clauses 20 and 21 above.
30. The Facility Office and address for notices of the Additional Facility AL Lender for the purposes of Clause 32.2 (Addresses for notices) of the Credit Agreement will be that notified by the Additional Facility AL Lender to the Facility Agent.
31. The Facility Agent may provide copies of the Indenture, or disclose its contents, to any Finance Party upon request by that Finance Party.
32. This Agreement and any non contractual obligations arising out of or in connection with it are governed by English law.
33. 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.
34. 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 AL 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 AL Lender (including any subsequent Lender under Facility AL) 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 US\$200,000. The Additional Facility AL 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.



## ADDITIONAL FACILITY AL LENDER AND COMMITMENT

<u>Additional Facility AL Lender</u>	<u>Facility AL Commitment</u>
UPCB Finance IV Limited .....	<u>\$800,000,000</u>
<b>Total</b> .....	<u><u>\$800,000,000</u></u>

## **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 AL and that such obligations shall be owed to each Finance Party including the Additional Facility AL Lender.

## SCHEDULE 3

### (AMENDMENTS, WAIVERS, CONSENTS AND OTHER MODIFICATIONS)

All references to Clauses, Paragraphs, Schedules and definitions contained in this Schedule 3 are to Clauses, Paragraphs, Schedules and definitions of the Credit Agreement. All capitalised terms used in this Schedule but not defined shall have the meanings given to such terms in the Credit Agreement.

In this Schedule, references to “recent Liberty precedent” shall be construed to mean any Liberty Global Reference Agreement.

1. **Business:** amend the definition of Business to include the provision, creation, distribution and broadcasting of content and any business or provision of services substantially the same or similar to that of any member of the Wider Group on the amendment and restatement date as set out in recent Liberty precedent.
2. **Cash and Cash Equivalent Investments:** amend the definition of Cash and the definition of Cash Equivalent Investments to bring each substantially in line with and/or by reference to clauses and language used in recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market.
3. **Acceptable Bank:** amend the definition of Acceptable Bank such that an acceptable bank has a rating of “BBB+” and “Baa1” respectively.
4. **Optional Currencies:** amend the Credit Agreement to provide that any revolving credit facility commitments may also be utilised in currencies other than euro on the basis set out in recent Liberty precedent which contain a revolving credit facility.
5. **Revolving Facilities:** amend the Credit Agreement to include mechanical provisions in relation to revolving credit facilities on the basis set out in recent Liberty precedent which contain revolving credit facilities for the purposes of facilitating future Additional Facilities that are revolving credit facilities.
6. **Screen Rate:** amend the definition of Screen Rate to provide for the replacement of the British Bankers’ Association by the ICE Benchmark Administration as the administrator of LIBOR and the replacement of the Banking Federation of the European Union by the European Money Markets Institute as the administrator of EURIBOR together with other amendments to the definition of Screen Rate by reference to clauses and language used in recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market.
7. **Financial Indebtedness:** amend the definition of Financial Indebtedness as follows:
  - (a) delete paragraph (e) in relation to deferred payments for assets acquired or services supplied;
  - (b) by excluding the following items from the definition:
    - (i) cash-collateralised indebtedness;
    - (ii) indebtedness in the nature of equity (other than redeemable shares);
    - (iii) any deposits or prepayments received by any member of the Borrower Group from a customer or subscriber for its service;
    - (iv) obligations under finance leases and hire purchase contracts in accordance with recent Liberty precedent; and otherwise exclude obligations in respect of finance leases or capital leases (including by deleting limb (f) of the definition of Financial Indebtedness);
    - (v) any indebtedness in respect of any transactions relating to transfers of receivables (and related assets) to asset securitisation Subsidiaries or by an asset securitisation Subsidiary to any other person, or the grant of security in respect of such receivables or related assets, in connection with any asset securitisation programmes or receivables factoring transactions;
    - (vi) any parallel debt obligations to the extent such obligations mirror other Financial Indebtedness;
    - (vii) any pension obligations;
    - (viii) any obligations to make payments in relation to earn outs; and
    - (ix) any payments for assets acquired or services supplied deferred 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.

8. **Majority Lenders:** amend Clause 1.1 of the Credit Agreement to reduce the fractions specified in the definitions of Majority Lenders, from  $66\frac{2}{3}$  per cent. or more (for any or all purposes under the Credit Agreement or any other Finance Document (including for the purposes of any Additional Facility)) to more than 50 per cent. and to exclude the available commitments of defaulting lenders for the purposes of amendments or waivers.
9. **Super Majority Lenders:** amend Credit Agreement to provide for a definition of Super Majority Lenders so that amendments and waivers in respect of the release of any guarantee or security only requires the consent of Lenders representing 90 per cent. of Commitments.
10. **Mandatory Costs:** delete all references in the Credit Agreement and each Additional Facility Accession Agreement to Mandatory Costs and any related provisions.
11. **Increase:** amend Clause 2 (*Facilities*) to provide for the ability to increase Commitments under a Facility by increasing a Lender's Commitments with that Lender's consent or by including new Commitments of any bank, financial institution, trust, fund or any other entity selected by UPC Broadband, including (but without limitation) the ability to increase the Commitments in an amount equal to the amount of any commitments cancelled as a result of (i) illegality, or (ii) Commitments cancelled as a result of the relevant Lender becoming a defaulting lender. Amend to permit the Borrower to pay a fee to any increase Lender.
12. **Additional Facilities:** amend paragraph (c) of Clause 2.2 (*Additional Facilities*) so that Additional Facilities can be revolving credit facilities.
13. **Documentary Credits:** amend the Credit Agreement to permit utilisation of any Additional Facility that is a revolving credit facility by way of letters of credit, bank guarantees, indemnity, performance bonds and other documentary credits and include all consequential mechanical provisions to support the same, in each case in accordance with recent Liberty precedent.
14. **Ancillary Facilities:** amend the Credit Agreement to provide for an ability to incur bilateral ancillary lines with a Lender (with the consent of that Lender) as a carve-out to the Commitments under any Additional Facility that is a revolving credit facility and include all consequential mechanical provisions to support the same.
15. **Rollover Loans:**
  - (a) amend the Credit Agreement to clarify that, to the extent that a Borrower is due to repay (in full or in part) a revolving credit facility Advance on the same day on which such Borrower has also requested a revolving credit facility Advance in the same currency and in the same or a lesser amount, a rollover of such revolving credit facility Advance shall be effected on a cashless basis in accordance with recent Liberty precedent and to make consequential amendments to the Credit Agreement in accordance with recent Liberty precedent to reflect consistent rollover Advance provisions; and
  - (b) amend Clause 4.2 (*Further conditions precedent*) so that the applicable condition precedent to a rollover Advance is that the Facility Agent shall not have received instructions from the Lenders to whom more than 50 per cent. of the relevant rollover Advance or documentary credit is owed (not taking into account outstandings in respect of which a prepayment or cancellation notice has been delivered), requiring the Facility Agent to refuse such rollover or renewal of a documentary credit following a written notice having been served under Clause 18.21 (*Acceleration*).
16. **Change of Control:** amend the Credit Agreement or any other Finance Document to revise the change of control provisions in Clause 7.4 (*Change of Control*) of the Credit Agreement as follows:
  - (a) delete Clause 7.4(a)(i) of the Credit Agreement;
  - (b) in Clause 7.4(a)(ii) of the Credit Agreement:
    - (i) replace all references to "UGCE Inc." with "Liberty Global Europe Financing BV"; and
    - (ii) delete the words "and economic"; and
    - (iii) permit the distribution or other transfer of UPC Broadband Holdco and its Subsidiaries or a Holding Company of UPC Broadband Holdco to Liberty Global plc (the Ultimate Parent) or another direct Subsidiary of the Ultimate Parent through one or more mergers, transfers, consolidations or other similar transactions (the Reorganization), without the Reorganization being deemed to trigger a Change of Control and, upon such Reorganization, the Change of Control reference entity referred to in Clause 7.4(a)(ii) of the Credit Agreement will be replaced with the Ultimate Parent (or, if the distribution or other transfer pursuant to the Reorganization is to a direct Subsidiary of the Ultimate Parent, such direct Subsidiary); and

- (c) amend Clause 7.4 (*Change of Control*) to extend the requirement to repay so that it falls 30 Business Days after the date of the notice from the Facility Agent and amend such Clause and the definition of Change of Control to reflect recent Liberty precedent, including the ability to effect a post-closing reorganization and a spin-off without triggering a mandatory prepayment thereunder.
17. **Cancellation:** amend Clause 7.9 (*Right of repayment and cancellation in relation to a single Lender*) (i) to provide for the transfer in full and at par (in addition to the right of repayment and cancellation) of the Commitment and participation in a utilisation of a single Lender to another Lender; and (ii) to provide that the right to repay, cancel or transfer also arises in respect of a Lender's Commitment or participation in a utilisation where that Lender invokes the market disruption clause, such right to be exercisable subject to the same conditions as recent Liberty precedent.
18. **Notice of Prepayment or Cancellation:** amend Clause 7.10 (*Miscellaneous provisions*) to provide that a notice of prepayment or cancellation may be conditional and be revoked provided that a Borrower has, within 10 Business Days, indemnified any Lender in respect of such Lender's Break Costs if the prepayment or cancellation does not occur as notified and the notice period can be reduced with the consent of the Majority Lenders under the relevant Facility. The definition of Break Costs will be amended to include a Lender's losses as a result of having to unwind any related funding contract (which it had entered into or initiated upon receipt of such notice) as a result of the revocation of a notice of prepayment or cancellation.
19. **Interest on Additional Facilities:** amend Clause 8.2 (*Selection of Interest Periods*) to permit interest periods to be any period from 1, 2, 3 or 6 months or such other period of up to 12 months for all Advances as the Majority Lenders under the relevant Facility may agree and in addition and for Advances under a revolving credit facility only, any period between 1 day and 30 days.
20. **Mandatory Prepayment from Excess Cash Flow and Relevant Convertible Preference Shares:** delete Clause 7.5 (*Mandatory Prepayment from Excess Cash Flow and Relevant Convertible Preference Shares*) and make all necessary amendments to the Credit Agreement that are consequential and required by such deletion.
21. **Mandatory Prepayment from Disposals Proceeds:** amend Clause 7.6 (*Mandatory Prepayment from disposal proceeds*) and 7.7 (*Date for prepayment*) to require prepayment of disposal proceeds only to the extent required to ensure compliance with the Senior Debt to Annualised EBITDA maintenance financial covenant, exclude any proceeds from any other Permitted Disposal other than the general Permitted Disposals basket, remove the requirement to transfer disposal proceeds to a blocked account pending reinvestment, include a de minimis threshold of the greater of €250,000,000 and 5% of total assets and increase the reinvestment period from 12 months to 18 months (provided the disposal proceeds have been contracted to be reinvested within 12 months of the relevant Permitted Disposal) (and subject to the proviso that the financial covenant discussed above shall be retested at the end of such period and proceeds shall then be prepaid to the extent required to ensure compliance in line with recent Liberty precedent).
22. **Increased Costs:** amend Clause 12.3 (*Exceptions*) to include:
- (a) costs attributable to gross negligence or wilful breach by a Finance Party;
  - (b) costs not notified within 30 days of a Finance Party becoming aware;
  - (c) FATCA deductions; and
  - (d) Bank Levies to the extent not more onerous than existing actual or draft laws (as applicable).
23. **Tax:** amend Clause 10 (*Tax Gross-Up and Indemnities*) to provide that the Finance Parties and the Borrower shall cooperate in good faith to complete any procedural steps to allow the Borrower to make payments without or with a reduced rate of withholding or deduction for taxes and each Finance Party will provide information requested by the Borrower in order for the Borrower to be exempt from withholding or deduction for any taxes under any applicable international treaty and in connection with FATCA and any applicable reporting requirements under FATCA in each case, in accordance with recent Liberty precedent. The Borrower will not be liable under any tax gross up or tax indemnity provisions in respect of any FATCA deductions other than in respect of any payments due to an SPV lender that has issued notes and advanced the proceeds of such notes to a member of the Borrower Group under an Additional Facility (provided that no gross up or indemnity shall be required for a FATCA deduction where such FATCA deduction arises from any non-compliance by a holder of such notes). Each Finance Party will be obliged to act reasonably and in good faith in making any determination for the purpose of Clause 10 (*Tax Gross-Up and Indemnities*).

24. **VAT:** amend Clause 10.6 (*Value Added Tax*) to (i) provide that no Party shall exercise any potential option for waiving a VAT exemption, (ii) provide that no payment shall be required from an Obligor to a Finance Party if the relevant VAT charge is caused by that Finance Party's option to waive a VAT exemption and (iii) conform it such that it is consistent with any VAT provisions in recent Liberty precedent.
25. **Market Disruption:** amend the Credit Agreement to include market disruption provisions, provisions in relation to alternative interest rates and provisions for the protection of reference banks and their officers in accordance with recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market.
26. **Borrower Group:** amend the definition of Borrower Group to exclude, dormant subsidiaries that are not guarantors, project companies (as defined in accordance with recent Liberty precedent), asset securitisation subsidiaries (as defined in accordance with recent Liberty precedent) and entities that become subsidiaries as a result of an asset passthrough (as defined in accordance with recent Liberty precedent).
27. **Permitted Affiliate Parent:** amend the Credit Agreement in line with recent Liberty precedent to provide an ability to acquire Affiliates that are not Subsidiaries of UPC Broadband but are Subsidiaries of another Affiliate common holding company that is not a member of the Borrower Group (the holding entity of the acquired group being the "**Permitted Affiliate Parent**") and to allow conforming changes including the ability to designate (subject to certain deliverables in accordance with recent Liberty precedent) any new holding company as the common holding company of the Borrower Group for the purposes of, amongst other things, the definitions of Change of Control, Restricted Payments and Permitted Payments, in each case, in accordance with recent Liberty precedent and for the purpose of reflecting a similar structure which supports the concept of a Permitted Affiliate Parent as set out in recent Liberty precedent. Provide an ability for UPC Broadband to deliver financial statements that are consolidated at the level of the common holding company provided that UPC Broadband also delivers a Borrower Group reconciliation in accordance with recent Liberty precedent, introducing the concept of a Reporting Entity.
28. **Representations:** remove Clause 15.14 (*Business Plan*), paragraph (c) of Clause 15.11 (*Environmental*) Clause 15.7 (*Material Contracts*), paragraph (b) of Clause 15.8 (*No Default*), Clause 15.18 (*Works councils*), Clause 15.25 (*Dutch Banking Act*) and Clause 15.27 (*Public Utility Holding Company Act and Federal Power Act*) and amend Clause 15.28 (*Times for making representations and warranties*) to exclude Clauses 15.5 (*Non-violation*) 15.8 (*No default*) 15.6 (*Consents*) 15.11 (*Environmental*), 15.21 (*United States Regulations*) and 15.22 (*Anti-Terrorism Laws*) from the representations and warranties deemed repeated under that clause.
29. **Undertakings:**
  - (a) amend Clause 16.2 (*Financial information*) to provide that to the extent financial statements are filed on a public register or published on the Borrower's or Liberty Global plc's website they shall be deemed supplied to the Facility Agent;
  - (b) amend Clause 16.3 (*Information – miscellaneous*) to provide for delivery of information by the Borrower to the Lenders (who have not objected) by posting to a designated website or email address of each Lender;
  - (c) amend Clause 27 (*Disclosure of Information*) (i) to create a confidentiality obligation on the finance parties which applies to information of any member of the Borrower Group; (ii) to survive 12 months from the earlier of the date the Commitments have been repaid or cancelled in full and (in respect of that Finance Party only) the date a Finance Party resigns; and (iii) to reflect such clauses and language used in recent Liberty precedent as the company considers beneficial; and
  - (d) include new confidentiality provisions in relation to funding rates and reference bank quotations in accordance with recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market.
30. **Financial Ratios:**
  - (a) amend the definition of EBITDA to provide that the starting point for EBITDA may be operating income and include the following limbs as add backs:
    - (i) depreciation;
    - (ii) amortisation;
    - (iii) all stock-based compensation expenses;
    - (iv) (at the Parent's option) other non-cash impairment charges;



- (v) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge including any one-off reorganization or restructuring charges;
- (vi) non-cash charges;
- (vii) direct or related acquisition, disposal, recapitalization, debt incurrence or equity offering costs;
- (viii) losses (gains) on the sale of operating assets;
- (ix) (at the Parent's option) the effects of adjustments under IFRS or GAAP attributable to the application of recapitalization accounting or acquisition accounting, as the case may be, in relation to any consummated merger or acquisition or joint venture investment or the amortisation or write-off or write-down of amounts thereof, net of taxes;
- (x) (at the Parent's option) any adjustments to reduce the impact of the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies;
- (xi) any specified legal expenses (and include a definition as per recent Liberty precedent);
- (xii) any stock based compensation exercise;
- (xiii) the amount of loss on the sale of any assets in connection with asset securitisation programme or receivables factoring transaction;
- (xiv) any accrued management fees (and include a definition as per recent Liberty precedent) (whether or not paid) and any permitted holding company expenses;
- (xv) any net earnings or losses attributable to non-controlling interests;
- (xvi) any share of income or loss on equity investments;
- (xvii) deferred financing cost written off and premiums paid to extinguish debt early;
- (xviii) unrealised gains/losses in respect of hedging;
- (xix) tangible or intangible asset impairment charges;
- (xx) capitalised interest on Subordinated Shareholder Loans;
- (xxi) accruals and reserves established or adjusted within twelve months after the closing date of any acquisition required to be established or adjusted in accordance with GAAP;
- (xxii) any expense to the extent covered by insurance or indemnity and actually reimbursed;
- (xxiii) any realized and unrealized gains and losses due to changes in the fair value of equity investments, any up front installation fees associated with commercial contract installations completed during the applicable reporting period (less any portion of such fees included in earnings);
- (xxiv) any fees of other amounts charged or credited to UPC Broadband and the guarantors related to intra-Group services may be excluded to the extent such fees or other amounts (i) are not included in UPC Broadband's externally reported operating cash flow or equivalent measure or (ii) are deemed to be exceptional or unusual items;
- (xxv) to the extent not already included in operating income, the amount received from business interruption insurance and reimbursements of any expenses covered by indemnification or other reimbursement in connection with a permitted acquisition, investment or disposal of assets;
- (xxvi) earn out payments to the extent such payments are treated as capital payments under the accounting principles; and
- (xxvii) realised gains (losses) (to the extent not already included) arising out of the maturity or on termination of forward foreign exchange or other currency hedging contracts entered into with respect to operational cash flows,



- (b) amend the definition of Senior Debt so that it starts with the consolidated Financial Indebtedness of the Borrower Group and excludes:
  - (i) intra-group borrowings;
  - (ii) shareholder loans subordinated under the term of the existing Security Deed or under any intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably);
  - (iii) borrowings represented by deposits or prepayments from subscribers/customers;
  - (iv) borrowings of acquired companies that will be discharged within 6 months;
  - (v) for the avoidance of doubt Financial Indebtedness arising by reason of mark-to-market fluctuations on hedging;
  - (vi) borrowings from the holders of equity to the extent advanced pro rata and repayable only on liquidation;
  - (vii) in respect of drawings under any Revolving Facility at the relevant time up to an amount of 0.25 multiplied by Annualised EBITDA for that latest Ratio Period (the “**Revolving Facility Excluded Amount**”);
  - (viii) Financial Indebtedness of a member of the Borrower Group under which the person to whom the Financial Indebtedness is owed does not have or will not have recourse to any member of the Borrower Group other than recoveries made on enforcement and such person is not entitled to commence proceedings for the winding up of any member of the Borrower Group until after the Commitments have been reduced to zero and all amounts owing under the Finance Documents have been repaid in full; and
  - (ix) Financial Indebtedness in respect of any contingent obligations.
- 31. **Senior Debt to Annualised EBITDA:** amend Clause 17.2(a) (*Financial Ratios*) such that the Senior Debt to Annualised EBITDA financial ratio may not be greater than 4.50:1.00 for each Ratio Period.
- 32. **Interest Cover Covenant:** remove the requirement for UPC Broadband to ensure that the ratio of EBITDA to Total Cash Interest is not less than certain ratios for each Ratio Period contained in Clause 17.2(b) (*Financial Ratios*) and remove any other references to such ratio.
- 33. **EBITDA to Senior Debt Service Covenant:** remove the EBITDA to Senior Debt Service covenant set out in Clause 17.2(c) (*Financial Ratios*) and remove any other references to such ratio.
- 34. **EBITDA to Senior Interest Covenant:** remove the EBITDA to Senior Interest covenant set out in Clause 17.2(d) (*Financial Ratios*) and remove any other references to such ratio.
- 35. **Total Debt to Annualised EBITDA:** amend Clause 17.2(e) (*Financial Ratios*) such that the Total Debt to Annualised EBITDA financial ratio may not be greater than 5.50:1.00 for each Ratio Period.
- 36. **Pro forma EBITDA:** amend Clause 17.3 (*Calculations*), so that, for the purposes of testing compliance with the financial ratios set out in Clause 18 (*Financial Covenants*) or in calculating EBITDA in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganization or otherwise:
  - (a) the calculations are determined in good faith by a responsible financial or accounting officer and are made on a pro forma basis giving effect to all material acquisitions and disposals made by the Borrower Group (including in respect of anticipated expense and cost reductions) and including as a result of, or that would result from, any actions taken, committed to be taken or with respect to which substantial steps have been taken, by UPC Broadband or any other member of the Borrower Group including in connection with any cost reduction synergies or cost savings plan or program or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganizations or otherwise (regardless of whether these cost savings and cost reduction synergies could then be reflected in pro forma financial statements to the extent prepared);

- (b) EBITDA for the relevant period will be calculated after giving pro forma effect thereto as if any incurrence, repayment, acquisition, discharge or disposal or acquisition occurred on the first day of such period; and
  - (c) interest on any indebtedness that bears interest at a floating rate and that is being given pro forma effect shall be calculated as if the rate in effect on the date of calculation had been applicable for the entire period (taking into account any hedging in respect of such indebtedness).
37. **Equity Cures:** amend Clause 17.4 (*Cure provisions*):
- (a) so that the financial ratios set out in Clause 17 (*Financial Covenants*) may be remedied by deeming that such cure proceeds are (as applicable):
    - (i) added to Annualised EBITDA; or
    - (ii) applied to reduce Senior Debt and/or Total Debt, as applicable,
 in each case, at the discretion of UPC Broadband;
  - (b) to remove the requirement to repay or prepay the cure proceeds against any of the Facilities or Advances and to clarify that there is no requirement to repay or prepay all or any part of the Facilities or any Advances or to use the proceeds for any particular purpose; and
  - (c) so that an equity cure may be effected up to 15 Business Days following the delivery of the financial statements which showed a breach.
38. **Additional Obligors:** amend Clause 26.4 (*Additional Obligors*) to remove the obligation at sub-paragraph (b)(ii).
39. **Additional Borrowers:** amend paragraph (c) of Clause 26.4 (*Additional Obligors*) to provide that any member of the Borrower Group may become a Borrower in respect of a Facility if (i) it would not be materially adverse to the interests of any Lender under that Facility as determined by each such Lender (acting reasonably), (ii) the Majority Lenders consent, (iii) such member of the Borrower Group is incorporated in the same jurisdiction as an existing Borrower under that Facility or (iv) each Lender in respect of any proposed Additional Facility agrees.
40. **Accounting Principles:** amend, amongst other provisions, Clauses 15.9 (*Accounts*) and Clause 17.5 (*Determinations*) to permit UPC Broadband to elect (and to re-elect) to prepare its financial statements in accordance with IFRS or US GAAP; and adjust its financial covenants and definitions accordingly, or retain its existing financial covenants and definitions in each case in accordance with recent Liberty precedent (including provision of a reconciliation where applicable) provided that following any election to revert back to US GAAP the ratios, definitions and financial covenant levels in existence at the original date of the Credit Agreement (updated to reflect any other amendments made since the original date of the Credit Agreement) shall be automatically reinstated.
41. **Asset Securitisation Subsidiary:** amend the Credit Agreement, as per recent Liberty precedent, to permit, amongst other things, acquisitions, disposals and investments in respect of asset securitisation subsidiaries and also to include (i) an ability for one or more members of the Borrower Group to provide limited recourse credit support by way of letter of credit, revolving facility commitment, guarantee or other credit enhancement up to a maximum amount of 25% of the principal amount of the indebtedness of an asset securitisation subsidiary (and such credit enhancement shall not count as Financial Indebtedness), (ii) the following as as Permitted Security Interests: rights of set-off granted to any financial institution acting as a lockbox bank in connection with any asset securitisation programme or a receivables factoring transaction, security interests for the purpose of perfecting the ownership interests of a purchaser of receivables and related assets pursuant to any asset securitisation programme or a receivables factoring transaction, cash deposits or other security interests for the purposes of securing the limited recourse credit support at (i) above, security interests over investments in asset securitisation subsidiaries and liens arising in connection with other sales of receivables permitted under the Credit Agreement without recourse to the Borrower Group and (iii) an ability to make investments in cash in or to invest in indebtedness of asset securitisation subsidiaries. An asset securitisation subsidiary is any subsidiary of UPC Broadband or a Permitted Affiliate Parent that is engaged solely in the business of effecting or facilitating any asset securitisation programme or programmes or one or more receivables factoring transaction.

#### 42. Permitted Disposals:

- (a) amend the definition of Permitted Disposal at Clause 16.10(b) (*Disposals*) to include in addition to the existing “Permitted Disposals”:
  - (i) a payment required to be made under the senior secured finance documents;
  - (ii) disposals 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 contractual arrangements are in place within 12 months of such disposals and the proceeds of that disposal are applied within 18 months after such disposal in the acquisition of property or other assets of a similar nature and approximately equal value to be used in the Business of the Borrower Group;
  - (iii) disposals by one member of the Borrower Group to another member of the Borrower Group provided that, if such assets subject to the disposal are subject to existing security, the Borrower within 15 Business Days of such disposal ensures that the assets remain subject to security;
  - (iv) disposals of any interest in real or heritable property by way of a lease or licence granted by a member of the Borrower Group to another member of the Borrower Group;
  - (v) disposals of any assets pursuant to the implementation of an Asset Passthrough (as such term is defined in recent Liberty precedent) or of any funds received pursuant to the implementation of a Funding Passthrough (as such term is defined in recent Liberty precedent);
  - (vi) disposals of property or other assets required to satisfy any pension plan contribution liabilities;
  - (vii) disposals of accounts receivable on arms’ length terms pursuant to an asset securitisation programme or receivables factoring transactions (recourse and non-recourse), provided that the aggregate amount of all such securitisations or receivables factoring transactions does not exceed the greater of €250,000,000 and 5% of Total Assets at any time;
  - (viii) disposals of shares or other interests in project companies, entities excluded from the Borrower Group which are subsidiaries of UPC Broadband or joint venture companies (each as defined in recent Liberty precedent) or the assignment of any Financial Indebtedness owed to a member of the Borrower Group by any project companies, entities excluded from the Borrower Group which are subsidiaries of UPC Broadband or a joint venture company;
  - (ix) disposals of accounts receivables which have remained due and owing from a third party for a period of more than 90 days and in respect of which the relevant member of the Borrower Group has diligently pursued in the normal course of business and where such disposal is on non-recourse terms to a member of the Borrower Group;
  - (x) disposals of assets subject to finance or capital leases pursuant to the exercise of an option by the lessee under such finance or capital leases;
  - (xi) disposals of assets in exchange for the receipt of assets of a similar or comparable value provided that where the assets being disposed of and replaced exceed a book value of €50,000,000, a certificate signed by an authorised signatory of UPC Broadband is delivered to the Facility Agent certifying (without personal liability) that the assets being received by the relevant member of the Borrower Group are of a similar or comparable value to the assets being disposed of;
  - (xii) disposals constituting the surrender of tax losses by any member of the Borrower Group (i) to another member of the Borrower Group, (ii) to any member of the Wider Group where the surrendering company receives fair market value for such tax losses from the relevant recipient, and (iii) in order to eliminate, satisfy or discharge any Tax liability of a former member of the Wider Group which has been disposed of in accordance with the terms of the Credit Agreement where a member of the Borrower Group would incur a liability if the Tax liability were not so eliminated, satisfied or discharged;
  - (xiii) disposals of assets to and sharing assets with any person who is providing services the provision of which have been or are to be outsourced to that person by any member of the Borrower Group subject to certain conditions reflected as set out in recent Liberty precedent and where the value of those assets does not exceed 5% of Bank Group Consolidated Revenues (as defined in recent Liberty precedent and subject to a carry forward to the following year);

- (xiv) disposals of assets pursuant to sale and leaseback transactions where the aggregate fair market value does not exceed the greater of €250,000,000 and 5% of total assets in any financial year;
  - (xv) disposals of non-core assets acquired in connection with a transaction permitted under Clause 16.11 (*Acquisitions and Mergers*);
  - (xvi) disposals in connection with any sale, transfer, demerger, contribution, spin off or distribution of, any creation or participation in a joint venture and/or entering into a transaction or taking action with respect to, any assets, undertakings and/or businesses of the Borrower Group which compromise all or part of a business division within or outside of the Borrower Group, in each case, where such transaction has the prior approval of the Majority Lenders;
  - (xvii) disposals constituted by licences of intellectual property rights permitted by Clause 16.18 (*Intellectual Property Rights*);
  - (xviii) disposals of assets made pursuant to the establishment of a Permitted Joint Venture or the disposal of assets to a Permitted Joint Venture;
  - (xix) disposals made in relation to a compulsory purchase order or any other order of any agency of state, authority or other regulatory body not exceeding €25,000,000 in any financial year;
  - (xx) disposals by any member of the Borrower Group of customer premises equipment to a customer;
  - (xxi) disposals of assets on arm's length commercial terms where the cash proceeds of the disposal are reinvested within 12 months of the date of the disposal (or 18 months of the date of the disposal if, within 12 months, the proceeds are contractually committed to be so applied);
  - (xxii) disposal of real property if the fair market value in any financial year does not exceed the greater of €250,000,000 and 5% of total assets;
  - (xxiii) direct or indirect sale (or otherwise) of any part of a present or future undertaking, shares, property, rights or remedies or other assets by one or a series of transactions, related or not, required by a regulatory authority or court of competent jurisdiction; and
  - (xxiv) disposals of assets where the aggregate fair market value does not exceed the greater of €50,000,000 and 1% of total assets in any financial year; and
- (b) a new paragraph (e) at Clause 16.10 such that if a transaction (or any portion) meets the criteria of a Permitted Disposal and also meets the criteria of a Permitted Payment, the Borrower, in its sole discretion, will be entitled to divide and classify such transaction (or any portion) as a disposal permitted under Paragraph (b) of Clause 16.10 (*Disposals*) and/or a Restricted Payment permitted under Clause 16.13 (*Restricted Payments*) in accordance with recent Liberty precedent.
43. **Asset Passthrough and Funding Passthrough:** amend, amongst others, Clauses 16.10 (*Disposals*), 16.11 (*Acquisitions and mergers*), 16.12 (*Restrictions on Financial Indebtedness*), 16.13 (*Restricted Payments*) and 16.14 (*Loans and Guarantees*) and any related definitions to permit, as per recent Liberty precedent, (i) asset transfers between a holding company of a Borrower outside of the Borrower Group and/or any other members of the wider Liberty group (excluding members of the Borrower Group) where such assets pass through one or more members of the Borrower Group before being finally transferred to the relevant holding company or wider Liberty group member (as applicable), subject to certain restrictions and (ii) funding transfers between a holding company of a Borrower outside of the Borrower Group and/or any other members of the wider Liberty group (excluding members of the Borrower Group) where funding is passed through one or more members of the Borrower Group before being finally being transferred to the relevant holding company or wider Liberty group member (as applicable), subject to certain restrictions.
44. **Project Companies:** amend the Credit Agreement to permit, as per recent Liberty precedent, amongst other things (a) the disposal of shares or other interests (including shareholder loans) in any special purpose company or its holding company whose creditors have no recourse to any member of the Borrower Group (except to the extent of any security granted over such shares or other interests) and (b) the grant of security over the shares or other interests in, or the assets of, such special purpose company (or its holding company).

45. **Content Transactions:** amend the Credit Agreement, as per recent Liberty precedent, such that, amongst other things:
- (a) an amount (being the greater of €250,000,000 and 5% of total assets) of net proceeds are not required to be prepaid against the Facilities in mandatory prepayment; and
  - (b) payments (being up to the greater of €250,000,000 and 5% of total assets) in respect thereof will constitute Permitted Payments,
- in respect of any sale, distribution or other transaction relating to any broadcasting or distribution rights or images, audio, visual or interactive content provided that no Event of Default is continuing or would occur as a result of such transaction.
46. **Permitted Acquisitions:** amend the Permitted Acquisitions definition to include in addition to the existing “Permitted Acquisitions”:
- (a) the purchase of or investment in Cash Equivalent Investments or marketable securities (as defined in recent Liberty precedent) (including by way of consideration in respect of any disposal as contemplated in Clause 16.10 (*Disposals*));
  - (b) the incorporation of a company or the acquisition of an “off-the-shelf” company which is or becomes a member of the Borrower Group;
  - (c) any acquisition by any member of the Borrower Group in connection with a disposal permitted under Clause 16.10 (*Disposals*) and any acquisition by a member of the Borrower Group of shares issued in a Subsidiary of UPC Broadband or a subsidiary of any Permitted Affiliate Parent (as such term is defined in recent Liberty precedent) which in any case is a member of the Borrower Group and which will, after the acquisition of such shares, become a wholly-owned direct or indirect Subsidiary of UPC Broadband or a subsidiary of any Permitted Affiliate Parent as the case may be, provided that if the other shares of such Subsidiary are subject to existing Security Interests such newly issued shares shall also be subject to any existing Security Interest within 10 Business Days of their issue;
  - (d) any acquisition made by a member of the Borrower Group pursuant to the implementation of an asset passthrough or a funding passthrough;
  - (e) any acquisition by a member of the Borrower Group of any loan receivable security or other asset by way of capital contribution or in consideration of the issue of any securities or of subordinated debt;
  - (f) the acquisition of any leasehold interest in any assets which are the subject of a sale and lease back permitted under Clause 16.10 (*Disposals*);
  - (g) arising from the conversion of any company (the “Original Company”) from one form of organisation to another form of organisation provided that (i) if, prior to the time of such conversion, the Security Agent has the benefit of security over the shares of such Original Company or such Original Company is an Obligor, then UPC Broadband shall ensure that the Security Agent is provided with Security Interests over the equivalent ownership interests in, and substantially all of the assets of, the converted organisation of at least equivalent nature and ranking to the Security Interest previously provided by the Original Company and (ii) the Security Agent is satisfied that any possibility of such additional Security Interest being challenged or set aside is not materially greater than the such possibility in respect of the share capital of the Original Company;
  - (h) investments in any asset securitisation subsidiary in connection with any asset securitisation programme or receivables factoring transaction otherwise permitted by Clause 16.10 (*Disposals*) that is reasonably necessary or advisable to effect such asset securitisation programme or receivables factoring programme;
  - (i) an amendment to increase the de minimis threshold on Majority Acquisitions to refer to €250,000,000 as the threshold amount rather than €40,000,000 and to extend the period of time for UPC Broadband to deliver a certificate in respect of such Majority Acquisition to the Facility Agent from 15 to 60 days;
  - (j) in respect of Majority Acquisitions, to delete any requirement to provide a business plan, acquisition business plan, or other financial projections subject however to retention of a requirement to certify pro forma compliance with the ratio of Senior Debt to Annualised EBITDA and being less than or equal to 4.50:1.00; increase time period for deliverables to within 60 days of the acquisition; provide that any certificate required may be signed by an authorized officer of the Borrower; and make such other conforming changes required to bring in line with recent Liberty precedent.



- (k) any acquisition of share capital of any existing member of the Borrower Group provided that if any share capital in such member of the Borrower Group is subject to existing Security Interests such acquired share capital shall also be subject to a Security Interest within 10 Business Days;
  - (l) any purchase or acquisition of assets in the ordinary course of business; and
  - (m) acquisitions which are not otherwise permitted under the definition of Permitted Acquisitions provided that the aggregate consideration paid in respect of such acquisitions does not exceed € 300,000,000.
47. **Permitted Joint Ventures:** amend the Permitted Joint Venture provisions to, in addition to the existing “Permitted Joint Ventures”:
- (a) increase the *de minimis* threshold on JV Minority Acquisitions to refer to €250,000,000 as the threshold amount rather than €40,000,000 and to extend the period of time for UPC Broadband to deliver a certificate in respect of such JV Minority Acquisitions to the Facility Agent from 15 to 60 days; and
  - (b) delete any requirement to provide a business plan, acquisition business plan, or other financial projections subject however to retention of a requirement to certify pro forma compliance with the ratio of Senior Debt to Annualised EBITDA and being less than or equal to 4.50:1.00; increase time period for deliverables to within 60 days of the acquisition; provide that any certificate required may be signed by an authorized officer of the Borrower; and make such other conforming changes required to bring in line with recent Liberty precedent.
48. **Permitted Financial Indebtedness:** amend the definition of Permitted Financial Indebtedness to, in addition to the existing “Permitted Financial Indebtedness”:
- (a) permit any Financial Indebtedness arising in relation to either an asset passthrough or a funding passthrough;
  - (b) permit vendor financing arrangements and sale and leaseback transactions provided that the pro forma Senior Debt to Annualised EBITDA is equal to or less than, 4.50:1.00 provided that the vendor financing provider or lessor is not permitted to benefit from any Security Interest other than the assets subject to such financing arrangements;
  - (c) permit members of the Borrower Group to give subordinated unsecured guarantees in respect of any debt issued by a Holding Company of UPC Broadband in accordance with recent Liberty precedent subject to the terms of an intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably);
  - (d) permit any Financial Indebtedness arising in respect of any performance bond, guarantee, standby letter of credit or similar facility entered into by any member of the Borrower Group to the extent that cash is deposited as security for the obligations of such member of the Borrower Group thereunder;
  - (e) permit Financial Indebtedness of asset securitisation subsidiaries (as described above) incurred solely to finance any asset securitisation programme or receivables factoring transaction otherwise permitted under the definition of Permitted Disposals;
  - (f) permit Financial Indebtedness arising under tax-related financings designated in good faith as such by prior written notice from the Borrower to the Facility Agent provided that such indebtedness does not exceed €250,000,000 at any time;
  - (g) permit Financial Indebtedness which is incurred by an Obligor provided that (after the incurrence of such indebtedness) on the quarterly Accounting Period prior to such incurrence the ratios contained within Clause 17.2 (*Financial Ratios*) are not exceeded or breached, calculated on a pro forma basis, and provided further that the Financial Indebtedness is subject to the terms of an intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably);
  - (h) permit Financial Indebtedness in connection with Senior Secured Notes (as such term is defined in recent Liberty precedent) and any guarantee in respect of any Senior Secured Notes given by a member of the Borrower Group which is an Obligor subject to the terms of an intercreditor agreement, on terms satisfactory to the Facility Agent (acting reasonably);

- (i) include a provision such that if that Financial Indebtedness meets the criteria of more than one of the types of Permitted Financial Indebtedness in the definition of Permitted Financial Indebtedness, UPC Broadband, in its sole discretion, may classify such item of Financial Indebtedness on the date of its incurrence and shall only be required to include the amount and type of such Financial Indebtedness in one of the limbs of that definition and will be permitted on the date of such incurrence to divide and classify an item of such Financial Indebtedness in more than one of such limbs, and, from time to time, may reclassify all or a portion of such Financial Indebtedness;
  - (j) at Clause 16.12(b)(xi), delete the requirements that such Financial Indebtedness was not incurred in contemplation of the acquisition and that it is discharged within 6 months of the date of completion of the acquisition; and
  - (k) at Clause 16.12(b)(xvii), permit any member of the Borrower Group to incur Financial Indebtedness under this general basket of up to an aggregate of the greater of €250,000,000 and 5% of total assets.
49. **Permitted Transaction:** include a definition of “Permitted Transaction” and make consequential amendments to the Credit Agreement to ensure the following are permitted by the covenants in accordance with recent Liberty precedent:
- (a) transactions conducted in the ordinary course of trading on arm’s length terms (other than (i) any sale, lease, licence, transfer or other disposal and (ii) the granting or creation of any Security Interest or the incurring or permitting to subsist of Financial Indebtedness);
  - (b) a post-closing reorganisation and spin offs in line with recent Liberty precedent;
  - (c) any other transaction approved by the Majority Lenders; and
  - (d) the solvent liquidation or reorganisation of any member of the Borrower Group which is not an Obligor so long as distributions are made to other members of the Borrower Group.
50. **New Notes Issuances and Additional Senior Secured Debt:** amend the Finance Documents to provide that (subject to certain protections such that creditors of the new indebtedness are not structurally senior to the Lenders) any member of the Borrower Group (including a newly incorporated company which is a member of the Borrower Group) may issue notes and incur additional term or revolving debt or operational expenditure facilities which rank *pari passu* with the rights of the Lenders and shall be capable of being secured by the transaction security and provided that the proceeds of such debt may be used to, amongst other things, refinance the Additional Facilities and for general working capital or operational purposes provided that (other than in the case of a refinancing of other secured Financial Indebtedness in the same or a lesser principal amount) such Financial Indebtedness is Permitted Financial Indebtedness.
51. **Permitted Business:** delete the definition of Permitted Business so that there are no geographic restrictions and delete Clause 16.8 (*Permitted Business*) and replace it with a clause that provides that no member of the Borrower Group shall, without the prior written consent of the Majority Lenders or save as otherwise permitted by the terms of this Agreement, make any change in the nature of its business as carried on immediately prior to the date of the amendment and restatement, which would give rise to a substantial change in the business of the Borrower Group taken as a whole from that set forth in the definition of Business, provided that such clause shall not be breached by an Obligor or any member of the Borrower Group making a permitted disposal, a permitted acquisition or investment or entering into any permitted joint venture, in line with recent Liberty precedent.
52. **Permitted Payments:**
- (a) amend the definition of Permitted Payment to include in addition to the existing “Permitted Payments”:
    - (i) a de minimis threshold of €5,000,000 under which the restrictions on entering into transactions with a Restricted Person in Clause 16.13 (*Restricted Payments*) will not apply;
    - (ii) payments in respect of a Permitted Acquisition or a Permitted Disposal;
    - (iii) paragraph (b) of the definition containing a carve out for management fees to be amended to refer to the greater of €50,000,000 and 1% of total assets of the Borrower Group in any financial year;
    - (iv) payments to the extent required to pay subordinated notes trustee amounts;



- (v) following the occurrence of an Event of Default, payments to the extent required to fund Permitted Payments not otherwise prohibited under the Intercreditor Agreement as amended from time to time;
- (vi) payments to the extent such distribution, dividend, transfer of assets, loan or other payment is in respect of a nominal amount;
- (vii) payments made directly by means of discounts with respect to any participation interest issued or sold in connection with an asset securitisation programme or receivables factoring transaction which is otherwise permitted under the Credit Agreement;
- (viii) payments or distributions or the repayment of a loan or redeemable equity made pursuant to an Asset Passthrough or a Funding Passthrough, in each case, funded from cash generated by entities outside of the Borrower Group;
- (ix) payments or distributions, or the repayment of a loan, or the redemption of loan stock or redeemable equity made to any member of the Wider Group (other than a member of the Borrower Group) provided that (i) an amount equal to such payment is reinvested by such member of the Wider Group (other than a member of the Borrower Group) into a member of the Borrower Group within three days of receipt thereof; (ii) the total amount of such payments and reinvested amounts does not exceed €300,000,000 and (iii) where such payments are made in cash, any reinvested amounts are also made in cash provided that reinvested amounts shall be in the form of subordinated debt, equity or the repayment of an intercompany loan or advance;
- (x) payments of any dividend, payment, loan or other distribution, or the repayment of a loan or the redemption of loan stock or redeemable equity, in each case, which is required in order to facilitate the making of payments by any person and to the extent required by the terms of (i) the Finance Documents, (ii) the Senior Secured Notes (as such term is defined in recent Liberty precedent), (iii) Holdco Debt (as defined in recent Liberty precedent), subject to the same conditions as set out in recent Liberty precedent, (iv) by the terms of any hedging agreements of Holdco Debt to which any immediate holding company of UPC Broadband is a party and which is not prohibited by the terms of an intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably) and (v) for the purposes of implementing a Content Transaction or Business Division Transaction (as each term is defined in recent Liberty precedent);
- (xi) payments to enable any holding company of a member of the Borrower Group to pay taxes that are due by such holding company but which are allocable to (I) the Borrower Group and due by such holding company as a result of the Borrower Group being included in a fiscal unity with such holding company or (II) acting as a holding and/or financing company of the Borrower Group;
- (xii) transactions contemplated by a disposal or similar transaction required by a regulatory authority or a court of competent jurisdiction;
- (xiii) payments of an amount up to €250,000,000 from the cash proceeds of a Content Transaction (as such term is defined in recent Liberty precedent) provided that no Event of Default has occurred and is continuing;
- (xiv) payments made to the Borrower's holding company and any permitted affiliate of the Borrower's holding company of amounts outstanding in relation to Subordinated Shareholder Loans or subordinated debt the proceeds of which are to be used by such holding company of the Borrower to refinance debt which it has incurred in an amount equal to the amount of Subordinated Shareholder Loan or subordinated debt received by the Borrower's holding company;
- (xv) payments made with the consent of the Majority Lenders;
- (xvi) payments to any direct or indirect shareholder of a member of the Borrower Group for out-of-pocket expenses incurred in connection with its direct or indirect investment in a Borrower Group company;
- (xvii) payments for certain holding company expenses (as defined in accordance with a recent Liberty precedent) including expenses payable in connection with, amongst other things, compliance with laws and regulations, reporting obligations, related indemnification payments, employee, directors and officers insurance policies and general corporate overhead expenses);

- (xviii) payments for financial advisory, financing, underwriting or placement services or other investment banking activities, in particular acquisitions or divestitures, approved by the board of the holding company;
  - (xix) any other distribution, dividend, transfer of assets, loan or other payment not falling within the other limbs of the definition and not exceeding an aggregate amount of the greater of €250,000,000 and 5% of total assets in any financial year;
  - (xx) payment of an amount corresponding to the Revolving Facility Excluded Amount at any time provided that if at any time after a Permitted Payment under this limb is made the revolving facility is prepaid or repaid in full or in part, a further Permitted Payment may be made under this limb equal to (A) if in full, the Revolving Facility Excluded Amount; and (B) if in part, the lower of an amount equal to (i) the Revolving Facility Excluded Amount and (ii) the amount of the partial prepayment or repayment referred to above, at any time after the date of such repayment (in each case in accordance with recent Liberty precedent);
  - (xxi) payments in connection with any earn out;
  - (xxii) the transfer of tax losses to Restricted Persons (provided that the amount of such tax losses shall be deemed reduced by any payment received by any member of the Borrower Group from any Restricted Person for such tax losses) subject to pro rata leverage covenant compliance and no default having occurred or occurring;
  - (xxiii) payments in relation to any tax losses received by any member of the Borrower Group from any Restricted Person provided that such payments shall only be made in relation to such tax losses in an amount equal to the amount of tax that would have otherwise been required to be paid by any member of the Borrower Group if those tax losses were not so received and such payment shall only be made in the tax year in which such losses are utilised by any member of the Borrower Group; and
  - (xxiv) payments to fund the purchase of any management equity which is subsequently transferred to other or new management (together with the purchase or repayment of any related loans) and/or to make other compensation payments to departing management.
- (b) amend Clause 16.13 (*Restricted Payment*) to include a provision, such that if a Permitted Payment meets the criteria of more than one of the categories described, UPC Broadband will be entitled to classify such Permitted Payment (or portion thereof) on the date of its payment or later reclassify such Permitted Payment (or portion thereof) in any manner that complies with the covenant in that Clause; and
  - (c) amend Clause 16.13 (*Restricted Payment*) to exclude Permitted Affiliate Transactions from the restriction in such Clause (with a new definition of such term to be included, consistent with recent Liberty precedent) and so that such Clause does not restrict transactions to the extent they constitute Permitted Payments.

**53. Permitted Loans:** amend Clause 16.14 (*Loans and Guarantees*):

- (a) to include a limb for counter guarantees in relation to any rental guarantees;
- (b) to include any credit given by a member of the Borrower Group to another member of the Borrower Group which arises by reason of a cash pooling, set off or other cash management arrangements of the Borrower Group or by reason of other credits relating to services performed or allocation of expenses;
- (c) to include a limb for loans to employees in the ordinary course of employment or to fund exercise of share options or purchase of capital stock of up to €10,000,000 in aggregate;
- (d) to include a loan made by a member of the Borrower Group pursuant to either an asset passthrough or a funding passthrough;
- (e) to include a limb to include loans made by a member of the Borrower Group to a member of the Wider Group where the proceeds of the loan are to be used to make payments or for guarantees in relation to any senior unsecured notes (as such term is defined in the recent Liberty precedent) or to make Permitted Payments, provided that no Event of Default has occurred and is continuing or to fund any Permitted Payments following the occurrence of an Event of Default which are not prohibited under the terms of the Intercreditor Agreement as amended from time to time;

- (f) to include loans granted by any member of the Borrower Group to a member of the Wider Group where the indebtedness outstanding relates to intra-group services in the ordinary course of business;
- (g) to provide for the granting of customary title guarantees given in connection with the assignment of leases which are permitted under Clause 16.10 (*Disposals*);
- (h) to include any loans arising from Subscribers (as defined in recent Liberty precedent) resulting from deferred purchase terms;
- (i) to include loans made which are Permitted Financial Indebtedness or are in connection with Permitted Acquisitions;
- (j) to replace the reference to €100,000,000 in paragraph (f) with €300,000,000 to increase the basket for lending transactions in connection with permitted acquisitions;
- (k) to permit customary liquidity loans in connection with a permitted asset securitisation program or receivables factoring transaction; and
- (l) to provide for the Borrower to be able to make loans and guarantees under a general basket of up to an aggregate of the greater of €100,000,000 and 2% of total assets.

54. **Permitted Security Interest:** Amend the definition of “Permitted Security Interest” to include Security Interests in addition to the existing “Permitted Security Interests”:

- (a) which arise under any senior secured finance document which is subject to the term of an intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably);
- (b) which arise by operation of law or by a contract having a similar effect or under an escrow arrangement required by a trading counterparty or a member of the Borrower Group in each case entered into in the ordinary course of business of the relevant member of the Borrower Group;
- (c) which arise in respect of any right of set-off, netting arrangement, title transfer or title retention arrangements which arise in the ordinary course of business or by operation of law, under banking arrangements, retention of title arrangements or hedging arrangements;
- (d) which arise from any finance leases, sale and leaseback arrangements or vendor financing arrangements which are permitted under Clause 16.12 (Restrictions on Financial Indebtedness);
- (e) which arise over any asset acquired by a member of the Borrower Group and subject to which such asset is acquired provided that such Security Interest was not created in contemplation of the acquisition of the asset and the Financial Indebtedness secured thereby (i) is Financial Indebtedness of the relevant acquiring member of the Borrower Group, (ii) is Permitted Financial Indebtedness on the basis that it existed at the date of completion of a Permitted Acquisition or is Financial Indebtedness under permitted sale and leaseback transactions or vendor financing arrangements and (iii) the amount of such Financial Indebtedness is not increased at any time;
- (f) which arise over any property or other assets to satisfy any pension plan contribution liabilities provided that the value of such property and assets, taken together in aggregate, and together in aggregate with any disposals permitted pursuant to (a)(vi) of clause 42 above, do not exceed €150,000,000 at any time;
- (g) constituted by a rent deposit deed entered into on arm’s length commercial terms and in the ordinary course of business which secure obligations of a member of the Borrower Group in relation to property leased to a member of the Borrower Group;
- (h) which is granted over the shares of indebtedness owed by or over assets attributable to a Project Company (as such term is defined in recent Liberty precedent) or a Permitted Joint Venture;
- (i) over cash deposited as security for the obligations of a member of the Borrower Group in respect of a performance bond, guarantee, standby letter of credit or similar facility entered into in the ordinary course of business by a member of the Borrower Group; and
- (j) which is created by a member of the Borrower Group in favour of the Security Agent in substitution for any Security Interest under an existing Security Document provided that the principal amount secured thereunder may not be increased unless any Security Interest in respect of such increased amount would be otherwise permitted under the Credit Agreement.

**55. Changes to Thresholds:**

- (a) in the definition of Permitted Security Interest, permit the Borrower to secure Financial Indebtedness on a *pari passu* or junior-ranking basis provided that (other than in the case of a refinancing of other secured Financial Indebtedness in the same or a lesser principal amount) the Senior Debt to Annualised EBITDA ratio on a pro forma basis would not be greater than 4.50:1.00 and provided that such Financial Indebtedness is subject to an intercreditor agreement on terms satisfactory to the Facility Agent (acting reasonably) and where (in the case of such Financial Indebtedness being secured on a junior-ranking basis) the rights of the holders of such Financial Indebtedness in respect of any payment will be contractually subordinated to the rights of the Lenders on terms comparable to the Loan Market Association's form of intercreditor agreement at such time for mezzanine debt, as referred to in recent Liberty precedent);
- (b) in Paragraph (n) of the definition of Permitted Security Interest, provide that the Borrower may secure Financial Indebtedness under this general basket of up to the greater of €250,000,000 and 5% of total assets, such security to be either on assets not subject to the security in favour of the Lenders or otherwise secured on a junior ranking basis over assets subject to the Lenders' security (in the latter case provided that the rights of the holders of such Financial Indebtedness in respect of any payment will be contractually subordinated to the rights of the Lenders on terms comparable to the Loan Market Association's form of intercreditor agreement at such time for mezzanine debt, as referred to in recent Liberty precedent); and
- (c) in Clause 18.5 (*Cross default*), delete references to €15,000,000 and €50,000,000 and replace them with €75,000,000.

**56. Security and Guarantee Release:** amend the relevant provisions of the Credit Agreement (in particular Clauses 26.4 (*Additional Obligors*), and 16.23 (*Share Security*)) to provide that, subject to certain thresholds being met no Obligor nor any other member of the Borrower Group is required to provide any Security or guarantee other than (i) Security over the shares that it holds in any Obligor, (ii) Security required under the terms of the Credit Agreement in respect of Subordinated Shareholder Loans, (iii) Security over loans made by Obligor to other members of the Borrower Group in accordance with clause 16.14 (*Loans and guarantees*) and (iv) a guarantee from the Obligor under the terms of the Credit Agreement and include a provision to authorise the Security Agent to release any other Security or guarantees other than the aforementioned and to release Security and guarantees in respect of Permitted Disposals and to permit relevant Security to be released if a Guarantor resigns and that guarantors can resign provided that the guarantor coverage test would still be met notwithstanding such release.

**57. Events of Default:**

- (a) amend Clause 1.2 (*Construction*) to clarify that both a Default and an Event of Default is not continuing if remedied or waived;
- (b) amend Clause 18.2 (*Non-payment*) to delete the qualification relating to technical or administrative errors and to include a 3 Business Day grace period for payment of principal and a 5 Business Day grace period for any other payments;
- (c) include a new Paragraph (v) of Clause 18.6 (*Insolvency*) by clarifying that commencing negotiations with the Finance Parties will not constitute an Event of Default under this Paragraph and amend Paragraph (a) of Clause 18.7 (*Insolvency Proceedings*) including a general exclusion for contested proceedings that are frivolous, vexatious or an abuse of the process of the court but without the requirement to provide a legal opinion with respect thereto to the Facility Agent;
- (d) amend Clause 18.5 (*Cross default*) to carve out circumstances being contested in good faith, Financial Indebtedness relating to hedging permitted under the Credit Agreement where a termination event arises as a result of a financing and Financial Indebtedness that is cash collateralised and such cash is available for application in satisfaction of this indebtedness in each case in line with recent Liberty precedent; and
- (e) delete Clause 18.14 (*Seizure*), Clause 18.15 (*Environmental Matters*) 18.17 (*Material Contracts*) (and all references to Material Contracts) and Clause 18.19(b) (*ERISA*).

58. **Impaired Agent:** amend the Credit Agreement to provide for impaired agent provisions language used in recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market so that alternative payment and notice arrangements are permitted if the Facility Agent is impaired.
59. **Defaulting Lender:** include standard defaulting lender provisions used in recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market so as the commitments of a defaulting lender may be cancelled and it will have no rights to vote in respect of such cancelled commitments. Clarify that no commitment fee will be payable to a defaulting lender.
60. **Replacement of Agent/Security Agent:** amend Clause 19.14 (*Resignation of Agents*), in accordance with recent Liberty precedent, to:
- (a) remove the requirements for UPC Broadband to: (a) be unsatisfied with the performance of the Agent; (b) specify reasonable grounds for replacement in the relevant notice and (c) add a requirement that no Default is outstanding at the relevant time;
  - (b) provide that UPC Broadband may remove the Facility Agent if the status or identity of the Facility Agent causes any Obligor to become liable for any withholding tax in connection with FATCA; and
  - (c) provide that UPC Broadband will have the right to appoint a successor Facility Agent without the Lenders' consent twice during the life of the Facilities,
- and, in each case, permits the removal of the Security Agent as the joint creditor for the purposes of any "parallel debt".
61. **Assignments / Transfers of Lenders:** clarify that the Borrower should have the right to withhold consent in respect of an assignment/transfer of any revolving credit facility to an entity which is not a lender under a revolving facility to the wider Liberty group (subject to no consent being required in the case of transfers to other Lenders or affiliates of Lenders or following an event of default which is continuing). There should be no unreasonableness or delay qualifier on this right (in respect of any revolving credit facility only) and no deemed consent concept.
62. **Replacement of a Lender:** amend the Credit Agreement to include the right to replace a Lender (in whole and at par) if the Obligor becomes obliged to make payment under Illegality, Increased Costs, Tax Gross up or Tax Indemnity provisions to any Lender, if a Lender invokes the provisions of Clause 11.2 (*Market Disruption*) or if a Lender is a defaulting lender.
63. **Expenses:** amend Clause 21.2 (*Amendment costs*) to make legal fees subject to any agreed caps; and Clause 22 (*Stamp Duties*) to ensure that any liability of the Borrower for the payment of any tax (including stamp taxes) does not extend to taxes payable in respect of an assignment or transfer of a Lender's interest.
64. **Amendments:**
- (a) amend Clause 25 (*Amendments and waivers*) to introduce a class exception, whereby any amendment or waiver that relates only to the rights or obligations of a particular utilisation or Facility and does not materially and adversely affect the rights or interests of Lenders in respect of other utilisations or Facilities only requires the consent of the relevant proportion of Lenders participating in such Utilisation or Facility;
  - (b) amend Clause 25.2 (*Exceptions*) to require the consent of affected Lenders only and not all Lenders (and make any consequential changes by amending for example, all references to matters requiring all Lender consent to only requiring affected Lender consent);
  - (c) include a new paragraph (e) to Clause 25.2 (*Exceptions*), to permit the Facility Agent to make technical, minor, operational and OID amendments without consent from any Lenders, on terms consistent with recent Liberty precedent as at the date of implementation of the amendments;
  - (d) include a new clause 25.5 (*Calculation of Consent*), such that where a request for a waiver of, or an amendment to, any provision of any Finance Document has been sent by the Facility Agent to the Lenders at the request of an Obligor, each Lender that does not respond to such request for waiver or amendment within 10 Business Days after receipt by it of such request (or within such other period as the Facility Agent and UPC Broadband shall specify), shall be excluded from the calculation in determining whether the requisite level of consent to such waiver or amendment was granted; and



- (e) include a new paragraph (f) of Clause 25.2 (*Exceptions*) such that the release of guarantees and security under the Finance Documents (and not in accordance with the Finance Documents) requires the consent of affected Lenders whose undrawn Commitments and participations are greater than 90 per cent. of all undrawn Commitments and participations and delete paragraph (a)(x) of Clause 25.2 (*Exceptions*).
65. **Covenant Compliance:** disapply Clause 4.3 (*Pro forma covenant compliance*) so that there is no drawstop if the financial covenants would not be complied with in relation to a rollover of a revolving credit facility Advance or the redrawing of a term Advance.
66. **Indemnification requirements:** amend the Credit Agreement in respect of any indemnity granted by the Borrower to conform to recent Liberty precedent including, amongst others, amending Clause 10.3 (*Tax Indemnity*) such that the indemnity is paid within 10 Business Days and the loss is calculated on a reasonable basis.
67. **Non-consenting Lenders:** include a provision whereby if 80 per cent. of affected Lenders have consented to a request for an amendment or waiver, UPC Broadband may elect to replace any Lender that has not consented to such request by procuring that its relevant Commitments are acquired at par in accordance with the provisions in recent Liberty precedent.
68. **References:** amend the Credit Agreement:
- (a) so that all references to any party include any assignees, transferees, successors in title and merged entities thereof; and
  - (b) to take account of the fact that certain Facilities under the Credit Facility have been (as at the date of this Agreement) repaid and cancelled in full.
69. **Subsidiary:** amend the definition of Subsidiary so that for the purposes of the financial covenants and related provisions that a “Subsidiary” of a person includes legal entity which is accounted for under applicable GAAP or IFRS as a Subsidiary.
70. **Material Adverse Effect:** amend definition of Material Adverse Effect so that it relates only to payment obligations and not “other material obligations”.
71. **Certain Funds Acquisitions:** amend Clause 4.2 (*Further Conditions Precedent*) to provide that the relevant Additional Facility Lenders may amend or waive any of the conditions at paragraphs (a) and (b) in relation to any Advance under an Additional Facility in relation to an acquisition where the relevant vendor requires, or it is commercially advantageous in connection with any competitive bid process that, such acquisition is completed on a certain funds basis other than an Event of Default that has arisen under Clause 18.2 (*Non-payment*) or Clauses 18.6 (Insolvency) to 18.10 (*Similar proceedings*).
72. **Calculation of EURIBOR/LIBOR:** amend the Credit Agreement to include provisions for the calculation of EURIBOR/LIBOR in accordance with recent Liberty precedent and/or, to the extent not inconsistent with recent Liberty precedent, the European leverage loan market provided that in no circumstances will EURIBOR/LIBOR be deemed to be zero and to include a requirement for the Facility Agent to notify the relevant Borrower of each funding rate.
73. **Voluntary cancellation/prepayment:** amend clauses 7.2 (*Voluntary cancellation*) and 7.3 (*Voluntary prepayment*) to delete the references to delivering to the Facility Agent a duly completed Cancellation Notice not less than “five” Business Days prior to the due date of the cancellation/prepayment and replace it with a reference to not less than “three” Business Days or such other time period agreed between UPC Broadband and the Facility Agent prior to the due date of the cancellation/prepayment.
74. **Deferred Acquisition Costs:** amend the thresholds in clause 4.4 (*Deferred Acquisition Costs*) such that the reference to €100,000,000 is replaced with a reference to €250,000,000 and the references to €150,000,000 are replaced with references to €300,000,000.
75. **Additional Facility Accession Agreement:** amend the Additional Facility Accession Agreement definition to delete the reference to “with such amendments as the Facility Agent may approve or reasonably require” and replace it with a reference to “with such amendments as may be agreed between UPC Broadband and the relevant Lender or Lenders under the proposed Additional Facility”.

76. **Guarantor Coverage:** replace the reference to “95%” at paragraph (b)(i)(B) of Clause 26.4 (*Additional Obligors*) with a reference to “80%” and at paragraph (b)(i)(A) of Clause 26.4 (*Additional Obligors*) replace “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” with “the Guarantors as of the Effective Date (other than UPC Broadband, any UPC Broadband Holdco, UPC Holding, UPC Holding II and any Subsidiary of UPC Broadband that is a Holding Company of all other Subsidiaries of UPC Broadband) and their respective Subsidiaries”.
77. **UGCE Borrower Group:** amend the definition of UGCE Borrower Group so that it refers to UPC Holding and any other company of which UPC Broadband is a Subsidiary and which is a Subsidiary of UPC Holding.
78. **Benefit of Maintenance Covenant:** amend the Credit Agreement to provide that:
- (a) the maintenance covenants at Clause 17.2 (*Financial ratios*) shall only be for the benefit of those Lenders under Additional Facilities that (i) are stated to have the benefit of such maintenance covenants or (ii) do not contain a statement that they do not have the benefit of such maintenance covenants, in each case, in the relevant Additional Facility Accession Agreement;
  - (b) a new definition of “Composite Maintenance Covenant Instructing Group” is included which shall consist of a Lender or Lenders whose Additional Facility Commitments in respect of Additional Facilities that benefit from the maintenance covenants at Clause 17.2 (*Financial ratios*) amount in aggregate to more than 50% of the total Additional Facility Commitments in respect of Additional Facilities that benefit from the maintenance covenants calculated in accordance with the new clause 25.5 (*Calculation of Consent*) (as referred to in paragraph 64(d) of this Schedule) and not taking into account Commitments in respect of which a cancellation notice has been issued;
  - (c) following a breach of Clause 17.2 (*Financial ratios*), subject to the expiry of the cure period in accordance with Clause 17.4 (*Cure provisions*), (i) the Facility Agent shall, if instructed by the Composite Maintenance Covenant Instructing Group, take acceleration action in respect of the Additional Facilities and Commitments held by Lenders in the Composite Maintenance Covenant Instructing Group in accordance with recent Liberty precedent, (ii) there shall be a drawstop in relation to future Advances and (iii) there shall be an Event of Default continuing for the purposes of the operative covenants e.g. paragraph 52(a)(v) above;
  - (d) an Event of Default will be triggered if the Composite Maintenance Covenant Instructing Group give a direction to the Facility Agent in accordance with the new acceleration clause at (c) above; and
  - (e) amendments and waivers of Clauses 17.2 (*Financial ratios*) to 17.4 (*Cure provisions*) and the new acceleration clause at (c) above shall only be made with the consent of UPC Broadband and the Composite Maintenance Covenant Instructing Group and shall not require the consent of any other Finance Party.



## **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 AL Lender**

UPCB FINANCE IV LIMITED

By:

## **SIGNATORIES**

UPC BROADBAND HOLDING B.V.

By:

UPC FINANCING PARTNERSHIP

By:

**ANNEX C**  
**DEED OF COVENANT**

Dated [            ], 2015

**DEED OF COVENANT**

relating to  
€416,500,000 Senior Secured Notes due 2027  
\$800,000,000 Senior Secured Notes due 2025  
among

**UPC BROADBAND HOLDING B.V.**  
as the Company,

**UPCB FINANCE IV LIMITED**  
as Issuer

and

**UPC FINANCING PARTNERSHIP**

Ropes & Gray International LLP  
5 New Street Square  
London EC4A 3BF

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This **DEED OF COVENANT** (this “**Agreement**”) is dated as of [            ], 2015 and is made between:

- (1) **UPCB FINANCE IV 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 Boeingavenue 53, 1119 PE Schiphol Rijk, the Netherlands (the “**Company**”); and
- (3) **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, Suite 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, London Branch as trustee (the “**Trustee**”), (together with any supplemental indenture or amendment entered into or in connection therewith from time to time, the “**Indenture**”), the Issuer agreed with the Trustee, for itself and for the benefit of the Holders, to issue €416,500,000 in aggregate principal amount of senior secured notes due 2027 and \$800,000,000 in aggregate principal amount of senior secured notes due 2025 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) Each of the Company and UPC Financing 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 each of the Company and UPC Financing 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, 9 June 2009 and 15 October 2013 and as may be further amended 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 with respect to each Finco Loan, in their sole discretion, to either:
  - (i)
    - (A) by notice to the Issuer and the Trustee, offer to prepay a principal amount of such Finco Loan equal to the lesser of (I) the Available Disposal Proceeds and (II) the aggregate principal amount of the applicable 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 such 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 such 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 such Finco Loan equal to the lesser of (I) the Available Disposal Proceeds and (II) the aggregate principal amount of the applicable 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) such 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 15 or 16, as applicable, of the applicable 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 either 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 either Finco Loan held by the Issuer, unless (i) the Issuer makes a contemporaneous offer to purchase the applicable 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 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 The Depository Trust Company, 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.

## **2.4 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, unless (i) such consideration is offered to be paid to the Issuer (as a UPCB Lender) in respect of the Finco Loans 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.

## **2.5 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 or 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) any such amendment, waiver or supplement that 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 favour of the amendment, waiver, consent or supplement.

## **2.6 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 Agreements, the Fee Letter or the UPC Expenses Agreement.

### 3. COMPANY’S AND UPC FINANCING’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, Michelin 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 IV LIMITED**

acting by

)  
)  
)  
)

Authorised signatory

Executed as a deed by

**UPC BROADBAND HOLDING B.V.**

acting by

and

)  
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)  
)

Authorised signatory

Authorised signatory

Executed as a deed by

**UPC FINANCING PARTNERSHIP**

acting by

and

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Authorised signatory

Authorised signatory

**ANNEX D**  
**INTERCREDITOR TERM SHEET**

<b>Definitions</b> .....	<p>“<b>Notes</b>” 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.</p> <p>“<b>Total Senior Debt</b>” 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.</p> <p>“<b>UPC Broadband Holding</b>” 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.</p> <p>“<b>UPC Broadband Holding Bank Facility</b>” 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, 9 June 2009 and 15 October 2013) 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.</p> <p>“<b>UPC Financing</b>” 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.</p> <p>“<b>UPC Broadband Holding Lenders</b>” means a lender or lenders under the UPC Broadband Holding Bank Facility from time to time.</p> <p>“<b>UPC Broadband Holding Loans</b>” means loans extended to UPC Broadband Holding or UPC Financing Partnership or any Additional Borrower under the UPC Broadband Holding Bank Facility.</p> <p>Terms not otherwise defined in this term sheet have the meanings set out in the UPC Broadband Holding Bank Facility.</p>
<b>Ranking</b> .....	The Notes and any related hedging liabilities will constitute first-ranking senior secured indebtedness <i>pari passu</i> with the UPC Broadband Holding Loans and all related hedging liabilities without any priority amongst themselves. Proceeds will be applied <i>pro rata</i> after payment of agency and trustee fees and related costs and expenses.
<b>Security/Guarantees</b> .....	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.
<b>Voting</b> .....	<ul style="list-style-type: none"><li>• 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.</li></ul>

- 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**

**UPCB Finance IV Limited**

PO Box 1093  
Queensgate House  
Grand Cayman  
KY1-1102  
Cayman Islands

**LEGAL ADVISERS TO THE ISSUER AND UPC HOLDING**

*as to matters of U.S. federal,  
New York law and English law*

**Ropes & Gray International LLP**

5 New Street Square  
London EC4A 3BF  
United Kingdom

*as to matters of Dutch law*

**Allen & Overy LLP**

Apollolaan 15  
1077 AB Amsterdam  
The Netherlands

**LEGAL ADVISER TO THE ISSUER**

*as to matters of the law of the Cayman Islands*

**Maples and Calder**

11<sup>th</sup> Floor  
200 Aldersgate Street  
London EC1A 4HD  
United Kingdom

**LEGAL ADVISERS TO THE INITIAL PURCHASERS**

*as to matters of U.S. federal,  
New York law and English law*

**Latham & Watkins (London) LLP**

99 Bishopsgate  
London EC2M 3XF  
United Kingdom

*as to matters of the law of  
the Cayman Islands*

**Appleby (Cayman) Ltd.**

Clifton House  
75 Fort Street  
PO Box 190  
Grand Cayman KY1-1104  
Cayman Islands

*as to matters of Dutch law*

**Nauta Dutilh UK**

2 Copthall Avenue  
London EC2R 7DA  
United Kingdom

**INDEPENDENT AUDITORS FOR THE ISSUER AND UPC HOLDING**

**KPMG Accountants N.V.**

Laan van Langerhuize 1  
1186 DS Amstelveen  
The Netherlands

**TRUSTEE, TRANSFER  
AGENT AND  
PRINCIPAL  
PAYING AGENT**

**The Bank of New York  
Mellon, London Branch**

One Canada Square  
London E14 5AL  
United Kingdom

**NEW YORK  
TRANSFER AGENT,  
PAYING AGENT AND  
DOLLAR NOTES  
REGISTRAR**

**The Bank of New York  
Mellon**

101 Barclay Street  
New York  
New York 10286  
USA

**EURO NOTES  
REGISTRAR AND  
TRANSFER AGENT**

**The Bank of New York  
Mellon**

**(Luxembourg) S.A.**  
Vertigo Building-Polaris  
2-4 rue Eugene Ruppert  
L-2453 Luxembourg  
Luxembourg

**IRISH LISTING AGENT**

**Maples and Calder**

75 St. Stephen's Green  
Dublin 2  
Ireland

**SECURITY AGENT**

**The Bank of New York  
Mellon, London Branch**

One Canada Square  
London E14 5AL  
United Kingdom



**ANNEX C:**  
**UPC HOLDING'S SELECTED OPERATING AND FINANCIAL RESULTS FOR THE THREE MONTHS ENDED**  
**MARCH 31, 2015**

On May 7, 2015, Liberty Global provided selected, preliminary unaudited financial and operating information for certain of its fixed-income borrowing groups, including UPC Holding, for the three months ended March 31, 2015 by posting a press release to its website. An excerpt of the press release pertaining to the results of UPC Holding is included herein as Annex C. The financial and operating information contained in Annex C is preliminary and subject to change. Liberty Global presently expects to issue the March 31, 2015 unaudited condensed consolidated financial statements for UPC Holding prior to the end of May 2015, at which time they will be posted to the investor relations section of Liberty Global's website ([www.libertyglobal.com](http://www.libertyglobal.com)) under the "Fixed Income" heading. Convenience translations provided in Annex C are calculated as of March 31, 2015. In addition, certain footnotes that are not applicable to the UPC Holding section of Liberty Global's fixed income press release have been omitted.



# UPC Holding Reports Preliminary Q1 2015 Results

## Revenue Growth Driven by Solid Swiss/Austrian Performance

## Continued Focus on High-Value Product Offerings Across UPC Footprint

UPC Holding B.V. ("UPC Holding") connects people to the digital world and enables them to discover and experience its endless possibilities. Our market-leading triple-play services are provided through next-generation networks and innovative technology platforms in seven countries that connected 6.7 million customers subscribing to 12.2 million television, broadband internet and telephony services at Q1 2015.

### Operating and financial highlights\*:

- Q1 RGU performance adversely impacted by competition and price increases
  - ARPU<sup>17</sup> per customer up 3% on an FX-neutral<sup>35</sup> basis, including 6% at Switzerland
  - Added 23,000 RGUs<sup>2</sup>, including 9,000 in Switzerland/Austria
  - Successful implementation of price increases in Switzerland, Austria and Hungary
  - Central and Eastern European ("CEE") RGU growth below Q1 2014 level, mainly due to lower telephony growth, partially offset by better RGU performance in the Czech Republic
- Offering high-value bundles with top speeds between 240 and 500 Mbps across our 7 markets
  - Another strong quarter for Horizon with 34,000 new subscribers in Q1
  - In April, expanded Horizon TV triple-play bundles including MyPrime to the Czech Republic following launch of Horizon Go in November 2014
  - Multi-screen service Horizon Go now in 6 out of 7 markets, offering out-of-home capabilities
  - Increased WiFiSpots to 1.8 million and started Czech Republic WiFi trial in April
  - Began offering all new acquisition bundles in Switzerland at higher price points in March
- Swiss/Austrian integration continues to streamline operations; up to 250 employee redundancies expected through 2018
- Rebased<sup>3</sup> revenue up 3%, driven by a 4% increase in our Swiss/Austrian operation
- Rebased Segment OCF<sup>6</sup> declined 1%, primarily due to a Q1 2014 accrual release in Poland and an increase in recurring VAT payments in our DTH operation that took effect on January 1, 2015
  - Our Swiss/Austrian business delivered 3% rebased Segment OCF growth in Q1
- Property and equipment additions<sup>8</sup> were 15% of revenue, down 340 basis points year-over-year
- Restructured UPC credit pool during Q1 with the extractions of UPC Ireland in February and UPC Nederland in early March

\* The financial figures contained in this release are prepared in accordance with U.S. GAAP<sup>37</sup>. During the first quarter of 2015, Liberty Global completed certain internal reorganizations of its broadband and wireless communications businesses in Europe that resulted in the transfer of (i) UPC Broadband Ireland Ltd. ("UPC Ireland") and its subsidiaries, (ii) UPC Nederland B.V. ("UPC Nederland") and its subsidiaries and (iii) certain entities (the "Corporate Entities") from our company to certain other Liberty Global subsidiaries outside of UPC Holding (collectively, the "Common Control Transfers"). The Corporate Entities incur central and other administrative costs that are allocated to Liberty Global's operating subsidiaries, including UPC Holding following the transfer of the Corporate Entities. We have accounted for the Common Control Transfers at carryover basis and the financial information and operating statistics presented herein have been retrospectively revised to give effect to these transactions for all periods presented.

## Operating Statistics Summary

	As of and for the three months ended March 31,	
	2015	2014
<b>Footprint</b>		
Homes Passed <sup>9</sup> .....	12,279,400	11,902,000
Two-way Homes Passed <sup>10</sup> .....	11,981,500	11,213,800
<b>Subscribers (RGUs)<sup>26</sup></b>		
Basic Video <sup>11</sup> .....	1,725,300	2,019,600
Enhanced Video <sup>12</sup> .....	3,471,600	3,275,500
DTH <sup>25</sup> + MMDS <sup>13</sup> .....	780,700	765,400
Total Video .....	5,977,600	6,060,500
Internet <sup>14</sup> .....	3,784,300	3,524,200
Telephony <sup>15</sup> .....	2,459,900	2,340,500
Total RGUs .....	12,221,800	11,925,200
<b>Q1 Organic RGU Net Additions (Losses)</b>		
Basic Video .....	(46,300)	(82,500)
Enhanced Video .....	8,100	65,900
DTH + MMDS .....	(3,200)	(14,100)
Total Video .....	(41,400)	(30,700)
Internet .....	41,700	61,400
Telephony .....	22,400	42,900
Total RGU net additions .....	22,700	73,600
<b>Penetration</b>		
Enhanced Video Subscribers as % of Total Video Subscribers <sup>27</sup> .....	66.8%	61.9%
Internet as % of Two-way Homes Passed <sup>28</sup> .....	31.6%	31.4%
Telephony as % of Two-way Homes Passed <sup>28</sup> .....	20.5%	20.9%
<b>Customer Relationships</b>		
Customer Relationships <sup>16</sup> .....	6,741,900	6,777,500
RGUs per Customer Relationship .....	1.81	1.76
Q1 Monthly ARPU per Customer Relationship .....	€ 26.82	€ 24.61
<b>Customer Bundling</b>		
Single-Play .....	49.7%	52.7%
Double-Play .....	19.4%	18.6%
Triple-Play .....	30.9%	28.7%
<b>Mobile Statistics</b>		
Mobile subscribers <sup>19</sup> .....	39,600	23,100

## Financial Results, Segment OCF Reconciliation & Property and Equipment Additions

The following tables reflect preliminary unaudited selected financial results for the three months ended March 31, 2015 and 2014.

Revenue	Three months ended March 31,		Change
	2015	2014	Rebased %
in millions, except % amounts			
Switzerland/Austria .....	€ 390.1	€ 338.4	3.8
Central and Eastern Europe .....	238.0	236.2	0.8
Total .....	€ 628.1	€ 574.6	2.6

Operating Cash Flow	Three months ended March 31,		Change
	2015	2014	Rebased %
in millions, except % amounts			
Switzerland/Austria .....	€ 220.9	€ 193.0	2.6
Central and Eastern Europe .....	104.9	115.4	(9.2)
Other .....	—	(0.3)	N.M.
Total Segment OCF .....	325.8	308.1	(1.3)
Share-based compensation expense .....	(1.8)	(1.9)	
Related-party fees and allocations, net <sup>21</sup> .....	(65.4)	(62.7)	
Depreciation and amortization .....	(143.6)	(127.9)	
Impairment, restructuring and other operating items, net .....	(10.0)	0.6	
Operating income .....	€ 105.0	€ 116.2	
Segment OCF as percentage of revenue .....	51.9%	53.6%	

N.M. - not meaningful

The table below highlights the categories of our property and equipment additions for the indicated periods and reconciles those additions to the capital expenditures that we present in our consolidated statements of cash flows:

	Three months ended March 31,	
	2015	2014
in millions		
Customer premises equipment .....	€ 46.4	€ 57.8
Scalable infrastructure .....	14.1	17.3
Line extensions .....	13.1	10.5
Upgrade/rebuild .....	13.0	12.1
Support capital .....	9.1	9.2
Property and equipment additions .....	95.7	106.9
Assets acquired under capital-related vendor financing arrangements .....	(122.3)	(80.4)
Assets contributed by parent company <sup>30</sup> .....	(4.4)	(5.2)
Assets acquired under capital leases .....	(0.4)	(0.1)
Changes in current liabilities related to capital expenditures .....	56.5	24.0
Total capital expenditures <sup>22</sup> .....	€ 25.1	€ 45.2

<u>Regional Property and Equipment Additions</u>		
Switzerland/Austria .....	€ 50.4	€ 53.8
Central and Eastern Europe .....	43.3	33.6
Other <sup>36</sup> .....	2.0	19.5
Total .....	€ 95.7	€ 106.9
Property and equipment additions as a percentage of revenue .....	15.2%	18.6%

## Subscriber Statistics

During the past several quarters, we have continued to make substantial investments in product development and our superior network in order to differentiate and deliver innovative products, including superfast broadband, Horizon TV, WiFi and MyPrime to our customers. In order to harvest the investments we have made in our superior products and network, we implemented price increases in the majority of our markets in Q1 2015. Partly due to elevated churn and continued competitive environments across the footprint, we added 23,000 organic RGUs in the first quarter as compared to 74,000 in Q1 2014. With half of our 6.7 million customer base still subscribing to only one product, our strategy remains to upsell our bundled fixed-line services, as well as mobile products, to these customers. Our total ARPU per customer increased 3% in Q1 on an FX-neutral basis, as compared to Q1 2014, led by our Swiss operation with a 6% FX-neutral growth rate over the same prior-year period.

On the video front, our Q1 attrition of 41,000 RGUs was 10,000 higher than in the prior year period. The increased video losses were mainly driven by a weaker performance in our Swiss business due to a difficult comparison, as Q1 2014 was positively impacted by the introduction of digital products in the Geneva region. Our multi-screen service Horizon Go with in- and out-of-home content capabilities is now live in six countries with Slovakia to follow in Q2. The momentum of Horizon TV, our next-generation video platform, continued as we added 34,000 new subscribers, including 21,000 additions in Poland. Our subscription-based video-on-demand service MyPrime is resonating well with our customers as we see continued high usage in Switzerland and promising initial demand in Hungary and Poland, where we just launched it in late 2014.

Broadband internet remains the key source of our organic subscriber additions. Driven by our superior networks, we added 42,000 broadband RGUs in Q1 2015. Whereas our Swiss/Austrian operation delivered broadband additions broadly in line with the prior year period, our CEE operation experienced lower additions, mainly in Poland due to selective broadband price increases and fierce competition. At the same time, our fixed-line telephony RGU additions of 22,000 in Q1 also declined on a year-over-year basis, primarily driven by lower triple-play take-up in our CEE region, mainly due to improved performance of our double-play video and broadband internet bundles in Romania and Hungary. In terms of mobile, we added 9,000 subscribers in Q1, including 6,000 in Switzerland. Of note, over half of our Swiss additions opted for our mid-tier mobile product. During Q4 2014, we launched full-MVNO mobile offerings on a controlled basis in Austria and Hungary, but related marketing campaigns have not yet been initiated.

## Financial Summary

Total revenue increased 3% on a rebased basis to €628 million. This increase is attributable to revenue growth in our Swiss/Austrian segment and, to a lesser extent, CEE operations. The increase in our Swiss/Austrian segment was driven primarily by our Swiss operation, which generated 5% rebased revenue growth. Switzerland's revenue increase is primarily attributable to increases in (i) cable subscription revenue, driven by higher ARPU and growth in subscribers, and (ii) B2B revenue. The increase at our CEE operation was primarily driven by subscriber growth during the last twelve months in Hungary, Romania and Poland that was only partially offset by a decrease in ARPU at UPC DTH related to the aforementioned change in VAT. We posted total Segment OCF of €326 million, representing a 1% year-over-year rebased decline. Our Swiss/Austrian business reported 3% rebased Segment OCF growth, as compared to the prior year period, primarily as a result of the aforementioned revenue increase, which was only partially offset by increases in operating and SG&A expenses. Our CEE operations reported a 9% decline in rebased Segment OCF compared to the prior year period. This decrease includes the impact of the aforementioned revenue drivers and the negative impact of a €5 million favorable nonrecurring settlement recorded in Poland during Q1 2014. Our property and equipment additions were 15% of revenue in Q1 2015, as compared to 19% in the respective prior year period. This decline was mainly related to a reduced inventory build-up of our centrally-procured customer premises equipment.



## Summary of Third-Party Debt and Cash and Cash Equivalents

The following table details the nominal value and euro equivalent of the carrying value of UPC Holding's consolidated third-party debt and cash and cash equivalents as of the dates indicated:

	March 31, 2015		December 31, 2014
	Nominal Value	Carrying Value in millions	Carrying Value
<b>Senior Credit Facility</b>			
7.625% EUR Facility V due 2020 .....	€ —	€ —	€ 500.0
6.375% EUR Facility Y due 2020 .....	€ 190.0	190.0	750.0
6.625% USD Facility Z due 2020 .....	\$ 1,000.0	932.1	826.4
7.250% USD Facility AC due 2021 .....	\$ 750.0	699.1	619.8
6.875% USD Facility AD due 2022 .....	\$ 750.0	699.1	619.8
Facility AG (EURIBOR + 3.75%) EUR due 2021 .....	€ —	—	1,551.4
Facility AH (LIBOR + 2.50%) USD due 2021 .....	\$ 1,305.0	1,213.7	1,076.0
Facility AI (EURIBOR + 3.25%) EUR due 2019 .....	€ 1,046.2	200.0	—
Elimination of Facilities V, Y, Z, AC and AD in consolidation .....		(2,520.3)	(3,316.0)
Total Senior Credit Facility .....		1,413.7	2,627.4
<b>Senior Secured Notes</b>			
7.625% EUR Senior Secured Notes due 2020 .....	€ —	—	497.4
6.375% EUR Senior Secured Notes due 2020 .....	€ 190.0	190.0	750.0
6.625% USD Senior Secured Notes due 2020 .....	\$ 1,000.0	932.1	826.4
7.250% USD Senior Secured Notes due 2021 .....	\$ 750.0	699.1	619.8
6.875% USD Senior Secured Notes due 2022 .....	\$ 750.0	699.1	619.8
Total Senior Secured Notes .....		2,520.3	3,313.4
<b>Senior Notes</b>			
8.375% EUR Senior Notes due 2020 .....	€ —	—	640.0
6.375% EUR Senior Notes due 2022 .....	€ 600.0	595.6	595.5
6.750% EUR Senior Notes due 2023 .....	€ 450.0	450.0	450.0
6.750% CHF Senior Notes due 2023 .....	CHF 350.0	335.4	291.1
Total Senior Notes .....		1,381.0	1,976.6
Vendor financing .....		410.7	345.1
Capital lease obligations .....		25.6	22.8
<b>Total third-party debt and capital lease obligations</b> .....		5,751.3	8,285.3
Less: cash and cash equivalents .....		44.8	51.3
<b>Net third-party debt and capital lease obligations<sup>23</sup></b> .....		€ 5,706.5	€ 8,234.0
Exchange rate (\$ to €) .....		1.0728	1.2100
Exchange rate (CHF to €) .....		1.0437	1.2026

In connection with the Common Control Transfers, we redeemed the full €500 million principal amount of the 7.625% EUR senior secured notes due 2020, the full €640 million principal amount of the 8.375% EUR senior notes due 2020 on February 13, 2015 and €560 million of the principal amount of the 6.375% EUR senior secured notes due 2020 on March 6, 2015. In addition, we rolled €684 million of Facility AG (EURIBOR + 3.75%) EUR due 2021 to the Ziggo credit pool and prepaid the remainder of this facility.

On April 15, 2015, we issued new senior secured notes with principal amounts of \$800 million (€746 million) and €600 million due 2025 and 2027, yielding 5.375% and 4.0%, respectively. The net proceeds were used to redeem (i) the remaining €190 million of principal amount of our 6.375% EUR senior secured notes due 2020, (ii) the outstanding \$1 billion (€0.9 billion) principal amount of our 6.625% USD senior secured notes due 2020, (iii) 10% of certain of our other senior secured notes and (iv) the outstanding amount under Facility AI, including related premiums and transaction fees.

At March 31, 2015, our fully-swapped third-party debt borrowing cost<sup>24</sup> improved to 5.8%, as compared to 8.0% at Q1 2014, and the average tenor of our third-party debt is now approximately 6.5 years. Based on the results for Q1 2015, and subject to the completion of our Q1 2015 compliance reporting requirements, the ratio of Senior Net Debt to Annualized EBITDA (last two quarters annualized) was 3.08x and (ii) the ratio of Net Total Debt to Annualized EBITDA (last two quarters annualized) was 4.26x, in each case, calculated in accordance with the UPC Broadband Holding Bank Facility. As of March 31, 2015, we had maximum undrawn commitments of €846 million. When the March 31, 2015 compliance reporting requirements are completed, we anticipate €770 million will be available.



## Selected Operating Data & Subscriber Variance Table — March 31, 2015

	Video										
	Homes <sup>(9)</sup> Passed	Two-way Homes <sup>(10)</sup> Passed	Customer Relationships <sup>(16)</sup>	Total RGUs <sup>(2)</sup>	Basic Video Subscribers <sup>(11)</sup>	Enhanced Video Subscribers <sup>(12)</sup>	DTH Subscribers <sup>(28)</sup>	MMDS Subscribers <sup>(13)</sup>	Total Video	Internet <sup>(14)</sup> Subscribers	Telephony <sup>(15)</sup> Subscribers
Operating Data											
Switzerland <sup>(26)</sup> .....	2,193,800	2,193,200	1,417,900	2,590,600	688,300	682,000	—	—	1,370,300	739,800	480,500
Austria .....	1,355,700	1,355,700	649,500	1,348,600	146,700	362,900	—	—	509,600	468,800	370,200
Poland .....	2,794,900	2,718,800	1,425,200	2,752,200	266,600	921,700	—	—	1,188,300	1,004,000	559,900
Hungary .....	1,580,600	1,564,200	1,078,100	1,985,800	201,700	439,400	281,200	—	922,300	562,300	501,200
Romania .....	2,452,500	2,340,200	1,177,800	1,927,500	296,200	556,800	317,200	—	1,170,200	444,000	313,300
Czech Republic .....	1,396,900	1,326,800	714,700	1,184,900	90,400	365,900	115,300	—	571,600	446,600	166,700
Slovakia .....	505,000	482,600	278,700	432,200	35,400	142,900	66,400	600	245,300	118,800	68,100
Total UPC Holding .....	12,279,400	11,981,500	6,741,900	12,221,800	1,725,300	3,471,600	780,100	600	5,977,600	3,784,300	2,459,900
Subscriber Variance											
Switzerland .....	500	800	(15,100)	5,400	(9,500)	(7,300)	—	—	(16,800)	10,400	11,800
Austria .....	5,300	5,300	(3,600)	(2,300)	(6,300)	(1,500)	—	—	(7,800)	4,800	700
Poland .....	11,000	12,700	(12,200)	(2,800)	(16,000)	2,900	—	—	(13,100)	6,800	3,500
Hungary .....	24,200	23,900	2,200	18,500	(7,900)	8,500	800	—	1,400	8,200	8,900
Romania .....	47,300	57,400	(8,500)	2,300	(9,400)	8,400	(7,600)	—	(8,600)	10,500	400
Czech Republic .....	24,200	44,400	(1,600)	(1,000)	800	(3,600)	3,300	—	500	1,600	(3,100)
Slovakia .....	500	600	(1,300)	(100)	(3,900)	1,100	300	—	(2,500)	2,000	400
Total UPC Holding .....	113,000	145,100	(40,100)	20,000	(52,200)	8,500	(3,200)	—	(46,900)	44,300	22,600
Q1 Adjustments											
Acquisition - Poland .....	1,000	1,000	2,600	3,200	—	400	—	—	400	2,600	200
Switzerland Adjustments .....	—	—	(5,900)	(5,900)	(5,900)	—	—	—	(5,900)	—	—
Czech Republic Adjustments .....	23,300	43,500	—	—	—	—	—	—	—	—	—



<sup>1</sup> Omitted.

<sup>2</sup> Revenue Generating Unit ("RGU") is separately a Basic Video Subscriber, Enhanced Video 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 our Austrian system subscribed to our enhanced video service, telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Basic Video, Enhanced Video, DTH, MMDS, Internet and Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g. a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers, free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. In this regard, our March 31, 2015 RGU counts exclude our separately reported postpaid and prepaid mobile subscribers.

<sup>3</sup> For purposes of calculating rebased growth rates on a comparable basis, we have adjusted the historical revenue and Segment OCF for the three months ended March 31, 2014 of the applicable borrowing groups to include the pre-acquisition revenue and Segment OCF of certain entities acquired during 2014 and 2015 (one small entity in the UPC Holding borrowing group) in our rebased amounts for the three months ended March 31, 2014 to the same extent that the revenue and Segment OCF of such entities are included in our results for the three months ended March 31, 2015 and reflect the translation of our rebased amounts for the three months ended March 31, 2014 at the applicable average foreign currency exchange rates that were used to translate our results for the three months ended March 31, 2015. For further information on the calculation of rebased growth rates, see the discussion in *Revenue and Operating Cash Flow* in Liberty Global's press release dated May 7, 2015, *Liberty Global Reports First Quarter 2015 Results*.

<sup>4</sup> Omitted.

<sup>5</sup> Omitted.

<sup>6</sup> Segment OCF is the primary measure used by our chief operating decision maker and management to evaluate the operating performance of our businesses. Segment OCF is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, Segment OCF is defined as revenue less operating and selling, general and administrative ("SG&A") expenses (excluding share-based compensation, related-party fees and allocations, depreciation and amortization, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items). Other operating items include (a) gains and losses on the disposition of long-lived assets, (b) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (c) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. As further described in footnote 21 below, certain related-party fees and allocations are included in the calculation of the "EBITDA" metric specified by the applicable debt agreements of Liberty Global's subsidiaries. Our internal decision makers believe operating cash flow is a meaningful measure and is superior to available U.S. GAAP measures because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (1) readily view operating trends, (2) perform analytical comparisons and benchmarking between entities and (3) 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. Segment OCF should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net earnings or loss, cash flow from operating activities and other U.S. GAAP measures of income or cash flows. A reconciliation of Segment OCF to operating income is presented in the applicable sections of this release.

<sup>7</sup> Omitted.

<sup>8</sup> Property and equipment additions include capital expenditures on an accrual basis, amounts financed under vendor financing or capital lease arrangements and other non-cash additions.

<sup>9</sup> Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant, except for DTH and Multi-channel Multipoint ("microwave") Distribution System ("MMDS") homes. Our Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results. We do not count homes passed for DTH. With respect to countries that offer MMDS, one MMDS customer is equal to one Home Passed. Due to the fact that we do not own the partner networks (defined below) used in Switzerland we do not report homes passed for Switzerland's partner networks.



- <sup>10</sup> Two-way Homes Passed are Homes Passed by those sections of our networks that are technologically capable of providing two-way services, including video, internet and telephony services.
- <sup>11</sup> Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards, or other integrated or virtual technologies that we use to provide our enhanced service offerings. With the exception of RGUs that we count on an EBU basis, we count RGUs on a unique premises basis. In other words, a subscriber with multiple outlets in one premises is counted as one RGU and a subscriber with two homes and a subscription to our video service at each home is counted as two RGUs. At UPC Holding, we have approximately 110,600 “lifeline” customers that are counted on a per connection basis, representing the least expensive regulated tier of video cable service, with only a few channels. During the first quarter of 2015, we modified certain video subscriber definitions to better align these definitions with the underlying services received by our subscribers and have replaced our “Digital Cable” and “Analog Cable” subscriber definitions with “Enhanced Video” and “Basic Video,” respectively. In connection with the implementation of the new definitions, we reclassified 916,900 Enhanced Video
- <sup>12</sup> Enhanced Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network or through a partner network via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Enhanced Video Subscribers that are not counted on an EBU basis are counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one subscriber. An Enhanced Video Subscriber is not counted as a Basic Video Subscriber. As we migrate customers from basic to enhanced video services, we report a decrease in our Basic Video Subscribers equal to the increase in our Enhanced Video Subscribers. Subscribers to enhanced video services provided by our operations in Switzerland over partner networks receive basic video services from the partner networks as opposed to our operations. During the first quarter of 2015, we modified certain video subscriber definitions to better align these definitions with the underlying services received by our subscribers and have replaced our “Digital Cable” and “Analog Cable” subscriber definitions with “Enhanced Video” and “Basic Video,” respectively.
- <sup>13</sup> MMDS Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video programming via MMDS.
- <sup>14</sup> Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over our networks, or that we service through a partner network. Our Internet Subscribers exclude 65,900 digital subscriber line (“DSL”) subscribers within Austria that are not serviced over our networks. Our Internet Subscribers do not include customers that receive services from dial-up connections. In Switzerland, we offer a 2 Mbps internet service to our Basic and Enhanced Video Subscribers without an incremental recurring fee. Our Internet Subscribers in Switzerland include 66,800 subscribers who have requested and received this service.
- <sup>15</sup> Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives voice services over our networks, or that we service through a partner network. Telephony Subscribers exclude mobile telephony subscribers. Our Telephony Subscribers exclude 48,400 subscribers within Austria that are not serviced over our networks. In Switzerland, we offer a basic phone service to our Basic and Enhanced Video Subscribers without an incremental recurring fee. Our Telephony Subscribers in Switzerland include 21,400 subscribers who have requested and received this service.
- <sup>16</sup> Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as Revenue Generating Units (“RGUs”), without regard to which or to how many services they subscribe. To the extent that RGU counts include equivalent billing unit (“EBU”) adjustments, we reflect corresponding adjustments to our Customer Relationship counts. For further information regarding our EBU calculation, see Additional General Notes to Tables. Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Customer Relationships. We exclude mobile-only customers from Customer Relationships.
- <sup>17</sup> Average Revenue Per Unit (“ARPU”) refers to the average monthly subscription revenue per average customer relationship and is calculated by dividing the average monthly subscription revenue (excluding mobile services, B2B services, interconnect, channel carriage fees, mobile handset sales and installation fees) for the indicated period, by the average of the opening and closing balances for customer relationships for the period. Customer relationships of entities acquired during the period are normalized. Unless otherwise indicated, ARPU per customer relationship is not adjusted for currency impacts.
- <sup>18</sup> Omitted.
- <sup>19</sup> Our mobile subscriber count represents the number of active subscriber identification module (“SIM”) cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (via a dongle) would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from our mobile telephony subscriber counts after periods of inactivity ranging from 30 to 90 days, based on industry standards within the respective country.
- <sup>20</sup> Omitted.



- <sup>21</sup> During the first quarter of 2015, Liberty Global transferred certain entities that incur central and other administrative costs (the "Corporate Entities Transfer") from UPC Holding B.V. to certain other Liberty Global subsidiaries that are outside of Liberty Global's borrowing groups. In connection with the Corporate Entities Transfer, Liberty Global changed the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another, which, as further described below, impact the calculation of the "EBITDA" metric specified by the applicable debt agreements of Liberty Global's subsidiaries. This new methodology (the "2015 Liberty Global Allocation Methodology") is intended to ensure that Liberty Global continues to allocate its central and administrative costs to its borrowing groups on a fair and rational basis. Subject to the specific terms contained in the debt agreements of Liberty Global's subsidiaries, the implementation of the 2015 Liberty Global Allocation Methodology impacts the calculation of the EBITDA metric for each of Liberty Global's subsidiary borrowing groups. In this regard, the components of related-party fees and allocations that are deducted to arrive at each EBITDA metric in 2015 and future periods are based on (i) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (ii) the allocation methodologies in effect during the period and (iii) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amount of related-party fees and allocations that will be deducted to arrive at each EBITDA metric in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to the other subsidiary borrowing groups would decrease (increase).
- <sup>22</sup> The capital expenditures that we report in our condensed consolidated statements of cash flows do not include amounts that are financed under vendor financing or capital lease arrangements. Instead, these expenditures are reflected as non-cash additions to our property and equipment when the underlying assets are delivered and as repayments of debt when the related principal is repaid.
- <sup>23</sup> Net third-party debt including capital or finance lease obligations (as applicable) is not a defined term under U.S. GAAP or EU-IFRS and may not therefore be comparable with other similarly titled measures reported by other companies.
- <sup>24</sup> Our fully-swapped third-party debt borrowing cost represents the weighted average interest rate on our aggregate variable and fixed rate indebtedness (excluding capital lease or finance lease obligations, respectively), including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs.
- <sup>25</sup> DTH Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video programming broadcast directly via a geosynchronous satellite.
- <sup>26</sup> Pursuant to service agreements, Switzerland offers enhanced video, broadband internet and telephony services over networks owned by third-party cable operators ("partner networks"). A partner network RGU is only recognized if there is a direct billing relationship with the customer. At March 31, 2015, Switzerland's partner networks account for 141,300 Customer Relationships, 282,000 RGUs, 112,100 Enhanced Video Subscribers, 99,300 Internet Subscribers, and 70,600 Telephony Subscribers.
- <sup>27</sup> Enhanced video penetration is calculated by dividing the number of enhanced video RGUs by the total number of total video RGUs.
- <sup>28</sup> Telephony and broadband penetration is calculated by dividing the number of telephony RGUs and broadband RGUs, respectively, by the total two-way homes passed.
- <sup>29</sup> Omitted.
- <sup>30</sup> Represents non-cash contributions of property and equipment that we received from our parent company. These amounts are excluded from the capital expenditures that we report in our condensed consolidated statements of cash flows.
- <sup>31</sup> Omitted.



<sup>32</sup> Omitted.

<sup>33</sup> Omitted.

<sup>34</sup> Omitted.

<sup>35</sup> The FX-neutral change in ARPU represents the percentage change on a year-over-year basis adjusted for FX impacts and is calculated by adjusting the prior year figures to reflect translation at the foreign currency rates used to translate the current year amounts.

<sup>36</sup> Amounts represent the net impact of changes in inventory levels associated with centrally-procured customer premises equipment. This equipment is ultimately transferred to certain Liberty Global European operating subsidiaries, including subsidiaries within UPC Holding.

<sup>37</sup> Accounting principles generally accepted in the United States.

#### Additional General Notes:

Organic figures exclude RGUs of acquired entities at the date of acquisition, but include the impact of changes in RGUs from the date of acquisition. All subscriber/RGU additions or losses refer to net organic changes, unless otherwise noted.

All of our broadband communications subsidiaries provide telephony, broadband internet, data, video or other business-to-business ("B2B") services. Certain of our B2B revenue is derived from small or home office ("SOHO") subscribers that pay a premium price to receive enhanced service levels along with video, internet or telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. All mass marketed products provided to SOHOs, whether or not accompanied by enhanced service levels and/or premium prices, are included in the respective RGU and customer counts of our broadband communications operations, with only those services provided at premium prices considered to be "SOHO RGUs" or "SOHO customers." With the exception of our B2B SOHO subscribers, we generally do not count customers of B2B services as customers or RGUs for external reporting purposes.

Certain of our residential and commercial RGUs are counted on an EBU basis, including residential multiple dwelling units and commercial establishments, such as certain commercial and residential multiple dwelling units in Europe. Our EBUs are 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, we may experience variances in our EBU counts solely as a result of changes in rates.

While we take 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. We periodically review our subscriber counting policies and underlying systems to improve the accuracy and consistency of the data reported on a prospective basis. Accordingly, we may from time to time make appropriate adjustments to our subscriber statistics based on those reviews.

Subscriber information for acquired entities is preliminary and subject to adjustment until we have completed our review of such information and determined that it is presented in accordance with our policies.